

# **Consolidated Financial Statements**

## **Tereos Açúcar e Energia Brasil S.A.**

March 31, 2022  
with Independent Auditor's Report

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

To the Shareholders and Officers of  
**Tereos Açúcar e Energia Brasil S.A.**

### **Opinion**

We have audited the consolidated financial statements of Tereos Açúcar e Energia Brasil S.A. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of operations, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tereos Açúcar e Energia Brasil S.A. as at March 31, 2022, and its consolidated financial performance and its consolidated 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 consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries and comply 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 under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other matter**

#### **Individual financial statements**

The Company prepared a complete set of individual financial statements for the year ended March 31, 2022, in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), presented separately, for which a separate unmodified auditor's report was issued dated June 24, 2022.



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

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

Our opinion on the 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 consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the consolidated 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 the fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 controls as Management determines is necessary to enable the preparation of these consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 and its subsidiaries or to cease operations, or has no other 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 consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from a 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 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 made taken on the basis of these consolidated financial statements.



As part of the audit conducted in accordance with Brazilian and International standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identified and assessed the risks of material misstatement of the 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 and its subsidiaries' 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 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

Goiânia, June 24, 2022

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP015199/O-6

A handwritten signature in blue ink, appearing to read 'Wagner dos Santos Junior', is written over a rectangular box.

Wagner dos Santos Junior  
Accountant CRC-1 SP216386/O-T



## MANAGEMENT REPORT

# TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

For the year ended 31 March 2022

*This is a convenience translation from the original management report of Tereos Açúcar e Energia Brasil S.A. for the year ended 31 March 2022 previously issued in Portuguese.*



# MANAGEMENT REPORT

## For the year ended 31 March 2022

In compliance with legal and statutory rules, the Management of Tereos Açúcar e Energia Brasil S.A. (“TSEB” or “Group”) submits the Management Report and the Consolidated Financial Statements for the year ended on March 31, 2022, prepared in accordance with IFRS (International Financial Reporting Standards) and accounting practices adopted in Brazil, accompanied by the respective Independent Auditor's Reports.

### MESSAGE FROM MANAGEMENT

The 21/22 crop, besides challenging was above that, of teamwork, reaffirmation of values and pursuit of the goals established by the Tereos Group.

The combination of a drought in the second quarter in an intensity that had not been seen for years, combined with severe frosts, caused a sharp drop in productivity in the South Center region of Brazil, where Tereos is located. On the other hand, we observe a favourable market scenario, with attractive prices for both sugar and ethanol.

Despite the adverse operating scenario, the Company managed to maintain its path of net cash generation and net debt reduction, in the latter, a reduction of 11% vs. 20/21.

Even with additional challenges, Tereos continued its commitment to continuous improvement and focus on our ESG agenda with a long-term vision and considering this, we have much to celebrate with the implementation of our first biogas plant at Cruz Alta unit, a clean energy produced from vinasse and with enormous potential for replication and capturing benefits in a circular economy.

We published our first sustainability report in the GRI (Global Reporting Initiative) standard, with defined themes and aligned with global pillars of Tereos and already in this crop, we increased by 12p.p. the volume of cane processed with sustainability seals (Bonsucro and FSA/SAI) totalling 42%. In addition, we reduced water consumption per ton of cane by 12% compared to the previous crop. We obtained the first I-REC certification, which guarantees that the energy produced by the Company at its units comes from renewable sources and that it also generates credits that can be traded.

We made our largest issuance in the capital markets through a debenture of R\$ 480 million linked to sustainable goals. For the next crop, our aim is to balance our debt profile between BRL and USD to face the increase in interest rates and inflation in Brazil.

We reinforce the confidence that we have in the Tereos’ team and we are sure that we are following a path of solid deliveries in line with the expectations of the Tereos Group.

Although we are in a better scenario related to Covid-19 pandemic, thanks to vaccines, we naturally continue to monitor the evolution of the current situation, in collaboration with our partners and strictly respecting the protocols issued by competent authorities.

Your usual contacts at Tereos are available for any questions or clarifications.

## 1. Business overview

The Company is a privately held corporation, fully controlled by the Tereos Group through Tereos Internacional S.A. in Brazil with a 57% stake and Tereos Participations S.A.S. also a shareholder, the two companies being subsidiaries of the Tereos Group based in France, one of the largest producers of sugar and ethanol in Brazil and in the world. The Company has seven industrial units located in the northwest of the state of São Paulo, namely: Cruz Alta (in Olímpia), Severínia (in Severínia), Tanabi (in Tanabi), Mandú (in Guáira), São José (in Colina), Andrade (in Pitangueiras) and Vertente (in Guaraci) – unit in which Tereos owns the control with a 50% interest, in partnership with Grupo Humus.

## 2. Sugar cane and ethanol market

Below is presented the main data related to the sugarcane and ethanol market for the 21/22 crop and all the variations presented are comparative with the 20/21 crop (previous crop), unless otherwise stated.

According to UNICA (*União da Indústria de Cana-de-Açúcar*), the South Center region of Brazil ended the crop with a total crushing of 523 million tons of sugarcane, which represented 14% decrease compared to the 20/21 crop, as a result of the 3.8% reduction in sugarcane cultivation areas that were replaced by grains and the climatic effects of drought and frosts that mainly devastated the southeastern region of the country in the months of June and July of 2021. In 21/22 crop, 32 million tons of sugar were produced (17% decrease) and 28 billion liters of ethanol (9% decrease), of which 10.9 billion liters of anhydrous ethanol (12.6% increase) and 16.7 billion liters of hydrated ethanol (19.6% decrease). The production mix was practically stable at 45% for sugar, compared to 46% in the previous crop, reflecting the combination of the high international sugar prices and the high exchange rate in Brazil.

In the 21/22 crop, raw sugar prices reached an average price of R\$ 2,059 per ton against R\$ 1,509 per ton in the previous crop, representing an increase of 36%, driven substantially by the restricted global supply.

Tereos ended the 21/22 crop with crushing 15.6 million tons of sugarcane (25% decrease) and a production mix of 62% focused on sugar, producing 1.3 million tons of sugar (28% decrease), 531 thousand m<sup>3</sup> of ethanol (28% decrease) and exported 777 thousand MWh of energy (33% decrease). In terms of total recoverable sugar (TRS) in the total processed sugarcane, there was a decrease of 28%, totaling 2.2 million tons. The drop in operational indicators when compared to the 20/21 crop was mainly because of droughts and frosts and was even more severe in our region compared to the average for the South Center. Despite having been a crop pressured by the weather, the Company managed to maintain its levels of net revenue, driven by better prices for sugar by 36% and ethanol by 62%, in addition to maintaining the strategic trajectory of net cash generation and debt reduction.



### 3. Economic and Financial Indicator

KPIs – (millions of R\$)	Crop 21/22	Crop 20/21	Var (%)
<b>Net revenue</b>	<b>4,416</b>	<b>4,433</b>	<b>0%</b>
<b>EBITDA (Adjusted) <sup>1</sup></b>	<b>937</b>	<b>1,159</b>	<b>-19%</b>
<i>EBITDA Margin (Adjusted)</i>	<i>21%</i>	<i>26%</i>	<i>-5 p.p.</i>
<b>EBIT<sup>1</sup></b>	<b>319</b>	<b>573</b>	<b>-44%</b>
<i>EBIT Margin</i>	<i>7%</i>	<i>13%</i>	<i>-6 p.p.</i>
Total Assets	9,633	9,261	4%
Equity	2,370	2,097	13%
Net Debt <sup>1 2</sup>	3,151	3,523	-11%
Current Liquidity	1,5x	1,4x	4%
Cash / Short-term Debt <sup>1 2</sup>	1,5x	1,3x	16%
Net Debt <sup>1 2</sup> / EBITDA (Adjusted) <sup>1</sup>	3,4x	3,0x	11%

<sup>1</sup> Does not consider effects of IFRS 16 / CPC 06 (R2)

<sup>2</sup> Does not consider receivable loans from related parties

The Company chooses to use adjusted EBITDA, in order to provide information that best reflects its operating cash flow and performs the reconciliation as shown in the table below.

EBITDA reconciliation – (millions of R\$)	Crop 21/22	Crop 20/21	Var (%)
<b>Net income (loss)</b>	<b>(178)</b>	<b>(41)</b>	<b>&gt; 100%</b>
Net income (loss) from discontinued operations	-	226	n/a
<b>Net income (loss) from continuing operations</b>	<b>(178)</b>	<b>185</b>	<b>&gt; 100%</b>
Income taxes	(5)	103	> 100%
Share of profit of associates and joint ventures	(10)	(9)	7%
Net financial expenses	534	313	71%
Depreciation and amortization	821	752	9%
<b>EBITDA</b>	<b>1.162</b>	<b>1.344</b>	<b>-14%</b>
Fair value on biological assets <sup>1</sup>	(71)	(52)	36%
Impact of IFRS 16 / CPC 06 (R2)	(156)	(134)	17%
Others	1	1	78%
<b>EBITDA (Adjusted)</b>	<b>937</b>	<b>1.159</b>	<b>-19%</b>
Cash Flow Hedge	245	322	-26%
Tilling costs	313	283	10%
<b>EBITDA (Adjusted) – Peers disclosure</b>	<b>1.493</b>	<b>1.764</b>	<b>-16%</b>

<sup>1</sup> Considering biological assets fair value from cashflow statement and change in variation in finished goods - FV harvested

#### 3.1. Dividends

The Company adopts the policy of declaring and paying dividends, each fiscal year, in the minimum amount of 25% of the net income for the year, adjusted pursuant to paragraph 202 of Law 6,404/76 and in accordance with its Bylaws.

