

Management Report 2019

Porto Alegre, March 11, 2020

SLC AGRÍCOLA S.A. (Bovespa: SLCE3; ADR: SLCJY; Bloomberg: SLCE3BZ; Reuters: SLCE3.SA), one of the world's largest producers of grains and fibers, today presents its results for the year of 2019. The following financial and operating information is shown in accordance with international accounting standards (International Financial Reporting Standards – IFRS). The information was prepared on a consolidated basis and is shown in thousands of reais, unless otherwise indicated

NOTE: The years of 2018 and 2019 refer to the cumulative twelve-month period, from January to December. AH refers to the percentage horizontal variation between two periods and AV refers to the percentage representativeness of the account over a given total amount.

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and see also the Integrated Report, with more information on the company's strategy and performance in ESG aspects (Environmental, Social and Governance).

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Message from Management

Strategic Alignment

2019 was again a year to be celebrated at SLC Agrícola. Once more, we had the validation that we are pursuing strategic initiatives that capture value for the business and are based on our competitive advantages.

These are the pillars of our current strategy, and the main deliverables we are having on these fronts:

High Efficiency: we see a huge gain opportunity via the expansion of use of new technologies, mainly for our type of business, which is large-scale agriculture. In recent years, we have been preparing the company for this, and now the results are already showing. We reached unprecedented productivity in soybean and corn crops in the 2018/2019 harvest, increasing our distance in relation to the average global productivity. Moreover, we have obtained increasing gains with the adoption of new technologies that enable cost reduction.

Higher Value-Added Crops: cotton and soy seed continue to be prioritized in growth, as they are initiatives that maximize the return per planted hectare and enable differentiation in terms of prices. The planted area in the 2018/2019 harvest was of 458 thousand hectares, with emphasis on cotton, whose cultivation was expanded by 30.1% in relation to the previous harvest. In October 2019, planting for the soybean and cotton crops for the 2019/2020 season began – and we expect to reach a total of 449.4 thousand hectares of planted area.

Asset Light Business Model: in November last year, we announced another land sale, with leaseback, a type of transaction in which it is possible to monetize the relevant real estate gains obtained in the business over the years.

Consolidation of Certifications and Traceability:

in 2019, we reached 8 units certified by ISO 14001 (environmental management), OHSAS 18001 (occupational health and safety), NBR 16001 (social responsibility) and ISO 9001 (quality) standards, within the Integrated Management System (SGI). The project also started in two more units. We have also advanced in the number of units certified by the Better Cotton Initiative. In addition to contributing to the efficiency gains that were obtained, and reducing risks on several fronts, certifications and traceability are an important market trend and also offer the possibility of increasing gains in the business, in addition to consolidating sustainable production.

Financial Results

The financial results for the year reflected these improvements. Net Revenue in 2019 reached a record of R\$2.5 billion. The growth, of 20.8% in relation to the previous year, was provided by a combination of factors: the larger planted area and the increase in soybean and corn yields, in addition to the higher sale prices in all crops.

Adjusted EBITDA, which incorporates gains from land sales in November, was of R\$795.5 million, whereas Net Profit reached R\$315 million, with margin of 12.4%. 2019 marked another consecutive year of positive free cash generation, of R\$213 million, which enabled the maintenance of low financial leverage, at 1.22 (Net Debt/Adjusted EBITDA).

We advanced in the four pillars of our strategy, with gains in productivity, expansion of cotton and soybean harvest areas, the sale of land with leaseback in November 2019 and increase in the number of certified units

In summary, we maintained excellent levels of profitability, and delivered robust free cash generation, which allowed the payment of dividends and the maintenance of leverage at a very comfortable level, which also guarantees us the ability to grow with financial strength.

The past few years have been quite volatile, with events such as the Trade War, the African Swine Fever and, more recently, the coronavirus. However, our business shows its resilience through consistent results, despite short-term fluctuations in commodity prices. The business was built to deal with this volatility.

Perspectives for 2020 and 2021

The 2019/2020 harvest brings great prospects. With 74% of the soybeans harvested, yields are once again record-breaking – we are increasing our expectation from 3,607 kg/ha to 3,840 kg/ha, that is, an increase of 6.5% in relation to the initial project. The other crops also show excellent productive potential. As usual, we have a large portion of the harvest already sold, at prices higher than those obtained in 2019. Thus, we expect another year of good results.

Looking further ahead, we have already started to design the 2020/2021 harvest, with the purchase of inputs – in which we have obtained significant reductions in dollar prices – and the consequent future sale of commodities, following our hedge policy.

People

It is very important to highlight the work that we have done with our teams. We are in a phase of consolidating the use of technologies that have been tested in recent years and we believe that the biggest gains are yet to come. We created a specific program for training in digital agriculture and redesigned the roles and controls, so as today we can see more and more details of the operation. Our employees are very engaged and, with satisfaction, we celebrate the important recognitions of this work: we were chosen the Best Company in Brazilian Agribusiness by the Globo Rural Magazine and we were among the best companies in the country in people management, according to the Valor Carreira survey, and among the 150 Best Companies to Work For, as per the Você S.A. Magazine.

We believe that this alignment between People, Technology and Processes provides very favorable conditions for the successful execution of our strategy, which aims to capture value in the main opportunities that are designed for the Brazilian agriculture. The creation of a healthy, inspiring and cooperative work environment is reflected in the better preparation of professionals and in the growth of productivity in the field. This human aspect and the implementation of systems for digital agriculture generate competitiveness gains and differentiate the company in agribusiness.

Our gratitude to all our employees and other stakeholders for yet another successful year.

The management

Aurélio Pavinato CEO of SLC Agrícola



Profile

SLC Agrícola, for 43 years, has contributed to strengthening agribusiness, a strategic sector for the country's economic growth and development. As it operates in six different states, with 16 farms, the company specializes in the cultivation, harvesting and processing of soybeans, corn and cotton. Its business model integrates modern technologies, high scale of production, standardization of units, efficiency in cost management and socio-environmental responsibility. The operations are carried out in owned and leased areas and through three strategic joint ventures (SLC LandCo, Pioneira Farm and SLC-MIT) with large agribusiness investor groups.

■ Latin America Executive Team (Small Caps) – agribusiness sector

For the fourth consecutive year, SLC Agrícola was highlighted in the annual survey of the North American magazine Institutional Investor for the best Latin American Executive Teams, occupying the top of the podium in the categories Best CEO, Best Investor Relations Team and Best IR Professional.

OUR BIG DREAM

To positively impact future generations, being a world leader in efficiency in the agricultural business and respect for the planet

OUR VALUES

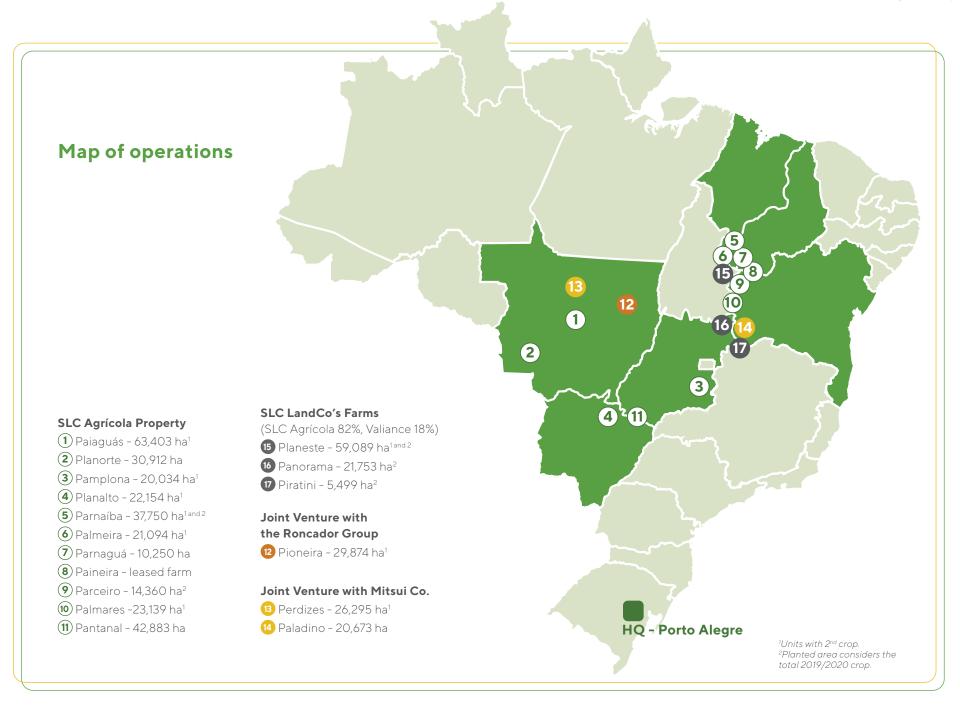








We believe that those who have a passion for what they do are committed and do it with the highest quality, preserving their integrity through an ethical, coherent and unquestionable conduct. These combined attitudes generate lasting and respectful relationships among all stakeholders, producing sustainable results that are economically feasible, socially fair and environmentally responsible.



Corporate governance

SLC Agrícola, the first grain and cotton producer in the world to have shares traded on a stock exchange, is listed in the Novo Mercado segment of B3 S.A. and adopts the best corporate governance practices to ensure transparency in the relationship with shareholders, as well as maximizing value generation. The IPO held in 2007 represented a milestone in the company's history, allowing the raising of funds for business expansion with the acquisition and development of land.

Since then, the development of governance policies and systems has directed management towards responsible and balanced business growth, in line with ethics and corporate values expressed in the Code of Ethics and Conduct. In 2019, SLC Agrícola made

progress in this direction with the implementation and consolidation of the Compliance System, which disseminates and reinforces the culture of integrity among all managers and employees.

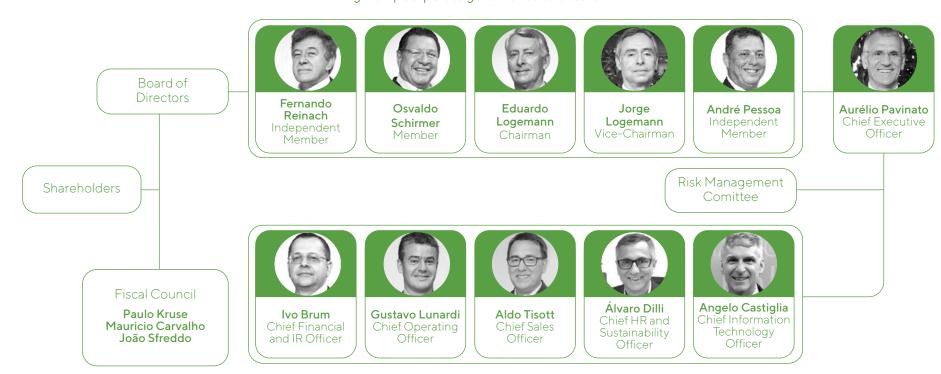
The guidelines, rules and procedures of the Compliance System were structured in accordance with the Clean Company Act (12,846/2013), the Novo Mercado regulations and all internal policies approved by the Board of Directors. Thus, this platform ensures that the company has mechanisms to identify, prevent and combat not only illegal actions, but also deviations in conduct that are not in accordance with internal values and requirements.



Click here

and learn more about this topic in the SLC Agrícola Governance Report

Figure 1 | Corporate governance structure



Risk management

The management of risks associated with SLC Agrícola's business model was reinforced in 2019 with the approval of the Risk Management Policy by the Administration Council. This instrument establishes the principles and guidelines, as well as defines the corporate responsibilities, for the identification, evaluation and mitigation of the factors that can negatively impact the company's business.

The processes adopted to manage risks in an integrated manner are aligned with the best practices and market methodologies. The perceived risks are divided into six different categories and prioritized according to the limit criteria established by the existing mitigation policies and actions. It is worth mentioning the Market Risk Management Policy, which covers the control of the operating margin. In turn, the management of socio-environmental risks is based on the Integrated Management System (SGI) and its certifications related to the environment (ISO 14001), safety (OHSAS 18001), social responsibility (NBR 16001) and quality (ISO 9001).



and learn more about this topic in sections 4 and 5 of the company's Reference Form.

Innovation

Research and development of new agricultural technologies and practices, with the advancement of digitalization and agricultural connectivity, boost the efficiency and productivity of SLC Agrícola's operations. To centralize and coordinate the management of this theme, the Innovation Committee was created, a structure that completed its second year of operation in 2019, guided by the company's Ambition for Innovation.

Held for the first time in 2019, the AgroExponencial Program is the platform, managed by the Innovation Committee, which connects SLC Agrícola to startups with innovative solutions to problems that are not currently being addressed by the traditional supply chain.

Innovation Ambition

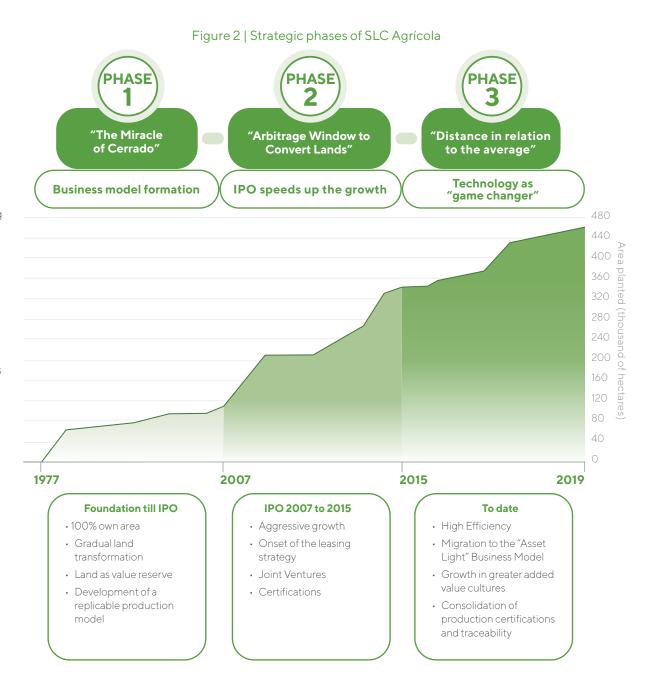
Being connected with the most modern technology and processes, by being an early adopter of innovations, through the effective filtering of the best solutions (external and/or internal) and their rapid implementation in all areas/units that may benefit, measuring the gains.



Strategy

SLC Agrícola is going through the third phase of its strategy, in which digitization and new technologies transform agricultural practices. The focus is on achieving maximum efficiency, with a management that maximizes profitability on assets ("asset light"), thus prioritizing growth in higher value-added crops and consolidating production traceability.

With high efficiency and modern technologies, the company expands production in developed areas. Innovation and planning ability lead to continuous improvement of all the details of the production process. In a complementary manner, investments in certifications and mechanisms that ensure product traceability add value to the production chain.

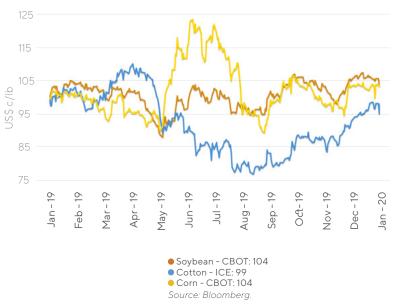


Market overview



Commodities





Throughout the year, the value of commodities was **affected by global aspects**, such as the US-China Trade War, declines in production in the United States and the spread of Swine Fever in China

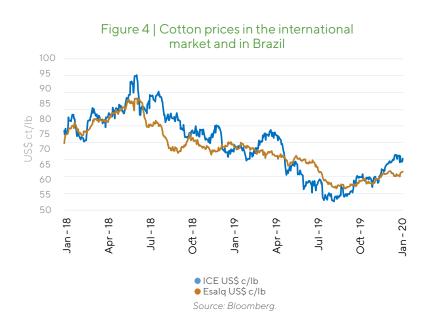
Cotton

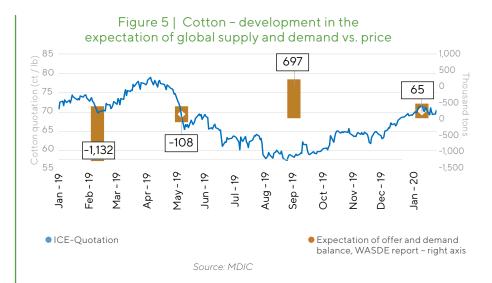
Cotton prices in the first three quarters of 2019 reflected the risk-averse stance of agents in the textile chain, in response to the uncertainties caused by the US-China Trade War, which, among other developments, caused lower economic growth to be expected. Added to this was a rebuilding on the supply side, with better cotton harvests, mainly in the United States and India.

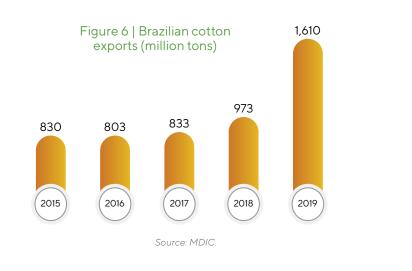
Over the course of the fourth quarter of 2019, however, some of the uncertainties that negatively impacted the markets ended up being minimized. The signing of the first phase of the trade agreement between China and the United States - in which the Asian

country committed itself to purchase, in a two-year horizon, approximately USD 32 billion in agricultural commodities from the United States over the volumes traded in 2017 - and successive reviews of cotton production globally (mainly due to downward revisions in expected production in the United States and Pakistan) reflected in perceived lower risk of over-supply for the commodity.

The demand recovery context, measured through Brazilian and North American exports, currently at levels higher than the same period last year for both countries, should continue to be an important market driver in 2020.







Soybean

Soybean prices in the CBOT spot contract throughout 2019 were influenced (negatively) by the spread of African Swine Fever in China – which reduced the global demand for grains – and, also (positively), by the drop in production that occurred in the United States, in the 2019/2020 harvest.

In the United States, where production was impacted by excessive rainfall during planting, the volume produced was approximately 15% lower than initial forecasts. Furthermore, there was a clear recovery in soybean imports by China in the last two quarters of the year.

The resumption of Chinese imports, due to the recovery of its swine herd, and the increase in the production of other animal proteins are favorable

news for the market, after a year in which the Trade War and the negative expectations regarding consumption contributed to the depression of commodity prices in the international market.

The volume and participation of the Chinese market have been dominant in the Brazilian export program in the last 2 years, which was reflected in the soybean premiums in the Brazilian port.

For the current crop (2019/2020), which is currently being harvested in Brazil, the balance of supply and demand is estimated at a deficit of 12.4 million tons by the United States Department of Agriculture (USDA), which should provide subsidies for maintaining soybean prices.

In soybeans, after several years of surplus in global supply and demand, the 2019/2020 period should present a deficit of at least 13 million tons

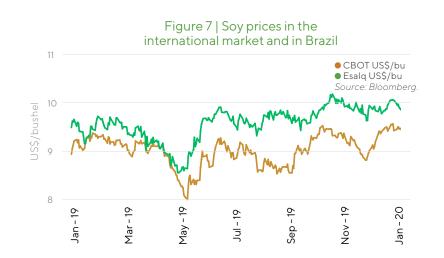


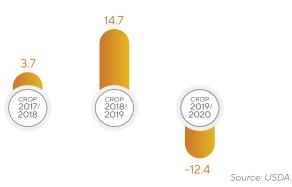




Figure 9 | Soybean - Brazilian exports (million tons)



Figure 10 | Soybean - global supply and demand (million tons)



Corn

Corn prices in CBOT's spot contract were little influenced by the Trade War (since China is not a corn importer), but reacted to developments in the expected production losses in the United States, in the 2019/2020 harvest. Moreover, during the fourth quarter, there were different price trends between the international market and the domestic market.

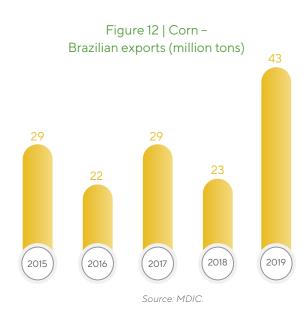
In Chicago, corn prices fell by around 15% compared to the highs observed in the first and second quarters, as the production volume in the United States pointed to losses slightly lower than those initially estimated.

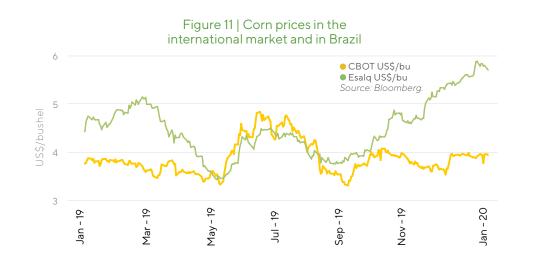
In Brazil, on the other hand, the spot contract at B3 reached record levels, given the combination of strong local demand in the animal protein sector

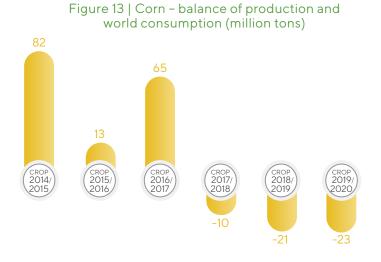
(to fill the production gap that was formed in China, due to the African Swine Fever) and strong exports, in view of the lower availability of product to export in the United States due to the crop failure.

Brazil broke records in the export of corn, shipping 43 million tons, according to the Ministry of Industry, Foreign Trade and Services (MDIC) – a volume that is 88% higher than that registered in 2018.

In the global scenario, for the third consecutive year, the supply and demand scenario should show a deficit, in volume close to 23 million tons. And, in the domestic front, the 2019/2020 crop started with losses in the main first-crop corn producing region (Rio Grande do Sul state), which should continue to sustain prices in the first semester.







Operating performance

2018/2019 Crop year

Below, we present the final table of the planted area in the 2018/2019 crop year and the comparison with the previous crop. Details can be found in the Additional Information section of this document (page 39).

Table 1 Area planted by crop 2017/2018 x 2018/2019	Planted Are	ea (hectares)			
Mix of Crops	2018	2019	AV	АН	
Cotton	95,124	123,727	27.0	30.1	
Cotton 1st crop	57,832	72,852	15.9	26.0	
Cotton 2 nd crop	37,292	50,875	11.1	36.4	
Soybean (Commercial + Seeds)	230,164	243,149	53.1	5.6	
Corn 2 nd crop	76,931	89,311	19.5	16.1	
Other crops ⁽¹⁾	2,227	1,912	0.4	-14.2	
TOTAL AREA	404,446	458,099	100.0	13.3	

⁽¹⁾ Wheat, corn 1st crop and corn seed.

Table 2 Achieved yields	Achieved				
2017/2018 x 2018/2019	CROP 2017/	CROP 2018/			
Yields (kg/ha)	2018	2019	АН		
Cotton lint 1st crop	1,929	1,685	-12.6%		
Cotton lint 2 nd crop	1,622	1,611	-0.7%		
Cottonseed	2,351	2,090	-11.1%		
Soybean	3,692	3,739	1.3%		
Corn 2 nd crop	5,715	7,099	24.2%		



SOYBEAN

The total area cultivated with soy was 243.1 thousand hectares, and the final yield obtained for the crop was 3,739 kg/ha, a new record, 6.1% higher than the initial project and 1.2% higher than the previous harvest. The figure was also 16.6% higher than the national average in the 2018/2019 harvest, based on data from the National Supply Company (CONAB). This outcome maintains the trend of efficiency gains sought by the company, notably in terms of distancing from the national average.

COTTON (1ST AND 2ND CROPS)

With the end of the harvest in the 123.7 thousand hectares dedicated to this crop and with the end of the processing, the yield reached was 1,655 kg/ha in the lint and 2,090 kg/ha in the cotton seed.

Yield was 2.4% lower than the initial target. As detailed in the Releases throughout the year, until May, the culture had great potential; after the onset of the formation of the lint, however, we had late rainfall in Maranhão state, which caused losses due to the rotting of the bolls in the lower third of the plants, reflecting a reduction in the estimate.

CORN 2ND CROP

The harvest of 89,300 hectares ended on September 3 with yield obtained of 7,099 kg/ha, 24.2% higher than the previous crop year, 4.1% higher than the project and 21.2% higher than the national average, according to CONAB figures for corn 2nd crop.



PRODUCTION COST

Regarding production costs per hectare, with the harvest cycle practically completed, we highlight that we achieved savings, compared to what had been planned, in cotton 2^{nd} crop, soybeans and corn 2^{nd} crop

Table 3 Production cost per hectare	Estimated CROP 2018/	Achieved CROP 2018/	
Total (R\$/ha)	2019	2019	АН
Cotton 1 st crop	8,187	8,304	1.4%
Cotton 2 nd crop	7,475	7,385	-1.2%
Soybean	2,697	2,643	-2.0%
Corn 2 nd crop	2,119	2,102	-0.8%
TOTAL AVERAGE COST	4,139	4,130	-0.2%

2019/2020 Crop year

During the last quarter of 2019, we finished planting soybean and cotton crops for the first harvest. In the first half of January, early soybean cultivars began to be harvested, followed by the planting of cotton 2nd crop and corn 2nd crop.

AREA PLANTED

Below, we present the updated chart of the planned area for crop year 2019/2020 and the comparison with the previous crop. Details can be found in the Additional Information section of this document (page 39).

The planted area fell by 1.9% in relation to the previous harvest, due to the delay in the beginning of the rains in the states of Mato Grosso and Maranhão, which postponed the planting of soybeans, reducing the potential for planting second crop corn.

Table 4 Area planted by crop	Planted Are	Planted Area (hectares)			
2018/2019 x 2019/2020	CROP 2018/	CROP (1)			
Mix of Crops	2019	2020	AV	АН	
Cotton	123,727	125,470	27.9%	1.4%	
Cotton 1st crop	72,852	74,099	16.5%	1.75	
Cotton 2 nd crop	50,875	51,371	11.4%	1.0%	
Soybean (Commercial + Seed)	243,149	235,438	52.4%	-3.2%	
Corn 2 nd crop	89,311	83,043	18.5%	-7.0%	
Other crops ⁽²⁾	1,912	5,211	1.2%	172.5%	
TOTAL AREA	458,099	449,162	100.0%	-2.0%	

⁽¹⁾ Climatic factors may affect the projection of the planted area.

⁽²⁾ Wheat, corn 1st crop, corn seed and brachiaria.

Table 5 2019/2020 Crop Yields	Performed (a) E	Estimated (b)	Forecast (c)	Δ% (b) x (a)	Δ% (c) x (b)
Yield (kg/ha)	2019′	2020	2020		
Cotton lint 1st crop	1,685	1,858	1,858	10.3%	-
Cotton lint 2 nd crop	1,611	1,731	1,731	7.4%	-
Cotton seed	2,090	2,262	2,262	8.2%	-
Soybean (commercial + seed)	3,739	3,607	3,840	-3.5%	6.5%
Corn 2 nd crop	7,095	7,220	7,324	1.8%	1.4%

SOYBEAN AND SOYBEAN SEED

The total planted area of commercial soy and seed soy totaled 235 thousand hectares in the 2019/2020 crop year. We currently have 124.3 thousand hectares already harvested, corresponding to 52.8% of the total cultivated area. We are increasing our estimate of productivity for this crop from 3,607 kg/ha to 3,840 kg/ha, that is, 6.5% higher than the initial project.

COTTON 1ST CROP

We finished planting 74,000 hectares of cotton in the first harvest, with an increase of 1.7% in the planted area in relation to the previous harvest, representing 16.5% of the total area planted by the company. The areas are in flowering phase and have a high productive potential.

COTTON 2ND CROP

The planting of 51,400 hectares of cotton 2nd crop started from the early soybean harvest in the first half of January 2019, which has also been completed. The crop is in full vegetative development and has a high productive potential.

CORN 2ND CROP

The planting of corn 2^{nd} crop began in the second half of January 2020, following the advance of the early soybean harvest and the end of the cotton 2^{nd} crop planting.

PRODUCTION COST

The costs per hectare estimated for the 2019/2020 crop show an average increase in Reais of 5.8% in relation to the realized amount of the 2018/2019 crop year, basically due to the devaluation of the Real against the dollar in the period, since approximately 63.2% of the costs are dollarized. This increase was offset in revenue, in accordance with the company's foreign exchange hedge policy, through the sale of future foreign exchange.

Table 6 Breakdown of production costs by crop (R\$/ha)	Cotton	Soybean	Corn	2019/2020 average	2018/2019 average
Variable Costs	80.8	74.6	79.0	78.6	79.5
Seeds	8.7	16.0	16.2	11.9	11.6
Fertilizers	22.7	20.1	35.8	23.4	21.6
Chemicals	25.4	21.1	12.9	22.6	24.3
Aerial spraying	1.8	1.1	1.6	1.5	1.6
Fuels and lubricants	3.8	4.2	4.1	4.0	4.1
Labor	1.0	0.7	0.6	0.8	0.9
Processing	8.3	2.3	2.6	5.7	6.3
Maintenance of machines and implements	3.8	4.9	3.8	4.2	4.6
Other	5.3	4.2	1.4	4.5	4.5
Fixed Costs	19.1	25.5	21.0	21.5	20.6
Labor	8.0	10.0	8.2	8.7	8.8
Depreciation and amortization	4.6	6.6	4.5	5.3	4.6
Amortization of the right of use - Leases	4.5	6.4	6.2	5.3	4.7
Other	2.0	2.5	2.1	2.2	2.5

Table 7 Production cost 2019/2020 (R\$/ha)	Estimated (CROP 2018/2019)	Achieved ⁽⁾ CROP 2018/ 2019	Estimated CROP 2019/ 2020	Δ%
Cotton 1 st crop	8,187	8,304	8,397	1.1%
Cotton 2 nd crop	7,475	7,385	7,727	4.6%
Soybean	2,697	2,643	2,901	9.8%
Corn 2 nd crop	2,119	2,152	2,410	12.0%
TOTAL AVERAGE COST	4,139	4,130(2)	4,368	5.8%

⁽¹⁾ The values may change until the end of the cotton processing and grain marketing.

⁽²⁾ Weighted by the 2019/2020 crop areas, to avoid changes arising from variations in the product mix.

Financial performance

Analysis of the Income Statement

Adjusted EBITDA (Agriculture Operation + Land Sale)

In 2019, Adjusted EBITDA reached R\$795.5 million, with an Adjusted EBITDA margin of 31.4%.

The comparison with 2018 Adjusted EBITDA was impaired, since 2019 Adjusted EBITDA was accounted for under a new criterion (see more in the 4Q19 Release, on the section "Impacts of IFRS 16"). It should be noted, nevertheless, that in 2018 there was an appropriation of leases in the amount of R\$82.8 million in production cost, whereas in 2019 there is no impact from leasing payments in the Adjusted EBITDA. Below are the detailed explanations of the Adjusted EBITDA of the Agricultural Operation and the Adjusted EBITDA related to the Land Sale event, in order to collaborate for a better understanding of the factors that impacted the Consolidated Adjusted EBITDA.

Table 8 Conciliation of Adjusted EBITDA (R\$ thousand	d) (2018)	2019	
			AH
Net Revenue	2,099,177	2,535,905	20.8%
Changes in Fair Value of Biological Assets	724,291	504,751	-30.3%
(-) Cost of Products Sold	(1,977,510)	(2,257,472)	14.2%
Cost of products	(1,358,234)	(1,733,206)	27.6%
Realiz. of fair value of biological assets	(619,276)	(524,266)	-15.3%
Gross Income	845,958	783,184	-7.4%
(-) Sales expenses	(118,674)	(152,972)	28.9%
(-) General and administrative expenses	(87,533)	(88,493)	2.0%
General and administrative	(51,573)	(63,236)	22.6%
Provisions from profit share program	(35,960)	(26,088)	-27.5%
(-) Management compensation	(13,981)	(13,827)	-1.1%
(-) Other rev. operating (exp)	31,987	31,651	-1.1%
Land Sale	1,165	24,712	n.m.
Other revenues (exp)	30,822	6,939	-77.5%
(=) Income from Activity	657,757	558,712	-15.1%
(+) Depreciation and amortization	111,231	105,810	-4.9%
EBITDA	768,988	664,522	-13.6%
(-) Changes in fair value of biological assets ⁽³⁾	(724,291)	(504,751)	-30.3%
(+) Realiz. of fair value of biological assets ⁽⁴⁾	619,276	524,266	-15.3%
(+) Settled fixed assets	5,783	12,228	111.4%
(+) Other transactions – fixed assets	-	425	100.0%
(+) Land sale cost	-	36,029	100.0%
(-) IFRS 16 adjustment Retained profit ⁽⁵⁾	-	(19,466)	100.0%
(-) IFRS 16 amortization adjustment ⁽⁵⁾	_	43,336	100.0%
Adjusted EBITDA (1)(2) (Agriculture Op. + Land Sale)	669,756	795,521	18.8%
Adjusted EBITDA Margin (Agriculture Op. + Land Sale)	31.9%	31.4%	-0.5 p.p.
Adjusted EBITDA (Agriculture Operation)	668,591	715,314	7.0%
Adjusted EBITDA Margin (Agriculture Operation)	31.9%	28.2%	-3.6 p.p.
Adjusted EBITDA (Land Sale)	1,165	80,207	n.m.