The calculation of the minimum dividend is based on the Group's net income and distribution is allowed only if the equity reserves are positive. Considering that reserves as of March 31, 2022 are negative, no minimum payment will be proposed to the shareholders' meeting.

## 4. Investments

Investments – (millions of R\$)	Crop 21/22	Crop 20/21	Var (%)
Planting	341	286	19%
Intercrop maintenance	317	218	45%
Improvements, maintenance and expansions	160	181	-12%
<b>Investments from continuing operations</b>	<b>817</b>	<b>685</b>	<b>19%</b>
Investments from discontinued operations	-	22	n/a
<b>Total investment</b>	<b>817</b>	<b>707</b>	<b>16%</b>

Committed to sustainability and seeking to generate maximum value from raw materials and products, in the 21/22 crop TSEB opened the first biogas production plant at the Cruz Alta Unit, a clean energy produced from vinasse. Biogas has several uses and will be used mainly for the direct generation of electric energy for sale and potentially as biofuel for vehicles used in our agricultural activity.

## 5. Debt (resources sources)

The Company ended the 21/22 crop year with a net debt of R\$ 3,151 million, 11% decrease compared with previous crop:

Indebtedness - (millions of R\$)	Crop 21/22	Crop 20/21	Var (%)
Gross debt BRL	3,345	2,752	22%
Gross debt USD	1,653	2,502	-34%
<b>Total gross debt<sup>1</sup></b>	<b>4,997</b>	<b>5,254</b>	<b>-5%</b>
Cash and cash equivalents BRL	(1,406)	(1,070)	31%
Cash and cash equivalents USD	(440)	(661)	-33%
<b>Cash and cash equivalents total</b>	<b>(1,846)</b>	<b>(1,731)</b>	<b>7%</b>
<b>Total net debt<sup>1</sup></b>	<b>3,151</b>	<b>3,523</b>	<b>-11%</b>
Net debt / EBITDA (Adjusted)	3,4x	3,0x	0,3x

<sup>1</sup> Does not consider receivable loans from related parties

## 6. ESG (Environmental, Social e Governance)

The Tereos Group has been a signatory to the United Nations Global Compact since 2017. Launched in 2000, it is the most important global initiative in terms of sustainable development. This initiative provides a voluntary commitment framework for organizations that wish to advance their social and environmental responsibility approaches.

It consists of voluntarily aligning the operations and strategies of organizations worldwide with ten universally accepted principles in human rights, international labor standards, the environment and the fight against corruption.

To optimize the environmental and social impacts of our business model, our sustainable development strategy is built on pillars that involves the entire value chain. In 2021, we published the first sustainability report in the GRI (Global Reporting Initiative) standard of Tereos Açúcar e Energia Brasil S.A., after the materiality study, was possible to define the priority themes aligned with the global pillars of Tereos, in addition to goals of long term. Moreover, we form committees to direct strategic actions for each identified topic.

## 6.1. Sustainable Supply Chain

Tereos presents strong links with the agricultural world, both in France, where farmers are cooperative, and in the rest of the world, where we maintain close ties with our raw material suppliers.

Most of the agricultural raw materials we transform come from direct channels, which allows us to control production conditions. To meet climate and demographic challenges, our priority is to combine our revenue growth with reducing our carbon footprint in the field.

Day after day, through agronomic consulting, we help farmers choose varieties and promote new sustainable and competitive agricultural practices. We created the Agricultural Sustainability Manual to help them understand good environmental practices and safety on rural properties.

In our units, we evaluate the nutrient cycle and soil conservation to ensure the productivity and longevity of our sugarcane fields. Currently, we perform crop rotation for nitrogen fixation in the soil and production of green mass to replace organic matter in the soil. Additionally, we also reuse industrial byproducts, such as vinasse and sugarcane filter cake, as well as using the stubble left after harvest to enrich the soil quality.

We have a consolidated front of agricultural technology development and in each crop, we incorporate new initiatives that contribute to the optimization of resources, such as precision agriculture, the use of UAV (unmanned aerial vehicle) to evaluate the areas, the constant study of more resistant varieties and a portfolio of high efficiency inputs.

Committed to sustainable agricultural practices, we adhere to strict standards for certifying our production. As a highlight, we mention the Sustainable Agriculture Initiative (SAI), an organization that supports the development of socially and environmentally responsible agriculture with an assessment tool (FSA - Farm Self-Assessment Questionnaire), and BONSUCRO, internationally recognized for attesting to a production sustainable sugar-energy, whose certification has already been achieved for 6 of our units.

In 2018, with our support, we had the first sugarcane producer verified based on the FSA/SAI (Sustainable Agriculture Initiative) methodology. By April 2022, 6 more producers had gone through this process.

In the 21/22 crop, we ended up with 42% of the total sugarcane processed certificated as sustainable (Bonsucro and FSA/SAI) and we are committed to increasing this result gradually.

## 6.2. Circular economy and climate changes

The circular economy logic allows us to improve environmental performance, reducing our greenhouse gas emissions and increasing our use of renewable materials, while improving our industrial and commercial performance. Today, in beyond the use of vinasse and filter cake in our sugarcane fields and the cogeneration of electricity through bagasse, the Company is starting a cycle of investment in the production of biogas through the biodigestion of vinasse.

As a major industrial player, reducing our environmental impact and utilization of the potential of our raw materials are among our main responsibilities. That's why we decided to put the circular economy at the heart of our practices and ensure that plant residues return to the production chain as new resources.

As a result of these efforts, within the Renovabio program, Tereos has one of the best scores in terms of energy efficiency among the sugar-energy groups with crushing over 10 million tons.

In addition to industrial waste that is reused, we also manage food waste from our restaurants, redirecting it from landfills for use in our own compost bins and, later, for fertilization in our seedling nurseries. This action resulted in a 33% reduction in waste sent to landfill. In addition, we apply reverse logistics to 22% of our packaging that goes to the retail market through recycling compensation by EuReciclo.

### 6.3. Water

Tereos also always seeks to increase the efficiency of its water management and reduce the consumption of the resource, supported by various initiatives. Taking care of the environment, and especially water resources, is essential to ensure a better and more sustainable future for all. There is also circularity of water in the processing of sugarcane through the water contained in the plant, which in the industrial process is transformed into steam and is condensed, to be later used in the fertigation of sugarcane fields, among others. In the 21/22 crop, we reduced 12% of water consumption per ton of cane compared to the previous harvest. This reflects the actions within this theme:

- **G.O.T.A. Program – Water Management, Optimization and Treatment (*Gerenciamento, Otimização e Tratamento de Água*)**: program with the objective of optimizing the management of the water used in our processes and of reusing the largest possible volume of residual water. In addition to the savings generated, the program makes it possible to reduce resource capture from rivers and wells and return water to nature free of impurity.
- **Water Committees**: Monthly, internal meetings are held in order to implement actions to improve water consumption results. The company brings together people involved in these processes in different ways, to discuss ideas and develop solutions for the reuse of water and effluents. The committee also evaluates important indicators in the operations, such as water capture, the efficiency of the Sewage Treatment Stations and the goals for the generation of wastewater and capture of each of the units.
- **Eyes of the water (“Olhos D’água”)**: a program for recovering springs in the hydrographic basins of the region through reforesting the areas around the springs to create favorable soil conditions for rainwater infiltration, improving the quality and increasing the quantity of water for the local area, among other activities.
- **Kaizen Project**: Tereos invests in several projects aimed at a more efficient management of water and encourages the development of solutions in all industrial units to reduce consumption and more conscious use of water resources. The company also has internal recognition practices for these initiatives, with a special focus on the sustainability of operations, such as the Tereos Excellence Award and the Kaizen Program. Every month, different areas of the company can submit initiatives to improve water management through the Kaizen Program, with the aim of optimizing processes and achieving business objectives in a more sustainable way. In 2021, the company registered 49 kaizens focused on Water Management, which will make it possible to reduce consumption and, in the future, meet the 29/30 goal.

### 6.4. Socio-environmental certifications and seals

Combining high performance agricultural practices with respect for the environment and food safety, Tereos has achieved important certifications, which demand high quality standards throughout the production process. Our units operate in accordance with Management Systems that seek to meet market requirements and the requirements of international standards.

In the 21/22 crop, we achieved the first I-REC certification for renewable energy and the new CARB certification rules for ethanol exports to the state of California in the United States. Furthermore, we continue to work to increase certification scopes and meet market demands.