⁽¹⁾ Excluding the effects of Biological Assets, as they do not represent a cash effect.

⁽²⁾ Excluding the settled fixed assets and adjustments to IFRS 16

⁽³⁾ Change in the fair value of Biological Assets (explanatory note DFS 25)

⁽⁴⁾ Realization of fair value Biological Assets (explanatory note DFS 24)
(5) Adjustments arising from the sale leaseback transaction that reflect the Right-of-Use Asset retained by the company (equivalent to retained earnings) and amortization of the right-of-use related to leases.

Agriculture Operation

In 2019, Adjusted EBITDA for Agricultural Operation reached R\$715.3 million, due to the combination of an increase in planted area and better sales prices in all crops, in addition to better yields in the case of soybeans and corn, when compared to those reached in the 2017/2018 harvest. Such factors offset the increases in costs per hectare between the 2017/2018 and 2018/2019 crops and the lower cotton productivity in the 2018/2019 crop compared to the 2017/2018 crop.

In 4Q19, SLC Agrícola sold **5,205 hectares** for the base value in cash of **R\$83.2 million**, or R\$20,000 per arable hectare

Land Sale

In line with the asset light business model strategy, on November 13, the company announced the signing of a Private Instrument of Purchase and Sale Commitment through which 5,205 hectares (4,162 arable) were sold, for a base value of R\$83.2 million, or R\$20,000 per arable hectare. The area sold will continue to be operated by the company in the same unit (Parnaíba Farm/MA), with lease payment at market value. Considering the historical value of the acquisition of the area, the investments in land development and the sale value, net of taxes, the company calculates that the transaction generated an IRR (annualized internal rate of return) of 14.1%

in dollars, without considering the gains from the agricultural operation.

The payment for the acquisition of the land was divided into two installments, the first in the amount of R\$41,623, corresponding to 50% of the total amount, received on November 28, 2019. The remaining balance of R\$41,622 was deposited in an escrow account, which will remain invested in securities backed by deposit certificates (CDI) and will be released when all transfers and formalizations are fully met.

Below, we detail the impact of this sale on EBITDA, in light of the rules of IFRS 16 (see more in the 4Q19 Release, on the section "Impacts of IFRS 16").

Table 9 Conciliation of Adjusted EBITDA - Land Sale (R\$ thousand)	2018	2019	
			AH
Revenue from land sales	1,209	83,245	n.n.
(-) PIS and COFINS with no selling value	(44)	(3,038)	n.m.
ADJUSTED EBITDA (LAND SALE)	1,165	80,207	n.m.



NET REVENUE

Net Revenue for the year 2019, which was R\$2.5 billion, reached a new record, marking growth of 20.8% over 2018. This expansion is due to the increase in planted area and better yields (in soybeans and corn) compared to the 2018/2019 harvest and higher sales prices in all crops.

It should be noted that the currency and commodity hedge strategy, based on the Risk Management Policy, is again effective, guaranteeing good price levels despite short-term fluctuations in product prices.

The calculation of the Variation in the Fair Value of Biological Assets reflects the expectation of gross margin (selling price on the farm less the unit costs incurred) of crops that are undergoing relevant biological transformation in the calculation period.

In the year, the Change in the Fair Value of Biological Assets was 30.3% lower than 2018, given the expectation of lower margins in the 2018/2019 crop compared to the 2017/2018 crop. Yet, with the exception of cotton – whose margins in 2019 were actually lower than in 2018 – there was an expansion of margins for soybean and corn crops, which can be seen in the section of Analysis of Gross Result by Harvest below. What explains this divergence is the fact that the sales price assumption used in calculating the Variation in Fair Value (in the first half of the year) was lower than the invoicing prices accomplished by the company.

Table 10 Net Revenue (R\$ t	2019		
	2018		АН
Net Revenue	2,099,177	2,535,905	20.8%
Cotton lint	1,088,621	1,212,573	11.4%
Cotton seed	80,496	77,154	-4.2%
Soybean	875,235	1,036,218	18.4%
Corn	146,151	253,376	73.4%
Other	39,483	72,874	84.6%
FX Hedge income/loss	(130,809)	(116,290)	-11.1%

Table 11 Volume invoiced (tons)	2018	2019	
			АН
Volume invoiced	1,741,441	2,004,703	15.1%
Cotton lint	169,673	185,374	9.3%
Cotton seed	218,186	234,986	7.7%
Soybean	842,481	898,368	6.6%
Corn	425,900	634,644	49.0%
Other	85,201	51,331	-39.8%

Table 12 Variation in Fair Value of Biological Assets (R\$ thousand)	2018	2019	
	2018	2019	АН
Var. Fair Value of Biological Assets	724,291	504,751	-30.3%
Cotton lint	346,989	224,433	-35.3%
Cotton seed	23,563	15,411	-34.6%
Soybean	345,625	229,668	-33.5%
Corn	216	17,933	n.m.
Other	7,898	17,306	119.1%

COST OF GOODS SOLD

In the accumulated period of the year, the cost of goods sold increased by 27.6%, impacted by the 15% increase in invoiced volumes and by the increase in production costs per hectare of the 2018/2019 crop 2017/2018.

The Realization of the Fair Value of Biological Assets is the counterpart of the Variation in the Fair Value (determined during the harvest period), and is accounted for as the products are invoiced. In 2019, the Realization of the Fair Value of Biological Assets decreased by 15.3% compared to 2018, reflecting the expectation of lower margins when calculating the Change in Fair Value.

Table 13 Cost of Goods Sold (R\$ thousand)	f Goods Sold			
			АН	
Cost of Goods Sold	(1,358,234)	(1,733,206)	27.6%	
Cotton lint	(567,966)	(762,874)	34.3%	
Cotton seed	(52,980)	(61,257)	15.6%	
Soybean	(567,844)	(644,331)	13.5%	
Corn	(133,109)	(198,182)	48.9%	
Other	(36,335)	(66,562)	83.2%	



Table 14 Realization of the Fair Value of Biological Assets (R\$ thousand)	2018	2019	
			AH
Realization of the Fair Value of Biological Assets	(619,276)	(524,266)	-15.3%
Cotton lint	(293,885)	(254,413)	-13.4%
Cotton seed	(24,428)	(15,898)	-34.9%
Soybean	(296,085)	(217,389)	-26.6%
Corn	1,971	(19,593)	n.m.
Other	(6,849)	(16,973)	147.8%

MARGINS BY CROP

In order to contribute to a better understanding of the margins by crop, the result of foreign exchange hedge is allocated between cotton, soybean and corn in this section.



Cotton lint and cotton seed

The Gross Unit Result of cotton in 2019 decreased by 13.3% compared to 2018, despite a 17.7% increase in unit price. The unit cost increased by 22.9%, due to lower productivity and higher production cost per hectare compared to the previous harvest.

The cotton seed showed a negative variation in the Gross Unit Result in the accumulated income for the year compared to 2018 due to the combination of a fall in the unit price added to the increase in the unit cost (increase in the cost per hectare and reduction in productivity in the 2018/2019 crop compared to the 2017/2018 crop).

Table 15 Gross Income - cotton lint		2018	2019		
				АН	
Volume	Ton	169,673	185,374	9.3%	
Net revenue	R\$/thousand	1,088,621	1,212,573	11.4%	
Result of FX hedge	R\$/thousand	(111,011)	(61,699)	-44.4%	
Net income adj.for the result of FX. hedge	R\$/thousand	977,610	1,150,874	17.7%	
Unit price	R\$/ton	5,762	6,208	7.7%	
Total cost	R\$/thousand	(567,966)	(762,874)	34.3%	
Unit cost	R\$/ton	(3,347)	(4,115)	22.9%	
UNIT GROSS INCOME	R\$/ton	2,415	2,093	-13.3%	



Table 16 Gross Income - cotton seed		2018	2019	
				АН
Volume	ton	218,186	234,986	7.7%
Net revenue	R\$/thousandR\$/	80,496	77,154	-4.2%
Unit price	ton	369	328	-11.1%
Total cost	R\$/thousand	(52,980)	(61,257)	15.6%
Unit cost	R\$/ton	(243)	(261)	7.4%
UNIT GROSS INCOME	R\$/ton	126	67	-46.8%



Soybean

The Soybean Gross Margin in 2019 grew 9.1%, due to the 7.3% increase in unit price, partially offset by the 6.4% increase in unit cost. The higher productivity achieved in the 2018/2019 crop, when compared to the previous crop, partially offset the increase in costs per hectare.

Table 17 Gross Income - soybean		2018	2019	
				АН
Volume	ton	842,481	898,368	6.6%
Net revenue	R\$/thousand	875,235	1,036,218	18.4%
Result of FX hedge	R\$/thousand	(11,041)	(46,758)	323.5%
Net income adj. for the result of FX. hedge	R\$/thousand	864,194	989,460	14.5%
Unit price	R\$/ton	1,026	1,101	7.3%
Total cost	R\$/thousand	(567,844)	(644,331)	13.5%
Unit cost	R\$/ton	(674)	(717)	6.4%
UNIT GROSS INCOME	R\$/ton	352	384	9.1%



Corn

In 2019, corn showed an expansion of the Gross Margin Unit, reflecting the increase in unit price and better productivity in the 2018/2019 crop compared to the 2017/2018 crop. It is worth noting that corn productivity grew by 24.2% compared to the previous crop, reaching 7,099 kg per hectare.

Table 18 Gross Income - corn		2018	2019	
				АН
Volume	ton	425,900	634,644	49.0%
Net revenue	R\$ thousand	146,151	253,376	73.4%
Result of FX hedge	R\$ thousand	(8,757)	(7,833)	-10.6%
Net income adj. for the result of FX. hedge	R\$ thousand	137,394	245,543	78.7%
Unit price	R\$/ton	323	387	19.8%
Total cost	R\$ Thousand	(133,109)	(198,182)	48.9%
Unit cost	R\$/ton	(313)	(312)	-0.1%
UNIT GROSS INCOME	R\$/ton	10	75	650.0%

GROSS INCOME

In 2019, the company had an increase of 8.3% in the Gross Income of the crops (excluding the impacts of Biological Assets), with emphasis on the soybean and corn cultures, in which margin expansion was achieved. In the case of cotton, the contribution to the Gross Income was lower than that of 2018, impacted by the lower productivity obtained and the increase in costs per hectare.

Table 19 Gross Income (R\$ thousand)	2018	2019	
GROSS INCOME	845,958	783,184	AH
Cotton lint	409,644	388,000	-5.3%
Cotton seed	27,516	15,897	-42.2%
Soybean	296,350	345,129	16.5%
Corn	4,285	47,361	n.m.
Other	3,148	6,312	100.5%
Biological assets (net)	105,015	(19,515)	n.m.

SELLING EXPENSES

In 2019, Selling Expenses increased by 28.9%, an amount of R\$34.2 million higher than 2018. This variation is also substantially linked to the Other Expenses accounts (in which expenses with royalties related to the sale of soybean seeds and Expenses with Commissions and Exports Expenses were recorded). These expenses are contracted in dollars and, therefore, were impacted by the devaluation of the real against the dollar throughout 2019.

It should be noted, however, that Selling Expenses as a percentage of Net Revenue were practically stable compared to 2018.

Table 20 Selling Expenses (R\$ thousand)	2018	2019		
			AH	
Freight	52,561	58,191	10.7%	
Storage	25,862	32,458	25.5%	
Commissions	9,358	13,359	42.8%	
Classification of goods	1,950	2,070	6.2%	
Export expenses	22,098	28,535	29.1%	
Other	6,845	18,359	168.2%	
TOTAL	118,674	152,972	28.9%	
% Net revenue	5.7%	6.0%	0.3%	

ADMINISTRATIVE EXPENSES

Administrative Expenses (excluding amounts related to the Profit Sharing Program) increased by 22.6% in 2019 when compared to 2018. In relation to Net Revenue, Administrative Expenses remain stable, representing 2.5%.

The main variations are explained below:

- (i) Increase in Personnel Expenses, due to staff adjustments, salary agreement and accounting for new stock option programs and restricted shares granted in November to company executives;
- (ii) Increase in contingencies, due to the reversal of provisions for lawsuits that were reclassified from a "probable" to "possible" risk;
- (iii) Increase in Expenses with Software Maintenance, due to the contracting of application virtualization services, in order to facilitate access with security, in addition to an increase in the number of licenses;
- (iv) Increase in Other Expenses, reflecting costs with georeferencing.

Table 21 Administrative Expenses (R\$ thousand	2018	2019	
			АН
Expenses with personnel	26,580	31,952	20.2%
Sees	4,623	5,058	9.4%
Depreciations and amortizations	1,631	1,897	16.3%
Traveling expenses	2,103	2,694	28.1%
Software maintenance	4,756	6,161	29.5%
Marketing /Advertisement	2,046	2,674	30.7%
Communication expenses	2,414	2,707	12.1%
Rentals	816	904	10.8%
Tax, labor and environmental conting.	(51)	1,734	n.m.
Electricity	169	193	14.2%
Taxes and others fees	786	1,275	62.2%
Contributions and donations	2,448	2,322	-5.1%
Other	3,252	3,665	12.7%
SUBTOTAL	51,573	63,236	22.6%
% NET REVENUE	2.50%	2.50%	0.0 p.p.
PROVISION FROM PROFIT SHARE PROGRAM	35,960	26,088	-27.5%
TOTAL	87,533	89,324	2.0%

NET FINANCIAL RESULT

Given that the dollarized portion of the company's indebtedness is "swapped" into reais (in line with the Risk Management Policy), the exchange rate variation on dollar-denominated debt ends up not impacting the Financial Income when we analyze the figures in an aggregate manner, as any gains and losses on dollar-denominated debt arising from exchange rate variations are offset by gains and losses in the same proportion in the respective swap.

In the year, the Adjusted Net Financial Expenses increased compared to the same period last year. The main variation, however, came from the adoption of IFRS 16, which added to this account the line "Adjustment to Present Value of Leases". Moreover, there was an increase in net debt over the year compared to 2018, due to the greater need for working capital given the increase in the planted area in the 2018/2019 crop compared to the 2017/2018 crop, which led to an increase in the appropriation of interest.

Table 22 Adjusted Net Financial Result (R\$ thousand)	2018	2019	
			AH
Interest	(77,661)	(101,197)	30.3%
FX variation	9,810	5,940	-39.6%
Monetary variation	(14)	139	n.m.
Adjust. to present value of leases (IFRS 16)	-	(47,607)	100.0%
Other financial income (expenses)	(4,811)	(1,325)	-72.4
TOTAL	(72,676)	(144,050)	98.2%
% NET REVENUE	3.5%	5.5%	2.0 p.p.

NET INCOME

In 2019, SLC Agrícola delivered a Net Consolidated Income (farming operation + land sale) of R\$315.0 million, with a drop of 7.0 percentage points compared to 2018 and a margin of 12.4%.

The following are detailed explanations of the Net Income from the Farming Operation and the Net Income from the Sale of Land, in order to collaborate for a better understanding of the factors that impacted the Net Consolidated Income.

Table 23 Net Income (R\$ thousand)	2018	2019	
			АН
INCOME BEFORE TAXES ON PROFIT	585,081	414,662	-29.1%
Income and Social Contribution taxes	(178,580)	(99,621)	-44.2%
NET CONSOLIDATED PROFIT FOR THE PERIOD	406,501	315,041	-22.5%
Assigned to members of the parent company	381,250	311,514	-18.3%
Attributed to non-controlling partners	25,251	3,527	-86.0%
NET MARGIN	19.3%	12.4%	-7.0 p.p.
NET INCOME OF FARMING OPERATION	405,373	292,893	-27.7%
NET MARGIN OF FARMING OPERATION	19.3%	11.5%	-7.8 p.p
NET INCOME FROM LAND SALE	1,128	22,148	n.m.

Consolidated Net Income - Farming Operation

The company delivered in 2019 a Consolidated Net Income from the Farming Operation of R\$292.8 million, with a 27.7% decline over 2018 and with a margin of 11.5%. The main impact came from the calculation of the Variation in the Fair Value of Biological Assets in the cotton crop (variation of R\$122.6 million between the years), which reflected the expectation of lower margins for the cotton crop of the 2018/2019 crop versus the 2017/2018 crop.

Consolidated Net Income - Land Sale

The sale of 5,205 hectares (4,162 arable), for the amount of R\$83.2 million, had an impact of R\$22.1 million on net income, considering that:

- (i) the booked cost of the area sold was of R\$36 million (settled fixed assets); and
- (ii) IFRS 16 accounting rules for sale & leaseback transactions require an additional adjustment of R\$19.5 million (this calculation is represented by the "IFRS 16 adjustments retained earnings" account). The calculation reflects the present value of the lease to be paid over the contract lifetime and also the Right-of-Use Asset retained by the company.

Table 24 Conciliation of Net Income from Land Sale (R\$ thousand)	2018	2019	
			АН
Land sale value	1,209	83,245	n.m.
(-) Adjustment IFRS 16 Income retained	-	(19,466)	n.m.
(-) Settled fixed assets	_	(36,029)	n.m.
(-) PIS and COFINS on land sale value	(44)	(3,038)	n.m.
(-) IRPJ and CSLL on land sale value	(37)	(2,564)	n.m.
NET PROFIT FROM LAND SALE	1,128	22,148	n.m.

Analysis of the Cash Flow Statement

In 2019, free cash flow was positive, for the fourth consecutive year, reaching R\$213 million, as a result of the strong generation of operating cash combined with efficient management of the financial cycle. Additionally, there was a receipt of R\$80.6 million related to land sales, including a balance referring to the land sale held in 2017 (R\$38.9 million) and also the amount received related to the land sale in 2019 (R\$41.6 million).



	(2018)	(2019)	
			AH
Cash generated in operations	787,403	778,746	-1.1%
Change in assets and liabilities	(379,894)	(246,585)	-35.1%
Net cash in investment activities	(191,781)	(160,300)	-16.4%
In fixed assets	(248,166)	(235,175)	5.2%
In intangible assets	(7,404)	(5,746)	-22.4%
Receipt for land sold	63,789	80,621	26.4%
Free cash submitted	215,728	371,861	72.4%
Change in fin. invest. account (1)	(7,361)	(74,436)	n.m.
Leases paid ⁽²⁾	_	(78,929)	100.0%
CRA expenditure payment	-	(5,423)	100.0%
ADJUSTED FREE CASH FLOW	208,367	213,073	2.3%

⁽¹⁾ The variations in said account have no cash effect.

⁽²⁾ Due to the adoption of IFRS 16, lease payments are now accounted for in the Financing Activities section. However, it must be considered as an operating cash disbursement.

Balance Sheet Analysis (main accounts)

In 2019, there was an increase in the need for working capital when compared to the situation at the end of 2018, mainly due to the increase in the Inventory and Biological Assets account, due to the greater cotton planted area and higher costs per hectare in the 2018/2019 crop against the 2017/2018 crop.

Table 26 Variation in Working Capital (R\$ thousand)		
ASSETS	2018	2019
Accounts receivable	131,546	178,405
Advances to suppliers	8,520	32,684
Inventories	868,522	1,071,354
Amortization in right-of-use asset (inventory)	-	(42,494)
Depreciation (inventory)	-	(11,769)
(-) Var. in the fair value of biological assets + inventory adjustment (non-cash)	(136,829)	(97,039)
Taxes to be recovered	86,943	164,412
Biological assets	705,390	779,885
(-) Var. of the fair value of biological assets (non-cash)	(65,977)	(86,282)
Derivative operations	-	45,336
Other accounts receivable (prepaid expenses + others)	5,060	33,810
Subtotal	1,603,175	2,068,302
LIABILITIES		
Suppliers	703,564	921,999
Taxes, fees and miscellaneous contributions	24,656	57,51C
Social and labor duties	63,007	54,572
Derivative operations	-	60,873
Other	100,905	60,860
Customers' down payment	42,163	33,289
Leases payable	58,742	225
Duties with related parties	_	125
Securities payable	_	13,685
Other accounts payable	_	13,536
SUBTOTAL	892,132	1,155,814
WORKING CAPITAL NEED	711,043	912,488
VARIATION AGAINST 2018		316,367

In 2019, the main investments made (R\$109.1 million) were in the item Machinery, Implements and Equipments, with a focus on the acquisition of new equipment for fleet replacement. It should be noted that the company has reduced the need for investments of this nature due to the increase in outsourcing the soybean harvest. In the 2018/2019 crop, 42% of the soybean harvested area was outsourced, an increase of 62.1% over the 2017/2018 crop.

The investment in soil correction – whose value of R\$42.7 million in 2019 was practically stable in relation to 2018 – is made to maintain the productive capacity of the soil.

Regarding Buildings and Facilities, the highlights were:

Perdizes Farm

R\$ 18 million invested in the civil works of the engine room, deposit of chemicals, deposit of cotton lint, boiler shelters and briquetting machines; in addition, R\$4.7 million were allocated to the construction of the cotton seed deposit, with a capacity to store 11,000 tons, with a shipping area, with a core press, toilets, a press operating room and a waiting room for drivers

• Parnaíba Farm

R\$5.2 million for the construction of the stone deposit with a capacity to store 11,000 tons of them, with a shipping area, with a core press, toilets, a press operating room and a waiting room for drivers

Table 27 Fixed Assets/CAPEX (R\$ thousan	d) 2018		2019	
	2010	AV	(2017)	AV
Machines, implements and equipment	98,514	38.4%	109,101	39.5%
Land acquisition	2,005	0.8%	3,072	1.1%
Soil correction	42,030	16.4%	42,772	15.5%
Buildings and facilities	29,803	11.6%	49,575	17.9%
Cotton processing plant	33,675	13.1%	33,710	12.2%
Grain warehouse	10,323	4.0%	1,763	0.6%
Soil cleaning	4,819	1.9%	3,630	1.3%
Vehicles	9,232	3.6%	4,029	1.5%
Aircrafts	10,234	4.0%	7,542	2.7%
Software	7,710	3.0%	9,798	3.5%
Improvements in own properties	416	0.2%	2	0.0%
Improvements in third parties' properties	-	0.0%	1,917	0.7%
Other	7,559	2.9%	9,620	3.5%
TOTAL	256,320	100.0%	276,531	100.0%

• Pamplona Farm

R\$ 1.6 million used to build the Biodefensive Production Unit (UPB), the first bio-factory built in masonry. It has a laboratory, manufacturing room (bacteria), stock and dispatch, in addition to reception and administrative

Pantanal Farm

R\$2.2 million for works for operational improvement of cotton, such as expansion of the pit deposit and construction of the boiler shelter, briquetting machine and scales

Debt

The company's Adjusted Net Debt ended in 2019 at R\$973.8 million, practically stable in relation to the position shown at the end of 2018, as the positive Free Cash Generation of R\$213 million was used in Dividend Payment (related to fiscal year 2018), in the amount of R\$186 million, carried out in May, and in the conclusion of the Share Buyback Program in the first quarter of the year, in which R\$42 million was invested.

It is noteworthy that, in 2019, the company was successful in offering a second CRA, in the amount of R\$360 million, with a compensation of 99% of the CDI and amortizations in the $3^{\rm rd}$ and $4^{\rm th}$ year, which extended the debt profile at attractive cost.

Figure 14 | Development of the Net Debt vs. Adjusted EBITDA ratio



- Adjusted EBITDA
- Adjusted Net Financial Debt
- Adjusted Net Financial Debt X Adjusted Ebitda

Table 28 Financial Net Debt (R\$ thousand)	Average ann	Consolidated			
		2018	2019	2018	2019
Credit Line	Indexer				
Invested in Fixed Assets					
Finame - BNDES	Pre, Currency	5.45%	5.38%	91,762	73,235
	Basket -			91,762	73,235
Invested in the Working Capital					
Rural Credit	Pre	6.08%	6.00%	144,855	108,483
Constitutional Funds ²	Pre	5.91%	0.00%	234,150	_
CRA	CDI	6.56%	4.41%	201,063	561,447
Working Capital	CDI	7.43%	5.08%	100,863	413,490
Financing for Exports	Pre	6.50%	6.50%	208,275	111,422
Financing for Exports	CDI	7.29%	5.12%	627,290	597,789
				1,516,496	1,792,631
TOTAL INDEBTEDNESS		6.69%	5.04%	1,608,258	1,865,866
(+/-) Earnings and losses on derivatives linked to				22,483	6,691
Investments and (3)					
(=) Gross Debt (Adjusted)				1,585,775	1,859,175
(-) Cash				642,736	885,418
(=) NET DEBT (ADJUSTED)				943,039	973,757
EBITDA IN THE PAST 12 MONTHS				752,602	795,521
ADJUSTED NET DEBT/ADJUSTED EBITDA				1.25x	1,22x

⁽¹⁾ Long-term interest rate (TJLP).

⁽²⁾ London Interbank Offer Rate (Libor): interest rate charged by London banks, which serves as a reference for most loans in the international financial system.

⁽³⁾ Operations with derivative gains and losses (note 21 of the FS).

Foreign exchange and agricultural commodities hedge

The company's sales revenues are generated mainly by the sale of agricultural commodities such as cotton, soybeans and corn; products that are quoted in dollars on the international exchanges Chicago Board of Trade (CBOT) and Intercontinental Exchange Futures US (ICE). Thus, we have an active exposure to exchange rate variations and the prices of these commodities. In order to protect against exchange rate variations, financial derivative instruments are used, whose portfolio basically consists of sales contracts and forward purchases of currency – NDF (Non Deliverable Forward). In line with the company's Risk Management Policy – whose objective is to achieve a pre-established Adjusted EBITDA margin with the conjunction of the

Price, Exchange and Cost factors – most of the protection instruments against the variation in commodity prices is carried out through advance sales, directly with our customers (forward contracts). Besides, futures and options contracts, traded on a stock exchange environment, and financial operations of swaps and options, are used with financial institutions. Futures, swaps and options are marked to market in the financial result. Below are our commodity hedge position (in relation to the estimated total billing volume) and exchange rate (in relation to the estimated total dollar revenue) – opened in commercial hedge and financial hedge – on March 2, 2020.

Table 29 Updated hedge position	CROP 2018/ 2019	CROP 2019/ 2020	CROP 2020/ 2021		CROP 2018/ 2019	CROP 2019/ 2020	CROP 2020/ 2021
FX hedge - Soybean				Commodity hedge – Soybean			
%	99.8%	73.4%	19.6%	%	100%	66.1%	30.2%
R\$/USD	3.7834	4.1352	4.3836	USD/bu ⁽²⁾	10.06	9.79	10.20
Commitments (1)	0%	5.4%	42.9%	Commitments (1)	-	4.5%	14.7%
FX hedge - Cotton				Commodity hedge – Cotton			
\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	97.5%	74.2%	8.8%	%	98.1%	68.7%	27.3%
R\$/USD	3.7956	4.2387	4.3504	US¢/Ib ⁽²⁾	73.59	72.01	70.25
Commitments ⁽¹⁾	-	1.5%	40.5%	Commitments (1)	-	-	-
FX hedge - Corn				Commodity hedge – Corn			
%	99.8%	70.5%	0.2%	%	99.6%	57.4%	-
R\$/USD	3.8539	4.1107	4.4465	R\$/bag ⁽³⁾	25.17	26.90	-
Commitments ⁽¹⁾	-	0.2%	33.4%	Commitments ⁽¹⁾	-	-	-

⁽¹⁾ Commitments for payment of securities fixed in US dollars, natural hedge with payments of land and leases in soybean bags.

⁽²⁾ FOB Porto base prices at our production units are also influenced by transportation expenses and possible quality discounts.

⁽³⁾ Farm price.

Return indicators

The company understands that the calculation of Return on Equity, Return on Net Assets and Return on Invested Capital must consider, in addition to the net income for the period or operating result for the period, also the net annual appreciation (based on the report of independent auditor held every year) of the value of their lands.

Table 30 Return on Equity (R\$ millions)	2013	2014	2015	2016	2017	2018	2019
Net revenue (1)	97	70	121	16	289	405	293
Net land appreciation ⁽²⁾	374	428	140	199	19	110	142
Subtotal	471	498	261	215	308	515	435
NET WORTH	3,087	3,771	3,911	4,346	4,438	4,641	4,973
RETURN	15.3%	13.2%	6.7%	4.9%	6.9%	11.1%	8.7%

^(!) Even in periods that contemplate net results from land sales, this analysis considers only the profit from the "agricultural operation", since the gains from land appreciation are being considered in a specific line.

⁽²⁾ Based on an independent report (Deloitte), updated in July/2019; net of tax.

Table 31 Return on Net Assets (R\$ millions)	2013	2014	2015	2016	2017	2018	2019
Net profit ⁽¹⁾	97	70	121	16	289	405	293
Net land appreciation ⁽²⁾	374	428	140	199	19	110	142
Subtotal	471	498	261	215	308	515	435
NET ASSETS	4,276	4,859	5,005	5,026	5,097	5,443	6,552
Working capital	641	733	739	561	613	603	912
Fixed assets ⁽³⁾	3,635	4,126	4,266	4,465	4,484	4,840	5,639
RETURN	11.0%	10.2%	5.2%	4.3%	6.0%	9.5%	6.6%

⁽¹⁾ Even in periods that contemplate net results from land sales, this analysis considers only the profit from the "agricultural operation", since the gains from land appreciation are being considered in a specific line.

⁽²⁾ Based on an independent report (Deloitte), updated in July/2019; net of tax.

⁽³⁾ Adjusted for land appreciation.

Table 32 Return on Invested Capital (R\$ millions)	2013	2014	2015	2016	2017	2018	2019
Operating result ⁽¹⁾	150	190	285	110	513	657	536
IRPJ tax	23.1%	21.3%	27.3%	0.0%	26.3%	30.5%	24.0%
Adjusted IR	(35)	(40)	(78)	20	(135)	(200)	(129)
Adjusted operating income	116	150	207	130	378	457	407
Net land appreciation (2)	374	428	140	199	19	110	142
OPERATING INCOME W/ LANDS	490	578	347	329	397	567	549
INVESTED CAPITAL	3,864	4,731	5,005	5,255	5,104	5,584	5,708
Gross debt (ST and LT)	1,170	1,332	1,795	1,974	1,578	1,586	1,859
Cash	393	372	701	1,065	749	643	885
Net debt	777	960	1,094	909	829	943	974
Net worth (3)	3,087	3,771	3,911	4,346	4,275	4,641	4,973
RETURN ON INVESTED CAPITAL	12.7%	12.2%	6.9%	6.3%	7.8%	10.2%	9.2%

⁽¹⁾ Even in periods that contemplate net results from land sales, this analysis considers only the profit from the "agricultural operation", since the gains from land appreciation are being considered in a specific line.

⁽⁴⁾ Adjusted for land appreciation.



⁽²⁾ Based on an independent report (Deloitte), updated in July/2019; net of tax.

⁽³⁾ Adjusted for interest in subsidiaries.

Sustainability

SLC Agrícola's vision of sustainability is aligned with our Big Dream. It is transversal to operations and materializes in several initiatives, such as the more efficient use of inputs driven by technology, the qualification and digital inclusion of employees, the development of communities and the preservation of the environment as a necessary condition for the future development of activities.

In 2019, the company improved the integration of ESG (Environmental, Social and Governance) aspects to the strategy, electing three priority areas of action. These fronts are in line with the Sustainable Development Goals (SDGs) and the UN Business Principles for Food and Agriculture (PEAA), and are now considered in the assessment of employees' performance and variable compensation.

Figure 15 | Priority axes of action

Climate **PEAA** Stakeholders' Waterand change and principles biodiversity expectation soil prioritized It covers efforts to mitigate climate It involves initiatives to optimize water It brings together investments change, using two main approaches: consumption and preserve water and approaches to foster the

change, using two main approaches:
minimizing the consumption of
agricultural inputs, the generation of
waste and the use of fossil fuels, reducing
our carbon footprint; and improve soil
quality in cultivated areas, contributing to
the collection of carbon in the soil.







consumption and preserve water resources and biodiversity. To this end, we invest in eco-efficient production systems and promote conservation and reforestation initiatives, in addition to ensuring the adoption of the best management practices through the certification of our activities.









It brings together investments and approaches to foster the socioeconomic and cultural development of the regions in which we operate, based on a transparent dialogue with all audiences and the training of our leaders and other employees to better understand the challenges of local communities.