Certifications	Certification description	Cruz Alta	Severinia	Tanabi	Mandú	Andrade	São José	Vertente
BONSUCRO	Reduction of environmental and social impacts in the production of sugarcane, ethanol and biomass energy.	●	●		●	●	●	●
RenovaBio	Brazilian system renewable source fuel certification program.	●	●	●	●	●	●	●
Greener ethanol	It consolidates the goals assumed under the Agro-environmental Protocol (2007) and reaffirms good practices that have already been adopted.	●	●	●	●	●	●	●
EPA	Registration for exporting ethanol to the US.		●	●		●		●
CARB	Certification for Ethanol Export to California.			●				
Green energy seal	Bioelectricity certification, focused strictly on electricity produced from sugarcane biomass.	●	●	●		●		●
I-REC	The International REC Standard (I-REC) works as a global tracking system for environmental energy attributes and is the most reliable means of proving and tracking energy consumption from renewable sources, following various international standards. This is how those who consume renewable energy can make an informed and evidence-based choice.	●		●	●		●	
KOSHER	It certifies that the process and products follow the legal requirements and specific criteria of the Orthodox Jewish diet.	●	●			●	●	●
HALAL	It certifies that the process and products follow the legal requirements and criteria determined by Islamic jurisprudence.	●	●	●	●	●	●	●
ISO 9001	Quality management: process optimization, greater agility in product development and more agile production in order to satisfy customers and achieve sustained success.							●
ISO 14001	Environmental Management System: specifies the requirements of an Environmental Management System and allows an organization to develop a framework for environmental protection and rapid response to changing environmental conditions.							●
ISO 22000	Food safety: defines the requirements of a food safety management system covering all organizations in the food chain, from "harvest to table".	●						●
FSSC 22000	FSSC 22000 – Food Safety System Certification: aims to monitor safety in food production and distribution.	●						●
Organic	It certifies that the process and product follow the regulatory requirements determined by MAPA and requirements of the certification body.	●						
GMP Plus	Animal food safety: defines the requirements of an animal feed food safety management system				●			
SMETA - Sedex	SMETA (Sedex Members Ethical Trade Audit): Good practices in ethical audit technique.	●	●					●

## 6.5. Diversity and Human Rights

The nature of our activities plays an important role in the revitalization of the territories where we operate, with an impact on the agriculture, industry and logistics sectors. As a leading employer, Tereos is committed to developing skilled jobs, thereby contributing to economic and social development.

People are at the heart of our development model, and we are certain that it is our teams and our future talents who will allow us to achieve Tereos's ambitions for today and tomorrow. We make maximum use of each person's abilities and practices, creating a collaborative environment for everyone. The Group also makes an effort to ensure that each one of its employees has opportunities to develop their abilities. To this end, we provide training programs through the Tereos Academy to all employees

As a consequence of this culture of valuing our people, we are proud to say that we completed the 21/22 crop year with total internal utilization of 74%. This number is even better when we consider only the leadership positions, reaching almost 80%.

In order to engage and learn from best practices, Tereos establishes partnerships with some reference entities in the areas and conducts solid actions to achieve its objective of being a reference company in diversity in the sugar-energy sector, formed by people who promote, believe in and practice the inclusion, in a welcoming environment, free from prejudice and discrimination.

Tereos has a Diversity Inclusion Program that promotes awareness, teaching, training and qualification actions.

**Tereos' Diversify Program** is based on five pillars, race, ethnicity, PCDs, LGBTQIA+ and Generations and this year's agenda had, between November 8 and 12, the Tereos Diversity and Inclusion Week, which was attended by several renowned and experienced speakers who brought up important topics to raise awareness of the promotion of diversity and inclusion in our work environment.

The role of men in gender transformation in companies was the topic addressed by the speaker Margareth Goldenberg, creator of "Woman 360", a business movement for the economic development of women, which has been supported by the Company for some years and brought significant and enriching insights and learning.

Race and Ethnicity were topics addressed by the speaker Lisiane Lemos who discussed how we can promote racial equity in the corporate environment with practical examples and successful cases.

Pequena Lo, a famous youtuber for promoting the PCD cause on social media, discussed in her participation in the Diversity and Inclusion Week how we can better welcome the disabled person in the work environment, sharing some of her experiences and promoting learning in a playful way and accessible.

The company's role in the inclusion of the LGBTQIA+ public in the work environment was also one of the topics covered in our talks, along with a debate on how to deal assertively and inclusively with different generations within the work teams.

It was a week of many learnings and insights that also included a special leadership awareness training.

Tereos also has the Women in Agro movement which promotes meetings of women by affinity, dealing with various topics. The company promoted specific courses for women in sectors of the operation, normally occupied by men, and a course for women operators of agricultural machinery, besides to having increased the number of women hired in relation to previous crops by 25%.

## 6.6. Occupational health and Safety

Tereos always pays attention to ways to preserve the health of our employees and their family members, and we have been consistently reducing the number of accidents that require time off work. In the 21/22 crop year, we achieved the lowest level in history and were in line with the best industrial benchmarks in Brazil. Additionally, the Company implemented during the Covid pandemic the Covid-19 Prevention and Support Program (PAP Covid-19) at its seven industrial units with the goal to help support the mental health of our employees and their dependents.

PAP Covid-19 serves employees and their family members through a partnership with Social Consultoria and is available 24 hours a day, seven days a week. Service is provided by telephone, free of charge, by a team of social workers and psychologists, ensuring complete confidentiality of the information discussed. The service deals with issues such as: guidelines and clarifications regarding the coronavirus and guidelines from government healthcare agencies, assistance to people with coronavirus or

symptoms, difficulty in adapting to social distancing and emotional support for sadness, stress, panic, fear and other difficulties.

The Company has also made a series of donations to hospitals in the region where it operates, as support in dealing with the Covid-19 pandemic, ranging from 70% alcohol to medical equipment. In total, we have donated over 15,000 liters of 70% alcohol to municipalities throughout the 21/22 crop.

## 6.7. Social environmental responsibility

The Group is involved in various programs supporting local populations, particularly in the health, education and environmental areas:

- **Apiculture Project:** a project created based on the Coexistence Protocol, entered between SAA, UNICA, ORPLANA and Syngenta, with the goal of encouraging dialogue between farmers and beekeepers. Together, we seek pathways that value the rational protection of crops, the pollination service performed by the bees, the protection of the bees and respect for apiculture. We have already identified 405 apiaries of 52 beekeepers in 31 cities in the region of Tereos's seven units.
- **Eyes of the water ("Olhos D'água"):** a program for recovering springs in the hydrographic basins of the region through reforesting the areas around the springs to create favorable soil conditions for rainwater infiltration, improving the quality and increasing the quantity of water for the local area, among other activities.
- **Reforestation:** recovering small areas of forest with native tree saplings, produced in our own nursery, in accordance with legal requirements, complying with the Forestry Code (bringing areas into compliance), in addition to support for government agencies in the municipalities near TSEB's units. In the 21/22 crop year, we recovered 210 hectares of native vegetation in the regions of the 7 units.
- **Seedling Nursery:** producing native saplings for reforestation activities at the units, agricultural partners and government institutions. We produce approximately 450,000 saplings a year.
- **Mobile Unity SESI:** a project in partnership with SES and TV Tem – Globo network affiliate – which consists of a mobile truck/school that visits cities and provides vocational culinary courses. To the present, the project has visited 13 municipalities, where it supports the generation of income and entrepreneurship in the region.
- **Hospital do Amor de Barretos:** since 2012, we have been donating electricity to supply the Antenor, Infantil and São Judas units, at the reference hospital in cancer prevention and treatment;
- 2,300 basic food baskets, more than 7 tons of sugar and 15 thousand liters of 70% alcohol were donated to institutions located in the cities around the industrial units. In addition, R\$1,500,000.00 was allocated to cultural events, purchase of equipment and maintenance of schools, day care centers and nursing homes. We prioritize the continuity of our partnerships with solid regional projects such as music education at ALMA – *Academia Livre de Música e Artes*, preservation of collections and teaching at *Museu da Cana*, care for people with cancer and disability at Hospital de Base de São José of Rio Preto. There was also the allocation of part of the company's Income Tax to support Funds for Children and Adolescents and the Rights of the Elderly.

## *Young Talents Program and Pescar Project*

The Young Talents Program is aimed at people with little or no professional experience and aims to train and develop technical and behavioral skills essential for entering the job market. The program enables young people to learn about processes and routines in our business units in a practical and targeted way, while receiving technical training at partner institutions.

During 2021, 315 young apprentices were undergoing training and the learning process at our units, more than double the previous cycle.

Including in Young Talents Program, Tereos also has a partnership for 10 years with Pescar Project, which aims to educate and train young apprentices in situations of socioeconomic vulnerability, promoting the transformation of their realities and, thus, of society as a whole, through learning and entry into the job market.

This year the partnership trained and certified 19 young people aged between 16 and 21 living in the municipalities of Severínia, Olímpia and Baguaçu. Throughout this partnership, 170 young people from our region have already participated in the Pescar Project.

The Program is focused on development, learning and professional initiation in agro-industrial processes, training and preparing participants not only to enter the job market within the sugar-energy sector, but also offering great possibilities of becoming effective in one of our units.

In April of this year, with the aim of promoting and fostering inclusion and diversity also within the Young Talents Program, the Company innovated and created two programs exclusively aimed at women. A total of 38 young people were able to participate in an inclusive and personalized program of development and follow-up with specialists and tutors.

## **6.8. Sustainable financing**

In line with Tereos' commitment to the ESG theme, the Company expanded its portfolio of "green" financing linked to sustainability goals and in the 21/22 crop year, it issued R\$480 million in debentures with a term of six years and which had a demand 1.4x higher than the initial book offer.

Resources will finance investments in sugarcane planting to produce ethanol, including soil preparation and tilling. In addition to the use of funds aimed at investing in biofuels, as determined by infrastructure debentures' regulation, the issuance has a green certificate from SITAWI – a pioneer organization in the development of financial solutions for social impact. As a result, Tereos already has approximately R\$ 1,5 billion in green financing through four transactions carried out in the last 12 months.

## **OTHER EXTERNAL AUDITING SERVICES**

The Company's policy in hiring services not related to auditing its consolidated financial statements, from its independent auditors, is based on principles that preserve the auditor's independence. These principles are in accordance with internationally accepted standards, consisting of: (a) the auditor must not audit their own work; (b) the auditor must not perform management duties at the client; (c) the auditor must not promote the client's interests; and (d) the amount the client is charged for the services must not cause the auditor to be financially dependent on their client.

During the fiscal year ended March 31, 2022, the Company did not make payments of fees to parties related to the outside auditing firm Ernst & Young Auditores Independentes S.S., restricting itself merely to auditing services.