Economic feasibility and Values



Human rights and rural communities



Food security, health and nutrition



Environmentally responsible

People

The materialization of our Big Dream and the growth of SLC Agrícola in a sustainable manner are the outcome of the work developed by employees in all units, in an ethical manner and connected to corporate values. For this reason, management prioritizes professional development and the recognition of this team with structured programs and qualification initiatives.

One of the highlights on this front is the Training Program for Agriculture 4.0, aimed at qualifying agricultural operators in new technologies. This investment aims to support the company's growth with innovation and digitalization of agriculture. Moreover, all farm employees are encouraged to advance in elementary and high school studies, a transformation that exceeds operational demands and generates positive impacts. The training follows the Youth and Adult Teaching (EJA) methodology.



8,350 hours of training

under the Agriculture Training Program 4.0

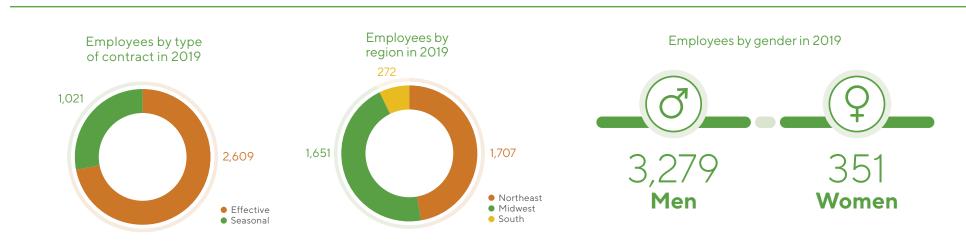


65% of employees

have at least completed high school and 91% have completed elementary school



Figure 16 | Staff composition



Environment

SLC Agrícola has 99.4 thousand hectares of preserved areas. Intended as Legal Reserves and Permanent Preservation Areas (APPs), as required by Brazilian environmental legislation, these territories are equivalent to 32.6% of the company's total area. Legal reserves and APPs are also, in some cases, adjacent to conservation units or close to parks, environmental reserves and indigenous areas. In all locations, the company continuously monitors the geographical limits of the farms and applies operational procedures with discipline, in order to avoid any type of negative impact on the environment.

Since 2017, SLC Agrícola has been preparing an annual greenhouse gas (GHG) inventory according to the methodology of the Brazilian GHG Protocol Program. The inventory for the 2019 activities is being prepared and will be published in the Public Emissions Registry in the first half of the year.

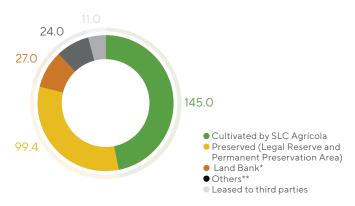
These surveys contribute to the definition of plans to reduce carbon impacts. Mitigating the contribution of operations to climate change, in fact, is one of the objectives established by the company. As of 2020, a 10-year reduction plan will be implemented in order to reduce GHG emissions by up to 25%, by the year 2030.

Table 33 | Inventory of greenhouse gas emissions (thousand tCO₂e) 2018 2017 SCOPE 1 1.499.0 1.790.0 Gross emissions 3.011.3 2.057.1 Biogenic emissions 22 689 4 26897 Biogenic removals SCOPE 2 42 3.9 Indirect emissions

Actions to protect biodiversity

SLC Agrícola supports and participates in projects aimed at protecting fauna and flora in the regions where the farms are located, with emphasis on the projects Cabeceiras do Pantanal and Conservation of Biodiversity, in the Cerrado. In the first case, which aims to protect the source of the rivers that originate in the Cerrado and continue on to the Pantanal plain, the company has been a signatory since 2018, contributing to the cataloging of more than 4,700 species of fauna and flora. The Conservation of Biodiversity in the Cerrado is carried out in partnership with the Federal University of Rio Grande do Sul (UFRGS) at the Planalto Farm. Its objective is to promote academic research, within the scope of doctoral programs, in the areas of legal reserve and APP of one of the production units close to the National Parks of the Rheas ("Parque Nacional das Emas") and the Taquari River Springs Park ("Parque das Nascentes do Rio Taquari").

Figure 17 | Use of own area in the 2018/2019 crop (thousand hectares)



^{*} Agricultural areas awaiting licenses or that are in the process of soil correction.

^{**} Headquarters, roads and other areas not suitable for cultivation

Additional information

Planted area – 2018/2019

Table 34 Planted area by type (own, leased, joint ventures and partnerships) - 2018/2019 harvest (hectares)	Area planted 2017/	Area planted 2018/		
Mix of areas	2018	2019	AV	АН
1st crop area	288,607	316,159	69.0%	9.5%
Own area	108,516	111,279	24.1%	1.7%
Leased area	106,540	130,669	28.7%	23.5%
Joint ventures ⁽¹⁾	38,879	39,551	8.6%	1.7%
SLC LandCo area ⁽²⁾	34,672	34,660	7.6%	0.0%
2 nd crop area	115,839	141,940	31.0%	22.5%
Own area	60,659	62,000	13.5%	2.2%
Leased area	36,235	56,611	12.4%	56.2%
Joint ventures ⁽¹⁾	7,035	8,516	1.9%	21.0%
SLC LandCo area ⁽²⁾	11,910	14,813	3.2%	24.4%
TOTAL AREA	404,446	458,099	100.0%	13.3%

(1) Areas belonging to the Roncador Group and Mitsui. (2) SLC Agricola holds an 81.23% interest in SLC LandCo.

Planted area -2019/2020

joint ventures) - 2019/2020 harvest (hectares)	Area planted 2018/	Area planted 2019/		
Mix of areas	2019	2020	AV	AH
1st Crop area	316,159	313,487	69.8%	-0.8%
Own area	111,279	111,064	24.7%	-0.2%
Leased area	130,669	130,000	28.9%	-0.5%
Joint ventures ⁽²⁾	39,551	40,158	8.9%	1.5%
SLC LandCo area ⁽³⁾	34,660	32,265	7.2%	-6.9%
2 nd Crop area	141,940	135,675	30.2%	-4.4%
Own area	62,000	53,617	11.9%	-13.5%
Leased area	56,611	54,245	12.1%	-4.2%
Joint Ventures ⁽²⁾	8,516	10,389	2.3%	22.0%
SLC LandCo area ⁽³⁾	14,813	17,424	3.9%	17.6%
TOTAL AREA	458,099	449,162	100.0%	-2.0%

(*) Climatic factors may affect the projection of the planted area (*) Areas belonging to the Roncador Group and Mitsui. (*) SLC Agricola holds an 81.23% interest in SLC LandCo.

Property appraisal

In 2019, the new independent appraisal of SLC Agrícola's land portfolio was completed by the company Deloitte Touche Tohmatsu, which showed a total value of R\$3.8 billion, an increase of 3.4% compared to 2018. The average value of the agricultural hectare owned by the company is currently R\$18,415.

Property portfolio

Farm	State	Owned (1)	SLC LandCo ⁽²⁾	Leased Jo	oint Ventures	Under Control	Total Planted ⁽³⁾
Pamplona	GO	17,994		3,857		21,851	20,034
Pantanal	MS			25,726		25,726	42,883
Planalto	MS	15,006		1,635		16,641	22,154
Planorte	MT	23,454				23,454	30,912
Paiaguás	MT	28,129		16,502		44,631	63,403
Perdizes (5)	MT	28,893	13,288			42,181	26,295
Pioneira ⁽⁴⁾	MT				19,485	19,485	29,874
Panorama	ВА		10,373	14,253		24,626	21,753
Paladino ⁽⁵⁾	ВА				20,673	20,673	20,673
Piratini	ВА		25,356			25,356	5,499
Palmares	ВА	16,195	831	14,816		31,842	23,139
Parnaíba	MA	26,193		11,270		37,463	37,750
Palmeira	MA		10,200	14,480		24,680	21,094
Planeste	MA		22,785	16,631		39,416	59,089
Parceiro	ВА	27,564	3,680	10,830		42,075	14,360
Paineira ⁽⁶⁾	PI	12,892				12,892	-
Parnaguá	PI	21,932				21,932	10,250
TOTAL	-	218,252	86,513	130,000	40,158	474,924	449,162

⁽¹⁾Own area includes legal reserve.

⁽²⁾ SLC Agrícola currently owns 81.23% of LandCo, and the Valiance fund equals 18.77%.

⁽³⁾ Including second harvest. Climatic factors may affect the projection of the planted area.

⁽⁴⁾ The Pioneira Farm is part of the joint operation with the Roncador Group.

⁽⁵⁾ The Perdizes and Paladino Farms are part of the joint operation with Mitsui at SLC-Mit.

⁽⁶⁾ Farm leased to third parties.

Landbank

SLC Agrícola	Areas in transformation	Areas in licensing process
Palmares	-	601
Palmeira	-	1,464
Parnaguá	-	3,426
Parceiro	6,698	-
Subtotal	6,698	5,491
SLC LandCo		
Palmeira ⁽¹⁾	4,749	-
Piratini	9,993	-
Parceiro ⁽¹⁾	-	-
Subtotal	14,742	-
TOTAL	21,440	5,491

⁽¹⁾ Areas acquired by SLC LandCo that will be explored together with these farms.

Machinery base and storage capacity

	2018	2019
Machinery (quantity)	867	873
Tractors	216	212
Grain combiners	209	206
Cottonpickers	76	85
Planters	212	209
Self-propelled sprayers	154	161
Storage capacity (tons)		
Grains	764,000	764,000
% Production ⁽¹⁾	52%	87%
Cotton	125,148	125,148
% Production ⁽¹⁾	60%	56%

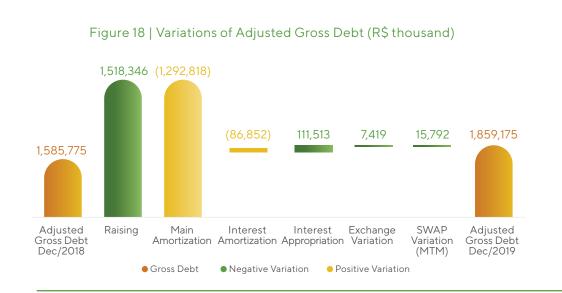
⁽¹⁾ Estimate based on the planted area and yields for crop year of 2019/20.

Net value of assets

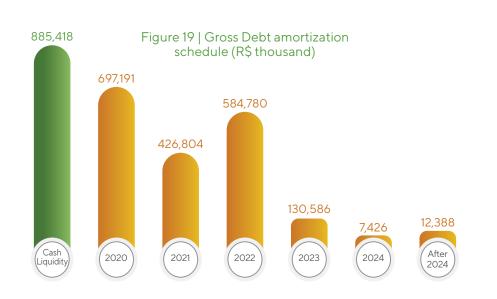
Table 39 Net Asset Value (NAV) (R\$ millions)	
SLC Agrícola Farms ⁽¹⁾	2,604
SLC LandCo Farms ⁽¹⁾	754
Infrastructure (excl. land)	1,045
Accounts receivable (excl. derivatives)	168
Inventories	1,004
Biological assets	757
Cash	846
Subtotal	7,178
Suppliers	849
Gross debt adjusted for the result of operations with derivatives	1,708
Debts related to land purchase	_
Subtotal	2,557
NET ASSET VALUE	4,621
NET ASSET VALUE PER SHARE (190,595,000 SHARES)	24.2

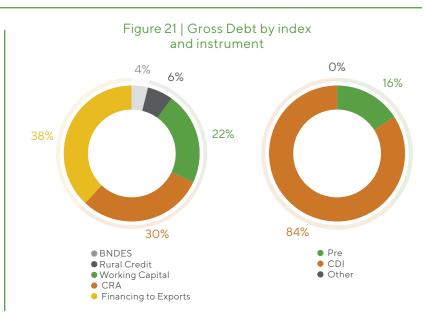
^(*) Based on an independent assessment report (Deloitte, 2019), net of taxes. NOTE: All accounts are adjusted by the interest of SLC Agricolas in subsidiaries/ joint ventures.

Debt









Dividends

The distribution of dividends in the last three fiscal years showed an average payout of above 50% of the Net Profit. The Management's proposal was approved at the Board Meeting held on March 11, 2020 and will be submitted to the next Ordinary General Meeting to be held on April 29, 2020. The proposal has the principle of respecting the economic and financial features of the business and, at the same time, providing, whenever possible, compensation to shareholders through the distribution of dividends and/or interest on own capital, in percentages higher than the minimum mandatory dividend of 25% of the adjusted net profit, provided for in the Bylaws, without compromising the necessary investments for the proper pursuit of its corporate purpose or jeopardizing the company's long-term sustainability and financial sustainability.

In 2019, in accordance with the current corporate law, the company's Bylaws and the dividend guidelines, the following income distribution was proposed:

Table 40 Proposal of dividend distribution (R\$ thousand)	2018	2019
Net income of the parent company	381,250	311,514
Appropriation of subvention reserve	9,565	939
Appropriation of legal reserve	19,062	15,576
Calculation base for dividends proposed	352,623	294,999
Minimum mandatory dividend of 25%	88,156	73,750
Additional Proposed dividend of 25%	88,156	73,750
Proposed Dividends	176,312	147,500
% on Net Profit for the Year	50%	50%

_Capital markets

In the first quarter of 2019, SLC Agrícola completed yet another share buyback program, with an investment of R\$42 million and covering 1 million shares.

In May, it split the total number of existing ordinary shares issued by the company, each existing ordinary share corresponding to two ordinary shares. Accordingly, the company's share capital is now represented by 190,595,000 ordinary shares with no par value. Of the total shares issued by the company, 45.69%, are in the free float modality, traded in the Novo Mercado segment at B3.

Figure 22 | Performance of shares vs. Ibovespa at B3



Independent auditing

Throughout 2019, in compliance with CVM Instruction No. 381/03, SLC Agrícola informs that ERNST & YOUNG Auditores Independentes SS provided services for the review of the annual financial statement (parent company and consolidated) and the review of the quarterly financial statements (parent company) and consolidated) – R\$567,980. Issue Comfort Letter CRA R\$167,930. Tax advice – R\$64,684.22 (8.79% of audit services).

Adherence to the Arbitration Chamber

The company is linked to the Novo Mercado Arbitration Chamber, according to the arbitration clause in the Bylaws.

Legalwarning

We make statements on future events that are subject to risks and uncertainties. Such statements are based on our management's beliefs and assumptions and information that the company currently has access to. Statements on future events include information about our current intentions, beliefs or expectations, as well as those of the members of the company's Administration Council and Officers. Disclaimers regarding statements and information on the future also include information about possible or assumed operating results, as well as statements that are preceded, followed or that include the words "believe", "may", "will", "continues", "expects", "predicts", "intends", "plans", "esteem" or similar expressions. Statements and information on the future are not guarantees of performance. They involve risks, uncertainties and assumptions because they refer to future events, therefore depending on circumstances that may or may not occur. Future results and the creation of value for shareholders may differ significantly from those expressed or suggested by the statements regarding the future. Many of the factors that will determine these results and values are beyond our ability to control or predict.

Financial statements SLC Agrícola S.A.

December 31, 2019

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Individual and consolidated financial statements

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Fiscal Council Opinion

The Fiscal Council of SLC Agrícola S.A., in compliance with the legal and statutory provisions, examined the Management Report and the individual and consolidated Financial Statements of SLC Agrícola S.A., all related to the fiscal year ended on December 31, 2019.

Based on the examinations carried out, also considering the report of Ernst & Young Auditores Independentes SS, dated March 11, 2020, as well as the information and clarifications received during the year, he believes that the referred documents are in conditions to be analyzed and approved by the Annual General Meeting of Shareholders.

Porto Alegre/RS, March 11, 2020.

João Carlos Sfreddo

Chairman of the Fiscal Council

Paulo Roberto Kruse

Advisor

Mauricio Rocha Alves de Carvalho

Advisor

Board of Executive Officers' Opinion on DFs

In compliance with the provisions contained in article 25 of Instruction No. 480/09, of December 7, 2009, the Board of Directors declares that it has reviewed, discussed and agreed with the Financial Statements (Parent Company and Consolidated) related to the fiscal year ended on December 31, 2019.

Porto Alegre/RS, March 11, 2020.

Aurélio Pavinato

Chief Executive Officer

Ivo Marcon Brum

Chief Financial and Investor Relations Officer

Gustavo Macedo Lunardi

Chief Operating Officer

Aldo Roberto Tisott

Chief Sales Officer

Alvaro Luis Dilli

Chief HR and Sustainability Officer

Angelo Castiglia

Chief Information Technology Officer

Board of Executive Officers' Declaration on the Auditing Report

In compliance with the provisions contained in article 25 of Instruction No. 480/09, of December 7, 2009, the Board of Directors declares that it has revised, discussed and agreed with the opinion expressed in the opinion of the Independent Auditors, dated March 13, 2020, regarding the Financial Statements (Parent Company and Consolidated) for the fiscal year ended on December 31, 2019.

Porto Alegre/RS, March 11, 2020.

Aurélio Pavinato

Chief Executive Officer

Ivo Marcon Brum

Chief Financial and Investor Relations Officer

Gustavo Macedo Lunardi

Chief Operating Officer

Aldo Roberto Tisott

Chief Sales Officer

Alvaro Luis Dilli

Chief HR and Sustainability Officer

Angelo Castiglia

Chief Information Technology Officer

Independent auditor's report on the individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers ${\bf SLC}$ ${\bf Agrícola}$ ${\bf S.A.}$

Porto Alegre-RS

Opinion

We have audited the individual and consolidated financial statements of SLC Agrícola S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2019, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the company as at December 31, 2019, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's

National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Measurement of biological assets

As mentioned in Note 8, the company and its subsidiaries measure their biological assets, which correspond to the cultivation of agricultural products, mainly soybean, corn and cotton, based on their fair value from the pre-harvest phase. This measurement is a significant estimate and is based on several assumptions and methodologies adopted by the company's management, for which internal and external information was used, mainly related to active market price, productivity and planted areas. On December 31, 2019, the company had a balance of R\$667,954 thousand in the parent company and R\$780,589 thousand in consolidated, under biological assets in current assets.

This matter was considered significant for our audit due to the significance of the biological asset amounts on total assets and net income for the year, by reason of the uncertainties inherent in this type of estimate and judgment required from management for determining the fair value calculation assumptions.

How our audit addressed this matter

Our audit procedures included, among others, the review of the calculation methodology used by the company; and the use of evaluation specialists in physical inspection by sampling of planted areas to assess the existence of biological assets and their physical conditions. Additionally, we evaluated the assumptions related to active market prices, expected productivity and planted areas, among others. We also carried out a sample check of the cost documents that were added during the exercise. Finally, we have examined the adequacy of the disclosures made by the company on this matter in the explanatory notes.

Based on the results of the audit procedures performed, which are consistent with Management's assessment, we consider acceptable the estimates prepared by Management, as well as the respective disclosures in Note 8, in the context of the individual and consolidated financial statements taken as a whole.

Hedge accounting

As described in Note 23, the company and its subsidiaries engage in transactions involving derivative and non-derivative financial instruments to hedge against currency risks and derivative financial instruments to hedge against the risk of changes in the price of agricultural products, in relation to future revenues considered highly likely to occur, which are recorded using the hedge accounting structure. As of December 31, 2019, the company had the amount of R\$20,864 thousand, net of deferred taxes, recorded in shareholders' equity (individual and consolidated) under "other comprehensive income".

Designation of financial instruments as hedge accounting and measurement of their effectiveness require compliance with certain formal obligations and include the requirement to use significant estimates on projected future revenue likely to occur. Due to the large number of operations performed, the complexity for measuring the fair value of these operations and calculating effectiveness, in addition to the potential impact that changes in projected future revenue may have on the company's net income and cash flows, this was considered a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: understanding of the design of the risk management process and hedge accounting structure, including the analysis of the policy applied by the company; recalculation of the measurement of the fair value of operations, upon involvement of experts in derivative financial instruments to assist us in the preparation of independent valuation calculations; crosschecking the amount recorded by the company against the information provided by financial institutions by sending confirmation letters to respective operation counterparties; examination of the documentation designating the operations and the prospective effectiveness tests prepared by management; analyzing projections of probable future revenues, based on analysis of firm sale agreements and estimated sales; and analysis of the disclosures made in the notes to the individual and consolidated financial statements.

Based on the results of the audit procedures performed, which are consistent with management's assessment, we believe that the company's hedge accounting structure meets the requirements of IFRS 9 (CPC 48), as well as considering the estimates of likely future revenue projections and the related disclosures in Note 23, in the context of the individual and consolidated financial statements taken as a whole.

Adoption of CPC 06 (R2) (IFRS 16)

As described in note 3.q., CPC 06 (R2) – Leases (IFRS 16 – Leases) came into effect as of January 1, 2019. This standard specifies how an entity should recognize, measure, present and disclose its lease agreements, promoting a single lease accounting model, which requires the recognition of rights of use assets and lease liabilities for the contracts covered by this standard. As of December 31, 2019, the company had a balance of asset rights of use of R\$1,388,969 thousand in the parent company and R\$555,031 thousand in the consolidated, as well a lease liability of R\$1,497,456 thousand, in the parent company, and, R\$629,716 thousand in consolidated.

This matter was considered significant for our audit due to the relevance of the amounts involved, both in relation to the equity balances and the results of the year, as well as the uncertainties inherent in this type of calculation and the degree of judgment that must be exercised by the company' management in determining the relevant assumptions, which include, among others, the discount rate used.

How our audit addressed this matter

Our audit procedures included, among others: assessment of the main assumptions used related to the lease term, discount rate and consideration amounts, in addition to the calculation methodology used by the company to measure accounting impacts; analysis of the inventory of the company's leasing contracts, in addition to checking the adherence of these contracts to the scope of the standard. We also tested the reasonableness of the criteria adopted by the company for a sample of contracts selected at random, considering the information on the contracts and their amendments, in addition to recalculating the amounts measured by the company for these transactions. Finally, we examined the adequacy of the disclosures made by the company on the subject in the explanatory notes, including the requirements of CPC 06 (R2) (IFRS 16) and the guidelines of the Brazilian Securities and Exchange Commission (CVM).

Based on the result of the audit procedures performed, which are consistent with Management's assessment, we consider the accounting records prepared by Management for adoption to CPC 06 (R2) (IFRS 16) to be acceptable, as well as the respective disclosures in Note 3.q., in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Value added statements

The individual and consolidated statements of value added (SVA) for year ended December 31, 2019, prepared under the responsibility of company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Porto Alegre, March 11, 2020.

ERNST & YOUNG

Auditores Independentes S.S. CRC 2SP015199/O-6

Guilherme Ghidini Neto

Accountant CRC-RS 067795/O-5

FINANCIAL STATEMENTS

703,564

738,712

Statements of financial position December 31, 2019 and December 31, 2018

922,000

699,515

12/31/2019 12/31/2018 12/31/2019 12/31/2018

586,330

696,862

Consolidated

Parent Company

773,124

623,874

Note

15

16

LIABILITIES **Current liabilities**

Suppliers

Loans and financing

		Parent C	Company	Consolidated		
	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018	
ASSETS						
Current assets						
Cash and cash equivalents	5	649,548	384,628	829,427	512,308	
Short-term financial investments	5	53,652	130,143	55,342	130,428	
Accounts receivable from customers	6	137,114	115,839	178,405	131,546	
Advance to suppliers		1,924	7,516	2,443	8,520	
Inventories	7	941,957	755,390	1,071,354	868,522	
Biological assets	8	667,954	622,227	780,589	705,390	
Recoverable taxes	9	33,970	68,977	41,943	86,943	
Securities receivable	10	-	-	71,657	66,342	
Operations with derivatives	23	30,975	57,340	34,008	60,222	
Credits with related parties	14	1,040	5,434	11	6	
Other receivables		7,642	6,996	11,412	5,290	
Prepaid expenses		12,887	3,467	14,030	5,060	
Assets held for sale		189	1,448	189	1,449	
Total current assets		2,538,852	2,159,405	3,090,810	2,582,026	
Non-current assets						
Long-term financial investments	5	650	-	650	-	
Recoverable taxes	9	73,432	47,477	122,469	82,895	
Deferred income and social contribution taxes	18	-	-	22,517	17,168	
Operations with derivatives	23	10,492	8,742	11,328	8,770	
Credits with related parties	14	31,050	2,013	-	-	
Advances to suppliers		5,292	21,227	30,241	46,176	
Prepaid expenses		528	2,659	528	2,659	
Other credits		3,059	14,850	7,945	15,643	
Securities receivable	10	-	-	5,248	-	
		124,503	96,968	200,926	173,311	
Investments	11	2,200,537	2,167,147	-	-	
Investment property	13	-	-	217,010	209,082	
Right of use asset	3,q	1,388,969	-	555,031	-	
Fixed assets	12	796,366	705,608	2,878,989	2,784,265	
Intangible		15,291	6,750	15,363	6,853	
		4,401,163	2,879,505	3,666,393	3,000,200	
Total non-current assets		4,525,666	2,976,473	3,867,319	3,173,511	
TOTAL ASSETS		7,064,518	5,135,878	6,958,129	5,755,537	

Taxes, rates and sundry contributions		47,905	17,550	57,510	24,656
Social and labor obligations		44,151	50,226	54,572	63,007
Advances from clients		28,907	38,003	33,289	42,163
Debts with related parties	14	2,763	25,670	125	153
Lease liabilities with related parties	14	104,591	-	-	-
Operations with derivatives	23	47,839	127,976	55,230	139,866
Securities payable	19	-	-	12,273	11,567
Provisions for tax, environmental, labor and civil risks	17	3,808	2,221	4,121	2,397
Dividends payable		73,759	88,168	73,759	91,804
Lease payable	22.2	225	50,246	225	58,742
Lease liabilities with third parties	3.q	105,998	-	114,567	-
Other accounts payable		10,644	12,309	16,375	13,560
Total current liabilities		1,867,588	1,695,561	2,043,561	1,890,19
Non-current liabilities					
Loans and financing	16	933,853	699,151	1,160,251	866,35°
Deferred income and social contribution taxes	18	187,853	135,534	247,531	196,24
Lease liabilities with related parties	14	795,214	-	-	
Operations with derivatives	23	3,519	7,409	5,643	7,932
Securities payable	19	-	-	1,412	
Lease liabilities with third parties	3.q	491,653	-	515,149	
Other obligations		161	55	161	55
Total non-current liabilities		2,412,253	842,149	1,930,147	1,070,59
Shareholders' equity					
Share capital	20.a	947,522	947,522	947,522	947,52
Capital reserves	20.b	97,760	102,704	97,760	102,704
(-) Treasury shares	20.c	(64,321)	(36,816)	(64,321)	(36,816
Profit reserves	20.d.e.f	680,719	496,797	680,719	496,79
Other comprehensive results	20.j	1,122,997	1,087,961	1,122,997	1,087,96
Total attributable to the company's shareholders		2,784,677	2,598,168	2,784,677	2,598,168
Participation of non-controlling shareholders		-	-	199,744	196,585
Total equity		2,784,677	2,598,168	2,984,421	2,794,75
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,064,518	5,135,878	6,958,129	5,755,53

Statement of profit or loss December 31, 2019 and 2018 (In thousands of Reais, except profit per share)

	Note	Parent Company		Consol	idated
	Note	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Operating revenue of the products	27	2,163,990	1,796,659	2,535,905	2,099,177
Change in fair value of biological assets	8	470,442	619,456	504,751	724,291
Cost of goods sold	28	(1,985,922)	(1,772,972)	(2,257,472)	(1,977,510)
Cost of products		(1,514,748)	(1,241,122)	(1,733,206)	(1,358,234)
Realization of fair value of biological assets		(471,174)	(531,850)	(524,266)	(619,276)
Gross income		648,510	643,143	783,184	845,958
Operating revenues (expenses)					
Sales expenses	28	(134,043)	(103,140)	(152,972)	(118,674)
General and administrative expenses	28	(80,864)	(79,360)	(89,324)	(87,533)
Administration fees	14.d	(12,959)	(12,638)	(13,827)	(13,981)
Equity in earnings (losses) of affiliates	11	175,243	123,935	-	-
Other net operating income (expenses)		397	11,217	31,651	31,987
		(52,226)	(59,986)	(224,472)	(188,201)
Operating result		596,284	583,157	558,712	657,757
Financial income	21	170,915	271,477	203,659	286,606
Financial expenses	21	(380,262)	(335,693)	(347,709)	(359,282)
		(209,347)	(64,216)	(144,050)	(72,676)
Profit before tax		386,937	518,941	414,662	585,081
Income and social contribution taxes	18				
Current taxes		(59,314)	(76,604)	(90,856)	(97,023)
Deferred taxes		(16,109)	(61,087)	(8,765)	(81,557)
Net income for the year		311,514	381,250	315,041	406,501
Attributable to:					
Controlling shareholders		311,514	381,250	311,514	381,250
Non-controlling shareholders		-	-	3,527	25,251
		311,514	381,250	315,041	406,501
Earnings per share attributable to the company's shareholders at the end of the year (expressed in BRL per share):					
Earnings per share - R\$	20.i	1.66838	2.02472	1.66838	2.02472
Diluted income per share - R\$	20.i	1.65486	2.01050	1.65486	2.01050
See accompanying notes.	,				

Statement of comprehensive income December 31, 2019 and 2018		(In the	ousands of	Reais)
	Parent C	ompany	Conso	lidated
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Income for the year	311,514	381,250	315,041	406,501
Other comprehensive results:				
Other comprehensive results to be reclassified to the result of the financial year in subsequent years:				
Derivatives - cash flow hedge	106,498	(84,392)	109,501	(93,039)
Derivatives - cash flow hedge reflecting subsidiaries	994	(2,857)	-	-
Income and social contribution taxes	(36,210)	28,693	(37,232)	31,634
	71,282	(58,556)	72,269	(61,405)
Other comprehensive results not reclassified to the result of the financial year in subsequent periods:				
Adjustment of cost attributed to fixed assets in subsidiary	(1,991)	-	(1,991)	-
Deferred taxes on controlled equity valuation adjustment	62	38,943	62	38,943
Others	-	(1,157)	-	(1,157)
	(1,929)	37,786	(1,929)	37,786
Other comprehensive income, net of taxes	69,353	(20,770)	70,340	(23,619)
Total other comprehensive income for the year, net of taxes	380,867	360,480	385,381	382,882
Attributable to:				
Controlling shareholders	380,867	360,480	380,867	360,480
Non-controlling shareholders	-	-	4,514	22,402

380,867

360,480

385,381

382,882

See accompanying notes.

December 31, 2019 and 2018 (In thousands of Reais) **Capital reserves Profit reserves** Other **Total interest** Interest of Total Goodwill Share Retained Recognized Investment Profit Additional comprehensive of controlling non-controlling shareholders' (discount) In Treasury Expansion capital Legal earnings options incentivized retention dividend income shareholders shareholders equity the issuance shares reserve reserve granted reserve reserve proposed of shares **BALANCES AS OF** 947.522 66.245 44,321 (60,596)4.367 28.074 250,501 5.628 116,405 1.110.732 2.513.199 188,628 2,701,827 **DECEMBER 31, 2017** Goodwill (discount) on the (12,304)(12,304)(12,304)sale of shares Share-based compensation 4.442 4.442 4.442 exercised in the year Share-based compensation exercised/rebought in the (63,088)(63,088)(63,088)year 86,868 Treasury shares cancelled (86,868)Unrealised losses on hedge (58,556)(58,556)(2,849)(61,405) instruments, net of tax Realization of depreciation of the cost assigned to (2,001)2.001 the asset Cost assigned to fixed assets (1,753)(1,753)(1,753)Tax on fixed assets 596 596 596 adjustments Change in taxation criteria on 38,943 38,943 38,943 fixed assets (deferred taxes) Net income for the year 381,250 381,250 25,251 406,501 Additional dividend (116,405)(116,405) (10,808)(127,213) approved for the year 2017 Proposed destination: Constitution of reserves 9,565 19,062 178,312 (206,939)Minimum mandatory (88,156) (88,156) (3,637)(91,793) dividend Proposed additional 88,156 (88,156)dividend **BALANCES AS OF** 947,522 53,941 48,763 (36,816)13,932 47,136 341,945 5,628 88,156 1,087,961 2,598,168 196,585 2,794,753 **DECEMBER 31, 2018**

					:									
		C	Capital reserves				Profit reserve	es						
	Share capital	Goodwill (discount) In the issuance of shares	Recognized options granted	Treasury shares	Investment incentivized reserve	Legal reserve	Expansion reserve	Profit retention reserve	Additional dividend proposed	Other comprehensive income	Retained earnings	Total interest of controlling shareholders	Interest of non-controlling shareholders	Tota shareholders equity
Goodwill (discount) on the sale of shares	-	(10,330)	-	-	-	-	-	-	-	=	-	(10,330)	-	(10,330
Compensation based on shares recognized in the fiscal year	-	-	5,386	-	_	-	-	-	-	-	-	5,386	-	5,386
Stock-based compensation exercised/rebought in the year	-	-	-	(27,505)	-	-	-	-	-	-	-	(27,505)	-	(27,505
Unrealized gain on hedge instruments, net of tax	-	-	=	-	=	-	-	=	-	71,283	=	71,283	989	72,272
Realization of depreciation of the cost assigned to the fixed assets	-	-	-	-	-	-	-	-	-	(32,959)	32,959	-	-	
Assigned cost adjustment fixed assets in subsidiary	-	-	-	-	-	-	-	-	-	(1,992)	-	(1,992)	-	(1,992
Others	-	-	=	-	-	=	-	=	-	(1,358)	1,358	=	-	
Taxes on adjustment of cost attributed to fixed assets in subsidiary	-	-	-	-	-	-	-	-	-	62	-	62	-	62
Net income for the year	-	-	-	-	-	_	-	-	-	-	311,514	311,514	3,527	315,04
Proposed additional dividend	-	-	-	-	-	-	-	-	(88,156)	-	-	(88,156)	(1,357)	(89,513
Proposed destination:	-													
Constitution of reserves	-	-	-	-	939	15,575	181,815	-	-	-	198,329	-	-	-
Additional dividend approved for 2018	-	-	-	-	-	-	-	-	-	-	(73,753)	(73,753)	-	(73,753
Minimum mandatory dividend	-	-	-	-	_	-	-	-	73,749	-	(73,749)	-	-	
BALANCES AS OF DECEMBER 31, 2019	947,522	43,611	54,149	(64,321)	14,871	62,711	523,760	5,628	73,749	1,122,997	-	2,784,677	199,744	2,984,42

Statement of cash flows	
December 31, 2019 and 2018	

(In thousands of Reais)

	Parent C	Company	Conso	lidated
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Net cash from operational activities				
Pre-tax profit	386,937	518,941	414,662	585,08
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	76,595	83,481	105,810	111,23
Result on write-offs of fixed assets	11,576	4,802	(17,811)	5,783
Equivalence of assets	(175,243)	(123,935)	-	
Interest, foreign exchange variation and monetary update	132,346	137,943	143,595	147,944
Share-based compensation	5,386	4,442	5,386	4,442
Changes in biological assets	733	(87,606)	19,515	(105,015
Provision for profit sharing and labor contingencies	22,830	31,879	26,088	35,910
AVP - Lease Liabilities (Note 3.q)	121,740	-	47,607	
Amortization of right of use	65,787	-	43,336	
Fair value for investment property	-	-	(7,928)	(7,051
Otheradjustments	(1,416)	8,857	(1,514)	9,078
	647,271	578,804	778,746	787,40
Changes in assets and liabilities:				
Accounts receivable from customers	(21,275)	42,839	(46,859)	36,58
Inventories and biological assets	(156,743)	(318,130)	(242,580)	(369,341
Recoverable taxes	9,052	(46,289)	5,426	(61,085
Financial investments	75,841	(6,175)	74,436	7,36
Other receivables	1,466	4,069	(4,003)	4,13!
Advances to suppliers	21,527	11,401	22,012	12,085
Suppliers	192,968	269,052	187,493	267,23
Tax and social obligations	(41,393)	(59,521)	(53,658)	(68,710
Obligations with parent company	(47,550)	2,184	(33)	14
Operations with derivatives	22,924	(10,682)	(1,087)	(10,275
Securities payable	-	-	(705)	(5,976
Advances from clients	(9,096)	(54,432)	(8,874)	(56,488
Rentals payable	(50,021)	16,055	(58,517)	21,254
Other accounts payable	(5,699)	18,421	(945)	22,27:

	Parent Company		Conso	lidated
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Changes in assets and liabilities (cont.)				
Income tax and social contribution tax on profit paid	(10,150)	(62,298)	(31,839)	(80,105)
Dividends	144,563	162,009	-	-
Interest paid	(79,018)	(84,629)	(86,852)	(98,982)
	47,396	(116,126)	(246,585)	(379,894)
Net cash provided by operating activities	694,667	462,678	532,161	407,509
Net cash used in investment activities				
In investments	-	(3,306)	-	-
In fixed assets	(195,431)	(247,133)	(235,175)	(248,166)
Receipt for sale of land (Note 10)	-	-	80,621	63,789
In intangible assets	(5,440)	(14,046)	(5,746)	(7,404)
Net cash consumed in financing activities	(200,871)	(264,485)	(160,300)	(191,781)
Cash flow from financing activities				
Sale and repurchase of shares	(37,835)	(75,391)	(37,835)	(75,391)
Dividends paid	(176,314)	(199,992)	(181,243)	(211,096)
Loans and financing obtained	1,349,430	805,225	1,512,923	1,037,225
Loans and financing paid	(1,217,138)	(828,023)	(1,269,658)	(1,065,697)
Rentals paid (Note 3.q)	(147,019)	-	(78,929)	-
Net cash consumed in financing activities	(228,876)	(298,181)	(54,742)	(314,959)
Increase (decrease) in cash and cash equivalents	264,920	(99,988)	317,119	(99,231)
Cash and cash equivalents - at the beginning of the year	384,628	484,616	512,308	611,539
Cash and cash equivalents - at the end of the year	649,548	384,628	829,427	512,308
Increase in cash and cash equivalents	264,920	(99,988)	317,119	(99,231)

See accompanying notes.

Statement	of	added	d val	ue
December	31	, 2019	and	2018

(In thousands of Reais

12/31/2019 12/31/2018 12/31/2019 12/31/2018

Consolidated

	Parent C	Company	Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Revenues				
Sale of merchandise, products and services	2,341,916	1,965,918	2,765,663	2,275,911
Otherincome	9,799	13,183	19,848	22,517
Income from construction of own assets	71,594	83,945	94,145	115,178
Variation of the fair value of biological assets	470,442	619,456	504,751	724,291
	2,893,751	2,682,502	3,384,407	3,137,897
Inputs acquired from third parties				
Raw materials used	(806,791)	(619,894)	(949,685)	(734,388)
Cost of goods and services sold	(15,100)	(6,697)	(57,414)	(6,900)
Materials, energy, third-party services and others	(556,888)	(455,360)	(655,952)	(543,927)
Loss/recovery of asset values	(92)	-	(92)	-
Adjustment of the fair value of biological assets	(471,174)	(531,850)	(524,266)	(619,276)
	(1,850,046)	(1,613,801)	(2,187,409)	(1,904,491)
Gross added value	1,043,706	1,068,701	1,196,998	1,233,406
Retentions				
Depreciation and amortization	(76,595)	(83,481)	(105,810)	(111,231)
Amortization of right of use	(65,787)	-	(73,086)	-
Net added value produced	901,324	985,220	1,018,102	1,122,175
Added value received as transfer				
Equity in income	175,243	123,935	-	_
Financial income	170,915	271,477	207,358	298,462
Other	2,129	1,355	19,814	18,912
	348,287	396,767	227,172	317,374
Total added value payable	1,249,611	1,381,987	1,245,274	1,439,549

Distribution of added value	1,249,611	1,381,987	1,245,274	1,439,549
Taxes, duties and contributions	76,158	133,585	124,435	180,733
Federal	75,582	132,946	118,101	178,673
State	-	-	5,746	1,421
Municipal	576	639	588	639
Personnel	268,653	241,067	312,718	279,839
Direct remuneration	163,444	143,026	191,733	167,823
Benefits	89,520	86,426	103,272	98,751
FGTS	15,689	11,615	17,713	13,265
Remuneration of third-party capital	593,286	626,085	493,080	572,476
Interest	496,068	454,897	467,083	489,630
Rents	97,218	171,188	25,997	82,846
Remuneration of own capital	311,514	381,250	315,041	406,501
Dividends	-	88,156	-	95,441
Retained earnings for the year	311,514	293,094	311,514	285,809
Part. interest of non-controlling shareholders	-	-	3,527	25,251

Parent Company

1. Operations

SLC Agrícola S.A., founded in 1977, hereinafter referred to as "Parent Company", "SLC" or "Company", and its subsidiaries (jointly referred to as "the Group" or "Consolidated"), has its headquarters located in the city of Porto Alegre, RS, Brazil and has as its corporate purpose the activities of agriculture and cattle raising; production and marketing of seeds and seedlings; processing and marketing of its products, being able to export and import goods for its own use and consumption; supply of primary agricultural goods and products and goods in general; reception, cleaning, drying and storage services of cereals for third parties; provision of services with agricultural machinery and implements for third parties; trade, import and export of agricultural products; agro-industrial activity of industrialization of sugar cane, alcohol and its derivatives; and participation in other companies; lease of own property.

On September 1, 2019, the company and its subsidiaries began growing the 2019/20 crop, operating sixteen production units, with a total planted area of 449,200 hectares, between own and leased areas of third parties and related parties, located in six Brazilian states: Mato Grosso, Mato Grosso do Sul, Goiás, Bahia, Piauí and Maranhão.

2. Basis of preparation and presentation of the financial statements

a) Declaration of accounting

The individual and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the provisions of corporate legislation, as provided for in Law No. 6404/76 with amendments to Law No. 11638/07 and Law No. 11.941/09, and the accounting pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and also in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The company's management believes that all the relevant information in the financial statements is being evidenced and corresponds to that used by it in its management, as provided for in OCPC 7 - Evidence in the Disclosure of General Purpose Financial-Accounting Reports. We highlight, even though the accounting policies considered immaterial were not included in the financial statements.

The issuance of the individual and consolidated financial statements was authorized by the Board on March 11, 2020.

b) Basis of measurement

The individual and consolidated financial statements have been prepared based on historical cost, except for the following material items recognized on the statements of financial position:

- Derivative financial instruments measured at fair value;
- Biological assets, not classified as carrying plants, measured at fair value, using the market approach, less sales expenses and costs to be incurred from pre-harvest;
- · Investment property, measured at fair value;
- · Share-based payment transactions, measured at fair value at the grant date.

c) Functional currency and foreign currency transactions and balances

The individual and consolidated financial statements are presented in Brazilian Real (BRL), which is the functional currency of the company and its subsidiaries.

Foreign currency transactions are initially recorded at the exchange rate of the functional currency prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are converted at the functional currency exchange rate prevailing at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates on monetary assets and liabilities in foreign currencies are recognized in the income statement, except when deferred in equity as qualified cash flow hedge transactions.

d) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized revenues or expenses derived from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains arising from transactions with investees recorded by equity method are eliminated against the Group's investment in the investee.

Unrealized losses are eliminated in the same way as unrealized gains are eliminated, but only to the extent that there is no evidence of impairment loss.

3. Accounting policies

The accounting policies described in detail below have been applied consistently for all years presented in these individual and consolidated financial statements.

a) Revenue recognition

Revenue is recognized when control of the product or service is transferred to the customer for an amount that reflects the consideration that the company expects to be entitled to. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and taxes or sales charges. The following specific criteria must also be met before revenue recognition:

Sale of goods

Operating revenue from the sale of goods in the normal course of business is recognized in income, when control of the products is transferred to the customer and the company and its subsidiary no longer have control or responsibility over the products sold.

Land sales

Some subsidiaries are engaged in land sales. Sales take place in line with the current real estate gains realization strategy, being recognized as provided for in the Revenue recognition section above.

In the consolidated financial statements, these revenues are classified in the group "other operating income", as they do not represent the main object of the Group's.

b) Inventories

Agricultural produce from biological assets is measured at fair value less selling expenses at the point of harvest when it is transferred from the biological asset group to the inventory group and measured at the weighted average of fair harvest values.

Inventories of seeds, fertilizers, pesticides, fuels, lubricants, packaging and wrapping material, spare parts and other Inventories were valued at average purchase cost.

Provisions for slow-moving or obsolete Inventories are set up when deemed necessary by management.

The provision for adjustment of inventory to market value of agricultural products is set up when the fair value recorded in the inventory is higher than the realizable value. The realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to sell them.

c) Biological assets

The biological assets correspond substantially to the soybeans, corn, cotton and other minor crops, whose agricultural products are sold to third parties. They are measured by the expenses incurred with the formation of the crops up to the point of biological transformation, when they are valued at fair value, deducting sales expenses and costs to be incurred. At this time the transformation of the biological asset is significant and the impact on the value is material.

The fair value measurement of biological assets is classified as level 3 - Assets and liabilities whose prices do not exist or those prices or valuation techniques are supported by a small or non-existent market, unobservable or illiquid.

This measurement is an accurate estimate based on various assumptions and methodologies adopted by the company's management, for which internal and external information was used, mainly related to: productivity volume, profitability, costs necessary to put in sale condition, prices and discount rate.

The fair value of biological assets is determined using discounted cash flow methodology, considering basically:

- (a) Cash inflows obtained by multiplying (i) estimated production (hectares planted multiplied by estimated productivity), and (ii) market price/prices sold.
- (b) Cash outflows represented by the total cost of production for the crop such as: (i) seeds, fertilizers, agricultural pesticides, depreciation and labor applied to crops.

Based on the estimated revenues and costs, the company determines the discounted cash flows to be generated and brings the corresponding amounts at present value, considering a discount rate, compatible for investment remuneration. Changes in fair value are recorded under the biological assets heading and are offset against "Changes in fair value of biological assets" in the statement of income.

The valuation of biological assets at fair value considers certain estimates, which are subject to uncertainties and may have effects on future results as a result of their variations.

d) Investments (Parent Company)

Investments in subsidiary are determined by the equity method of accounting, as CPC18 (R2) (IAS 28), for the purpose of the parent company's financial statements.

After the application of the equity method for the purposes of the parent company's financial statements, the company determines whether it is necessary to recognize an additional impairment loss on the company's investment in each of its subsidiaries. The company determines, at each balance sheet closing date, whether there is objective evidence that investments in subsidiaries have suffered impairment losses. If so, the company calculates the amount of the impairment loss as the difference between the subsidiary's recoverable amount and book value and recognizes the amount in the parent company's income statement.

e) Fixed assets

Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses.

The cost includes expenses that are directly attributable to the acquisition of an asset. The cost of assets built by the company itself includes:

- The cost of materials and direct labor:
- The costs of dismantling and restoring the site where these assets are located;
- · Costs of loans on qualifying assets;
- Any other costs to place the assets on the premises and conditions necessary for them to be able to operate in the manner intended by Management.

When parts of an asset item have different useful lives, they are recorded as individual asset items (main components).

Gains or losses on the disposal of an item of property, plant and equipment (calculated as the difference between the proceeds from disposal and the book value of the asset), are recognized in other operating income (expenses) in profit or loss.

Subsequent costs

Subsequent expenses are capitalized to the extent that it is probable that future benefits associated with the expenses will be received by the Group. Recurring maintenance and repair expenses are recorded in the result.

Depreciation

Property, plant and equipment items are depreciated using the straight-line method in income for the year based on the estimated economic useful life of each component. Leased assets are depreciated over the shorter of the estimated useful life of the asset and the term of the lease unless it is certain that the Group will obtain ownership of the asset at the end of the lease. Land and land plots are not depreciated.

Fixed asset items are depreciated from the date they are installed and are available for use, or in the case of assets built in-house, from the day construction is completed and the asset is available for use.

The estimated useful lives for the current year are as follows:

Description	Pate	Average lifetime
Description	Rate	Average metime
Soil correction and development	9.09%	11 years
Buildings and improvements	3.33%	30 years
Furniture and fixtures	9.09%	11 years
Office equipment and facilities	14.29%	7 years
Agricultural equipment and industrial facilities	9.09%	11 years
Vehicles	9.09%	11 years
Other	7.14%	14 years

An item of property, plant and equipment is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the write-off of the asset (calculated as the difference between the net sale value and the book value of the asset) is included in the income statement in the year the asset is written off.

In the year ended December 31, 2019, the company found that its fixed assets were not above recoverable value, and consequently no provision for impairment of fixed assets was required.

The company calculates for certain asset classes the residual value considering the revenue it would obtain from the sale less estimated selling expenses if the asset had the expected age and condition at the end of its useful life.

Assets' residual values and useful lives and depreciation methods are reviewed at year end, and are adjusted on a prospective basis, if applicable.

f) Reduction to recoverable value

Financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is evaluated at each reporting date to determine whether there is objective evidence that an impairment loss has occurred. An asset has a loss in its recoverable amount if objective evidence indicates that a loss event occurred after the initial recognition of the asset, and that loss event had a negative effect on projected future cash flows that can be reliably estimated.

The objective evidence that financial assets have lost value may include non-payment or delayed payment by the debtor, restructuring of the amount due to the Group under conditions that the Group would not consider in other transactions, indications that the debtor or issuer will go bankrupt, or the disappearance of an active market for a security. In addition, for an equity instrument, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortized cost

The Group considers evidence of loss of value of assets measured at amortized cost, both at the individualized and collective levels. Individually significant assets are assessed for loss of specific value. All individually significant receivables and investment securities held to maturity that are identified as not having suffered a loss in value are then collectively valued for any loss in value that has occurred but has not yet been identified. Individually important assets are collectively valued for the loss in value by grouping these securities together with similar risk characteristics.

CPC 48 (IFRS 9), requires the company to perform a risk assessment of expected credit losses, evaluating the credit with the counterparty and recording the effects when there are indications of losses. The company has evaluated its financial assets and established the values found to be immaterial.

Non-financial assets

The book values of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred income and social contribution taxes, are reviewed at each reporting date to determine whether there are indications of impairment losses. If such indication occurs, the asset's recoverable amount is estimated.

g) Government subsidies

Government grants are recognized when it is reasonably certain that the benefit will be received and that all the corresponding conditions will be met. When the benefit refers to an item of expense, it is recognized as revenue over the period of the benefit, systematically in relation to the costs whose benefit is intended to offset.

The Governments of the States of Mato Grosso do Sul and Mato Grosso granted incentives for deferment of ICMS debts under the ICMS Regulations of the respective States. States may opt for the deferral or non-deferral regime. Under the deferral regime, the company is prevented from appropriating ICMS credits for the acquisition of inputs, raw materials and fixed assets. Under the non-deferral regime, the appropriation of credits for acquisitions is allowed, but exits are taxed. The Planalto, Paiaguás and Fazenda Planorte have opted for a deferment regime. Perdizes and Fazenda Pioneira have opted for a non-deferral regime.

The Governments of the States of Mato Grosso do Sul, through Decree No. 9716/99, of Mato Grosso, through Law 6883/97 and of Goiás, through State Law No. 13.506/99, granted incentives for presumed ICMS credits in operations with Cotton lint, with a reduction in the value of ICMS to be collected from 70% to 75% through the adhesion of Fazenda Planalto to the PDAGRO program (Mato Grosso do Sul), of Paiaguás and Fazenda Planorte to PROALMAT (Mato Grosso) and of Fazenda Pamplona to the PROALGO program (Goiás). The State of Mato Grosso granted a presumed 75% ICMS credit on sales of cotton lint, cotton seed and fibrilla. By opting for these programs, the company is prevented from appropriating credits for the acquisition of raw materials, inputs and fixed assets. The presumed credits are recorded in the statement of income under the item sales taxes against the item recoverable taxes.

During 2018, the company made studies and decided to discontinue the PROALGO program. The disqualification is automatic when the taxpayer stops collecting to the FIALGO fund and appropriates the credit granted in the determination.

The presumed credits are recorded in the income statement under the item sales taxes, against the item taxes payable. In 2019, R\$939 of presumed ICMS credit was recognized in the parent company and in the consolidated. This amount was recognized in a tax incentive reserve in shareholders' equity.

In line with Article 30 of Law 12,973/14, this subsidy was excluded from the calculation basis of Income and social contribution taxes, since it is an investment subsidy.

The amount of the investment subsidy cannot be distributed to shareholders as dividends, which is why the annual amount of the benefit was transferred from the retained earnings account to the tax incentive reserve in shareholders' equity. This reserve can only be used for incorporation into the share capital or for absorption of losses.

h) Taxes

Income and social contribution taxes

The Income and social contribution taxes for the current and deferred fiscal year are calculated based on the rates of 15%, plus an additional 10% on taxable income exceeding R\$240 per year for income tax and 9% on taxable income for social contribution on net income, and take into account the offsetting of tax losses and negative basis of social contribution, which for the rural activity is up to 100% of the annual actual profit and in the other activities is limited to 30% of the annual taxable income.

For companies taxed by the presumed profit, the Income Tax and Social Contribution for the current year, are calculated on a cash basis, based on the rates of 15%, plus an additional 10% on the basis of a surplus of R\$240 annually for income tax and 9% on the basis of presumption for social contribution on net income.

Income and social contribution taxes expenses include current and deferred taxes. Current and deferred tax are recognized in profit or loss unless they are related to the business combination, or items directly recognized in equity or other comprehensive income.

Current tax is the tax payable or receivable expected on the taxable profit or loss for the year at the tax rates enacted or substantively enacted at the date of presentation of the financial statements and any adjustment to the taxes payable in respect of prior years.

Deferred tax is recognized with respect to temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for taxation purposes.

Deferred tax is measured at the rates applicable to temporary differences when reversed, based on laws that have been enacted or substantively enacted by the reporting date of the financial statements.

In determining current and deferred income taxes, the company takes into consideration the impact of uncertainties related to tax positions taken and whether additional income and interest tax payments must be made. The company believes the provision for income tax in liabilities is adequate for all outstanding tax periods based on its assessment of several factors, including interpretations of tax laws and past experience. This assessment is based on estimates and assumptions that may involve a series of judgments about future events. New information can be available which would cause the company to change its judgment as to the adequacy of the existing provision; such changes will impact the income tax expense for the year in which they are made, if applicable.

A deferred income tax and social contribution asset and liability are compensated when there is a legally enforceable right of the company to compensate the current asset and liability, and if they correlated to the income tax estimated by the same tax agency over the same taxable entity. A deferred income tax asset is recognized for tax losses, tax credits and unused deductible temporary differences when it is probable that future taxable profit will be available against which it will be used.

Deferred income and social contribution tax assets are reviewed at each reporting date and will be reduced to the extent that their realization is no longer probable.

Sales taxes

Income and assets are recognized, net of sales taxes, except for:

- When sales taxes incurred on the purchase of goods or services are not recoverable from the tax authorities, in which case the sales tax is recognized as part of the cost of acquisition of the asset or expense item, as appropriate;
- When the amounts receivable and payable are presented together with the amount of sales taxes;
- The amount net of sales tax, recoverable or payable, is included as a component of the amounts receivable or payable on the balance sheet.

Sales revenues are subject to the following taxes and contributions at the following basic rates:

	Rates
ICMS - Value-Added Tax on Sales and Services	0% to 18.00%
COFINS - Contribution for social security funding	7.60%
PIS - Social Integration Program	1.65%
Rural Worker Assistance - Funrural	2.05%

In the income statement, revenues are presented net of these taxes.

i) Financial instruments

Non-derivative financial assets

The Group recognizes loans and receivables initially at the date they originated. All other assets are initially recognized on the date of negotiation when the Group becomes a party to the contractual provisions of the instrument.

The Group writes-off a financial asset when the contractual rights to the cash flows from the asset expire, or when the Group transfers the rights to receive the contractual cash flows from a financial asset in a transaction in which essentially all risks and rewards of ownership of the financial asset are transferred. Any interest that is created or retained by the Group in financial assets is recognized as an individual asset or liability.

Financial assets or liabilities are offset and the net amount shown on the balance sheet when, and only when, the Group has the legal right to offset the amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group classifies non-derivative financial assets as amortized cost.

Amortized cost

Financial assets with fixed or calculable payments that are not quoted on the market. Such assets are initially recognized at fair value plus any attributable transaction costs. They are measured at amortized cost using the effective interest method, less any impairment loss. They cover accounts receivable from customers and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and financial investments with original maturities of three months or less from the date of contracting. Items classified as cash and cash equivalents are subject to an insignificant risk of change in value, and are used in the management of short-term obligations.

Non-derivative financial liabilities

The Group recognizes debt securities issued and subordinated liabilities initially at the date they arise. All other financial liabilities are initially recognized on the trade date on which the Group becomes a party to the contractual provisions of the instrument. The Group discharges a financial liability when its contractual obligations have been discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities in the category of other financial liabilities. Such financial liabilities are recognized initially at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Group has the following non-derivative financial liabilities: financing and loans, suppliers, loan agreements and related party leases, third-party leases, securities payable and other accounts payable.

Derivative financial instruments, including hedge accounting

The company uses derivative financial instruments such as currency forward contracts, commodities forward contracts and interest rate swaps to hedge against the risk of changes in foreign exchange rates, the risk of changes in commodities prices and the risk of changes in interest rates. Embedded derivatives are separated from their master contracts and recorded individually if the economic characteristics and risks of the master contract and the embedded derivative are not intrinsically related; or an individual instrument with the same conditions as the embedded derivative meets the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

At the time of the initial hedge assignment, the Group formally documents the relationship between the hedge instruments and the hedged items, including the risk management objectives and strategy in conducting the hedging transaction, together with the methods that will be used to assess the effectiveness of the hedging

relationship. The Group assesses whether the forecasted or contracted hedging items remain in the same amount and term of the hedging instrument. In addition, continuous monitoring is performed to check whether the hedge instruments are expected to be "highly effective" in offsetting changes in the fair value or cash flows of the respective hedged items during the year for which the hedge is designated.

Derivatives are initially recognized at fair value; attributable transaction costs are recognized in profit or loss as incurred. After initial recognition, derivatives are measured at fair value, and changes in fair value are recorded as described below.

Hedges of cash flows

When a derivative is designated as a hedging instrument in a hedge of variability in cash flows attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of the changes in the derivative's fair value is recognized in other comprehensive income and presented in the equity valuation reserve. Any ineffective portion of the changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the asset's book value when the asset is realized. The value recognized in other comprehensive income is reclassified to net income in the same year as the hedged cash flows affect net income on the same line in the income statement as the hedged item. If there are no longer expectations that the forecast transaction will occur, then the balance in other comprehensive income is recognized immediately in the income statement. In other cases the value recognized in other comprehensive income is transferred to net income in the same fiscal year as the hedged item affects the result.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, i.e. sold, closed, exercised, or has its designation revoked, then hedge accounting is discontinued prospectively. The retained earnings, previously recognized in other comprehensive income and presented in the equity valuation reserve, remain there until the forecast transaction affects profit or loss.

For the years ended December 31, 2019 and 2018, the Group had operations classified as cash flow hedge.

j) Provisions

A provision is recognized, based on a past event, if the Group has a legal or constructive obligation that can be reliably estimated, and it is probable that an economic resource will be required to settle the obligation.

Provisions for tax, civil, environmental and labor risks

Provisions are made for all disputes relating to legal proceedings for which an outflow of resources is likely to be made to settle the litigation/obligation and a reasonable estimate can be made. The evaluation of the probability of loss includes the evaluation of available evidence, the hierarchy of laws, available jurisprudence, the most recent court decisions and their relevance in the legal system, as well as the evaluation of external lawyers. The provisions are reviewed and adjusted to consider changes in circumstances, such as applicable statute of limitations, tax inspection findings or additional exposures identified based on new matters or court decisions.

k) Share-based payment

The company has a Stock Option Plan and a Restricted Stock Plan for directors and managers, under the administration of a management committee, created by the Board of Directors. In the years ended December 31, 2019 and 2018, the company measured and recognized these benefits as an expense in accordance with CPC 10 (R1) (IFRS 2). Details of the company's programs can be found in note 25.

The fair value of share-based payment benefits at the grant date is recognized as personnel expenses, with a corresponding increase in equity, for the period in which the employees unconditionally acquire the right to the benefits. The amount recognized as an expense is adjusted to reflect the number of shares for which there is an expectation that the conditions of service and non-market vesting conditions will be met, so that the amount finally recognized as an expense is based on the actual number of awards meeting these conditions at vesting date. For share-based payment awards with a non-market vesting condition, the fair value at grant date is measured to reflect such conditions and there is no change for differences between expected and actual benefits.

I) Financial income and financial expenses

Financial income includes interest income, foreign exchange variation in receivables and payables balances, changes in fair value of financial assets measured at fair value through profit or loss, gains on hedge instruments that are recognized in profit or loss and reclassifications of gains previously recognized in other comprehensive income. Interest income is recognized in income using the effective interest method.

Financial expenses include interest expense on loans, foreign exchange variation in accounts receivable and payable balances, changes in fair value of financial assets measured at fair value through profit or loss, impairment losses recognized on financial assets (except receivables), AVP- present value adjustment of lease contracts and losses on hedge instruments that are recognized in profit or loss. Loan costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are measured in income using the effective interest method.

m) Earnings per share

The basic calculation of earnings per share is made by dividing net income for the year, attributed to the holders of the parent company's common shares, by the weighted average number of common shares outstanding during the year in accordance with technical pronouncement CPC 41 (IAS 33). The calculation of diluted earnings per share is the division of net income for the year adjusted for any dividends or other items related to dilutive potential common shares that have been deducted to determine profit or loss attributable to the holders of the company's common equity, any interest recognized in the period related to the dilutive potential common shares, and any other changes in revenues or expenses that would result from the conversion of the dilutive potential common shares into the weighted average number of common shares that would be issued on the conversion of all dilutive potential common shares into common shares into common shares (Note 20.i).

n) Employee benefits

Benefits granted to the company's employees and managers include, in addition to fixed compensation (salaries and social security contributions INSS, vacation, 13th salary), variable compensation such as profit sharing and a stock option plan and restricted stock for directors and managers. These benefits are recorded in income for the year when the company has an accrued obligation as incurred.

o) Segment Information

The company concentrates its activities on the production and sale of agricultural products (soybeans, corn, cotton and other minor crops) and on the acquisition and development of land for agriculture, thus it is organized in two business segments: agricultural production and land investments. The operating results are regularly reviewed by the company's chief operating manager for decisions on resources to be allocated to the segment and for the evaluation of its performance.

The company's products are not controlled and managed by Management as independent segments, and the company's results are monitored, monitored and evaluated in an integrated manner. There are no other segments or any aggregation of operating segments.

p) Statements of value added and cash flows

The Group has prepared individual and consolidated Value Added Statements (VAS) in accordance with CPC 09 - Value Added Statement (NBC TG 09), which are presented as an integral part of the financial statements in accordance with BRGAAP applicable to public companies, while for IFRS they represent supplementary financial information.

The Group has prepared individual and consolidated cash flow statements in accordance with technical pronouncement CPC 03 (R2) - Cash Flow Statement (IAS 7), using the indirect method.

q) New or revised standards

IFRS 16 / CPC 06 (R2) Leasing operations (Effective 01/01/2019)

IFRS 16 (CPC - 06 (R2) - Leasing Operations) was issued in January 2016 and replaces IAS 17 Leasing Operations, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Leasing Operations - Incentives - and SIC-27 Assessing the substance of transactions involving the legal form of lease. IFRS 16 establishes the principles for the recognition, measurement, presentation and evidencing of leases and requires lessees to account for all leases under a single model in the balance sheet, similar to the accounting for finance leases under IAS 17.

IFRS 16/CPC - 06 (R2) came into force on January 1, 2019. This standard brought significant impacts to the individual and consolidated financial statements, as the company began to recognize the lease liability and the right of use asset on the date of initial application for leases previously classified as operating leases. The company's main contracts refer to land leasing operations, as described in Notes 14 and 22, in addition to other minor contracts involving the leasing of cotton, machinery and real estate.

Approach in the transition

The company opted for the modified retrospective method considering the value of the right to use the asset measured at the equivalent value of the lease liability, calculated at present value at the incremental interest rate of the lessee on the transition date.

This approach does not impact retained earnings (equity) at the date of initial adoption, since the amount of the right of use asset is equal to the lease liability, discounted to present value in accordance with the standard.

Scope of IFRS 16 / CPC 06 (R2)

The company analyzed its contracts in accordance with the requirements of IFRS 16/CPC 06 (R2) and among its main leasing operations, concluded that the contracts below meet the definition of leasing and are within the scope of IFRS 16/CPC 06 (R2):

- a) Leases of land indexed by the price of the soybean bag;
- b) Rentals of land calculated on a percentage of the property's valuation value;
- c) Rentals of administrative headquarters buildings;
- d) Machinery rentals; and
- e) Cotton plant rentals.