## CLOSING REMARKS

The Company would like to thank everyone who helped achieve the objectives established over the course of the 21/22 crop year. Especially its shareholders, employees, customers, suppliers and agricultural and commercial partners.

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# CONSOLIDATED FINANCIAL STATEMENTS

## **TEREOS AÇÚCAR E ENERGIA BRASIL S.A.**

For the year ended 31 March 2022

*This is a convenience translation from the original consolidated financial statements of Tereos Açúcar e Energia Brasil S.A. for the year ended 31 March 2022 previously issued in Portuguese*



## CONSOLIDATED STATEMENT OF OPERATIONS OF TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

(MILLIONS OF R\$)	Notes	For the year ended	
		31 March 2022	31 March 2021
Revenue	5	4,416	4,433
Cost of sales	6	(3,473)	(3,163)
Distribution expenses	6	(283)	(350)
General and administrative expenses	6	(289)	(298)
Other operating income (expense)	6	(29)	(30)
<b>Operating income (expense)</b>		<b>341</b>	<b>593</b>
Financial expenses	7	(737)	(468)
Financial income	7	203	155
<b>Net financial income (expense)</b>		<b>(534)</b>	<b>(313)</b>
Share of profit of associates and joint ventures	11	10	9
<b>Net income (loss) before taxes</b>		<b>(183)</b>	<b>289</b>
Income taxes	8	5	(103)
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>		<b>(178)</b>	<b>185</b>
Net income (loss) from discontinued operations		0	(226)
<b>NET INCOME (LOSS)</b>		<b>(178)</b>	<b>(41)</b>
<i>Attributable to owners of the parent</i>		(220)	(8)
<i>Attributable to non-controlling interests</i>		42	(33)
<b>Earnings (loss) per share (R\$)</b>	18	<b>(0.28)</b>	<b>(0.06)</b>
<b>Earnings (loss) per share for continuing operations (R\$)</b>		<b>(0.28)</b>	<b>0.29</b>
<b>Earnings (loss) per share for discontinued operations (R\$)</b>		<b>0.00</b>	<b>(0.35)</b>

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) OF TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

(MILLIONS OF R\$)	For the year ended	
	31 March 2022	31 March 2021
<b>NET INCOME (LOSS)</b>	<b>(178)</b>	<b>(41)</b>
<i>Attributable to owners of the parent</i>	(220)	(8)
<i>Attributable to non-controlling interests</i>	42	(33)
<b>Items that may subsequently be reclassified to profit or loss</b>		
Cash-flow hedge reserve	450	(224)
<i>of which income tax effect</i>	(231)	115
Foreign currency translation reserve	0	260
<b>Other comprehensive income (loss), net of taxes</b>	<b>450</b>	<b>36</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>272</b>	<b>(4)</b>
<i>Attributable to owners of the parent</i>	227	(11)
<i>of which continuing operations</i>	227	(12)
<i>of which discontinued operations</i>	0	1
<i>Attributable to non-controlling interests</i>	45	6
<i>of which continuing operations</i>	45	33
<i>of which discontinued operations</i>	0	(26)

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

(MILLIONS OF R\$)	Notes	31 March 2022	31 March 2021
<b>ASSETS</b>			
Cash and cash equivalents	19	1,846	1,731
Trade receivables	19	412	312
Inventories	9	321	253
Biological assets	10	623	524
Current financial assets with related parties	23	267	246
Other current financial assets	19	757	698
Current income tax receivables	8	36	81
Other current assets		4	4
<b>Total current assets</b>		<b>4,264</b>	<b>3,848</b>
Deferred tax assets	8	121	342
Non-consolidated investments	19	2	2
Non-current financial assets with related parties	23	1	2
Other non-current financial assets	19	207	227
Investments in associates and joint ventures	11	70	60
Property, plant and equipment	12	3,768	3,571
Goodwill	13	1,046	1,046
Other intangible assets	14	153	163
<b>Total non-current assets</b>		<b>5,369</b>	<b>5,414</b>
<b>TOTAL ASSETS</b>		<b>9,633</b>	<b>9,261</b>

(MILLIONS OF R\$)	Notes	31 March 2022	31 March 2021
<b>LIABILITIES AND EQUITY</b>			
Short-term borrowings	19	1,331	1,421
Trade payables	19	816	588
Other current financial liabilities	19	680	514
Current income tax payables	8	1	82
Other current liabilities		17	52
<b>Total current liabilities</b>		<b>2,844</b>	<b>2,658</b>
Long-term borrowings	19	4,043	4,338
Deferred tax liabilities	8	10	0
Long-term provisions	17	49	48
Non-current financial liabilities with related parties	23	238	0
Other non-current financial liabilities	19	81	120
<b>Total non-current liabilities</b>		<b>4,420</b>	<b>4,506</b>
<b>Total liabilities</b>		<b>7,264</b>	<b>7,164</b>
Issued capital	18	2,840	2,840
Reserves (accumulated loss)		(329)	(110)
Accumulated other comprehensive income (loss)		(224)	(671)
<b>Equity attributable to owners of the parent</b>		<b>2,287</b>	<b>2,059</b>
Non-controlling interests		83	38
<b>Total equity</b>		<b>2,370</b>	<b>2,097</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,633</b>	<b>9,261</b>

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(MILLIONS OF R\$)	TOTAL EQUITY attributable to the parent	TOTAL EQUITY attributable to NCI	TOTAL EQUITY
<b>At 1 April 2020</b>	<b>2,070</b>	<b>(78)</b>	<b>1,992</b>
Net income (loss)	(8)	(33)	(41)
Other comprehensive income (loss)	(4)	39	36
<b>Comprehensive income (loss)</b>	<b>(11)</b>	<b>6</b>	<b>(4)</b>
Change in scope	0	110	110
<b>At 31 March 2021</b>	<b>2,059</b>	<b>38</b>	<b>2,097</b>
Net income (loss)	(220)	42	(178)
Other comprehensive income (loss)	447	3	450
<b>Comprehensive income (loss)</b>	<b>227</b>	<b>45</b>	<b>272</b>
Other	1	0	1
<b>At 31 March 2022</b>	<b>2,287</b>	<b>83</b>	<b>2,370</b>

(MILLIONS OF R\$)	Issued capital	Reserves (accumulated loss)	Cash-flow hedge	Foreign currency translation	Accumulated OCI	TOTAL EQUITY
<b>At 1 April 2020</b>	<b>2,840</b>	<b>(113)</b>	<b>(431)</b>	<b>(226)</b>	<b>(657)</b>	<b>2,070</b>
Net income (loss)	0	(8)	0	0	0	(8)
Other comprehensive income (loss)	0	0	(229)	226	(4)	(4)
<b>Comprehensive income (loss)</b>	<b>0</b>	<b>(8)</b>	<b>(229)</b>	<b>226</b>	<b>(4)</b>	<b>(11)</b>
Other changes in Equity	0	11	(11)	0	(11)	0
<b>At 31 March 2021</b>	<b>2,840</b>	<b>(110)</b>	<b>(671)</b>	<b>(0)</b>	<b>(671)</b>	<b>2,059</b>
Net income (loss)	0	(220)	0	0	0	(220)
Other comprehensive income (loss)	0	0	447	0	447	447
<b>Comprehensive income (loss)</b>	<b>0</b>	<b>(220)</b>	<b>447</b>	<b>0</b>	<b>447</b>	<b>227</b>
Other changes in Equity	0	1	0	0	0	1
<b>At 31 March 2022</b>	<b>2,840</b>	<b>(329)</b>	<b>(224)</b>	<b>0</b>	<b>(224)</b>	<b>2,287</b>
<b>At 1 April 2020</b>	<b>0</b>	<b>(46)</b>	<b>2</b>	<b>(34)</b>	<b>(32)</b>	<b>(78)</b>
Net income (loss)	0	(33)	0	0	0	(33)
Other comprehensive income (loss)	0	0	5	34	39	39
<b>Comprehensive income (loss)</b>	<b>0</b>	<b>(33)</b>	<b>5</b>	<b>34</b>	<b>39</b>	<b>6</b>
Other changes in Equity	0	15	(15)	0	(15)	0
Acquisition or divestiture	0	110	0	0	0	110
<b>At 31 March 2021</b>	<b>0</b>	<b>46</b>	<b>(8)</b>	<b>0</b>	<b>(8)</b>	<b>38</b>
Net income (loss)	0	42	0	0	0	42
Other comprehensive income (loss)	0	0	3	0	3	3
<b>Comprehensive income (loss)</b>	<b>0</b>	<b>42</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>45</b>
<b>At 31 March 2022</b>	<b>0</b>	<b>88</b>	<b>(5)</b>	<b>0</b>	<b>(5)</b>	<b>83</b>

The accompanying notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS OF TEREOS GROUP