For the cases below, the right of use asset and the lease liability were not measured, because they present uncertainty in the measurement of the value (totally variable price), do not present a minimum amount to be paid or are of short duration:

a) Partnership agreements: these agreements determine that the company pays the lessor, per year/year, a percentage of the production earned, the price being totally variable;

- b) Additions linked to productivity: in addition to the price of the lease, some contracts provide for an increase in value, through an addition to productivity, resulting from the arithmetic average of productivity obtained with the farm by the lessee. Contracts with this type of characteristic were measured at the minimum fixed amount, with the additional one linked to productivity being considered as totally variable; and
- c) Other machinery and equipment leases: the contracts have a variable value, based on the use of the underlying assets, in addition to having a term of less than one year.

Impacts of initial adoption

The impact of the initial adoption on January 1, 2019 is presented below:

	Parent Company	Consolidated
	01/01/2019	01/01/2019
ASSET		
Achievable in the long term		
Rental right assets		
Cotton	9,259	11,501
Crop lands	1,200,176	484,352
Building rental	2,516	883
Total assets	1,211,951	496,736
PIS/COFINS adjustment (1)	45,781	18,670
TOTAL ASSETS	1,257,732	515,406
CURRENT LIABILITIES		
Lease liabilities	120,249	78,638
Non-current		
Lease liabilities	1,091,702	418,098
Total liabilities	1,211,951	496,736
PIS/COFINS adjustment (1)	45,781	18,670
TOTAL LIABILITIES	1,257,732	515,406

⁽¹⁾ The company initially measured the lease liability and the corresponding right-of-use asset, highlighting PIS and COFINS as evidenced in its notes to the ITRs. With the advent of CVM Official Letter 02/2019, the company started measuring lease liabilities, and the respective right to use assets, at the total amount payable, without segregation of PIS and COFINS taxes.

The initial measurement of the right of use asset corresponds to the value of the lease liability. Amortization is calculated on a straight-line basis over the remaining term of the contracts.

The changes in the right of use assets in the period ended December 31, 2019 are presented below:

	Parent Company	Consolidated
Initial adoption of IFRS 16 (CPC 06 (R2))	1,211,951	496,736
mensuration ditions of new contracts Amortization of right of use assets tton op lands diding rental achines lance at 12/31/2019 nortization of right of use on exercise: tton	45,781	18,670
	1,257,732	515,406
Remensuration	194,604	75,432
Additions of new contracts	70,393	50,726
(-) Amortization of right of use assets	(133,760)	(86,533)
	1,388,969	555,031
Cotton	15,789	17,471
Crop lands	1,359,743	524,123
Building rental	718	718
Machines	12,719	12,719
Balance at 12/31/2019	1,388,969	555,031
Amortization of right of use on exercise:		
Cotton	(1,394)	(2,137)
Crop lands	(129,955)	(81,985)
Building rental	(438)	(438)
Machines	(1,973)	(1,973)
TOTAL FOR THE YEAR	(133,760)	(86,533)

The changes in lease liabilities for the year ended December 31, 2019 are presented below:

	Parent Company	Consolidated
Initial adoption of IFRS 16/CPC 06 (R2) - Lease liabilities	2,167,898	711,719
Initial adoption of IFRS 16/CPC 06 (R2) - AVP - Lease liabilities	(955,947)	(214,983)
Balance at 01/01/2019	1,211,951	496,736
PIS/COFINS adjustment	45,781	18,670
Adjusted balance at 01/01/2019	1,257,732	515,406
Additions of new contracts and remensuration of lease liabilities	265,003	145,632
AVP on lease liabilities	121,740	47,607
(-) Payments	(147,019)	(78,929)
Balance at 12/31/2019	1,497,456	629,716
Current liabilities	210,589	114,567
Related parties (Note 14.a)	104,591	-
Third parties	105,998	114,567
Non-current liabilities	1,286,867	515,149
Related parties (note 14.a)	795,214	-
Third parties	491.653	515.149

Of the contracts that were the scope of IFRS 16, the company's management considered as a lease component only the fixed minimum amount for the purposes of measuring lease liabilities. The measurement of the lease liability corresponds to the total of future lease payments and leases, net of tax effects, adjusted to present value, considering the nominal discount rate.

The incremental funding rate, used by the company for discounting, is composed of the "weighting curve of CDI/Pre", added to the company's credit risk and a risk spread of the underlying asset.

It should be noted that the land lease contracts are indexed by the price of the soybean bag in the region of each production unit, and the values of the right of use asset and lease liability are converted to BRL using the soybean price in each region. Payment values may vary significantly up to the time of payment, depending on the change in the value of the soybean market in each region.

Impacts on the result for the year

With the implementation of IFRS 16/CPC 06 (R2), all leases are now accounted for under a single model, similar to the accounting of finance leases, bringing a new financial component, which reduced the production cost, due to the effect of recording the adjustment to present value in the financial result. The amount recorded in the financial income for the period represents R\$121,740 in the parent company and R\$47,607 in the consolidated.

The expense for the year for variable lease payments not included in the measurement of lease liabilities was R\$12,389.

The company has land lease contracts with its subsidiaries, as described in Note 14. The adoption of this standard caused differences between the parent company's and consolidated results, which were adjusted in the calculation of equity equivalence of the parent company, so that the result for the period of the parent company and the consolidated result attributed to the controlling shareholders were the same, based on the provisions of ICPC 09 (R2) – Individual Financial Statements, Separate Statements, Consolidated Statements and Application of the Equity Equivalence Method. The calculation of the equity equivalence is shown in note 11.

Sublease of right of use asset

On December 27, 2019, SLC Agrícola S.A signed a rural lease agreement with SLC Landco Empreendimentos Agrícolas S.A, for a minimum term of 10 years. In conjunction with the signing of this rural lease agreement, SLC Agrícola S.A. entered into a sub-lease agreement with Fazenda Perdizes Empreendimentos Agrícolas S.A., for the same lease period.

The parent company's revenue in the year, resulting from the sub-leasing of rights-of-use assets, was R\$1,095.

Additional information

The company, in full compliance with CPC 06 (R2), in measuring and remeasuring its lease liabilities and the right to use, proceeded to use the discounted cash flow technique without considering future projected inflation in the flows to be discounted, according to the prohibition imposed by CPC 06 (R2).

As of December 31, 2019, the gross contractual flow of lease agreements entitled to PIS / COFINS credit is R\$2,489,415 at the parent company and R\$839,494 at consolidated. The potential credit for PIS and COFINS on the gross contractual flow, brought to present value is R\$156,092 at the parent company and R\$55,326 at the consolidated.

In compliance with the guidance of CVM's technical areas, as required in circular letter CVM / SNC / SEP / n° 02/2019 in order to provide additional information to users, the comparative balances of lease liabilities, assets are presented below rights of use, adjustment to present value and amortization of the right of use considering the projection of future inflation in the flows to be discounted.

When remeasuring lease liabilities, the company projected cash flow with future inflation, incorporating the inflation obtained through the quotation of future contracts available at B3 S.A. - Brasil, Bolsa and Balcão, discounted at the same rate identified in the initial measurement, presenting the impacts as below:

	Parent Co	mpany
	Considerations without inflation (1)	Considerations with inflation (2)
Right of Use Asset	1,388,969	1,792,792
Lease liabilities - Current Assets	210,589	228,013
Lease liabilities - Noncurrent	1,286,867	1,792,792
Amortization of Right of Use	65,787	77,736
NPV - Lease Liability	121,740	158,257
	Consolid	lated
	Considerations without inflation ⁽¹⁾	Considerations with inflation (2)
Right of Use Asset	555,031	673,983
Lease Liabilities - Current Assets	114,567	122,932
Lease Liabilities - Noncurrent	515,149	649,394
Amortization of Right of Use	43,336	49,035
NPV - Lease Liability	47,607	57,552

⁽¹⁾ Discounted cash flow without considering projected future inflation

⁽²⁾ Discounted cash flow considering projected future inflation

Below is the gross contractual flow:

	Parent Company		Consolidated		
	Considerations without inflation (1)	Considerations with inflation (2)	Considerations without inflation ⁽¹⁾	Considerations with inflation (2)	
Up to 1 year	220,810	238,819	118,872	127,442	
From 1 to 2 years	212,588	212,609	109,695	106,766	
From 2 to 3 years	208,736	208,737	103,926	100,977	
From 3 to 4 years	207,659	207,659	102,586	99,636	
From 4 to 5 years	190,104	190,104	84,153	81,203	
Over 5 years	1,530,315	2,578,896	375,865	621,370	
	2,570,212	3,636,822	895,097	1,137,392	

⁽¹⁾ Discounted cash flow without considering projected future inflation.

Sale and leaseback

The company, in line with its current strategy of real estate gains, signed a Private Instrument of Commitment for the Purchase and Sale of Rural Property, through which it sold to third-parties a total of 5,205 hectares of land, 4,162 of which are useful areas, for a value of R\$83.2 million. The area belonged to its subsidiary Fazenda Parnaíba Empreendimentos Agrícola Ltda., in the municipality of Tasso Fragoso, Maranhão.

The payment of 50% of the amount was received on November 21, 2019. The remaining amount was deposited in a guaranteed account ("Escrow Account"), and access to the resources will occur when the Public Deed of Sale is registered.

The contract also provides for precedent conditions, which include some formalization of documentary deliveries, regularization of legal reserve, registrations at a real estate registry office with the dismemberment of registration and release of mortgages, as a result of the sale, which must be fulfilled within 12 (twelve) months from the signing of the contract, in addition to the transfer of funds to the company itself.

The company signed a lease agreement for this land, which will continue to be operated by the company ("sale and leaseback" operation), with payment of the lease at market value, for a period of 7 years, ending in 2029. The lease liability for this transaction resulted in R\$28,115 and the adjusted right of use asset on this date was R\$8,649, measured in accordance with CPC 06 (R2) (IFRS 16).

The company applied all the requirements of CPC 47 (IFRS 15) and the fulfillment of performance obligations to determine that the transfer of this asset be accounted for as a sale this year.

The impact of the sale of land on the result for the year is shown below:

	Consolidated
Land sales revenue	83,245
(-) Lease liabilities, referring to leaseback	(28,115)
(-) Cost of land sales	(36,029)
(+) Asset under law, referring to leaseback	8,649
Impact on the profit and loss for the year	27,750

IFRIC 23 (ICPC 22) Uncertainties regarding the treatment of income tax (Effective 01/01/2019)

The interpretation deals with the accounting of taxes on profit in cases where the tax treatments involve uncertainty affecting the application of IAS 12 (CPC 32) and does not apply to taxes outside the scope of IAS 12 nor specifically includes the requirements relating to interest and fines associated with uncertain tax treatments. The interpretation specifically addresses the following:

- · Whether the entity considers uncertain tax treatments separately;
- The assumptions the entity makes regarding the examination of tax treatments by the tax authorities:
- How the entity determines the actual profit (tax loss), calculation bases, unused tax losses, extemporaneous tax credits and tax rates;
- How the entity considers changes in facts and circumstances.

⁽²⁾ Discounted cash flow considering projected future inflation.

The company shall determine whether to consider each uncertain tax treatment separately or in conjunction with one or more uncertain tax treatments. The approach which best provides for the resolution of uncertainty should be followed. The interpretation is in force for annual periods beginning on January 1, 2019. The company adopted the standard as of the effective date and concluded that there are no material impacts on its individual and consolidated financial statements.

There are no other standards and interpretations issued and not yet adopted that may, in the opinion of the Management, have a significant impact on the results or equity disclosed by the company.

4. Consolidated financial statements

The consolidated financial statements include the operations of the company and the following subsidiaries, whose percentage interest at the balance sheet date is summarized as follows:

Main auticitus	S	Subsid	diaries	Location
Main activity	Companies	Direct %	Indirect %	Location
Soybean, corn and livestock farming	Fazenda Pioneira Empreendimentos Agrícolas S.A.	50.0	-	Mato Grosso-MT
Cotton and soybean cultivation.	SLC-MIT Empreendimentos Agrícolas S.A.	50.1	-	Rio Grande do Sul-RS
Cultivation of soybean, corn and cotton.	Fazenda Perdizes Empreendimentos Agrícolas Ltda.	-	50.1	Mato Grosso-MT
Participation in other companies or commercial and real estate ventures.	SLC Investimentos Agrícolas Ltda	100.0	-	Rio Grande do Sul-RS
	Fazenda Parnaíba Empreendimentos Agrícolas Ltda.	100.0	-	Maranhão-MA
	Fazenda Planorte Empreendimentos Agrícolas Ltda.	100.0	-	Mato Grosso-MT
	Fazenda Pamplona Empreendimentos Agrícolas Ltda	100.0	-	Rio Grande do Sul-RS
	Fazenda Planalto Empreendimentos Agrícolas Ltda.	100.0	-	Rio Grande do Sul-RS
	Fazenda Palmares Empreendimentos Agrícolas Ltda	100.0	-	Rio Grande do Sul-RS
	Fazenda Parnaguá Empreendimentos Agrícolas Ltda.	100.0	-	Rio Grande do Sul-RS
Purchase and sale,	SLC Paiaguas Empreendimentos Agrícolas S.A.	100.0	-	Rio Grande do Sul-RS
lease, construction and administration of	SLC Perdizes Empreendimentos Agrícolas S.A.	100.0	-	Rio Grande do Sul-RS
real estate.	SLC LandCo Empreendimentos Agrícolas S.A.	-	81.2	Rio Grande do Sul-RS
	Fazenda Planeste Empreendimentos Agrícolas Ltda.	-	81.2	Rio Grande do Sul-RS
	Fazenda Piratini Empreendimentos Agrícolas Ltda	-	81.2	Rio Grande do Sul-RS
	Fazenda Panorama Empreendimentos Agrícolas Ltda.	-	81.2	Rio Grande do Sul-RS
	SOPER Agrícola Ltda	-	81.2	Rio Grande do Sul-RS
	Fazenda Parceiro Empreendimentos Agrícolas Ltda.	-	100.0	Rio Grande do Sul-RS
	Fazenda Paineira Empreendimentos Agrícolas Ltda.	6.1	93.9	Rio Grande do Sul-RS

The period of the financial statements of the subsidiaries included in the consolidation is coincident with that of the parent company and the accounting policies were applied uniformly in the consolidated companies and are consistent with those used in the previous year, except for the comment on Note 3.g.

There were no changes in the company's corporate structure as of December 31, 2018.

5. Cash and cash equivalents and short-term investments

		Parent C	ompany	Consol	idated
Modality	Income	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Availabilities in BRL	_	84	492	105	536
Forex exchange cash **	-	5,228	20,989	6,656	21,160
CDB-DI	99.97% of CDI*	645,154	299,990	820,891	413,133
Repurchase commitment	98.97% of CDI*	28,889	45,580	32,360	49,100
LAM	99.99% of CDI*	23,843	143,756	24,755	154,843
Other applications	70.58 % of CDI*	652	3,964	652	3,964
		703,850	514,771	885,419	642,736
Cash and cash equivalents		649,548	384,628	829,427	512,308
Short-term financial investments		53,652	130,143	55,342	130,428
Long-term financial investments		650	-	650	-

^(*) Average income as of December 30, 2019.

The financial operations contracted by the company are represented by investments in bank certificates of deposit, repo transactions and lease bills, at market prices and rates, updated by the income earned up to December 31, 2019, not exceeding the trading value.

Short-term investments consist of CDBs, repurchase agreements and lease bills with a maturity of more than 90 days and a grace period for redemption in December 2019, in addition to capitalization securities and CDBs with a redemption period of less than 365 days and linked to reciprocity in maintaining balances in return for the release of loans.

Long-term financial investments are composed of operations with reciprocity character (financial investments used as guarantees for financial loans and collateralized operations), with redemption maturity above 365 days.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23.

The increase in cash and cash equivalents in the period is mainly due to the lengthening of the company's long-term debt, in addition to the generation of operating cash for the year.

6. Accounts receivable from customers

	Parent Cor		Consolid	olidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	
Domestic market	11,135	10,135	11,463	14,040	
Foreign market	125,979	105,704	166,942	117,506	
Total	137,114	115,839	178,405	131,546	

The Group's exposure to credit risk and currency related to accounts receivable from customers are disclosed in note 23.

7. Inventories

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Agricultural products	431,819	308,340	476,433	340,223
Seeds, fertilizers and agricultural defensives	470,911	391,159	549,264	463,184
Packaging and wrapping material	9,848	5,983	11,492	6,528
Spare parts	8,364	8,367	10,145	9,441
Other Inventories	19,296	36,508	22,264	42,249
Advances to suppliers	1,719	5,033	1,756	6,897
	941,957	755,390	1,071,354	868,522

^(**) Amounts in Reais, converted by the dollar P-tax purchase on December 31, 2019.

8. Biological assets

Below is the movement of the company's biological assets:

	Parent Company Co			lated
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Biological assets - culture in formation	666,930	621,599	779,543	704,753
Biological assets - herd of cattle	1,024	628	1,046	637
Total	667,954	622,227	780,589	705,390

a) Biological assets - crops in progress

The movement in fair value of biological assets during the year is as follows:

	Parent Company						
	Soybean	Cotton	Corn	Other crops	Total		
Balances as of December 31, 2018	340,971	220,220	40,717	19,691	621,599		
Planting costs	528,387	853,864	178,832	62,033	1,623,116		
Change in fair value (*)	196,668	235,456	21,012	17,338	470,474		
Harvests - agricultural products	(695,423)	(1,092,335)	(197,724)	(62,777)	(2,048,259)		
Balances as of December 31, 2019	370,603	217,205	42,837	36,285	666,930		
Biological assets - formation costs	299,748	217,205	42,837	33,859	593,649		
Biological assets - adjustment at fair value	70,855	-	-	2,426	73,281		

^(*) Effect of biological asset on income statement for the period.

	Consolidated					
	Soybean	Cotton	Corn	Other crops	Total	
Balances as of December 31, 2018	407,701	237,822	40,917	18,313	704,753	
Planting costs	665,941	1,007,991	199,842	66,005	1,939,779	
Change in fair value (*)	229,668	239,844	17,933	17,338	504,783	
Harvests - agricultural products	(841,382)	(1,248,073)	(214,733)	(65,584)	(2,369,772)	
Balances as of December 31, 2019	461,928	237,584	43,959	36,072	779,543	
Biological assets - formation costs	378,072	237,584	43,959	33,646	693,261	
Biological assets - adjustment at fair value	83,856	-	-	2,426	86,282	

^(*) Effect of biological assets on the income statement for the year.

Below we present the main assumptions used in determining the fair value of biological assets:

	Parent Com	pany	Consolidated	
	2019 ^(*)	2018(**)	2019 ^(*)	2018(**)
Soybean				
Total harvested area (ha)	186,239	175,583	229,960	219,965
Productivity obtained (sc/ha)	62	62	61	62
Average price (R\$/sc) (***)	R\$64.85	R\$66.12	R\$64.43	R\$65.48
Corn				
Total harvested area (ha)	75,606	61,056	88,929	76,946
Productivity obtained (sc/ha)	122	90	118	94
Average price (R\$/sc) (***)	R\$24.08	R\$26.59	R\$23.62	R\$25.11
Cotton seed				
Total harvested area (ha)	105,432	85,846	123,702	94,893
Productivity obtained (@/ha)	282	297	273	301
Average price (R\$/@)(***)	R\$35.01	R\$37.10	R\$34.80	R\$37.30

(*) Data for 2018/19 crop at 12/31/2019.

(**) Data for the 2017/18 crop at 12/31/2018.

(***) Average prices at market value on the ascertainment date.

In the comparison between 2019 and 2018, the variation in the fair value of biological assets decreased, due to the expectation of lower margins in the 2018/19 crop compared to the 2017/18 crop. What explains this divergence is the fact that the assumption of sales prices and productivity were lower than those determined in the 2017/18 harvest.

Soybean, corn and cotton crops occur in the following periods:

Unit	Location	Cultures					
Oint	Location	Soybean	Cotton	Corn			
Fazenda Pamplona	Cristalina-GO	15-oct to 15-april	05-nov to 30-aug	15-oct to 15-july			
Fazenda Planalto	Costa Rica-MS	20-sept to 25-march	05-dec to 30-aug	25-jan to 10-july			
Fazenda Planorte	Sapezal-MT	20-sept to 15-march	15-dec to 30-aug	15-jan to 10-july			
Fazenda Paiaguás	Diamantino-MT	20-sept to 15-march	10-dec to 30-aug	15-jan to 15-july			
Fazenda Perdizes	Porto dos Gaúchos-MT	20-sept to 15-march	20-dec to 30-aug	25-jan to 10-july			
Fazenda Pioneira	Querência-MT	15-oct to 25-march	Does not plant	25-jan to 15-july			
Fazenda Panorama	Correntina-BA	15-oct to 30-april	20-nov to 30-aug	Does not plant			
Fazenda Paladino	São Desidério-BA	15-oct to 30-april	20-nov to 30-aug	09-dec to 31-may			
Fazenda Piratini	Jaborandi-BA	25-oct to 30-april	20-nov to 30-aug	25-oct to 15-may			
Fazenda Palmares	Barreiras-BA	15-oct to 30-april	20-nov to 30-aug	15-oct to 15-july			
Fazenda Parceiro	Formosa do Rio Preto-BA	15-oct to 30-april	Does not plant	Does not plant			
Fazenda Parnaíba	Tasso Fragoso-MA	15-oct to 15-april	15-dec to 30-aug	01-dec to 15-july			
Fazenda Planeste	Balsas-MA	15-oct to 15-april	20-dec to 30-aug	01-dec to 15-july			
Fazenda Parnaguá	Santa Filomena-Pl	01-nov to 15-april	Does not Plant	Does not Plant			
Fazenda Pantanal	Chapadão do Sul-MS	20-sept to 25-march	05-dec to 30-aug	25-jan to 10-july			
Fazenda Palmeira	Tasso Fragoso-MA	15-oct to 15-april	15-dec to 30-aug	01-dec to 15-july			

The following is an updated table of the planned area for crop year 2019/20 and a comparison with the previous crop year:

Cultures	Area	Planned area 2019/20	Planted area 2018/19
Cotton	ha	125,470	123,721
Soybean	ha	235,438	243,149
Corn	ha	83,043	88,918
Other crops (*)	ha	5,211	1,912
		449,162	457,700

^(*) Other crops include corn seed, sorghum and wheat.

b) Biological assets - herds

Fazenda Pioneira and Fazenda Planorte make up the company's Livestock Crop Integration Project - ILP. This system aims to optimize the use of the soil, in places where it is only possible to carry out one harvest (soybean), using the herd as a second harvest.

	Parent Company	Consolidated
Balances as of December 31, 2018	628	637
Purchase and treatment costs	1,040	8,285
Change in fair value*	(32)	(32)
Write-off/sale	(612)	(7,844)
Balances as of December 31, 2019	1,024	1,046
Biological assets - cattle	1,017	1,039
Herd biological assets - adjustment at fair value	7	7

^(*) Effect of biological assets on income for the year.

9. Recoverable taxes

	Parent Co	Parent Company		dated
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
income tax	2,570	973	3,027	2,592
Social contribution	85	68	128	130
ICMS	87,005	68,024	119,633	93,020
COFINS	9,861	33,828	28,795	54,537
PIS	2,120	8,452	6,080	12,940
Recoverable IRRF	4,815	4,398	5,580	5,724
Other	946	711	1,169	895
	107,402	116,454	164,412	169,838
Portion classified in current assets	33,970	68,977	41,943	86,943
Portion classified in non-current assets	73,432	47,477	122,469	82,895

Income and social contribution taxes

It corresponds to the prepayments of Income and social contribution taxes, which will be offset with taxes of the same nature, in addition to the negative balance of IRPJ and CSLL, which will be offset with federal taxes and contributions.

Recoverable IRRF

Corresponds to withholding income tax on financial investments. Throughout the year they are offset against the IRPJ debt, after closure, these credits are realizable by offsetting with federal taxes and contributions.

ICMS, PIS and COFINS to be offset/recovered

These refer to credits generated in normal operations of the company and its subsidiaries and may be offset with taxes of the same nature.

The estimated realization of ICMS, PIS and COFINS sales taxes is evaluated by management based on estimated projections of sales of agricultural products, commercialization of ICMS tax credits and on compensation or offsetting of PIS and COFINS with other taxes generated by the Group's operation. The estimated terms of realization of these assets are described below. The company does not expect losses due to the non-realization of recoverable taxes.

		rent Company		Consolidated			
Deadline for completion	ICMS	COFINS	PIS	ICMS	COFINS	PIS	
In up to 1 year	16,880	7,146	1,527	18,244	11,345	2,450	
From 1 year to 2 years	23,935	-	-	25,584	6,501	1,407	
From 2 years to 3 years	7,415	0	0	16,558	0	0	
Over 3 years	38,775	2,715	593	59,247	10,949	2,223	
	87,005	9,861	2,120	119,633	28,795	6,080	

10. Securities receivable

At December 31, 2019, the consolidated balance of securities receivable is comprised of an amount of R\$76,905 (R\$66,342 at December 31, 2018) as follows:

	Consolidated
Balance as of December 31, 2018	66,342
Land sales	83,245
Others	5,930
Receipts	(80,621)
CDI application yield	2,009
Balance as of December 31, 2019	76,905
Portion classified in current assets	71,657
Portion classified in non-current assets	5,248

1) Sale of land in the subsidiaries Fazenda Paiaguás and Fazenda Parceiro

The subsidiaries Fazenda Paiaguás Empreendimentos Agrícolas Ltda. and Fazenda Parceiro Empreendimentos Agrícolas Ltda. In February 2018, the buyer sold 11,604 hectares of land to third parties in 2017, in the total amount of R\$176,654, of which R\$52,996 was received in that year, and the rest was deposited by the buyer in a guaranteed account ("Escrow Account"), being invested in securities backed by an Interbank Deposit Certificate (CDI). The contract provided that some documental formalizations such as transfer of reserves, registration with the real estate registry with the unfolding of their registration and release of mortgages, in addition to the transfer of the funds to the company itself, should be completed within 12 months of signing the contract, which occurred on December 20, 2017.

The contract was postponed, in November 2018, in order to postpone the deadline for some documental formalizations, such as transfer of reserves, registration in real estate registries with the unfolding of their registration and release of mortgages, in addition to agreeing on the transfer of the funds to the company itself, in relation to the previous conditions already met, in the amount of R\$63,789.

In April 2019 the amount of R\$38,999 was released from the escrow account due to the bookkeeping of the last glebe of Fazenda Paiaguás for the buyer, totaling R\$102,787 of the original amount, in favor of the company.

In December 2019 there was a new additive to the contract, with the replacement of one area of the Fazenda Parceiro by another area in the same unit, as provided for as a possibility in the initial pact. Due to the need to dismantle this replaced area, the new deadline for compliance with the remaining previous conditions will be 20 June 2020.

2) Sale of land in the subsidiary Fazenda Parnaiba

On November 12, 2019, the subsidiary Fazenda Parnaíba Empreendimentos Agrícolas Ltda. sold 5,205 hectares of land to third parties, in the total amount of R\$83,245. The payment for the acquisition of the land was divided into two installments, the first of which, in the amount of R\$41,623, corresponding to 50% of the total amount and received on November 28, 2019. The remaining balance, in the amount of R\$41,622, was deposited in a guaranteed account ("Escrow Account"), which will remain invested in securities backed by an Interbank Certificate of Deposit (CDI) and released when some documentary formalizations such as transferring reserves, registering in real estate with the splits of their registrations and releasing mortgages are fully met.

On the same date, the Ccompany signed a lease agreement for this land, which will continue to be operated by the company as a sale and leaseback transaction, with payment of the lease at market value, for a period of 10 years, ending on August 31, 2029.

The revenue from the sale of land, as well as the decrease in the cost of assets, was recognized under "Other operating income (expenses)" in the statement of income. See further details in Note 3.a.

11. Investments (Parent Company)

Total investments at December 31, 2019 and December 31, 2018 are comprised of the following:

	12/31/2019	12/31/2018
Investments in subsidiaries	2,200,537	2,164,897
Advance for future capital increase in subsidiaries (*)	-	2,250
	2,200,537	2,167,147

^(*) The balance on December 31, 2018 was composed of amounts advanced to SLC Perdizes Empreendimentos Agrícolas Ltda. in the amount of R\$2,000, and SLC Investimentos Agrícolas Ltda. in the amount of R\$250, paid in to capital on January 29, 2009.

The relevant investments in subsidiaries, valued by the equity method, are shown in the table below:

Investment	Capital Stock	Shareholders' equity	Unrealized profit in shareholders' equity on related party transactions	IFRS 16/CPC 06(R2) adjustments in shareholders' equity	income for	Unrealized profit on income for the year on related party transactions	IFRS 16/ CPC 06(R2) adjustments for the period	Percentage of direct participation	Equity in earnings of affiliates	Participation in shareholders equity
Fazenda Parnaíba Emp. Agr. Ltda.	21,053	257,450	(7,871)	(20,813)	55,567	3,573	(20,813)	100.00%	38,327	228,766
Fazenda Planorte Emp. Agr. Ltda.	57,099	234,382	(1,326)	(1,845)	13,635	6,684	(1,845)	100.00%	18,474	231,211
Fazenda Pioneira Emp. Agr. S.A.	91,672	76,246	=	=	7,651	=	-	50.00%	3,826	38,124
SLC-MIT Emp. Agr. S. A	109,934	121,577	-	(635)	(6,208)	123	(635)	50.10%	(3,367)	60,593
SLC Invest. Agrícolas Ltda.	279,405	701,071	5,211	280	24,377	7,607	280	100.00%	32,264	706,562
Fazenda Pamplona Emp. Agr. Ltda.	31,766	165,205	(237)	(1,234)	8,508	3,245	(1,234)	100.00%	10,519	163,734
Fazenda Planalto Emp. Agr. Ltda.	9,137	232,593	133	(1,293)	14,150	7,697	(1,293)	100.00%	20,554	231,433
Fazenda Palmares Emp. Agr. Ltda.	109,800	174,871	(92)	(431)	13,582	3,931	(431)	100.00%	17,082	174,348
Fazenda Parnaguá Emp. Agr. Ltda.	34,291	50,418	(4)	227	3,275	488	227	100.00%	3,990	50,641
Fazenda Paineira Emp. Agr. Ltda.	73,985	142,672	-	-	9,639	-	-	6.082%	583	8,670
SLC Paiaguás Emp. Agr. Ltda.	20,347	211,621	(1,038)	(2,323)	15,674	5,746	(2,323)	100.00%	19,097	208,260
SLC Perdizes Emp. Agr. Ltda.	77,163	100,953	(624)	(2,134)	8,405	7,623	(2,134)	100.00%	13,894	98,195
									175,243	2,200,537

The main movements in investments in direct permanent equity investments, as of December 31, 2019, are as follows:

Investment	Balances at 12/31/2018	Capital Payment	Dividends distributed	Equity accounting	Unrealized gains on hedge instruments	Other adjustments	Balances at 12/31/2019
Fazenda Parnaíba Emp, Agr, Ltda,	206,980	-	(16,541)	38,327	-	-	228,766
Fazenda Planorte Emp, Agr, Ltda,	219,237	-	(6,500)	18,474	=	-	231,211
Fazenda Pioneira Emp, Agr, S,A, ⁽¹⁾	33,356	-	=	3,826	942	-	38,124
SLC-MIT Emp, Agr, S,A, ⁽¹⁾	65,269	-	(1,361)	(3,367)	52	-	60,593
SLC Invest, Agrícolas Ltda,	692,139	250	(18,091)	32,264	-	-	706,562
Fazenda Pamplona Emp, Agr, Ltda,	158,854	-	(5,639)	10,519	-	-	163,734
Fazenda Planalto Emp, Agr, Ltda,	221,607	-	(10,728)	20,554	-	-	231,433
Fazenda Palmares Emp, Agr, Ltda,	163,566	-	(6,300)	17,082	-	-	174,348
Fazenda Parnaguá Emp, Agr, Ltda,	49,850	-	(1,269)	3,990	-	(1,930)	50,641
Fazenda Paineira Emp, Agr, Ltda,	8,103	-	(16)	583	-	-	8,670
SLC Paiaguás Emp, Agr, Ltda,	263,635	-	(74,472)	19,097	-	-	208,260
SLC Perdizes Emp, Agr, Ltda,	82,301	2,000	-	13,894	-	-	98,195
	2,164,897	2,250	(140,917)	175,243	994	(1,930)	2,200,537

⁽¹⁾ The company has control over Fazenda Pioneira Empreendimentos Agrícolas S.A. and SLC-MIT Empreendimentos Agrícolas S.A. because it is responsible for managing the relevant activities of these companies and is exposed to variable returns on investment due to its power over them.