(MILLIONS OF R\$)	Notes	31 March 2022	31 March 2021
<b>Net income (loss)</b>		<b>(178)</b>	<b>(41)</b>
Share of profit of associates and joint ventures	11	(10)	(9)
Amortisation	6	821	752
Fair value adjustments on biological assets	10	(66)	(39)
Fair value adjustments through financial result		(11)	9
Gain (loss) on disposals of assets		35	(0)
Income tax expense (income)	8	(5)	103
Net financial expense		475	252
Impact of changes in working capital:		224	(41)
<i>of which decrease (increase) in trade receivables</i>		(106)	33
<i>of which (decrease) increase in trade payables</i>		229	131
<i>of which decrease (increase) in inventories</i>		(68)	160
<i>of which impact of changes in other items</i>		168	(364)
Change in other accounts with no cash impact		271	163
<b>Cash provided by (used in) operating activities</b>		<b>1,555</b>	<b>1,149</b>
Income taxes paid		(35)	(63)
<b>Net cash provided by (used in) operating activities from continuing operations</b>		<b>1,521</b>	<b>1,086</b>
<b>Net cash provided by (used in) operating activities from discontinued operations</b>		<b>0</b>	<b>133</b>
<b>Net cash provided by (used in) operating activities</b>		<b>1,521</b>	<b>1,220</b>
Acquisition of property, plant and equipment and intangible assets		(817)	(685)
Acquisition of financial assets		(9)	(13)
Change in loans and advances granted		3	1
Interest received		79	32
Proceeds from the disposal of property, plant and equipment and intangible assets		0	5
Proceeds from the disposal of financial assets		1	1
<b>Net cash provided by (used in) investing activities from continuing operations</b>		<b>(743)</b>	<b>(658)</b>
<b>Net cash provided by (used in) investing activities from discontinued operations</b>		<b>0</b>	<b>(45)</b>
<b>Net cash provided by (used in) investing activities</b>		<b>(743)</b>	<b>(704)</b>
Borrowings issues	19	1,260	891
Borrowings repayments	19	(1,791)	(1,087)
Financing interest paid		(349)	(214)
Change in financial assets with related parties		(20)	(40)
Change in financial liabilities with related parties		238	0
<b>Net cash provided by (used in) financing activities from continuing operations</b>		<b>(663)</b>	<b>(449)</b>
<b>Net cash provided by (used in) financing activities from discontinued operations</b>		<b>0</b>	<b>10</b>
<b>Net cash provided by (used in) financing activities</b>		<b>(663)</b>	<b>(439)</b>
Impact of exchange rate on cash and cash equivalents in foreign currency		0	93
<b>Net change in cash and cash equivalents, net of bank overdrafts</b>		<b>115</b>	<b>170</b>
Cash and cash equivalents, net of bank overdrafts at opening	19	1,731	1,561
Cash and cash equivalents, net of bank overdrafts at closing	19	1,846	1,731
<b>Net change in cash and cash equivalents, net of bank overdrafts</b>		<b>115</b>	<b>170</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

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# 1. Corporate information, basis of presentation, accounting standards and use of estimates and judgments

## 1.1 Corporate information

Tereos Açúcar e Energia Brasil S.A. (the “Company”) is a Brazilian company, primarily engaged in the cultivation of sugarcane and production and sale of sugar, ethanol, energy and other sugarcane by-products, agricultural undertakings, import and export of assets, products, power generation and raw materials and holding equity interests in other companies.

Sugarcane planted from August to November requires a ripening period of 12 months before harvesting, and the ripening period for sugarcane planted from January to May is 18 months. The harvest period normally extends from April to November. Production is sold throughout the year and is not subject to seasonal variations but only to usual market variations in supply and demand.

Currently, the Company and its subsidiaries (the “Group”) operate seven plants. The existing plants and their locations are as follows:

- Cruz Alta unit - Olímpia - SP.
- Severínia unit - Severínia - SP.
- São José unit - Colina - SP.
- Andrade unit - Pitangueiras - SP.
- Tanabi unit - Tanabi - SP.
- Mandu unit - Guaíra - SP.
- Vertente unit - Guaraci - SP.

The consolidated financial statements for the year ended 31 March 2022 were prepared by the Company and were authorised for issue by the Board of Executive Officers of the Company at its meeting on June 24, 2022.

The Company is a subsidiary of Tereos Internacional S.A., a Brazilian entity headquartered in São Paulo, Brazil and Tereos Participations S.A.S., a French entity headquartered in Origny- Sainte-Benoîte, France.

Registered office: Rodovia Assis Chateaubriand, km 155 - Olímpia - São Paulo - Brazil.

## 1.2 Basis of presentation

The Group’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and in accordance with accounting practices adopted in Brazil (“BRGAAP”), at 31 March 2022.

The BRGAAP include those established in the Brazilian Corporate Law as well as the Pronouncements, Instructions and Interpretations issued by the Brazilian Accounting Pronouncements Committee (“CPC”).

For the preparation of the consolidated financial statements the Company has adopted all the accounting pronouncements and interpretations issued by CPC.

The consolidated financial statements include the following direct and indirect subsidiaries:

- Tereos Açúcar e Energia Cruz Alta S.A. (“Cruz Alta”) - direct subsidiary with 100% interest;
- Usina Vertente Ltda. (“Vertente”) - indirect subsidiary through Cruz Alta with 50% interest;
- Terminal Portuário de Paranaguá S.A (“Teapar”) - indirect participation through Cruz Alta with 35% interest;
- São José Agricultura Ltda. (“São José Agricultura”) - direct participation with 32% interest;
- Centro de Tecnología Canaveira S.A. (“CTC”) – is an associate company through Tereos Açúcar e Energia Brasil, and Vertente with 4.42% interest;
- Tereos Commodities do Brasil S.A. – direct subsidiary with 81% interest.

The consolidated financial statements have been prepared on a historical cost basis, except for biological assets, derivatives and non-consolidated investments which are measured at fair value.

The accounting methods set out below have been applied consistently to all periods presented in the consolidated financial statements, and uniformly across Group entities.

The consolidated financial statements are presented in millions of Reais and all values are rounded to the nearest million except when otherwise indicated. In certain circumstances, this may lead to non-material differences between the sum of the figures and the sub-totals that appear in the tables.

The Group presents assets and liabilities in statement of financial position based on a current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Group’s financial year runs from April 1st to March 31st.

In addition, the Group considered the guidelines issued by OCPC 07 Technical Guidance, issued by CPC in November 2014, in the preparation of its financial statements. Accordingly, the relevant information in the financial statements is being disclosed and corresponds to that used by management in its management.

### 1.3 Standards and interpretations compulsory at 1 April 2021

The following standards and interpretations and revised standards became effective at 1 April 2021 and have no material impact on the Group annual consolidated financial statements:

Standard or Interpretation	Standard / Amendment / Interpretation Name	Effective date*
Amendment to IFRS 9 (CPC48)	Financial Instruments	1/1/2021
Amendment to IAS 39 (CPC38)	Financial Instruments - recognition and valuation	1/1/2021
Amendment to IFRS 7 (CPC 40 (R1))	Financial Instruments - disclosures	1/1/2021

\* effective for the financial year beginning on or after this effective date

The aims of these amendments, which the Company has elected to apply in advance from 1 April 2020 as authorised by the standard for phase 2, is to specify what constitutes a change to the contractual rate and introduce targeted adjustments to allow hedge accounting to be maintained.

In view of the expected disappearance of LIBOR rates, the Company has worked on the terms of its credit lines denominated in US dollars indexed to this index to consider solutions, such as indexing to SOFR for example. The Company does not anticipate any particular risk relating to the transition to the new benchmark index and which will concern its debt and derivative contracts.

### 1.4 Standards and interpretations mandatorily applicable after 31 March 2022 with no early application elected by the Group

The following standards and interpretations that are mandatorily applicable after 31 March 2022 could have an impact on the Group's consolidated financial statements:

Standard or Interpretation	Standard / Amendment / Interpretation Name	Effective date*
Amendment to IFRS 3 (CPC 15 (R1))	Business combinations	1/1/2022
Amendment to IAS 16 (CPC 27)	Property, Plant and Equipment	1/1/2022
Amendment to IAS 37 (CPC 25)	Provisions, Contingent liabilities and Contingent Assets	1/1/2022
Amendment to IFRS 9 (CPC 48)	Financial Instruments	1/1/2022
Amendment to IAS 1 (CPC 26(R1))	Presentation of financial statements	1/1/2022
Amendment to IAS 8 (CPC 23)	Accounting policies, changes in accounting estimates and errors	1/1/2023
Amendment to IAS 12 (CPC 32)	Income taxes	1/1/2023

\* effective for the financial year beginning on or after this effective date

### 1.5 Use of estimates and judgments

In preparing the Group's consolidated financial statements, Management makes estimates and judgments, insofar as many items included in the financial statements cannot be measured with precision. Management revises these estimates and judgments if the underlying circumstances evolve or in light of new information or experience. Consequently, the estimates and judgments used to prepare the consolidated financial statements for the year ended 31 March 2022 may change in subsequent periods.

### 1.5.1 Judgments

Group Management uses estimates or judgment to define the appropriate accounting policies to apply to certain transactions when the current IFRS standards and interpretations do not specifically deal with the related accounting issues:

- As the IFRS and BR GAAP do not provide any specific guidance for business combinations of entities under common control, the Group has applied the “pooling of interests” method when required.

### 1.5.2 Estimates

Management makes significant estimates in determining the assumptions used for accounting in the following areas:

Note	Estimate	Nature of disclosure
Note 8	Income taxes	Assumptions used for the recognition of deferred tax assets arising from the carry forward of unused tax losses.
Note 10	Biological assets	Key assumptions used to determine the fair value of standing cane (estimated yield, quantity of sugar per tonne of cane, sugar price...).
Note 12	Property, plant and equipment	Assumptions used to measure property, plant & equipment acquired in business combinations. Assumptions used to determine the useful life of the assets.
Note 13	Goodwill	Assumptions used to determine the fair value of the assets and liabilities acquired, the fair value of the consideration received and therefore the goodwill.
Note 16	Impairment tests	Level of grouping of CGUs for goodwill impairment test. Key assumptions used to determine recoverable amounts: value in use (discount rate, perpetual growth rate, expected cash flows), market value (revenue and EBITDA multiples for comparable companies or transactions, cash flows)
Note 17	Provisions	Provisions for claims and litigation: assumptions underlying risk assessment and measurement.
Note 19	Financial instruments	Assumptions used to determine the fair value of the different categories of financial instruments and the calculation of expected credit losses.

## 2. Significant accounting principles

### 2.1 Consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the effective date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Entities are fully consolidated if the Group has all the following:

- power over the investee; and
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is deemed to exist when the Group has power:

- over more than one half of the voting rights of the other entity by virtue of an agreement;
- to govern the financial and operating policies of the other entity under a statute or agreement;
- to appoint or remove the majority of the Members of the Board of Directors or equivalent governing body of the other entity; or
- to cast the majority of votes at meetings of the Board of Directors or equivalent governing body of the other entity.

The consolidated financial statements are prepared based on the financial statements of the consolidated subsidiaries, which are prepared for the same reporting period as the parent company. Adjustments are made when necessary to bring the accounting policies in line with those of the group. All material intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary without a change of control is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control of a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- reclassifies the foreign currency translation reserve, recorded in equity, to statement of operations;
- reclassifies the parent's share of components previously recognised in other comprehensive income to income statement;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any gain or loss in the statement of operations

### 2.2 Joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the entity have rights to its net assets. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Significant influence is presumed to exist when the percentage of voting rights exercisable by the Group exceeds 20% but does not lead to control or joint control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

When assessing an investor's power over an investee, potential voting rights are taken into account if they are substantive, i.e., if they confer upon the investor the practical ability to direct the relevant activities of the investee on a timely basis.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in the associate is initially carried at its acquisition cost determined at the acquisition date. After acquisition, the carrying amount of the investment in the statement of financial position is adjusted for the changes in Group's share of net assets, including comprehensive income for the period.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is never amortised.

The statement of operations reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented in the consolidated statement of comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, where applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of operations below operating profit and represents profit or loss after tax of the associate or joint venture.

When it is possible, the financial statements of the associate and joint ventures are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

If the Group's share in the losses of an associate or a joint venture is greater than or equal to its investment in the associate, including any unsecured receivables, the Group does not recognise any additional losses, unless it has an obligation to do so or has made already payments in the name of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in its associates. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount in the statement of operations.

When an investment ceases to be an associate or a joint venture, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate on loss of significant influence and the fair value of the residual investment and proceeds from disposal is recognised in the statement of operations.

Entities over which the Group does not exercise significant influence are measured at fair value and classified as non-consolidated investments at fair value.

A list of joint ventures and associates at 31 March 2021 and 31 March 2022 is presented in note 11.

### 2.3 Translation of the financial statements expressed in foreign currencies

Group entities outside Brazil use their domestic currency as their functional currency and translate their financial statements to the Group's presentation currency (Brazilian Real – R\$) based on:

- the average annual exchange rate for income and expenses on the statement of operations;
- the exchange rate at March 31st for assets and liabilities on the statement of financial position.

The resulting translation differences are recognised in “Foreign currency translation” in shareholders’ equity, and are also presented in “Other comprehensive income” in the statement of comprehensive income. The share attributable to non-controlling interests is presented in “Non-controlling interests” within shareholders’ equity.

These amounts are fully reclassified to income when the related investment is: (i) fully disposed of or liquidated, or (ii) partially disposed of (the Group ceases to exercise control, joint control or significant influence). In case of a partial disposal without any significant economic consequences as described above, a partial reclassification of the “Foreign currency translation reserve” is recognised on a prorata basis.

The average and year-end exchange rates used in translating the financial statements for the presentation currency are the following:

Foreign currency / Brazilian Real rate	Average rate for the year		End of year rate	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
USA Dollar USD	0.1874	0.1857	0.2112	0.1752

## 2.4 Transactions in foreign currencies

On initial recognition, transactions denominated in foreign currencies are translated into the subsidiary’s functional currency at the exchange rate prevailing at the transaction date.

At year-end, financial assets and liabilities are translated at the year-end exchange rate, or at the hedged rate, if applicable. Foreign exchange differences resulting from these translations are recorded in the statement of operations under the heading “Financial income and expenses”.

The Group grants long-term advances to foreign subsidiaries that may be qualified as net investments in a foreign operation in accordance with IAS 21 (CPC 02 (R2)). Any foreign exchange gains and losses arising on the translation of these receivables and payables at the closing exchange rate are recognised in “Other comprehensive income” in accordance with IAS 21 (CPC 02 (R2)).

## 2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

Goodwill is initially measured at cost, being the excess of the consideration transferred and the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed, measured at fair value. If, after reassessment, the Group’s interest in the fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess (also called badwill) is recognised immediately in income as a gain on bargain purchase.

For each business combination, the Group decides to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets.

Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives from the host contracts held by the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

If the business combination is achieved in stages, the carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be a financial asset or liability are recognised in accordance with IFRS 9 (CPC 48) either in income or in Other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is ultimately settled within equity.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill corresponding to consolidated entities is presented on the separate line "Goodwill" in the consolidated statement of financial position. Goodwill for entities accounted for using the equity method is included within "Investments in associates".

## 2.6 Non-current assets (or disposal groups) held for sale and related liabilities

Non-current assets (or disposal groups) and liabilities held for sale, and for which a sale is highly probable within twelve months, are classified under "Non-current assets (or disposal groups) classified as held for sale" and "Liabilities directly associated with non-current assets classified as held for sale" in the statement of financial position.

When several assets are intended to be sold during a single transaction, the group of assets (disposal group) is considered as a whole, as are the associated liabilities.

A sale is highly probable when Group Management is committed to a plan for the sale of the non-current asset or disposal group and an active programme to seek a buyer has been launched.

When a loss of control of a subsidiary is highly probable, all assets and related liabilities of the subsidiary are classified as held for sale, regardless of whether the entity will retain some interest in the former subsidiary after the sale.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are no longer depreciated or amortised.



## 2.7 Intangible assets

Intangible assets include:

- patents acquired;
- recognised brands acquired that are distinguishable from other brands, whose value can be tracked over time;
- computer software;
- qualifying development expenses.

Acquired patents and computer software are measured at their acquisition cost and are depreciated over their useful life. Software is amortised using the straight-line method over its expected useful life ranging from 1 to 5 years.

Brands with indefinite useful lives are not amortised and are subject to annual impairment tests.

Amortisation and impairment losses are recognised in operating income.

In accordance with IAS 38 “Intangible Assets” (CPC 04 (R1)), research and development expenses are expensed in the year incurred, with the exception of qualifying development expenses that meet the capitalisation criteria outlined in the standard.

## 2.8 Property, plant and equipment

Property, plant and equipment are measured at cost (purchase price plus incidental costs needed to place the assets in service) or at production cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by the management except in the context of a business combination.

When certain components of property, plant and equipment acquired have different useful lives, the components approach is applied and these components are depreciated over their respective useful lives.

Expenses corresponding to the replacement or renovation of components of property, plant and equipment are recorded as a new asset, and the carrying amount of the components replaced is eliminated.

The Group performs regular major maintenance activities in its industrial facilities on an annual basis, with the purpose of inspecting and replacing components of property, plant and equipment. The annual major maintenance costs include labour, materials, external services, general and other overhead expenses incurred during the inter-crop period. The Group uses the built-in overhaul method to account for the annual costs of major maintenance activities.

The estimated cost of the portion of the total cost of an item of property, plant and equipment which must be replaced on an annual basis is recorded as a separate component of the cost of property, plant and equipment and is depreciated over its separate estimated useful life. It is then replaced in connection with the annual major maintenance activities. Regular periodic maintenance costs are expensed as incurred since the parts replaced do not enhance the performance of the asset.

In accordance with IAS 23 (CPC 20 (R1)), interest on loans used to purchase property, plant and equipment of a material individual amount and with a significant construction life are recognised as an increase in the asset's acquisition cost.

Sugarcane plantation costs are part of tangible assets. They are valued at cost and depreciated over their useful life.

Depreciation is calculated on a straight-line basis over the expected useful life of each asset:

Buildings	20-40 years
Fixtures and improvements to buildings	10-20 years
Technical installations, equipment and industrial tools	10-15 years
Bearer plant	5-6 years
Office equipment	5 years
Transportation equipment	5 years

## 2.9 Impairment of assets

In accordance with IAS 36 "Impairment of Assets" (CPC 01 (R1)), goodwill, property plant and equipment and intangible assets are subject to impairment tests whenever events or changes of circumstances indicate that their carrying amount may not be recoverable. Goodwill and intangible assets that have an indefinite useful life are subject to an impairment test, at least once a year or more frequently if there are indications of impairment. The Group performs annual impairment tests during the last quarter of its financial year.

For the purposes of measuring impairment, assets are combined into cash-generating units (CGUs). These CGUs correspond to the smallest groups of assets generating cash flows clearly independent from those generated by other CGUs.

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combinations in which the goodwill was recorded.

An impairment test consists of comparing the carrying amount of an asset, a CGU or a group of CGUs to its recoverable value, which is the higher of its fair value less costs to sell and value in use.

Value in use is obtained by adding the discounted pre-tax values of the cash flows expected from use of the asset (or group of assets) and the terminal value.

Cash flows used as the basis for calculating value in use derive from CGU's medium-term business plans. The assumptions used for growth in total revenue and terminal cash flows are considered reasonable and consistent with market data available for each CGU.

Fair value less costs to sell corresponds to the amount that might be obtained from the sale of an asset (or group of assets) in an arm's length transaction, less costs directly related to the sale.

If the recoverable value is lower than the carrying amount of the asset (or group of assets), an impairment loss is recognised in the statement of operations for the difference and allocated first to goodwill. Impairment losses recognised against goodwill may not be reversed in subsequent periods.