The following is the main information on investments in permanent equity investments as of December 31, 2019:

Direct and indirect subsidiaries Non-current Shareholders' equity **Current liabilities** Companies Current assets Non-current assets Income **Expenses** liabilities Fazenda Parnaíba Emp. Agr. Ltda. 74,777 195,113 3,020 9,420 257,450 99,987 44,420 Fazenda Planorte Emp. Agr. Ltda. 6,688 234,124 227 6,203 234,382 17,825 4,190 Fazenda Pioneira Emp. Agr. S.A. 89,953 127,233 90,485 50,455 76,246 131,397 123,746 304,895 280,371 183,158 280,531 121,577 SLC-MIT Emp. Agr. S.A. 307,783 313,991 423 712,745 11,567 530 701,071 24,390 13 SLC Investimentos Agricolas Ltda Fazenda Pamplona Emp. Agr. Ltda 3,258 167,513 144 5,422 165,205 10,720 2,212 Fazenda Planalto Emp. Agr. Ltda. 3,223 237,772 248 8,154 232,593 18,046 3,896 4,336 174,991 875 3,581 174,871 13,003 (579) Fazenda Palmares Emp. Agr. Ltda 1,767 49,970 816 503 50,418 4,527 1,252 Fazenda Parnaguá Emp. Agr. Ltda. Fazenda Paineira Emp. Agr. Ltda. 7,590 138,225 1,104 2,039 142,672 11,638 1,999 SLC Paiaguás Emp. Agrícolas Ltda. 20,278 199,634 645 7,646 211,621 19,151 3,477 SLC Perdizes Emp. Agrícolas Ltda. 5,671 129,359 33,613 464 100,953 13,105 4,700 9,207 530,870 435 539,642 23,583 7,330 SLC LandCo Emp. Agrícolas S.A. 9,838 135,553 144 141,482 Fazenda Planeste Emp. Agr. Ltda. 3,765 10,468 2,235 Fazenda Piratini Emp. Agr. Ltda 4,839 116,356 52 2,201 118,942 4,336 1,053 Fazenda Panorama Emp. Agr. Ltda. 10,323 114,488 94 2,124 122,593 7,443 1,878 SOPER Agrícola Ltda 653 2,190 5 23 2,815 243 70 921 31,096 88,695 602 118,268 3,104 987 Fazenda Parceiro Emp. Agr. Ltda.

12. Fixed assets

a) Composition of fixed assets

Gross asset cost		Parent Company							
31022 42261 CO21	Balance at 12/31/2018	Additions	Write-offs	Transfers	Reclassification(*)	Balance at 12/31/2019			
Soil correction and development	387,651	31,642	=	(9)	2	419,286			
Buildings and improvements	216,362	404	-	52,699	358	269,823			
Agricultural equipment and industrial facilities	705,522	84,644	(30,025)	24,526	718	785,385			
Vehicles	50,877	11,358	(3,899)	(570)	(122)	57,644			
Furniture and fixtures	12,172	1,871	(164)	38	(152)	13,765			
Office equipment and facilities	15,425	5,914	(313)	9	(13)	21,022			
Other	2,569	810	(53)	(2)	12	3,336			
Works in progress	43,804	48,565	-	(76,691)	(1)	15,677			
Plants carrier	4,239	-	-	-	-	4,239			
Total	1,438,621	185,208	(34,454)	_	802	1,590,177			

Depreciation	Balance at 12/31/2018	Depreciation	Write-offs	Transfer	Reclassification(*)	Balance at 12/31/2019
Soil correction and development	(276,548)	(17,220)	-	-	(4)	(293,772)
Buildings and improvements	(39,777)	(8,369)	-	5	3,997	(44,144)
Agricultural equipment and industrial facilities	(379,434)	(50,065)	19,447	-	(3,015)	(413,067)
Vehicles	(18,634)	(5,160)	3,041	(1)	100	(20,654)
Furniture and fixtures	(4,983)	(997)	135	-	(1,172)	(7,017)
Office equipment and facilities	(9,393)	(2,132)	256	(5)	394	(10,880)
Other	(5)	(4)	-	1	(30)	(38)
Plants carrier	(4,239)	=	=	=	=	(4,239)
Total	(733,013)	(83,947)	22,879	-	270	(793,811)

⁽¹⁾ Reclassification to intangible (R\$23), reclassification to assets held for sale R\$1,095.

Net residual value	12/31/2018	12/31/2019
Soil correction and development	111,103	125,514
Buildings and improvements	176,585	225,679
Agricultural equipment and industrial facilities	326,088	372,318
Vehicles	32,243	36,990
Furniture and fixtures	7,189	6,748
Office equipment and facilities	6,032	10,142
Other	2,564	3,298
Works in progress	43,804	15,677
Total	705,608	796,366

Cook of the many fixed cooks		Consolidated								
Cost of the gross fixed assets	Balance at 12/31/2018	Additions	Write-offs	Transfers	Reclassification(*)	Balance at 12/31/2019				
Crop lands	1,759,560	3,070	(42,732)	26	=	1,719,924				
Soil correction and development	597,999	46,403	-	(35)	2	644,369				
Buildings and improvements	390,182	1,931	-	86,131	358	478,602				
Agricultural equipment and industrial facilities	805,810	106,099	(30,700)	41,585	718	923,512				
Vehicles	58,678	11,554	(4,279)	(570)	(122)	65,261				
Furniture and fixtures	14,306	2,149	(177)	109	(152)	16,235				
Office equipment and facilities	21,166	6,581	(321)	187	(13)	27,600				
Other	6,328	890	(53)		12	7,177				
Works in progress	60,946	86,519	-	(127,433)	(1)	20,031				
Plants carrier	4,239	-	-	-	-	4,239				
Total	3,719,214	265,196	(78,262)	_	802	3,906,950				

Depreciation	Balance at 12/31/2018	Depreciation	Write-offs	Transfers	Reclassification(*)	Balance at 12/31/2019
Soil correction and development	(392,124)	(28,263)	-	=	(4)	(420,391)
Buildings and improvements	(88,437)	(17,483)	=	5	3,997	(101,918)
Agricultural equipment and industrial facilities	(411,574)	(61,294)	19,677	=	(3,005)	(456,196)
Vehicles	(21,721)	(5,820)	3,224	(1)	100	(24,218)
Furniture and fixtures	(5,562)	(1,216)	141	-	(1,172)	(7,809)
Office equipment and facilities	(10,979)	(2,515)	260	(5)	395	(12,844)
Other	(313)	(4)	-	1	(30)	(346)
Plants carrier	(4,239)	=	=	=	=	(4,239)
Total	(934,949)	(116,595)	23,302	-	281	(1,027,961)

 $[\]label{eq:continuous} \ensuremath{^{(\prime)}Reclassification\ to\ intangible\ (R\$12)\ and\ reclassification\ to\ assets\ held\ for\ sale\ R\$1,095.}$

Net residual value	12/31/2018	12/31/2019
Crop lands	1,759,560	1,719,924
Soil correction and development	205,875	223,978
Buildings and improvements	301,745	376,684
Agricultural equipment and industrial facilities	394,236	467,316
Vehicles	36,957	41,043
Furniture and fixtures	8,744	8,426
Office equipment and facilities	10,187	14,756
Other	6,015	6,831
Works in progress	60,946	20,031
Total	2,784,265	2,878,989

b) Works in progress

As of December 31, 2019, the consolidated balance of work in progress was substantially represented by works in cotton ginning plant the amount of R\$4,849, biodefensive unit in the amount of R\$1,529, fire prevention and combat project in the amount of R\$1,877, construction of deposits in the amount of R\$1,430, constructions and improvements in accommodation and operating houses in the amount of R\$3,014 and others represented by R\$7,332. The amount of interest capitalized to construction in progress in the period ended December 31, 2019 was R\$2,274 (R\$3,152 on December 31, 2018). The capitalization rate used to determine the amount of loan costs eligible for capitalization was approximately 4.73% p.a.

c) Guarantees

At December 31, 2019 and December 31, 2018, property, plant and equipment were pledged as collateral for mortgages, bank loans and lawsuits, as shown below:

Constant and the second of	Parent Cor		Consolidated		
Goods given in guarantee	12/31/2019	12/31/2018	12/31/2019	12/31/2018	
Mortgages		-	349,860	576,270	
Pledge of financing	14,071	19,825	24,425	32,105	
Assets in legal proceedings	14,232	14,232	14,232	14,232	
	28,303	34,057	388,517	622,607	

13. Investment property

	Balance at 12/31/2018	(-) Depreciation	Adjustment on fair value attributed to investment property	Balance at 12/31/2019
Crop lands	92,647	-	-	92,647
Buildings and improvements	1,803	(231)	-	1,572
Soil correction and development	10,954	-	-	10,954
Gain on fair value	103,678	-	8,159	111,837
Total	209,082	(231)	8,159	217,010
Fair value adjustment - profit for the year	-	(231)	8,159	7,928

Investment properties include cropland and the infrastructure on it that is leased to third parties.

Investment property is recorded at fair value, which was determined based on valuations performed by independent appraisers on October 17, 2019. The company performs annually, the valuation of the fair value of assets recorded as investment property.

The fair value of the properties was determined by the direct comparison of market data, which consists in determining the market value of an asset by comparing it with other similar assets, through their selling prices, in view of their similar characteristics. In this method, adjustments are made using factors that aim to correct any differences between the goods available on the market and the asset being evaluated. In determining the fair value of investment properties, the company adopts "Level 3".

Revenue from rental of investment property

Revenue from rental of investment property is recognized in income on a straight-line basis over the lease term. Lease incentives granted are recognized as an integral part of total rental income, for the duration of the lease. Rental income from other properties is recognized as operating income. In 2019, rental revenue totaled R\$5,457 (R\$4,976 in 2018).

14. Balances and transactions with related parties

At December 31, 2019 and December 31, 2018, the parent company's balances and transactions with related parties are as follows:

a) Balances with related parties

Balances receivable from related parties:

	Other accounts re-	ceivables
	12/31/2019	12/31/2018
Direct subsidiaries		
Fazenda Planorte Empr. Agr. Ltda	-	11
Fazenda Parnaíba Empr. Agr. Ltda	-	11
Fazenda Perdizes Empr. Agr. Ltda	1,631	65
SLC Investimentos Agricolas Ltda	-	7
Fazenda Pioneira Empr. Agr. S.A	242	=
Fazenda Pamplona Empr. Agr. Ltda	-	5
Fazenda Planalto Empr. Agr. Ltda	-	6
Fazenda Parnaguá Empr. Agr. Ltda	-	6
Fazenda Palmares Empr. Agr. Ltda	-	7
SLC Paiaguas Empr. Agr. Ltda	-	5
SLC Perdizes Empr. Agr. Ltda	29,954	2,019
Indirect subsidiaries		
SLC LandCo Emp. Agr. S.A.	-	3
SLC - MIT Empr. Agr. S.A	251	122
Fazenda Paineira Empr. Agr. Ltda	-	5,175
Fazenda Parceiro Empr. Agr. Ltda	-	5
Parent company		
SLC Participações S.A.	3	=
Other related parties	9	=
	32,090	7,447
Portion classified as current	1,040	5,434
Portion classified as non-current	31,050	2,013

Balances payable to related parties:

	Leases		0.1			
	payable (scope IFRS 16)	Rentals payable		able	Total p	oayable
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Direct subsidiaries						
Fazenda Parnaíba Empr. Agr. Ltda	103,020	1,639	-	-	103,020	1,639
Fazenda Planorte Empr. Agr. Ltda	137,389	2,522	-	-	137,389	2,522
Fazenda Pamplona Empr. Agr. Ltda	78,535	1,801	-	-	78,535	1,801
Fazenda Planalto Empr. Agr. Ltda	132,846	1,568	-	-	132,846	1,568
Fazenda Pioneira Empr. Agr. S.A	-	=	-	6	-	6
Fazenda Palmares Empr. Agr. Ltda	80,375	2,976	-	-	80,375	2,976
Fazenda Parnagua Empr. Agr. Ltda	35,244	205	-	-	35,244	205
Fazenda Parceiro Empr. Agr. Ltda	16,329	310	-	-	16,329	310
SLC Paiaguas Empr. Agr. Ltda	131,278	4,651	-	-	131,278	4,651
SLC Perdizes Empr. Agr. Ltda	-	6	-	-	-	6
Indirect subsidiaries						
Fazenda Planeste Empr. Agr. Ltda	76,181	3,343	-	-	76,181	3,343
Fazenda Panorama Empr. Agr. Ltda	52,700	2,312	-	-	52,700	2,312
Fazenda Piratini Empr. Agr. Ltda	31,076	1,364	-	-	31,076	1,364
Fazenda Perdizes Empr. Agr. Ltda	-	66	968	-	968	66
SLC-MIT Empr. Agr. S.A	-	=	63	197	63	197
SOPER AGRICOLA LTDA.	1,716	69	-	-	1,716	69
SLC Landco Empr. Agr. S.A.	23,116	106	1,710	-	24,826	106
Fazenda Paineira Empr. Agr. Ltda	-	-	-	2,376	-	2,376
Parent company						
SLC Participações S.A.	-	=	22	153	22	153
	899,805	22,938	2,763	2,732	902,568	25,670
Current liabilities	104,591	22,938	2,763	2,732	107,354	25,670
Non-current liabilities	795,214	=	-	-	795,214	-

SLC Participações S.A. is the final parent company of the company. There are no relevant transactions with the parent company, except dividend payments.

At December 31, 2018, the company had a balance of dividends receivable from its indirect subsidiary SLC MIT Empreendimentos Agrícola S.A. of R\$3,650. As of December 31, 2019, the company had no outstanding balance of dividends receivable from subsidiaries.

b) Transactions with related parties

	Sales of goods/pro service		Amortization right of use (IFRS 16)	Lease costs	Purchasing of goods/pr corporate		Financial/guarante	e expenses	AVP lease liabilities (IFRS 16)
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/201
Direct subsidiaries									
Fazenda Parnaíba Empr. Agr. Ltda	-	-	3,963	16,173	-	-	-	-	10,444
Fazenda Planorte Empr. Agr. Ltda	-	-	3,167	17,151	-	-	-	-	11,988
Fazenda Pamplona Empr. Agr. Ltda	-	-	2,184	10,499	-	-	-	28	6,634
Fazenda Planalto Empr. Agr. Ltda	-	-	4,389	17,859	-	-	-	59	11,239
Fazenda Pioneira Empr. Agr. Ltda	3,603	4,640	-	-	2,041	81	-	-	
Fazenda Palmares Empr. Agr. Ltda	-	-	2,988	8,925	-	-	-	-	6,954
Fazenda Parnaguá Empr. Agr. Ltda	-	-	539	1,738	-	-	-	-	1,798
Fazenda Parceiro Empr. Agr. Ltda	-	-	290	1,156	-	-	-	-	909
SLC Paiaguás Empr. Agr. Ltda	-	-	2,909	16,515	-	-	-	-	11,260
Indirect subsidiaries									
Fazenda Planeste Empr. Agr. Ltda	-	-	3,513	9,730	-	-	-	-	6,960
Fazenda Panorama Empr. Agr. Ltda	-	-	2,232	6,246	-	-	-	-	4,81
Fazenda Piratini Empr. Agr. Ltda	-	-	1,283	3,680	-	-	-	-	2,839
Fazenda Perdizes Empr. Agr.Ltda	6,744	3,129	-	-	1,691	-	-	-	
SLC MIT Empr. Agr. S. A	4,438	5,922	-	-	285	355	-	-	
SOPER Agricola Ltda.	-	-	162	133	-	-	-	-	159
SLC Landco Empr. Agr. S.A.	-	-	-	326	-	-	-	-	659
Parent company									
SLC Participações S.A.	-	-	-	-	2,251	1,787	446	211	
Other related parties									
Other companies	-	-	-	-	-	-	-	-	
	14,785	13,691	27,619	110,131	6.268	2,223	446	298	76,658

c) Rental contracts payable

The purpose of the rural lease agreement is for the lessor to make the land, facilities and other goods available for the lessee to exploit the agricultural activity through the cultivation of cotton, soybeans, corn and other crops in return for a rental price.

The company has lease agreements with its subsidiaries for a minimum term of 20 years, with renewal depending on the will of the parties, however the lessees have preference.

As of December 31, 2019, the lease liability with its subsidiaries can be demonstrated as follows:

Farm	Location	Book value	up to 1 year	1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	over 5 years
Panorama	Correntina - BA	52,700	6,657	6,068	5,533	5,044	4,597	24,801
Planeste	Balsas - MA	76,181	9,622	8,773	7,999	7,291	6,645	35,851
Piratini	Jaborandi - BA	31,076	3,925	3,578	3,263	2,974	2,711	14,625
Palmeira	Alto Parnaiba - MA	1,716	198	180	164	149	136	889
Parnaguá	Santa Filomena - PI	35,244	2,312	2,104	2,394	2,179	2,380	23,875
Parceiro	Formosa do Rio Preto - BA	16,329	986	1,122	1,227	1,303	1,356	10,335
Palmares	Barreiras - BA	83,421	9,879	8,994	8,190	7,458	6,789	42,111
Parnaiba	Tasso Fragoso - MA	103,020	11,892	10,825	9,852	8,968	8,160	53,323
Pamplona	Cristalina - GO	78,535	9,309	8,477	7,718	7,028	6,398	39,605
Paiaguás	Diamantino - MT	131,278	15,154	13,793	12,555	11,428	10,399	67,949
Planorte	Sapezal - MT	137,389	15,490	14,095	12,826	11,671	10,617	72,690
Planalto	Costa Rica - MS	132,846	15,747	14,339	13,055	11,889	10,822	66,994
Headquarters	Porto Alegre - RS	20,070	3,420	3,216	3,025	2,846	2,677	4,886
		899,805	104,591	95,564	87,801	80,228	73,687	457,934
Current liabilities		104,591						
Non-current liabilitie	es	795,214						

The book value represents the lease liability with future payment flows adjusted to present value, considering the nominal discount rate. The company has opted to use the practical expedient of using the single discount rate according to the respective terms for contracts with similar characteristics. For this reason, it presents a rate ranging from 8.36% to 9.75%.

The rural lease contract concluded for the Piratini, Planeste, Panorama and Palmeira Farms, for a minimum period of 20 years, provides for the price of the lease calculated on a rate of 3.25% of the property's valuation value. This in turn is calculated on the areas suitable for agriculture and their respective proportional legal reserve areas,

including the value of their infrastructure. The appraiser with proof of excellence in the elaboration of rural property evaluations is chosen by the Board of Directors of SLC Agricola S.A. and annually the evaluation is elaborated according to the rules and guidelines issued by the Brazilian Association of Technical Standards for Rural Property Evaluation.

For the other contracts, the price of the lease is paid annually in BRL, converted by the value of the over-the-counter quotation of each region's soybean bag on the day of payment, according to the contractual clause. The price of the soybean bag must be set by the lessor at least 15 days in advance, with no repricing foreseen.

d) Administration fees

The company considers as key management personnel the unpaid Directors, the paid Independent Directors and the Directors (Statutory).

Administrators are remunerated in the form of pro-labore and salaries, paid via payroll. The total amount of directors' remuneration, including bonuses and other benefits, is shown under a specific heading in the income statement and is detailed below:

	Parent Cor		Consolidated		
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	
Directors fee	(5,210)	(5,379)	(5,630)	(5,981)	
Bonuses	(2,945)	(2,998)	(3,187)	(3,240)	
Charges	(2,509)	(3,117)	(2,695)	(3,338)	
Stock option plan	(1,567)	(1,102)	(1,567)	(1,380)	
Other benefits	(728)	(42)	(748)	(42)	
otal .	(12,959)	(12,638)	(13,827)	(13,981)	

The company does not offer post-employment benefits, termination benefits or other long-term benefits to its managers.

At the Annual General Meeting held on April 30, 2019, the global annual remuneration of the parent company's managers was approved, in the amount of up to R\$14,950, with distribution to be made by the Board of Directors. It is recognized that the subsidiaries, which are joint stock companies, also have annual global values approved for their managers independently.

15. Suppliers

	Parent Cor	Consolid	ated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Suppliers	549,699	586,330	646,442	703,564
Factoring Supplier	223,425	=	275,558	-
Total	773,124	586,330	922,000	703,564

The balance of suppliers at December 31, 2019, consists of R\$773,124 in the Parent company and R\$922,000 in the consolidated, of which R\$223,425 in the Parent company and R\$275,558 in the consolidated correspond to the risk operations drawn down, due to commercial negotiation resulting from the need for advance payment by suppliers, emphasizing that there were no changes in payment conditions and prices negotiated with suppliers as a result of this transaction.

16. Loans and financing

	Indexer		e annual rates (%)			Consolidated		
		12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	
Applied to Fixed Assets								
Finame - BNDES	Fixed and longterm interest rate	5.38%	5.45%	45,537	57,988	73,235	91,762	
				45,537	57,988	73,235	91,762	
Applied in Working Capital								
Rural Credit	Pre	6.00%	6.08%	87,146	125,601	108,483	144,855	
Constitutional Funds	Pre*	-	5.91%	-	234,150	-	234,150	
CRA	CDI	4.41%	6.56%	561,447	201,063	561,447	201,063	
Working Capital	CDI	5.21%	7.43%	210,488	100,863	210,488	100,863	
Working Capital	Swap US\$/CDI	6.28%	-	203,002	-	203,002	-	
Export Financing	Pre	6.50%	6.50%	111,423	208,276	111,423	208,276	
Export Financing	CDI	5.16%	7.38%	234,573	200,591	416,492	356,621	
Export Financing	US\$, Libor**	-	7.18%	-	49,178	-	49,178	
Export Financing	Swap US\$/ CDI, Pre	3.03%	3.88%	110,212	221,491	181,297	221,491	
				1,518,291	1,341,213	1,792,632	1,516,497	
(-) CRA Transaction Costs				(6,101)	(3,188)	(6,101)	(3,188)	
				1,557,727	1,396,013	1,859,766	1,605,071	
Current classified portion				623,874	696,862	699,515	738,712	
Non-current classified portion				933,853	699,151	1,160,251	866,359	

^(*) For the calculation of the average cost of the Constitutional Funds we consider a discount of 15% relative to the accrual bonus on these operations.

^{(&}quot;) Libor (London Interbank Offered Rate): Interest rate charged by London banks, which serves as a benchmark for most loans in the international financial system.

Finame - BNDES - Investment Lines of the National Development Bank (BNDES). They are guaranteed by fiduciary alienation or pledge of the financed assets and by guarantee of the company and SLC Participações S.A. (parent company). Depreciation is carried out on a monthly, annual and half-yearly basis, after the grace period, and will take place between 01/15/2020 and 05/15/2032.

Rural Credit - Resources intended for the costing and marketing of crops, whose rules, purposes and conditions are established in the Rural Credit Manual (MCR) prepared by the Central Bank of Brazil. They are guaranteed by the company, and, in some operations, by the pledge of the crop. The periodicity of their depreciation is annual, with maturities between 01/16/2020 and 09/03/2020.

Constitutional Funds - Investment lines and working capital of the Fundo do Nordeste (FNE). They are guaranteed by SLC Participações S.A.'s endorsements, and, in some transactions, by pledge and mortgage of land.

CRA - Certificate of Agribusiness Receivables - Fixed-income securities issued by the securitization company Cibrasec on behalf of SLC Agrícola, backed by receivables originated from business between rural producers, or their cooperatives, and third parties, covering financing or loans related to the production, marketing, processing or industrialization of products, agricultural inputs or machinery and implements used in agricultural production. The 1st issue is guaranteed by a mortgage on land and the 2nd issue with a "clean" guarantee. On the 1st issue the interest payment is half-yearly and the payment of the principal in full on the due date, 11/30/2020. In the 2nd issue the interest payment is semiannual and the payment of the principal in two installments, on June 13, 2022 and June 13, 2023. The costs of these transactions recorded under the loans and financing heading totaled R\$6,101 at December 31, 2019. The CRA agreements provide for compliance with certain commitments ("covenants") approved by the company (Current Liquidity, Third Party Equity, Net Financial Debt on Ebitda and Cash Liquidity), as shown below.

Working Capital - Line for the purpose of meeting cash requirements, due on 01/15/2020 and 10/04/2022 backed in stock or production.

Export Financing - Financing of exports with short and long term lines raised in BRL or dollar indexed to Libor 6 months (London Interbank Offered Rate) plus prefixed rate or prefixed rate only: CCE (Export Credit Note), NCE (Export Credit Note) and PPE (Prepayment of Exports). The periodicity of their depreciation is

annual, half-yearly or according to the term negotiated, with maturities between 01/03/2020 and 12/09/2022. They are guaranteed by the company with a mortgage on land or a "clean" guarantee.

The maturities of short and long term loans and financing are as follows:

Years of maturity		Parent Company		
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
2019	-	696,862	-	738,712
2020	623,874	536,701	699,515	604,510
2021	347,516	101,968	425,294	151,556
2022	447,794	40,490	584,556	77,857
2023	125,967	6,791	130,586	11,365
2024	4,086	4,557	7,426	8,330
After 2024	8,490	8,644	12,389	12,741
	1,557,727	1,396,013	1,859,766	1,605,071

The Group's exposure to liquidity risk is disclosed in note 23.

Contractual clauses for financial commitments (Covenants)

The CRA operations foresee the fulfillment of financial commitments (Covenants) on the base dates of each fiscal year applicable to the company, as follows:

- (i) Current liquidity ratio (AC/PC): current assets divided by the consolidated current liabilities, equal to or greater than 1.1x (one comma once);
- (ii) Total consolidated liabilities/tangible shareholders' equity: total liabilities divided by shareholders' equity minus intangible assets, equal to or less than 1.5x (one point five times);
- (iii) Consolidated net leverage (total consolidated net financial debt/EBITDA): total loans and financing, minus cash position, banks and "cash equivalents", minus financial investments plus or minus bound swaps, divided by operating income before financial income (expense), equity in subsidiaries, depreciation and amortization for the last 12 (twelve) months excluding the effects of biological assets, equal to or less than 4.0x (four times);

Non-compliance with the contractual terms of financial commitments may result in the early repayment of loans and financing.

The measurement of the covenants is performed annually based on the consolidated financial statements, and as of December 31, 2019, the company was in compliance with these covenants.

17. Provision for tax, environmental, labor and civil risks

The company records provisions when the Management, based on the opinion of its legal advisors, understands that there are probabilities of probable losses and that they are sufficient to cover eventual losses with legal and administrative proceedings that arise in the normal course of its business.

The provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable statute of limitations, tax inspection findings or additional exposures identified based on new matters or court decisions.

a) Provisions

The company records provisions for civil, labor and environmental lawsuits classified as probable loss, which presented the following movement

		Parent Company				Consolidate	-	
		Environmental	Civil	Total		Environmental	Civil	Total
Balance at 12/31/2018	1,891	330	-	2,221	2,067	330	-	2,397
Addition of provision	280	-	2,752	3,032	446	-	2,752	3,198
Reverse of provision	(696)	-	(749)	(1,445)	(725)	-	(749)	(1,474)
Balance at 12/31/2019	1,475	330	2,003	3,808	1,788	330	2,003	4,121

The company has no tax lawsuits with a probable loss.

b) Contingent liabilities

Based on the nature of the actions in which it is involved, and supported by the opinion of its legal advisors, the company discloses its contingent liabilities for which it has an expectation of possible loss. For these actions, no provisions were set up for eventual losses, as established by CPC 25 of the Accounting Pronouncements Committee.

Nature	Parent Cor		Consolidated		
Nature	12/31/2019	12/31/2018	12/31/2019	12/31/2018	
Labor (i)	981	2,338	1,065	2,462	
Environmental(ii)	3,754	2,655	3,754	2,655	
Tributaries (iii)	33,284	15,445	47,350	37,821	
Civil (iv)	13,524	5,832	14,175	6,506	
	51,543	26,270	66,344	49,444	

(i) Labor lawsuits

The labor lawsuits are related to complaints filed mainly by former employees of the company and the Labor Ministry.

(ii) Environmental actions

The environmental actions are related to infraction notices issued by IBAMA - Brazilian Institute of Environment and Renewable Natural Resources.

(iii) Tributaries

The tax lawsuits are related to the federal and state level.

(iv) Civil

Civil actions relate to claims for damages from suppliers, damages caused to third parties and litigation in contractual matters.

18. Deferred income and social contribution taxes

Deferred income and social contribution taxes are presented as follows:

	Parent Company							
Description	12/31/2019			12/31/2018				
•	Income Tax	Social Contribution	Total	Income Tax	Social Contribution	Total		
Assets:								
Temporary differences:								
Provision for Stock Losses	3	1	4	-	-	-		
Provision for profit sharing	6,126	2,206	8,332	8,014	2,885	10,899		
Operations with derivatives	25,560	9,201	34,761	45,316	16,314	61,630		
Provision for Senar	1,876	675	2,551	2,300	828	3,128		
AVP - Lease Liabilities	11,051	3,978	15,029	-	-	-		
Others	2,467	888	3,355	7,615	2,740	10,355		
	47,083	16,949	64,032	63,245	22,767	86,012		
Liabilities:								
Depreciation encouraged rural activity	(130,526)	(46,989)	(177,515)	(106,446)	(38,321)	(144,767)		
Gain on acquisition of equity interest	(5,647)	(2,033)	(7,680)	(5,647)	(2,033)	(7,680)		
Cost assigned to fixed assets	(6,164)	(2,219)	(8,383)	(7,752)	(2,791)	(10,543)		
Fair value biological assets	(42,873)	(15,434)	(58,307)	(43,056)	(15,500)	(58,556)		
	(185,210)	(66,675)	(251,885)	(162,901)	(58,645)	(221,546)		
NET TOTAL	(138,127)	(49,726)	(187,853)	(99,656)	(35,878)	(135,534)		

			Consoli	dated		
Description		12/31/2019			12/31/2018	
Description	Income Tax	Social Contribution	Total	Income Tax	Social Contribution	Total
Assets:						
Temporary differences:						
Provision for inventory adjustment	3	1	4	-	-	-
Provision for profit sharing.	6,922	2,492	9,414	9,094	3,274	12,368
Operations with derivatives	3,885	1,398	5,283	47,996	17,279	65,275
Provision for Senar	2,055	740	2,795	2,513	905	3,418
AVP - lease liabilities	11,077	3,987	15,064	-	-	-
Other	27,627	9,666	37,293	8,530	2,831	11,36
Tax losses and negative base	33,434	12,176	45,610	31,436	11,317	42,753
	85,003	30,460	115,463	99,569	35,606	135,175
Liabilities:						
Depreciation encouraged rural activity	(161,635)	(58,065)	(219,700)	(139,871)	(50,231)	(190,102)
Gain on acquisition of equity interest	(5,539)	(1,994)	(7,533)	(5,539)	(1,994)	(7,533)
Cost assigned to fixed assets	(27,843)	(13,926)	(41,769)	(30,072)	(14,844)	(44,916)
Fair value investment property	(1,844)	(996)	(2,840)	(1,681)	(908)	(2,589)
Fair value biological assets	(45,832)	(16,499)	(62,331)	(50,711)	(18,256)	(68,967)
Other	(4,560)	(1,744)	(6,304)	(108)	(39)	(147)
	(247,253)	(93,224)	(340,477)	(227,982)	(86,272)	(314,254)
NET TOTAL	(162,250)	(62,764)	(225,014)	(128,413)	(50,666)	(179,079)
Classified in non-current assets	16,612	5,905	22,517	12,623	4,545	17,168
Classified in non-current liabilities	(178,862)	(68,669)	(247,531)	(141,036)	(55,211)	(196,247)

The company and its subsidiaries, based on the expectation of generating future taxable income, based on a technical study approved by management, recognized tax credits on tax losses, negative social contribution base and temporary differences, which have no statute of limitations. The book value of deferred charges is reviewed annually by the company and the resulting adjustments have not been significant in relation to management's initial forecast. The technical study considers the investments and incentives that farms may be entitled to.

Based on this technical study to generate future taxable income, the company estimates to recover these tax credits in the following years:

	Parent Cor		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
2019	-	85,792	-	98,339
2020	52,872	220	63,328	9,774
2021	9,859	-	18,193	7,625
2022	901	-	9,829	4,160
2023	400	-	9,110	4,516
2024	-	-	7,962	4,489
2025	-	-	3,690	4,558
2026	-	-	3,351	1,714
	64,032	86,012	115,463	135,175

Estimates of tax credit recovery were based on projections of taxable income taking into consideration various financial and business assumptions. Consequently, these estimates are subject to the uncertainties inherent in such forecasts not being realized in the future.

Reconciliation of tax expense with official rates

Income and social contribution taxes, calculated based on the nominal rates of these taxes, are reconciled to the amount recorded as Income and social contribution taxes expenses as follows:

	Parent Company					
	12/31/2019		12/31/2018			
	IRPJ	CSLL	IRPJ	CSLL		
Profit before tax	386,937	386,937	518,941	518,941		
Income and social contribution taxes at nominal rate of 25% and 9% respectively	(96,734)	(34,824)	(129,735)	(46,705)		
Adjustments to demonstrate effective rate						
Equity in earnings of affiliates	43,810	15,771	30,984	11,154		
Permanent additions and exclusions	(4,622)	(1,333)	(4,601)	(1,333)		
Others	2,325	184	2,675	(130)		
Value recorded in the result	(55,221)	(20,202)	(100,677)	(37,014)		
Total income taxes and contributions		(75,423)		(137,691)		
Deferred taxes		(16,109)		(61,087)		
Current taxation		(59,314)		(76,604)		
Effective rate		19.5%		26.5%		

	Consolidated					
	12/31/	2019	12/31/	2018		
	IRPJ	CSLL	IRPJ	CSLL		
Profit before tax	414,662	414,662	585,081	585,081		
Income and social contribution taxes at nominal rate of 25% and 9% respectively	(103,666)	(37,320)	(146,270)	(52,657)		
Adjustments to demonstrate effective rate						
Permanent additions and exclusions	(4,746)	(1,356)	(4,690)	(1,344)		
Tax incentives for subsidiaries	2,169	85	805	290		
Income and social contribution taxes on companies taxable under the assumed profit scheme	27,365	9,772	20,984	7,531		
Elimination of unrealized profit	13,101	4,716	(3,238)	(1,166)		
Effects of IFRS 16	(7,550)	(2,718)	-	-		
Others	542	(15)	1,767	(592)		
Value recorded in the result	(72,785)	(26,836)	(130,642)	(47,938)		
Total income taxes and contributions		(99,621)		(178,580)		
Deferred taxes		(8,765)		(81,557)		
Current taxation		(90,856)		(97,023)		
Effective rate		24.0%		31.6%		

Reconciliation of deferred income and social contribution taxes variation Income and social contribution taxes, recorded in asset and liability accounts in the parent company and in the consolidated accounts, are shown as follows:

	Parent Company						
Description	Balance at 12/31/2018	Recognized in the income statement	Recognized in the comprehensive results	Balance at 12/31/2019			
Provision for stock losses	-	4	-	4			
Provision for profit sharing	10,899	(2,567)	-	8,332			
Operations with derivatives	61,630	(22,057)	(36,210)	3,363			
Provision for Senar	3,128	(577)	-	2,551			
Others	10,355	24,398	-	34,753			
Depreciation encouraged rural activity	(144,767)	(32,748)	-	(177,515)			
Gain on acquisition of shareholding	(7,680)	-	-	(7,680)			
Cost assigned to fixed assets	(10,543)	2,160	-	(8,383)			
Fair value biological assets	(58,556)	249	-	(58,307)			
AVP - Lease liabilities	-	15,029	-	15,029			
Total	(135,534)	(16,109)	(36,210)	(187,853)			
Non-current liabilities	(135,534)			(187,853)			

	Parent Company						
Description	Balance at 12/31/2018	Recognized in the income statement	Recognized in the comprehensive results	Balance at 12/31/2019			
Provision for inventory adjustment	-	4	-	4			
Provision for profit sharing	12,368	(2,954)	-	9,414			
Operations with derivatives	65,275	(22,760)	(37,232)	5,283			
Provision for Senar	3,418	(623)	-	2,795			
Others	11,361	25,932	-	37,293			
Tax losses and negative base	42,753	2,857	-	45,610			
AVP - Lease liabilities	-	15,064		15,064			
Depreciation encouraged rural activity	(190,102)	(29,598)	-	(219,700)			
Gain on acquisition of shareholding	(7,533)	-	-	(7,533)			
Cost assigned to fixed assets	(44,916)	3,085	62	(41,769)			
Fair value investment property	(2,589)	(251)	-	(2,840)			
Fair value biological assets	(68,967)	6,636	-	(62,331)			
Others	(147)	(6,157)	-	(6,304)			
Total	(179,079)	(8,765)	(37,170)	(225,014)			
Non-current assets	17,168			22,517			
Non-current liabilities	(196,247)			(247,531)			

19. Securities payable (Consolidated)

The company, through its subsidiaries, has contracts for the purchase of land for their use and exploitation. Below we demonstrate the movement of this item:

	Fixed amount payable
Balance as of December 31, 2018	11,567
Additions by area acquisitions	2,823
Payments	(705)
Balance as of December 31, 2019	13,685
Current liabilities	12,273
Non-current liabilities	1,412

20. Equity

a) Capital Stock

At the General and Extraordinary Shareholders' Meeting held on April 30, 2019, the proposal was approved to split all the existing common shares issued by the company, with each 1 (one) existing common share corresponding to 2 (two) common shares. Thus, the company's capital stock is now represented by 190,595,000 (one hundred and ninety million, five hundred and ninety-five thousand) common shares with no par value.

On December 31, 2019, the subscribed capital in the amount of R\$947,522 is represented by 190,595,000 common, nominative, book-entry shares with no par value.

The following is a distribution of the common shares among the shareholders:

Chambaldan	Quantity of Shares		
Shareholder	12/31/2019	12/31/2018	
SLC Participações S.A.	100,969,142	50,483,072	
Administrators and related persons	242,772	58,775	
Treasury shares	3,590,152	1,217,335	
Others	85,792,934	43,538,318	
Total shares of paid-in capital	190,595,000	95,297,500	
(-) Treasury shares	(3,590,152)	(1,217,335)	
Total shares - excluding treasury shares	187,004,848	94,080,165	

b) Capital reserve - goodwill on the issuance of shares

Represented by the goodwill received on the public share offerings held in June 2007 and June 2008 and by the goodwill on treasury stock sales made in connection with the stock option plans, less the costs of issuing these shares (commissions, fees and other expenses), net of tax effects in accordance with CPC 10 (R1) (IFRS 2).

c) Treasury shares

The balance of treasury shares at December 31, 2019 is R\$64,321 and consists of 3,590,152 shares (R\$36,816 at December 31, 2018, consisting of 1,217,335 shares). The movement in the number of treasury shares in the year was as follows:

	Treasury sha		
	Number of shares	In R\$	
Balance as of December 31, 2018	1,217,335	(36,816)	
Stock split from 01/05/2019	2,213,605	-	
Acquisition of treasury shares	1,000,002	(42,708)	
Inventories exercised from option plans	(840,790)	15,203	
Balance as of December 31, 2019	3,590,152	(64,321)	

The market value of treasury shares, calculated based on the last stock exchange quotation before the year-end date, was R\$89,036 (R\$24.80 per share) at December 31, 2019 and R\$50,958 (R\$41.86 per share at December 31, 2018 - price of the share before the split, which occurred in 2019).

d) Legal reserve

The legal reserve is established on the basis of 5% of the net profit for the year limited to 20% of the share capital. As provided for in the Bylaws in article 35, paragraph a, in the fiscal year in which the balance of the legal reserve plus the amounts of the capital reserves referred to in paragraph 1 of article 182 of Law 6404/76 exceeds thirty percent (30%) of the capital stock, it shall not be mandatory to allocate part of the net profit of the fiscal year to the legal reserve. For the year ended December 31, 2019, the company constituted a legal reserve of R\$15,575.

e) Reserve for expansion

According to the provisions of Article 194 of Law 6404/76 and Article 35 of the company's Bylaws, a Reserve for Expansion shall be formed based on the remaining profit after the legal and statutory deductions, for the purpose of investing in operating assets or capital expenditures, this reserve may not exceed the amount of capital stock.

f) Profit retention reserve

The balance at December 31, 2019 and December 31, 2018 refers to the remaining balance of retained earnings for the year 2007, which was retained as a profit retention reserve for the realization of new investments, provided for in a capital budget approved by the Board of Directors, in accordance with article 196 of Law 6,404/76.

g) Incentive investment reserve

It corresponds to tax benefits granted by the states of Mato Grosso do Sul, Mato Grosso and Goiás for the reduction in the amount of ICMS to be collected from 70% to 75%, in the form of a presumed credit, for the operations of cotton, cotton seed and corn, classified as investment subsidy.

h) Dividends

According to the Bylaws, the minimum mandatory dividend is calculated on the basis of 25% of the net profit remaining for the year, after the reserves established by law have been constituted.

The composition of the proposed dividend calculations for the year ended December 31, 2019 was thus distributed:

	12/31/2019	12/31/2018 (resubmitted)
Net income for the year	311,514	381,250
Appropriation of the legal reserve	(15,575)	(19,062)
Appropriation of the investment incentive reserve	(939)	(9,565)
Basis for calculating the proposed dividends	295,000	352,623
Mandatory minimum dividend - 25%	73,753	88,156
Proposed additional dividend - 25% (a)	73,749	88,156
Proposed Dividends	147,502	176,312
Dividend per share	0.7739	0.9251
% on the basis	50%	50%

(a) Management's proposal to be deliberated at the Annual General Meeting, scheduled to take place in April 2020.

i) Earning (loss) per share

In accordance with CPC 41 - Earnings per Share (IAS 33), the following table reconciles the net income for the period with the values used to calculate basic and diluted earnings per share.

The company has a category of dilutive potential common shares that refer to stock option plans. For these stock option plans, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the company's stock) based on the monetary value of the subscription rights attached to the stock option plans.

The number of shares calculated as described above is compared with the number of shares issued, assuming the exercise of the stock option plans.

	12/31/2019	12/31/2018 (resubmitted)
Numerator		
Net income for the year (a)	311,514	381,250
Denominator		
Weighted average number of common shares (b)	186,716,805	188,297,218
Weighted average number of common shares considering dilutive effects (c)	188,242,245	189,629,066
Basic earnings per common share (a/b)	1.66838	2.02472
Diluted earnings per common share (a/c)	1.65486	2.01050

j) Other comprehensive income

The other comprehensive income in shareholders' equity, net of tax effects, is composed as follows:

	12/31/2019	12/31/2018
Hedge accounting	(20,864)	(93,137)
Assigned cost of fixed assets and property fair value adjustment for investments	1,117,952	1,155,189
Gain in the variation of interest	25,909	25,909
Total other comprehensive results	1,122,997	1,087,961

21. Financial income

	Parent Company		Consolid	ated
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Financial expenses:				
Interest paid	(95,390)	(87,479)	(113,048)	(100,762)
Exchange variation	(110,497)	(150,562)	(125,847)	(158,434)
AVP - lease liabilities	(121,740)	=	(47,607)	-
Losses on derivatives transactions	(48,611)	(91,599)	(55,683)	(92,530)
Others	(4,024)	(6,053)	(5,524)	(7,556)
	(380,262)	(335,693)	(347,709)	(359,282)
Financial income:				
Revenues from financial investments	20,687	30,667	31,208	34,052
Exchange variation	105,905	127,762	122,350	138,285
Gains from derivative transactions	41,149	110,764	45,902	111,524
Others	3,174	2,284	4,199	2,745
	170,915	271,477	203,659	286,606
FINANCIAL INCOME	(209,347)	(64,216)	(144,050)	(72,676)

22. Commitments

22.1. Sales contracts for future delivery

The company and its subsidiaries have sales contracts for future delivery with some customers, as shown below:

Product	Parent Company						
Product	Delivery date	Quantity	Contracts	Unit	Price		
2018/19 Crop							
Cotton lint	Jan-Jun/20	40,701	36	ton	US\$ 1,609.58		
Corn	Jan/20	372,500	5	SC	R\$40.72		
2019/20 Crop							
Cotton lint	Aug/20-Jul/21	120,800	30	ton	US\$ 1,628.54		
Soybean	Jan/20 - May/20	3,619,000	19	SC	US\$ 18.13		
Soybean	Jan/20 - May/20	2,500,237	38	SC	R\$68.01		
Corn	Jun/20-Aug/20	4,300,000	17	SC	R\$27.47		

Dundunt	Consolidated						
Product	Delivery date	Quantity	Contracts	Unit	Price		
2018/19 Crop							
Cotton lint	Jan/20-Jun/20	44,727	47	ton	US\$ 1,596.57		
Corn	Jan/20	372,500	5	sc	R\$40.72		
2019/20 Crop							
Cotton lint	Aug/20-Jul/21	132,800	33	ton	US\$ 1,618.84		
Soybean	Jan/20-May/20	4,700,020	27	SC	US\$ 17.86		
Soybean	Jan/20-May/20	2,772,737	41	SC	R\$67.83		
Corn	Jun/20-Sep/20	5,121,667	23	sc	R\$25.99		

22.2. Third party lease agreements

As of December 31, 2019, the company and its subsidiaries have third-party lease agreements and building leases, thus distributed:

Unit Location		Currency	Lease Liabilities (scope IFRS 16)	Lease Payable		
			12/31/2019	12/31/2019	12/31/2018	
Paiaguás	Diamantino-MT	R\$	37,669	89	4,123	
Paladino	São Desidério-BA	R\$	32,062	-	8,495	
Palmares	Barreiras-BA	R\$	91,774	70	18,483	
Palmeira	Alto Parnaiba-MA	R\$	32,872	-	2,996	
Pamplona	Cristalina-GO	R\$	17,136	-	1,125	
Panorama	Correntina-BA	R\$	56,701	-	5,777	
Pantanal	Chapadão do Céu-GO e Chapadão do Sul-MS	R\$	227,453	-	10,928	
Parceiro	Formosa do Rio Preto-BA	R\$	19,965	-	1,022	
Parnaiba	Tasso Fragoso-MA	R\$	48,765	2	1,250	
Planalto	Costa Rica-MS	R\$	6,436	64	638	
Planeste	Balsas-MA	R\$	54,785	-	3,905	
Planorte	Sapezal-MT	R\$	3,472	-	=	
Matriz	Porto Alegre-RS	R\$	626	-	-	
			629,716	225	58,742	
Short-term I	iabilities		114,567	225	58,742	
Long-term I	iabilities		515,149	-	-	

The lease liabilities shown in the previous page have a discount rate ranging from 6% to 9.75%.

In relation to third party lease agreements we also inform you that: (i) there are no contingent payment clauses; (ii) there are no renewal terms or purchase options, except for the contract of Fazenda Planalto, related to 1,603 ha, which has annual renewal; (iii) the land lease contracts are indexed, in its majority, to the variation of the price of the soybean bag, and there are no other readjustment clauses; (iv) there are no restrictions imposed, such as those related to dividends and interest on equity, additional debt, or any other that requires additional disclosure.

In addition to leasing crop land, the company has operational leasing contracts for a cotton processing unit at Fazenda Palmares (in Barreiras-BA, for R\$1,850 per year, until August 31, 2023), at Fazenda Paladino (in São Desidério-BA, for R\$1,000 per year until August 31, 2021) and at Fazenda Pantanal (Chapadão do Céu - GO, for R\$400 per year until August 31, 2030), equipment rents at Fazenda Planorte (in Sapezal-MT) and Fazenda Paiaguás (in Diamantino-MT), with decreasing values each year until April 30, 2026, and rents from its administrative headquarters in Porto Alegre-RS.

The statement of the maturity flows of lease and lease liabilities payable is presented in note 23.

23. Risk management and financial instruments

The sales revenues of the company and its subsidiaries are generated mainly from the commercialization of agricultural commodities such as cotton, soybeans and corn; products that are quoted in dollars on the Chicago Board of Trade - CBOT and Intercontinental Exchange Futures US - ICE international exchanges. Therefore, the volatility of the international price of the commodity and the exchange rate are market risks to which the company and its subsidiaries are exposed.

In addition, the company and its subsidiaries engage in financing operations in the financial market at pre-fixed or post-fixed rates. Therefore, the company presents a risk to the variation of interest rates in the indebtedness contracted with post-fixed interest rates.

Fair values are determined based on market price quotations, where available, or, in the absence of these, on the present value of expected cash flows. The fair values of cash and cash equivalents, trade receivables, short-term debt and trade payables are equivalent to their book values. The fair values of other long-term assets and liabilities do not differ significantly from their book values.

The estimated fair value of the long-term loans of the parent company and consolidated at December 31, 2019 was R\$917,982, and R\$1,137,325, respectively, calculated at prevailing market rates, considering the nature, term and risks similar to those of the contracts recorded, and can be compared with the book value of R\$930,991 and R\$1,157,012.

The hierarchy of fair values of financial assets and liabilities recorded at fair value on a recurring basis was performed using the following criteria::

- Level 1 Prices quoted (unadjusted) in active markets for assets and liabilities and identical
- Level 2 Inputs, except quoted prices, included in Level 1 that are observable for the asset or liability, directly (prices) or indirectly (derived from prices)
- Level 3 Assumptions, for assets or liabilities, that are not based on observable market data (unobservable inputs).

The table below presents the hierarchy of fair values of financial assets and liabilities recorded at fair value on a recurring basis:

		Parent Co	ompany	
	Booky	-1	Fair Va	alue
	BOOKV	alue	Level 2	Level 2
	12/31/2019	12/31/2018	31/12/2019	31/12/2018
ASSETS				
Fair value through profit or loss				
Cash and cash equivalents	649,548	384,628	649,548	384,628
Financial investments	54,302	130,143	54,302	130,143
Subtotal	703,850	514,771	703,850	514,771
Amortized cost				
Accounts receivable from customers	137,114	115,839	137,114	115,839
Credits with related parties	32,090	7,447	32,090	7,447
Subtotal	169,204	123,286	169,204	123,286
Fair value of hedge instruments				
Operations with derivatives	41,467	66,082	41,467	66,082
Subtotal	41,467	66,082	41,467	66,082
TOTAL ASSETS	914,521	704,139	914,521	704,139
LIABILITIES				
Liabilities for amortized cost				
Loans and financing	1,557,727	1,396,013	1,544,998	1,372,977
Suppliers	773,124	586,330	773,124	586,330
Debts with related parties	2,763	25,670	2,763	25,670
Lease liabilities with related parties	899,805	-	899,805	-
Lease liabilities with third parties	597,651	-	597,651	-
Lease payable	225	50,246	225	50,246
Other accounts payable	113,471	138,655	113,471	138,655
Subtotal	3,944,766	2,196,914	3,932,037	2,173,878
Fair value of hedge instruments				
Derivatives payable	51,358	135,385	51,358	135,385
Subtotal	51,358	135,385	51,358	135,385
TOTAL LIABILITIES	3,996,124	2,332,299	3,983,395	2,309,263

		Consolid	lated	
	D. J.		Fair Va	lue
	Book va	ilue	Level 2	Level 2
	12/31/2019	12/31/2018	31/12/2019	31/12/2018
ASSETS				
Fair value through profit or loss				
Cash and cash equivalents	829,427	512,308	829,427	512,308
Financial investments	55,992	130,428	55,992	130,428
Subtotal	885,419	642,736	885,419	642,736
Amortized cost				
Accounts receivable from customers	178,405	131,546	178,405	131,546
Credits with related parties	11	6	11	6
Securities receivable	71,657	66,342	71,657	66,342
Subtotal	250,073	197,894	250,073	197,894
Fair value of hedge instruments				
Operations with derivatives	45,336	68,992	45,336	68,992
Subtotal	45,336	68,992	45,336	68,992
TOTAL ASSETS	1,180,828	909,622	1,180,828	909,622
LIABILITIES				
Liabilities for amortized cost				
Loans and financing	1,859,766	1,605,071	1,840,398	1,562,967
Suppliers	922,000	703,564	922,000	703,564
Debts with related parties	125	-	125	-
Other accounts payable	123,584	147,702	123,584	147,702
Lease liabilities with third parties	629,716	-	629,716	-
Lease payable	225	58,742	225	58,742
Securities payable	13,685	11,567	13,685	11,567
Subtotal	3,549,101	2,526,646	3,529,733	2,484,542
Fair value of hedge instruments				
Derivatives payable	60,873	147,798	60,873	147,798
Subtotal	60,873	147,798	60,873	147,798
TOTAL LIABILITIES	3,609,974	2,674,444	3,590,606	2,632,340

a) Policy of use, objectives and strategies

The objective of the use of financial derivative instruments by the company and its subsidiaries is the protection of operating margins. The company created an Executive Risk Management Committee in July 2008 and approved the Risk Management Policy at the meeting of the Board of Directors on October 29, 2008. The Risk Management Executive Committee is the liaison body between the Board of Directors and the company's Executive Board. Its mission involves the daily support to the decisions of the Executive Board, the monitoring of compliance with the established risk limits and, when appropriate, the preliminary analysis and evaluation of proposals for adjustments or reformulation of policies or risk limits for subsequent submission to the Board of Directors for deliberation.

Derivative transactions are carried out with prime financial institutions (institutions in the country with "Ratings" of at least "A" in at least one of the three main international rating agencies, namely: Moody's, S&P and/or Fitch), observing limits and exposures to the exchange, commodities and interest risks of its counterparties on a regular basis.

b) Gains (losses) from financial instruments under parent company and consolidated shareholders' equity

Forward contract (NDF) and commodity swap transactions (see note 23.i) are fixed to protect future sales exposure in dollars. In addition, debt swap operations aim to protect the future exchange rate variation of dollar loans. These operations are documented for registration through the hedge accounting methodology in accordance with CPC 48 and IFRS 9. The company records in a specific shareholders' equity account the unrealized effects of these instruments contracted for its own operations or those contracted on a consolidated basis to cover future sales.

c) Currency risk

In order to protect the sales revenues of the company and its subsidiaries, which are subject to exchange rate volatility, financial derivative instruments are used, whose portfolio basically consists of NDF (Non Deliverable Forward) contracts.

These operations are carried out directly with financial institutions, in an over the counter environment, where there are no margin calls. The impact on the cash flow of the company and its subsidiaries occurs only on the date of settlement of the contracts. However, it should be considered that the settlement of these financial transactions is associated with the receipt of sales, which are also associated with foreign exchange variation, thus offsetting any gains or losses in hedging derivative instruments due to exchange rate variations.

The Business Plan is constantly updated for analysis of exchange rate risk exposure, considering the following premises: (I) projection of planted area; (II) expected productivity; (III) prices of commodities, which are quoted in the dollar currency, considering the volume weighted average of sales prices and market prices of the volume to be sold; and, (IV) distribution of sales in the analyzed periods. After the definition of the Business Plan and the measurement of the previously exposed items, the total exchange rate exposure is reached.

Based on the cost already formed with the purchase of the main inputs (fertilizers, defensives and seeds) and estimated fixed costs, the expected operating margin is determined. In this way, the risk management committee executes the parameters described in the risk management policy, with the objective of reducing the standard deviation of the operating margin defined as a target.

The table below shows the positions, of the company and its subsidiaries, with the nominal and fair values of each instrument contracted, namely:

Description		Reference va (notional)		Fair Value (MTM)		
	Currency	12/31/2019	12/31/2018	Currency	12/31/2019	12/31/2018
FORWARD CONTRACTS (NDF):						
Foreign Currency - Sold Position						
Due in 2019	USD	-	390,178	R\$	-	(117,490)
Due in 2020	USD	369,332	56,630	R\$	(6,452)	(7,395)
Due in 2021	USD	68,450	-	R\$	7,911	-
Due in 2022	USD	-	-	R\$	-	_
TOTAL	USD	437,782	446,808	R\$	1,459	(124,885)

The following details the maturity schedule of the derivative operations and deferred exchange variation, which are framed in the "hedge accounting" methodology:

Maturity	Currency	Forward Contracts (NDF)
Up to 03/31/2020	R\$	(18,319)
Up to 06/30/2020	R\$	1,097
Up to 09/30/2020	R\$	2,145
Up to 12/31/2020	R\$	8,625
Up to 03/31/2021	R\$	6,679
Up to 06/30/2021	R\$	1,232
TOTAL	R\$	1,459

The table below shows the opening of foreign exchange derivatives by counterparty (of the company and its subsidiaries):

Description	Refe	rence Value (r	notional)	Fair Value			
Description	Currency	12/31/2019	12/31/2018	Currency	12/31/2019	12/31/2018	
Banco Itaú BBA S/A	USD	98,990	67,180	R\$	1,175	(16,446)	
Citibank S/A	USD	15,000	-	R\$	(979)	_	
Banco Safra S.A.	USD	7,475	10,150	R\$	(58)	(1,357)	
Banco BNP Paribas Brasil S.A.	USD	5,700	37,674	R\$	1,197	(16,763)	
Banco Bradesco S/A	USD	31,795	5,320	R\$	(939)	638	
Banco Votorantim S/A	USD	70,460	62,272	R\$	(3,524)	(19,991)	
Morgan Stanley S/A	USD	72,100	70,600	R\$	4,433	(16,036)	
Banco J.P. Morgan S/A	USD	14,550	33,100	R\$	781	(7,102)	
Banco Santander Brasil S/A	USD	66,962	97,390	R\$	1,425	(30,277)	
Banco ABC Brasil S.A.	USD	16,760	18,252	R\$	2,035	(8,507)	
Rabobank International Brasil S.A.	USD	29,990	38,670	R\$	(2,988)	(8,269)	
Banco BTG Pactual S.A.	USD	8,000	6,200	R\$	(1,099)	(775)	
TOTAL	USD	437,782	446,808	R\$	1,459	(124,885)	

The following criteria were used to determine the fair value of forward contract operations (NDF): future dollar curve published by B3 (www.b3.com.br) at the end of each period. Based in this information, the adjustment projected in the maturity of each operation is discounted by the yield curve DI x Pre B3 (www.b3.com.br) of closing each period.

Risks of exchange rate variation

The company projected the potential impact of foreign exchange hedging operations and indebtedness in dollars in five scenarios for the years 2020, 2021 and 2022, as follows:

- Probable Scenario: Based on the FOCUS report (BACEN) released on December 27, 2019, we have defined the probable scenario with the dollar quotation of R\$4.0800 varying to the Ptax rate of R\$4.0307 on December 31, 2019.
- Decrease of 25% in the exchange rate: in this scenario the operations would be settled at the rate of R\$3.0600, equivalent to 25% lower than the rate in the Probable Scenario.
- Decrease of 50% in the exchange rate: in this scenario the operations would be settled at the rate of R\$2.0500, equivalent to 50% less than the rate in the Probable Scenario
- Increase of 25% in the exchange rate: in this scenario the operations would be settled at the rate of R\$5.1000, equivalent to 25% higher than the rate in the Probable Scenario.
- Increase of 50% in the exchange rate: in this scenario the operations would be settled at the rate of R\$6.1200, equivalent to 50% higher than the rate in the Probable Scenario.

The following is a summary of the consolidated impacts in each projected scenario:

	Pa	rent Company			
Description	Remote Scenario Quotation R\$2,0400	Possible Scenario Quotation R\$3,0600	Scenario by year-end quotation Quotation R\$4,0907	Possible Scenario Quotation R\$5,1000	Remote Scenario Quotation R\$6,1200
Financial year 2020					
Highly probable estimated revenue in USD (1)	(963,953)	(481,977)	(23,296)	481,977	963,953
Estimated commitments in USD (2)	369,444	184,722	8,928	(184,722)	(369,444)
Forward Contracts (NDF) (3)	268,994	134,497	6,501	(134,497)	(268,994)
Net exposure in USD (1)-(2)- (3)	(325,515)	(162,758)	(7,867)	162,758	325,515
Financial year 2021					
Highly probable estimated revenue in USD (1)	(1,160,878)	(580,439)	(28,055)	580,439	1,160,878
Estimated commitments in USD (2)	99,756	49,878	2,411	(49,878)	(99,756)
Forward Contracts (NDF) (3)	28,050	14,025	678	(14,025)	(28,050)
Net exposure in USD (1)-(2)-(3)	(1,033,072)	(516,536)	(24,966)	516,536	1,033,072
Financial year 2022					
Highly probable estimated revenue in USD (1)	(384,087)	(192,044)	(9,282)	192,044	384,087
Net exposure in USD (1)	(384,087)	(192,044)	(9,282)	192,044	384,087
TOTAL	(1,742,674)	(871,338)	(42,115)	871,338	1,742,674

	(Consolidated			
Description	Remote Scenario Quotation R\$2,0400	Possible Scenario Quotation R\$3,0600	Scenario by year-end quotation Quotation R\$4,0907	Possible Scenario Quotation R\$5,1000	Remote Scenario Quotation R\$6,1200
Description					
Financial year 2019	(1,098,434)	(549,217)	(26,545)	549,217	1,098,434
Highly probable estimated revenue in USD (1)	429,379	214,690	10,377	(214,690)	(429,379)
Estimated commitments in USD (2)	324,058	162,029	7,831	(162,029)	(324,058)
Forward Contracts (NDF) (3)	(344,997)	(172,498)	(8,337)	172,498	344,997
Net exposure in USD (1)-(2)-(3)					
Financial year 2020	(1,349,113)	(674,557)	(32,604)	674,557	1,349,113
Highly probable estimated revenue in USD (1)	107,508	53,754	2,598	(53,754)	(107,508)
Estimated commitments in USD (2)	32,130	16,065	776	(16,065)	(32,130)
Forward Contracts (NDF) (3)	(1,209,475)	(604,738)	(29,230)	604,738	1,209,475
Net exposure in USD (1)-(2)-(3)					
Financial year 2021	(452,933)	(226,467)	(10,946)	226,467	452,933
Highly probable estimated revenue in USD (1)	(452,933)	(226,467)	(10,946)	226,467	452,933
TOTAL	(2,007,405)	(1,003,703)	(48,513)	1,003,703	2,007,405

The following shows the net exposure to currency risk:

	Parent Company							
		31/2019	12/31/2018					
		Balance in (USD thousand)						
Accounts receivable from customers (note 6)	125,979	31,255	105,704	27,280				
Suppliers	(138,313)	(34,315)	(229,606)	(59,254)				
Trade finance (indebtedness in dollars)	-	-	(48,435)	(12,500)				
Net balance sheet exposure	(12,334)	(3,060)	(172,337)	(44,474)				

	Consolidated							
	12/	/31/2018						
	Balance in (R\$)	Balance in (USD thousand)	Balance in (R\$)	Balance in (USD thousand)				
Accounts receivable from customers (note 6)	166,942	41,418	117,506	30,326				
Suppliers	(167,891)	(41,653)	(281,315)	(72,599)				
Trade finance (indebtedness in dollars)	-	-	(48,435)	(12,500)				
Net balance sheet exposure	(949)	(235)	(212,244)	(54,773)				

d) Price risk

Most of the protection against commodity price fluctuations is carried out through sales directly with our customers with physical future delivery (forward contracts). In addition, futures contracts, negotiated in an exchange environment, and financial transactions of swap contracts, with financial institutions in the overthe-counter market are also used. These operations are traded with reference to prices of commodities quoted in the futures market. All operations are related to the net exposure of the production of the company and its subsidiaries, so that every operation has its ballast in physical product. Transactions carried out in an exchange environment require the availability of initial margins and adjustments are made daily, according to the variation in the reference price. On the other hand, operations with financial institutions do not require initial margins, since these operations are supported by a credit limit pre-approved by financial institutions.

The table below shows the derivative financial instruments contracted for protection against variation in the price of commodities, the effects of which are recorded in shareholders' equity as they are recorded in the form of hedge accounting.

Deceriation		rence Value (Fair Value			
Description	Currency	12/31/2019	12/31/2018	Currency	12/31/2019	12/31/2018		
Financial Operations								
Commodities - Cotton								
Maturities in 2019	USD	-	60,121		-	18,579		
Maturities in 2020	USD	135,483	20,836	R\$	(19,444)	5,017		
Maturities in 2021	USD	17,656	-	R\$	(4,245)	-		
Grand total	USD	153,139	80,957	R\$	(23,689)	23,596		

Commodity price risk

The company has projected the potential impact of changes in soybean and cotton prices in 5 scenarios for the years 2020 and 2021, as follows:

- Probable Scenario: Based on the closing price on 12/31/2019 of the reference future contract on the stock exchange where production is priced.
- 25% drop in the price of the reference futures contract on the exchange where production is priced.
- 50% drop in the price of the reference futures contract on the exchange where production is priced.
- 25% increase in the price of the reference future contract on the stock exchange where production is priced.
- 50% increase in the price of the reference future contract on the stock exchange where production is priced.

The price sensitivity assessment considers as exposure the total estimated revenue (highly probable sales revenue) and the totality of hedge instruments contracted, generally represented by future sales of agricultural products, in relation to the exposure of the same items sold (hedged highly probable sales revenue).