## 2.10 Leases

Leases, as defined by IFRS 16 (CPC 06 (R2)) "Leases", are recognised in the statement of financial position as an asset, which corresponds to the right of use the leased asset during the term of the contract, and as a liability, which relates to the payment obligation.

For simplification purposes, and as permitted by the standard, lease contracts with a term of less than 12 months, as well as contracts for which the replacement value is lower than or equal to USD 5,000, have not been recognised in accordance with the above IFRS 16 (CPC 06 (R2)) rules.

The main lease contracts identified correspond to lands, vehicles machineries and certain properties.

### Measurement of the right-of-use asset

At the signing date of a lease contract, the right-of-use is valued at cost and corresponds to the initial amount of the lease liability, adjusted, if necessary, for the amount of any prepaid or accrued lease payments recognised in the statement of financial position.

The right-of-use asset is amortised over the useful life of the underlying assets.

### **Measurement of the lease liability**

When the contract is signed, the lease liability is recognised for an amount equal to the present value of the lease payments over the term of the contract.

The amount of the liability depends to a large degree on the assumptions used for the lease term and, to a lesser extent, on the discount rate. The Group's extensive geographic coverage means it encounters a wide range of different legal conditions when entering into contracts. The lease term generally used to calculate the liability is the term of the initially negotiated lease, taking into account early termination or extension options when these are likely.

The liability related to the lease contract is increased by the amount of the interest expense determined by applying the discount rate to the liability at the beginning of the period and is reduced by the repayments made.

The interest expense for the period as well as the variable payments not taken into account on initial measurement of the liability and incurred during the period in question, are recognised as expenses.

The liability can be remeasured when the term of the lease is revised, when there is a modification linked to the assessment of the reasonably certain (or uncertain) nature of the exercise of an option, or a revision of the rates or indices on which rents are based at the date of the adjustment.

## **2.11 Biological assets**

IAS 41 – Agriculture (CPC 29), covers the accounting treatment of agricultural activities. Agricultural activity is the management of the biological asset's transformation for sale or into agricultural products. These biological assets (sugarcane and manioc) and the related agricultural products (harvested sugarcane and manioc) must be recognised at fair value less estimated expenses at the point of sale. To satisfy this measurement rule, the Group values its standing cane at fair value less cost to sell and classifies it in current biological assets.

Changes in fair value are recognised in the cost of goods sold.

The bearer plants are measured, in accordance with IAS 16 (CPC 27), at historical cost and recognised in the balance sheet in Property, Plant and Equipment.

## **2.12 Inventories**

Physical inventories in the processing activities are valued at the lower of cost and spot prices prevailing at the end of the reporting period. Cost is determined using the weighted average method or the "first in, first out" method, depending on the product. In addition, stock held for trading are measured at fair value less costs to sell.

On initial recognition raw materials and consumables are recognised at purchase price plus other expenses incurred in bringing the inventories to their present location and condition (transportation, commissions, among others).

Manufactured products are valued at production cost, including the cost of materials consumed, depreciation of production inputs, and direct or indirect production expenses excluding finance cost.

An impairment loss is recognised on inventories when:

- the gross value calculated as defined above exceeds the market value or realisable value;
- products have been subject to significant deterioration.

## 2.13 Financial assets

IFRS 9 (CPC 48) provides a single approach for the classification and measurement of financial assets, based on the characteristics of the financial instrument and the Group's management intention with the following results:

- financial assets with cash flows that are representative of the payment of principal and interest only are measured at amortised cost if they are managed only for the purpose of collecting these flows;
- in other cases, financial assets are measured at fair value through profit and loss, except for equity instruments (investments, ...) not held for trading and with changes in value that, on election affect "other comprehensive income".

The impact of these principles on assets is reflected as follows in the Group's statement of financial position:

Financial assets include the following categories: non-consolidated investments, financial investments, loans and receivables and derivatives.

At the acquisition date, the Group determines the classification of the financial asset in one of these accounting categories.

### **Non-consolidated investments and financial investments at fair value**

This category mainly includes non-consolidated equity investments and debt securities that do not meet the definitions of other categories of financial assets.

The Group has chosen to recognise the change in fair value of its equity investments in other comprehensive income because they meet the definition of equity instrument and are not held for trading except shares held in investment funds with changes in fair value recognised in financial income and expense.

Investments are recorded at fair value at the closing date. Securities that have no quoted market price in an active market and if their fair value cannot be reliably measured are carried at cost less impairment losses generally calculated on the proportion of capital held.

### **Loans and receivables**

Trade and other receivables and loans are recorded at amortised cost, which corresponds to their nominal value. The portion of receivables and loans that are not covered by credit insurance generate the recognition of an impairment loss as soon as the invoice is issued, up to the expected losses at the maturity date. This reflects the probability of default of the counterparties and the expected loss rate, evaluated, as appropriate, on the basis of historical statistics, information provided by the credit reporting agencies, or ratings given by the rating agencies.

When the maturity of receivables and loans is greater than one year, a present value calculation is performed. The effects of this calculation are recorded in financial income and expense according to the effective interest rate method.

Loans and receivables are subject to impairment tests. An impairment loss is recognised in the statement of operations if the carrying value amount exceeds the recoverable value and there is objective evidence that the asset or group of assets is impaired.

The group factors some of its receivables. In accordance with IFRS 9 (CPC 48), the Group derecognises receivables only when the contractual right to receive cash flows have been transferred, as well as substantially all the risks and rewards of ownership.

Dilution risk is excluded from the analysis of the transfer of risk to the extent that it is defined and circumscribed, especially where it is correctly distinguished from late-payment risk.

Receivables sold with recourse in the event of non-payment are not derecognised. Costs to sell receivables are expensed in operating items.

### **Derivative financial assets**

Accounting rules and policies for derivative instruments are presented in note 2.17.

## **2.14 Cash and cash equivalents**

Cash and cash equivalents include cash in bank current accounts, term deposits convertible in the very short term (less than three months) for which there is no material risk of loss of value in the event of a change in interest rates, and investment securities that are by nature highly liquid and subject to a negligible risk of change in value.

## **2.15 Provisions**

Provisions are recognised when there is an obligation (legal, contractual or constructive) to a third party provided that it may be estimated reliably and is likely to result in an outflow of resources, with no at-least-equivalent consideration expected in return.

If the amount or maturity cannot be estimated reliably or where it is not probable that a present obligation exists, then it is a contingent liability.

Where the effect of the time value of money is material, the provision is discounted to present value. The discount rate used to determine the present value reflects the time value of money and the specific risks related to the liability being measured. The effect of discounting is recognised in financial expenses.

A restructuring provision is recognised when a detailed formal plan has been announced or when implementation of a restructuring plan has already begun.

## **2.16 Financial liabilities**

This category includes:

- financial liabilities at amortised cost;
- financial liabilities designated at fair value upon initial recognition;
- financial liabilities classified as held for trading, including derivative liabilities (but excluding hedging derivatives);
- commitments to purchase non-controlling interests.

### **Measurement and recognition of financial liabilities at amortised cost**

With the exception of financial liabilities at fair value and derivatives comprising liabilities measured and recognised at fair value, borrowings and other financial liabilities are measured and recognised initially at fair value and then at amortised cost, calculated using the effective interest rate.

In accordance with the Group accounting policy, Tereos Açúcar e Energia Brasil S.A. is considering in its cash flows statement its financial interest paid as cash flows from financing activities.

### **Measurement and recognition of hybrid financial instruments**

Hybrid instruments are separated into liability and equity components based on the terms of the contract. On issuance of the hybrid instruments, the fair value of the liability component is determined using a market rate for an equivalent non-hybrid instrument. This amount is classified as a financial liability at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the hybrid instruments based on the allocation of proceeds to the liability and equity components when the instruments were initially recognised.

#### **Measurement and recognition of financial liabilities designated at fair value upon initial recognition**

When a financial liability is eligible to be recognised at fair value in its entirety – as in the case of a liability with an embedded derivative – the Group recognises the liability at fair value and changes in fair value are recognised in financial income and expenses.

#### **Commitments to purchase non-controlling interests**

Pursuant to IAS 32 (CPC 39), put options granted unconditionally to third parties holding non-controlling interests in fully consolidated subsidiaries must be considered as a financial liability.

The Group recognises put options granted to third parties holding non-controlling interests under financial liabilities at the fair value of the option, with an offsetting entry to reduce non-controlling interests.

Any difference between the fair value of the liability and the relevant non-controlling interests is recognised in equity attributable to owners of the parent.

The liability is estimated in line with the prices or formulae defined in the relevant agreements. When the formulae are based on an income multiple after deducting debt, the amount of the liability relative to the option is estimated according to the income and net debt forecasts for the option exercise period.

Subsequent changes in the fair value of these liabilities, including the effects of discounting, are recognised in equity. The related share in reserves and income is also reflected in the Group/Non-controlling interests split in the financial statements.

## **2.17 Derivatives**

The Group uses derivative instruments to manage and reduce its exposure to risks of changes in interest rates, exchange rates, commodity prices and energy prices.

Derivative instruments are measured at fair value in the statement of financial position, whether or not they qualify for hedge accounting under IFRS 9 (CPC 48), under the financial assets and liabilities caption.

The fair values of derivatives are estimated using commonly used valuation models taking into account data from active markets.

Whenever possible, derivative instruments are recognised in accordance with the rules on hedge accounting.

Hedge accounting is applicable if:

- The hedging relationship is clearly defined and documented on the date it is set up;
- The effectiveness of the hedging relationship is demonstrated from its inception and then by regular verification of the correlation between the change in the market value of the hedging instrument and that of the hedged item.