The following is a summary of the impacts in each projected scenario converted into R\$4.0307 by the PTAX sale at the end of December 31, 2009:

Description	Remote Scenario-50%	Possible Scenario-25%	Probable Scenario	Possible Scenario+25%	Remote Scenario+50%
COTTON - 2020					
Highly likely income	1,265,880	1,318,027	1,370,174	1,422,321	1,474,468
Highly likely income hedged	1,161,586	1,161,586	1,161,586	1,161,586	1,161,586
Net exposure	104,294	156,441	208,588	260,735	312,882
Change in Net Exposure	(104,294)	(52,147)	-	52,147	104,294
SOYBEAN - 2020					
Highly likely income	703,414	791,250	879,086	966,922	1,054,758
Highly likely income hedged	527,742	527,742	527,742	527,742	527,742
Net exposure	175,672	263,508	351,344	439,180	527,016
Change in Net Exposure	(175,672)	(87,836)	-	87,836	175,672
COTTON - 2021					
Highly likely income	880,265	1,102,659	1,325,053	1,547,447	1,769,841
Highly likely income hedged	435,477	435,477	435,477	435,477	435,477
Net exposure	444,788	667,182	889,576	1,111,970	1,334,364
Change in Net Exposure	(444,788)	(222,394)	-	222,394	444,788
SOYBEAN - 2021					
Highly likely income	459,289	613,297	767,305	921,313	1,075,321
Highly likely income hedged	151,273	151,273	151,273	151,273	151,273
Net exposure	308,016	462,024	616,032	770,040	924,048
Change in Net Exposure	(308,016)	(154,008)	-	154,008	308,016

e) Interest risk

A portion of the indebtedness related to the company's export financing operations is linked to pre-fixed interest rates, which is the interest rate used in loans indexed to the US dollar or euro.

In order to hedge foreign exchange variation on loans, financings and suppliers, the company carries out hedge operations through swap instruments with first-tier financial institutions. These operations consist of an exchange of exchange rate and pre-fixed interest rates for interest rate in CDI plus Pre-fixed Rate (passive position). The value of the principal (notional) and maturity of the swap transaction is identical to the debt flow, which is the object of the hedge. This eliminates the risk of exchange rate fluctuation.

The following is a breakdown of the currency and interest rate swap transaction:

Counterparty	Hedge instrument	Hedged object	МТМ	Financial income	Shareholders' equity
ltaú	Swap of R\$ 100MM (VC Assets / Liability CDI+Pre)	USD 26.6MM debt at interest of 4.37% aa.	6,915	6,701	214
Bradesco	Swap of R\$ 200MM (CDI+Pre Assets / Liabilities)	Debt of R\$ 200MM at interest of 6.28% p.a.	1,037	413	624
Rabobank	Swap of R\$ 30MM (VC Assets / Liability CDI+Pre)	Debt of EUR 6.9MM at interest of 1.11% aa.	(90)	(58)	(32)
Rabobank	Swap of R\$ 5MM (VC Assets / Liability CDI+Pre)	Debt of EUR 1.15MM at interest of 1.11% aa.	(15)	(10)	(5)
Rabobank	Swap of R\$ 17.5MM (VC Assets / Liability CDI+Pre)	Debt of EUR 3.8MM at interest of 0.81% aa.	(577)	(326)	(251)
Rabobank	Swap of R\$ 17.5MM (VC Assets / Liability CDI+Pre)	Debt of EUR 3.8MM at interest of 0.81% aa.	(577)	(326)	(251)
Total			6,693	6,394	299

Risk of variations in interest rates

In order to verify the sensitivity of the indexes on the company's debt, based on the position as of December 31, 2019, 5 different scenarios were defined. Based on the FOCUS report (Bacen) of December 27, 2019 we have defined the key figures for CDI and Foreign Exchange. Based on this information we defined the Probable Scenario for the analysis and from this we calculated the variations of 25% and 50%. For each scenario, the financial expense or gross financial revenue was considered, not considering the incidence of taxes and the flow of maturities of debts and redemptions of financial investments scheduled for 2019. The base date for the portfolio was December 31, 2019, projecting the indexers for one year and checking their sensitivity in each scenario.

The following is a summary of the impacts over the next 12 months in each scenario:

	Interest Datet	Barda Balanca at 12 /21 /2010	Decrease of EOV	Decrees of 2E%	Probable Scenario	In annual of 2E%	Increase of EO9/
Date to DDI Day Florid Date	Interest Rate*	Book Balance at 12/31/2019	Decrease of 50%	Decrease of 25%	Probable Scenario	Increase of 25%	Increase of 50%
Debt in BRL Pre-Fixed Rate	/ 00%	100 402	N1/A	N1/A	N1/A	N1/A	NI/A
Rural Credit	6.00%	108,483	N/A	N/A	N/A	N/A	N/A
Constitutional Funds	0.00%	-	N/A	N/A	N/A	N/A	N/A
BNDES	5.32%	69,830	N/A	N/A	N/A	N/A	N/A
Export Financing	6.50%	111,423	N/A	N/A	N/A	N/A	N/A
Debts in BRL Post-Fixed Rate	9						
BNDES	UMBNDES	3,405	(153)	(190)	(227)	(263)	(300)
Working Capital	118.50%	210,488	(6,272)	(8,587)	(10,903)	(13,218)	(15,534)
Export Financing	117.20%	416,492	(12,181)	(16,763)	(21,344)	(25,926)	(30,507)
CRA	100.25%	561,447	(12,411)	(18,587)	(24,763)	(30,939)	(37,115)
Debts in Dollars							
NCE	4.17%	110,212	N/A	N/A	N/A	N/A	N/A
Debts in Euro							
NCE	0.81%	17,224	N/A	N/A	N/A	N/A	N/A
NCE	0.81%	17,224	N/A	N/A	N/A	N/A	N/A
NCE	1.11%	5,234	N/A	N/A	N/A	N/A	N/A
NCE	1.11%	31,403	N/A	N/A	N/A	N/A	N/A
Pre-Swap Debts							
CPR-F	6.28%	203,002	N/A	N/A	N/A	N/A	N/A
Swap							
Swap VC x CDI + PRE**	Assets: 4.37 % p.a. Liabilities: CDI + 0.5%	6,915	(187)	(263)	(339)	(415)	(491)
Swap VC x CDI + PRE**	Assets: 0.81% p.a. Liabilities: CDI 0.85% p.a.	(577)	18	24	30	37	43
Swap VC x CDI + PRE**	Assets: 0.81% p.a. Liabilities: CDI 0.85% p.a.	(577)	18	24	30	37	43
Swap VC x CDI + PRE**	Assets: 1.11% p.a. Liabilities: CDI 0.75% p.a.	(15)	-	1	1	1	1
Swap VC x CDI + PRE**	Assets: 1.11% p.a. Liabilities: CDI 0.75% p.a.	(90)	3	4	5	6	7
Swap PRE x CDI + PRE**	Assets: 6.28 % p.a. Liabilities: CDI 0.55% p.a.	1,037	(29)	(40)	(51)	(63)	(74)
Financial Investments							
CDB and Debentures	99.91% CDI	878,656	19,313	28,970	38,626	48,283	57,939

 $^{^{(\}prime)}$ Average annual rates. $^{(\prime)}$ Amounts referring to the calculation of the adjustment of the operation on December 31, 2019.

f) Credit risk

A substantial portion of the sales of the company and its subsidiaries is made to select and highly qualified clients: trading companies and weaving mills among others that usually acquire large volumes to guarantee local and international trading. Credit risk is managed by specific customer acceptance rules, credit analysis and setting exposure limits per customer. Historically, the company and its subsidiaries have not recorded significant losses on trade accounts receivable.

Depending on the above, the credit risk assumed is not relevant. The company considers the balance of accounts receivable from customers as exposed to this risk. At December 31, 2019, the balance is R\$137,114 in the parent company and R\$178,405 in the consolidated (R\$115,839 in the parent company and R\$131,546 in the consolidated at December 31, 2018).

g) Liquidity risk

The gross outflows, disclosed below, represent the contractual undiscounted cash flows related to derivative and non-derivative financial liabilities held for risk management purposes and that are not normally closed before the contractual maturity. The table presents net cash flows for cash derivatives settled by net exposure and gross cash outflows for derivatives that have simultaneous gross settlement.

	Parent Company										
December 31, 2019	Book Value	Contractual cash flow	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years			
DECEMBER 31, 2019											
Financial Liabilities											
Non derivatives	1,557,727	1,673,923	640,447	457,923	408,999	147,130	5,935	13,488			
Loans and financing	773,124	773,124	773,124	-	-	-	-	-			
Suppliers	1,497,456	2,570,212	220,810	212,588	208,736	207,659	190,104	1,530,315			
Securities payable	3,828,307	5,017,259	1,634,381	670,511	617,735	354,789	196,039	1,543,803			
Derivatives	9,891	9,891	16,863	(5,936)	(1,036)	-	-	-			
Operations with derivatives	9,891	9,891	16,863	(5,936)	(1,036)	-	-	-			
	3,838,198	5,027,150	1,651,244	664,575	616,699	354,789	196,039	1,543,803			

	Parent Company										
December 31, 2019	Book Value	Contractual cash flow	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years			
DECEMBER 31, 2019											
Financial Liabilities											
Non-derivatives	1,859,766	1,996,640	718,133	577,604	519,559	152,389	10,514	18,441			
Loans and financing	922,000	922,000	922,000	-	-	-	-	-			
Suppliers	13,685	13,685	13,685	-	-	-	-	_			
Securities payable	629,716	895,097	118,872	109,695	103,926	102,586	84,153	375,865			
Lease liabilities	3,425,167	3,827,422	1,772,690	687,299	623,485	254,975	94,667	394,306			
Derivatives	15,537	15,537	21,222	(5,908)	223	-	-	-			
Operations with derivatives	15,537	15,537	21,222	(5,908)	223	-	-	_			
	3,440,704	3,842,959	1,793,912	681,391	623,708	254,975	94,667	394,306			

Cash flows included in the maturity analysis are not expected to occur significantly earlier or at different values.

On February 22, 2019, S&P Global Ratings published the company's corporate rating, ranking it as br AA- on a national scale (Brazil).

h) Summary of outstanding derivative transactions

The following table presents the consolidated derivative instruments of the company that are reflected under assets and liabilities:

Provide the control of the control o	R	eference value (noti	onal)	F	air value recorded on a	ssets	Fair value recorded	on liabilities
Description	Currency	12/31/2019	12/31/2018	Currency	12/31/2019	12/31/2018	12/31/2019	12/31/201
Hedge operations for exchange rates								
NDF contracts - 23.c	USD	437,782	446,808	R\$	24,663	3,910	23,204	128,79
Trade Finance Contracts* - 23.c	USD	-	12,500	R\$	-	-	-	24,16
Subtotal	USD	437,782	459,308	R\$	24,663	3,910	23,204	152,95
Hedge operations for products - financial operations								
Cotton - 23.d	USD	153,139	80,957	R\$	12,721	37,839	36,410	14,24
Subtotal	USD	153,139	80,957	R\$	12,721	37,839	36,410	14,24
Hedge operations for exchange rates								
Swap VC+Pre x CDI+Pre	USD	26,666	56,666	R\$	6,915	27,243	-	4,76
Subtotal	USD	26,666	56,666	R\$	6,915	27,243	-	4,76
Hedge operations for exchange rates								
Swap VC+Pre x CDI+Pre	EUR	15,671	_	R\$	-	-	1,259	
Subtotal	EUR	15,671	-	R\$	-	-	1,259	
Hedge operations for interest								
Swap Pre x CDI+Pre	BRL	200,000	=	R\$	1,037	-	-	
Subtotal	BRL	200,000	_	R\$	1,037	-	-	
				R\$	45,336	68,992	60,873	171,96
PORTION CLASSIFIED AS CURRENT				R\$	34,008	60,222	55,230	139,86
PORTION CLASSIFIED AS NON-CURRENT				R\$	11,328	8,770	5,643	7,93

Deferred value in shareholders' equity ("hedge accounting"), as a counterpart to the account of ACC, NCE and PPE, in the group of loans and financing.

i) Gains/losses on derivative transactions

The following table presents the consolidated gains and losses on derivative transactions in the year, grouped by the main risk categories:

		Gains and los	ses recorded in the in	come statement		Gains and losses recorded in equity		
Description		Allocated in gross rev	enue in	Allocated in the finan	cial result in	Gains and I	osses recorded in equit	У
	Currency	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	Movement	12/31/2018
Hedge operations for exchange rates								
NDF contracts	R\$	(142,984)	(85,751)	(1,599)	(173)	(6,814)	118,251	(125,065)
Trade finance contracts	R\$	(24,050)	(18,359)	-	-	-	24,163	(24,163)
Sub-total	R\$	(167,034)	(104,110)	(1,599)	(173)	(6,814)	142,414	(149,228)
Hedge operations for commodities								
Agricultural Commodities Swap								
Cotton	R\$	50,744	(26,699)	27	-	(25,095)	(48,484)	23,389
Sub-total	R\$	50,744	(26,699)	27	-	(25,095)	(48,484)	23,389
Hedge operations for exchange rates								
Swap VC+Pre x CDI+Pre	R\$	-	-	(8,622)	19,167	(326)	14,952	(15,278)
Sub-total	R\$	-	-	(8,622)	19,167	(326)	14,952	(15,278)
Hedge operations for interest								
Swap Pre x CDI+Pre	R\$	-	-	413	-	624	624	
Sub-total	R\$	-	-	413	-	624	624	-
TOTAL	R\$	(116,290)	(130,809)	(9,781)	18,994	(31,611)	109,506	(141,117)

j)Management of capital stock

The main objective of capital management is to ensure the continuity of the company's business, maintaining a low leverage policy, thus protecting its capital from government economic policy fluctuations, maximizing shareholder value.

The company manages the capital structure and adjusts it considering the changing economic conditions in the country. To maintain or adjust the capital structure, the company may adjust the dividend payment policy to the shareholders.

There was no change in the dividend policy in the company's capital management objectives, policies or processes in the period ended December 31, 2019.

	Parent Company		Consol	idated
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Short and long term loans and financing	1,557,727	1,396,013	1,859,766	1,605,071
(-) Cash and cash equivalents and short and long term investments	(703,850)	(514,771)	(885,419)	(642,736)
Gains and losses on derivatives linked to investments and debts	(7,951)	(22,483)	(6,693)	(22,483)
Adjusted Net Debt	845,926	858,759	967,654	939,852
Shareholders' equity	2,784,677	2,598,168	2,984,421	2,794,753
Financial Leverage Index	30.38%	33.04%	32.42%	33.62%

24. Profit Share Program

In conformity with Collective Work Agreements entered into with employee's categories, the company and its subsidiaries have a profit sharing plan for all its employees.

The amount to be distributed as profit sharing is calculated based on the company's consolidated net income; part of the amount is freely distributed to beneficiaries, and the other part is linked to goals established for each production unit.

Interest is calculated by applying 9% to parent company net income. Of this amount, 60% will be distributed to beneficiaries and 40% will depend on compliance with goals established for each production unit. Goal value is limited to 2 nominal salaries for each employee that is beneficiary of the plan.

The value provision in the income for the year in the administrative expenses' group is as follows:

	Parent C	ompany	Consoli	dated
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Profit sharing	24,503	32,054	27,684	36,374

25. Share-based payments

a) Stock option plan

In the Extraordinary Shareholders' Meeting held on May 23, 2007, the company's shareholders approved a stock option plan to take effect on June 15, 2007, for the company's officers and managers. The plan is managed by the Management Committee, which was created by the Board of Directors on May 23, 2007.

The stock option plan is limited to a maximum number of options that results in the dilution of 3% of the company's capital stock on the creation date of each Annual Program. Dilution corresponds to the percentage represented by the number of shares underlying the options divided by the total number of shares issued by the company.

The beneficiaries of the Stock Option Plan may exercise their options within 5 years as from the respective grant date. The vesting period is up to three years, with 30% vested as from the first anniversary, 60% as from second anniversary and 100% as from the third anniversary. The company has 30 days to issue the shares as from the delivery date of the Declaration of Exercise of the Stock Option Plan.

In meetings of the Board of Directors the following grants were approved:

Date of granting	Plan	Number of shares granted
11/11/2015	2015	393,000
11/08/2016	2016	363,500
11/08/2017	2017	373,000
11/13/2018	2018	195,893
11/13/2019	2019	613,750

The movements of the shares granted in the 2015, 2016, 2017, 2018 and 2019 Annual Program and the respective Strike prices, in BRL, are presented as follows:

	Number of shares						
Grant Year	Strike price - R\$	Balance at 12/31/2018	Capital Split	Granted	Exercised	Balance at 31/12/2019	
2015	R\$13.79	126,600	126,600	-	(238,400)	14,800	
2016	R\$11.64	224,370	224,250	-	(309,520)	139,100	
2017	R\$18.02	365,810	363,150	-	(148,360)	580,600	
2018	R\$46.25	195,893	195,893	-	(2,850)	388,936	
2019	R\$14.23	-	-	613,750	-	613,750	
		912,673	909,893	613,750	(699,130)	1,737,186	

The strike price of the 2015, 2016, 2017, 2018 and 2019 annual programs were set based on the average of the 90 closing prices of the company's shares at Bovespa, prior to the approval of the plan, with a 20% discount.

The grace periods from the date of granting are as follows:

Grace periods from the grant date	% of options released for exercise	Maximum number of shares
From - 11/08/2018	9%	158,500
From - 11/08/2019	25%	436,100
From - 11/13/2019	32%	550,786
From - 11/08/2020	49%	849,186
From - 11/12/2020	66%	1,150,847
From - 11/12/2021	86%	1,491,686
From - 11/12/2022	100%	1,737,186

The company recognizes the cost of the option plan based on the fair value of the options granted, considering the fair value of the options at the date of grant. The model used for pricing the fair value of options is Black-Scholes for the 2015, 2017, 2018 and 2019 plans. The 2016 plan was priced using the Binomial model. In determining the fair value of the options plans, the company adopts the "Level 3" valuation technique.

The weighted average fair value, the premiums considered and the economic assumptions used for the calculation in the model are presented below:

	2015	2016	2017	2018	2019
Weighted average fair value	R\$21.36	R\$17.20	R\$18.02	R\$46.25	R\$14.23
Awards	R\$7.57	R\$5.56	R\$6.93	R\$18.16	R\$6.05
Dividend	1.00%	1.00%	1.00%	1.00%	3.50%
Stock price volatility	33.44%	32.39%	32.39%	36.80%	41.45%
Risk-free rate of return					
1 st Maturity	15.41%	12.27%	7.12%	6.95%	4.57%
2 nd Maturity	15.72%	11.49%	8.30%	8.01%	5.14%
3 rd Maturity	15.78%	11.27%	9.18%	8.86%	5.68%
Expected period to maturity					
1 st Maturity	366	366	365	365	365
2 nd Maturity	731	731	730	730	730
3 rd Maturity	1,096	1,096	1,095	1,095	1.095

^(*) Fair value computed based on the share price on the date of grant of each plan.

Reconciliation of outstanding stock options

The number and weighted average share option prices under the share option program are as follows:

	Weighted average strike price	Number of options	Weighted average strike price	Number of options
	12/31/2019	12/31/2019	12/31/2018	12/31/2018
Outstanding at January 1st	R\$39.51	912,673	R\$19.65	1,690,050
Granted during the period	R\$14.23	613,750	R\$46.25	195,893
Exercised during the period	R\$13.87	(699,130)	R\$12.60	(492,670)
Canceled during the period	-	-	R\$16.24	(480,600)
Outstanding	R\$42.42	827,293	R\$39.51	912,673
Exercisable	R\$22.93	550,786	R\$14.57	626,348

Options outstanding as of December 31, 2019 have a Strike price in the range of R\$13.68 to R\$39.51 (R\$14.57 to R\$19.65 as of December 31, 2018).

The weighted average stock price on the exercise date for stock options exercised in the period ended December 31, 2019 was R\$15.22 (R\$12.60 at December 31, 2018).

b) Restricted share plan

In an Extraordinary General Meeting held on April 29, 2015, the company's shareholders approved a restricted share plan, to be effective as of November 11, 2015, for the company's officers and managers. The plan is managed by the Management Committee, created by the Board of Directors on May 23, 2007.

The total number of Restricted Shares that may be granted annually under the Plan, in the sum of all active Programs, shall not exceed 1% (one percent) of the shares representing the total capital stock of the company.

The beneficiaries of the Restricted Shares Plan shall acquire the rights to the Restricted Shares to the extent that they remain continuously bound as administrator or employee of the company or other company under its control, for the period between the Granting Date and the specified dates. The vesting period is up to 3 years, with releases of 30% from the first anniversary, 60% from the second anniversary and 100% from the third anniversary.

Until the rights to the Restricted Shares are fully vested, according to the conditions set forth above, the beneficiary may not pledge, sell, assign, dispose or transfer, directly or indirectly, the Restricted Shares. Once the conditions established are met and provided that the applicable legal and regulatory requirements are complied with, including but not limited to obtaining authorization from the Brazilian Securities and Exchange Commission for private transfer of shares, the company will transfer the respective Restricted Shares to the name of the beneficiary, by means of a term of transfer of the company's registered shares in the system of the agent responsible for the bookkeeping of the shares issued by the company, at no cost to the beneficiary.

At meetings of the Board of Directors held on November 11, 2015, November 08, 2016, November 08, 2017, November 13, 2018 and November 13, 2019, the Restricted Shares Award Programs for 2016, 2017, 2018 and 2019 were approved, with the granting of 98,250, 90,875, 93,375.48,973 and 153,438 shares, respectively.

		Number of shares						
Year of grant	Strike price - R\$	Balance at 12/31/2018	Capital split	Granted	Exercised	Balance at 12/31/2019		
2016	R\$15.10	31,250	31,250	-	(61,250)	-		
2017	R\$18.02	61,075	61,075	-	(51,300)	69,100		
2018	R\$54.60	48,973	48,973	-	(28,956)	67,564		
2019	R\$18.46	-	-	153,438	-	153,438		
		141,298	141,298	153,438	(141,506)	290,102		

In compliance with CPC 10 (R1), based on the grace periods presented, the amounts with restricted share plans were recognized in the statement of income according to the length of the vesting period, with a corresponding entry in shareholders' equity in a specific capital reserve account. In current liabilities, in a specific account for labor obligations, the amounts of INSS and FGTS (expenses), as presented below:

	Restricted actions	
	12/31/2019	12/31/2018
Expenses	R\$2,285	R\$1,280
INSS Expense	R\$302	R\$212
FGTS Expense	R\$255	R\$195

In compliance with CPC 10 (R1), based on the grace periods presented, the amounts with stock options plan and restricted stock plan were recognized in the statement of income, due to the expiration of the vesting period, with a corresponding entry in shareholders' equity in a specific capital reserve account, the amount of R\$5,386 (expense) at December 31, 2019 (R\$4,442 at December 31, 2018).

26. Insurance coverage

The details of the insurance contracted and the coverages are shown as follows:

Nature	Coverage
Grain and cotton stocks	R\$50,000
Machinery and equipment	R\$561,820
Directors' liability	R\$60,000
Buildings and improvements	R\$39,500
Guarantee insurance	R\$22,373
Aircraft – Hull*	R\$13,624
Aircraft - Straight	R\$1,019
General liability	R\$5,000
Corporate	R\$3,557
Drones	R\$10,119
Seeds	R\$10,254
Vehicles	Against third parties

^{*}Hedging value of USD 3,380,000.00, converted by the ptax sale of the last day of the month. Ptax 4.0307

<u>Insurance of grain and cotton stock</u> – Coverage of harvest, processing and stock of soybeans, corn, cotton. Being of own production or that of third parties under own responsibility. Policy due on 07/11/2020.

<u>Insurance of machinery and equipment</u> – Coverage to damages caused to the fleet of machinery and agricultural equipment, generated by fire, lightning strike, explosion of any nature and implosion. Each machine and equipment has its maximum limit of indemnity corresponds to its insured value. Policy due on 09/10/2020.

<u>Directors and officers liability insurance</u> – Coverage for involuntary damages caused to third parties by civil liability of executives (directors and officers), with management power in the subsidiary and parent company. Policies due on 06/28/2020.

<u>Insurance of buildings and improvements</u> – Coverage of material damages, caused to the buildings and improvements of the farms, caused by fire, explosion, gale and smoke. Policy due on 07/11/2020.

<u>Guarantee insurance</u> – Protection coverage for the possible risks generated to the company's assets, due to the faithful fulfillment of the obligations caused by labor lawsuits of the Piratini and Panorama Farms. Policies due on July 31, 2023 and June 19, 2021, respectively.

<u>Aircraft insurance - Straight</u> - Coverage for personal and/or property damage caused to passengers and crew by the company aircraft, including damage to baggage. Policy due on 01/17/2020.

<u>Aircraft insurance - Hull</u> - Warranty coverage against property damage to the hull of SLC Agrícola aircraft, including civil liability for damage caused to third parties. Policy due on 01/17/2020.

<u>General civil liability insurance</u> – Coverage of a guarantee for the payment of indemnities, by way of reimbursement, for damages that the company may be civilly liable in a final court decision. Policy due on 12/02/2020.

<u>Business insurance</u> – Business Property Coverage for material damages in the physical structure of the building and furniture of the head office of the company, caused by fire, explosion and smoke. Policy due on 01/12/2020.

<u>Drone insurance - Straight</u> - Coverage of civil liability of the operator or air carrier for personal and material damage caused to third parties, by remotely piloted aircraft, used for business purposes. Policies due on 12/12/2020.

27. Net sales revenue

We present below the net operating revenue:

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Gross operating revenue	2,227,723	1,847,996	2,614,708	2,163,141
Sale of goods	2,343,738	1,966,992	2,730,998	2,293,950
Result with hedge operations	(116,015)	(118,996)	(116,290)	(130,809)
Deductions, taxes and contributions	(63,733)	(51,337)	(78,803)	(63,964)
Net operating revenue	2,163,990	1,796,659	2,535,905	2,099,177

28. Nature of expenses

The company's income statements are presented by function. The following sets forth the breakdown of expenses by nature.

	Parent Co	mpany	Consolidated		
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	
Expenses by function					
Cost of goods sold	(1,985,922)	(1,772,972)	(2,257,472)	(1,977,510)	
Sales expenses	(134,043)	(103,140)	(152,972)	(118,674)	
General and administrative expenses	(80,864)	(79,360)	(89,324)	(87,533)	
Other operating expenses	(7,702)	(427)	(45,740)	(1,764)	
	(2,208,531)	(1,955,899)	(2,545,508)	(2,185,481)	
Expenditure by nature					
Depreciation and amortization	(76,595)	(83,481)	(105,810)	(111,231)	
Personnel costs	(264,179)	(233,959)	(308,783)	(271,171)	
Raw material and materials	(1,174,134)	(880,818)	(1,399,363)	(1,042,149)	
Rentals and Leases	(97,218)	(171,188)	(25,997)	(82,846)	
Amortization of right of use	(65,787)	-	(73,086)	=	
Change in biological assets - CPV	(471,174)	(531,850)	(524,266)	(619,276)	
Freight	(51,744)	(47,906)	(58,191)	(52,561)	
Cost of land sale	-	-	(36,029)	-	
Other expenses	(7,701)	(6,697)	(13,983)	(6,247)	
	(2,208,531)	(1,955,899)	(2,545,509)	(2,185,481)	

29. Reporting by segment

The Group has two reportable segments, as described below, which are the strategic business units of the Group. The strategic business units offer different products and services, for each of the strategic business units, Management reviews internal reporting at least once a quarter. The following summary describes the operations in each of the Group's reportable segments:

- · Agricultural production segment: growing mainly cotton, soybean and corn crops.
- · Land portfolio segment: acquisition and development of land for agriculture.

Information regarding the results of each reportable segment is included below. Performance is evaluated based on the segment's profit before income tax and social contribution, as included in the internal reports that are analyzed by the Group's Management. Segment profit is used to evaluate performance, as management believes that such information is more relevant in assessing segment results.

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Information on reportable segments

	Agricultural Production		Lands		Eliminations		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Revenue from products and leases	2,534,600	2,099,177	213,847	129,817	(212,542)	(129,817)	2,535,905	2,099,177
Biological assets	504,751	724,291	-	-	-	-	504,751	724,291
Product costs	(2,332,753)	(2,079,587)	(45,621)	(6,762)	120,902	108,839	(2,257,472)	(1,977,510)
Gross result	706,598	743,881	168,226	123,055	(91,640)	(20,978)	783,184	845,958
Operating expenses / revenues	(84,673)	(214,416)	2,838	6,579	(142,637)	19,636	(224,472)	(188,201)
Sales expenses	(152,972)	(118,674)	-	-	-	-	(152,972)	(118,674)
General and administrative expenses	(95,155)	(93,901)	(2,457)	(2,268)	8,288	8,636	(89,324)	(87,533)
Administration fees	(13,056)	(12,804)	(771)	(1,177)	-	-	(13,827)	(13,981)
Other operating income (expenses)	176,510	10,963	6,066	10,024	(150,925)	11,000	31,651	31,987
Result before financial result and taxes	621,925	529,465	171,064	129,634	(234,277)	(1,342)	558,712	657,757
Net financial result	(232,763)	(75,752)	7,469	14,731	81,244	(11,655)	(144,050)	(72,676)
Earnings before taxes	389,162	453,713	178,533	144,365	(153,033)	(12,997)	414,662	585,081
Income tax and social contribution	(76,205)	(160,734)	(17,727)	(19,253)	(5,689)	1,407	(99,621)	(178,580)
Consolidated profit for the period	312,957	292,979	160,806	125,112	(158,722)	(11,590)	315,041	406,501

	Agricultural Pro	Agricultural Production		Lands		Eliminations		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	
Current assets	2,933,700	2,478,356	193,964	174,260	(36,854)	(70,590)	3,090,810	2,582,026	
Non-current assets	4,933,271	3,241,524	2,151,136	2,125,341	(3,217,088)	(2,193,354)	3,867,319	3,173,511	
Total assets	7,866,971	5,719,880	2,345,100	2,299,601	(3,253,942)	(2,263,944)	6,958,129	5,755,537	
Current liabilities	2,141,231	1,898,286	53,909	29,732	(151,579)	(37,827)	2,043,561	1,890,191	
Non-current liabilities	2,743,240	1,026,316	52,680	52,930	(865,773)	(8,653)	1,930,147	1,070,593	
Shareholders' equity	2,982,500	2,795,278	2,238,512	2,216,939	(2,236,591)	(2,217,464)	2,984,421	2,794,753	
Total liabilities	7,866,971	5,719,880	2,345,101	2,299,601	(3,253,943)	(2,263,944)	6,958,129	5,755,537	

The Group sells its products to the domestic and foreign markets. In sales to the external market are considered the sales made directly, with the Group as operator, and indirectly, with sales to commercial exporters based in Brazil.

Consolidated domestic and foreign sales are thus represented:

	12/31/2019	12/31/2018
Domestic market	398,831	228,707
Sale of goods	515,121	359,516
Result with hedge operations	(116,290)	(130,809)
Foreign market	2,215,877	1,934,434
Sale of goods - indirect export	1,018,335	867,350
Sale of goods - direct export	1,197,542	1,067,084
Gross operating revenue	2,614,708	2,163,141
Deductions, taxes and contributions	(78,803)	(63,964)
Net operating revenue	2,535,905	2,099,177

Gross product sales information, by geographic segment, has been prepared from the country of origin of the revenue and can thus be presented:

Country	12/31/20	12/31/2019		
	Value	% Equity	Value	% Equity
Indonesia	346,486	28.9	359,908	33.7
China	286,392	23.9	303,612	28.5
Pakistan	142,127	11.9	21,531	2.0
Vietnam	102,836	8.6	88,703	8.3
Bangladesh	97,851	8.2	66,575	6.2
Malaysia	88,412	7.4	92,231	8.6
Turkey	81,883	6.8	32,787	3.1
India	24,035	2.0	3,100	0.3
Korea	14,984	1.3	42,327	4.0
Thailand	10,762	0.9	38,645	3.6
Japan	1,070	0.1	3,142	0.3
Others	704	0.1	14,523	1.4
	1,197,542	100.0	1,067,084	100.0

The amount of revenue from the main customers is thus represented:

Client		Total	% over net revenue				
	Cotton lint	Cotton seed	Corn bulk	Soybean bulk	Other cultures	iotai	% over net revenue
Cargill Agrícola S.A.	238,005	-	50,801	355,948	7,128	651,882	25.7%
Amaggi LD Commodities S.A.	170,831	10,062	36,645	296,064	311	513,913	20.3%
Bunge Alimentos S.A.	-	4,930	63,736	237,886	-	306,552	12.1%
	408,836	14,992	151,182	889,898	7,439	1,472,347	58.1%

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We strive to respond to requests within 24 hours.