The types of hedge accounting relationships currently implemented by the Group meet the requirements of IFRS 9 (CPC 48) and are aligned with the Group's risk management strategy and objectives.

The Group uses cash flow hedges as well as fair value hedges.

In these hedging relationships, the effectiveness of the derivative is assessed using the hypothetical derivatives method: the derivative designated in each hedging relationship must make it possible to offset variations in the cash flows of the hedged item.

The main sources of ineffectiveness are:

- The effect of the Group's and its counterparties' credit risk on the fair value of the hedging instruments which is not reflected in the change in the fair value of the hedged items (exchange rate, interest rates and commodities). In accordance with IFRS 13 (CPC 46), the measurement of credit risk on derivative instruments is measured on a regular basis. The lack of materiality has never given rise to the recognition of an adjustment in this respect;
- Changes to the timing and amount of expected cash flows from hedged transactions for foreign currency risk. Changes in fair value from one period to the next are recognized differently depending on the type of hedge accounting applied.

Cash flow hedges (CFH) are used to hedge the exposure to changes in the cash flow of a recognised asset or liability or of a highly probable forecast transaction that affects reported net income. For cash flow hedges, the effective part of the change in fair value of the hedging instrument is recorded directly in other comprehensive income, the change in fair value of the underlying is not recorded in the statement of consolidated financial position. The change in value of the ineffective portion is recognised in profit or loss. Amounts recognized in other comprehensive income are included in profit or loss over the same period as the hedged item itself.

The time value of the options documented as cash flow hedges is treated as the cost of hedging: changes in fair value of time value are recognised in "other comprehensive income" and then recycled in operating or financial income at the same time as the hedged item.

Fair value hedges (FVH) are used to hedge the exposure to changes in the fair value of all or part of a recognised asset or liability that affects reported net income. Changes in the fair value of the hedging instrument are recorded in profit or loss for the period. Symmetrically, the change in value of the hedged item attributable to the hedged risk is recorded in the statement of operations for the period (and adjusts the value of the hedged item). These two revaluations offset each other in the same line of the statement of operations, excluding the "ineffective portion" of the hedge.

Commodity hedging instruments falling within the scope of IFRS 9 (CPC 48) are derivative instruments and are measured at their fair value. The net impact of closed transactions is recognised in operating income.

Derivative instruments that do not meet the definition of hedging instruments are qualified as "held for trading". Changes in the fair value of held for trading derivatives are recognised in the statement of operations. Derivative instruments held for trading are not held for speculative purposes.

The changes in fair value of derivatives classified as "held for trading" as well as the ineffective portion of derivatives qualified as cash flow hedges are recognised in profit and loss, the results of closed derivatives qualified as "held for trading" or as hedging are classified as:

- Financial expenses and income when the underlying risk is classified as financial income and expenses (interest rate and financial exchange rate);
- In operating expenses and income, when the underlying risk is classified as operating expenses and income (Commodities - i.e. raw materials, finished products, energy and operational change).

The commodities purchase / sales contracts are generally treated outside the scope of IFRS 9 (CPC 48) ("own-use" treatment), with the exception of certain specific transactions involving ethanol, sugar, grains, electricity, coal and gas. For these specific transactions, hedge accounting is systematically preferred.

Qualification as "own-use" is determined when the following conditions are met:

- The volumes purchased or sold under these contracts correspond to the operating needs of the subsidiary;
- The contracts do not give rise to a net settlement within the meaning of IFRS 9 (CPC 48) and, in particular, a physical delivery takes place systematically;

The contracts are not comparable to sales of options within the meaning of IFRS 9 (CPC 48).

## 2.18 Reserves

The nature and purpose of each reserve are the following:

### **Cash flow hedge (CFH) reserve**

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred at the reporting date net of tax. Further information on the accounting methods applicable to the use of this reserve are disclosed in Note 2.17.

### **Foreign currency translation (FCT) reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. Further information on the accounting methods applicable to the use of this reserve are disclosed in Note 2.3.

## 2.19 Income taxes

Income taxes in the consolidated statement of operations include current and deferred income taxes.

### **Current income taxes**

Current income taxes are calculated based on taxable income for the year. Taxable income for the year differs from income reported in the consolidated statement of operations because it excludes income or expenses that are taxable or deductible in other periods, as well as income or expenses that are never taxable or deductible.

Current income tax assets or liabilities are recognised in the statement of financial position using tax rates that have been enacted at year-end.

### **Deferred taxes**

Pursuant to IAS 12 (CPC 32), deferred taxes result from temporary differences between the carrying amounts of assets and liabilities and their tax base.



Deferred income taxes are calculated based on the tax rate expected to apply during the financial year in which the asset will be realised or the liability settled, and are classified into non-current assets and liabilities. The effects of changes in tax rates from one period to the next are recognised in income in the period when the change occurs, except to the extent that it relates to items previously recognised outside the consolidated statement of operations.

Unused tax losses can be carried forward indefinitely and are not subject to inflation adjustment. The expected recovery of all deferred tax assets is supported by the taxable income projections, which have been approved by the Company's Management.

Projections of future taxable income include several estimates related to the performance of the international economy and more specifically the economies in which the Group operates, interest rate fluctuations, sales volumes, sales prices and tax rates which may differ from actual data and amounts.

Deferred tax assets resulting from temporary differences, tax losses and both tax loss or tax credit carry-forwards are limited to the estimated recoverable tax amount. This is measured at the reporting date based on the income outlook for the relevant entities.

Pursuant to IAS 12 (CPC 32), deferred tax assets and liabilities are not discounted.

Deferred taxes are recognised as expenses or revenue in income unless generated by items charged directly to other comprehensive income, in which case the related deferred taxes are also recognised in other comprehensive income.

## 2.20 Revenue

The Group's revenue mainly comprises sales of finished products and merchandise. They are recognised in the statement of operations when the control of goods is transferred.

Revenue is stated net of trade discount and customer rebates, as well as net of costs relating to trade support and sales taxes (VAT, ICMS, PIS and COFINS). These amounts are estimated when net revenue is recognised, on the basis of agreements and engagements with the customers concerned.

## 3. Climate risks

The raw materials processed by the Group come from agricultural activity, which is intrinsically subject to unpredictable changes in weather conditions. Tereos's business activities may therefore be directly affected by extreme or unfavourable weather conditions, natural stressors, natural disasters and climate change.

The Group takes climate risks into account to the best of its knowledge in its period-end assumptions and includes their potential impacts in the financial statements, in particular by:

- reviewing the useful life of certain assets;
- including, in the impairment tests of assets with indefinite useful lives, the expected impacts of these risks on future cash flows.

As an extension of these actions, the Group uses "positive impact" financing. A sustainability-linked loan, for example, is a loan instrument whose financing rate is tied to the borrower's sustainability key performance indicators (KPIs).

Tereos believes that it assesses its climate risks correctly and that it is consistent with its commitments in this area.

## 4. Main acquisitions, disposals, changes in scope of consolidation and other highlights of the period

### 4.1 Effects of the Covid-19 health crisis

Since 2020, the economic environment has been deeply impacted by the Covid-19 health crisis, which has affected all companies. The Group is taking action to ensure the safety of its employees and continue to meet its customers' needs against this backdrop. It has adjusted its working environments and operations to comply with the recommendations of the various health authorities. In this context, all of our 7 production facilities remained fully operational during the Covid-19 lockdowns.

## 5. Revenue

Revenue mainly comprises sales of goods and is broken down as follows:

(MILLIONS OF R\$)	For the year ended	
	31 March 2022	31 March 2021
Sugar	2,359	2,619
Alcohol and Ethanol	1,657	1,446
Energy	307	314
Co-products	13	13
Other	80	40
<b>REVENUE</b>	<b>4,416</b>	<b>4,433</b>

## 6. Expenses by nature

The analysis of expenses by nature is as follows:

(MILLIONS OF R\$)	Note	For the year ended	
		31 March 2022	31 March 2021
Cost of sales		(3,473)	(3,163)
Distribution expenses		(283)	(350)
General and administrative expenses		(289)	(298)
Other operating income / (expenses)		(29)	(30)
<b>TOTAL OPERATING EXPENSES BY DESTINATION</b>		<b>(4,075)</b>	<b>(3,840)</b>
Raw materials and consumables used		(1,821)	(1,586)
External expenses		(774)	(884)
Employee benefits expenses	6.1	(563)	(552)
Amortisations	6.2	(821)	(752)
Other	6.3	(95)	(67)
<b>TOTAL OPERATING EXPENSES BY NATURE</b>		<b>(4,075)</b>	<b>(3,840)</b>

External expenses mainly concern transportation costs, maintenance costs and rental charges.

## 6.1 Employee benefits expenses

(MILLIONS OF R\$)	For the year ended	
	31 March 2022	31 March 2021
Wages and salaries	(511)	(503)
Taxes on wages and salaries	(53)	(50)
Other employee expenses	(0)	(0)
<b>EMPLOYEE BENEFIT EXPENSES</b>	<b>(563)</b>	<b>(552)</b>

## 6.2 Amortisations

(MILLIONS OF R\$)	For the year ended	
	31 March 2022	31 March 2021
Amortisation of property, plant & equipment	(806)	(736)
Amortisation of intangible assets	(16)	(16)
<b>TOTAL OF AMORTISATIONS</b>	<b>(821)</b>	<b>(752)</b>

## 6.3 Other operating income (expenses)

The detail of the other operating income (expenses) is broken down as follows:

(MILLIONS OF R\$)	For the year ended	
	31 March 2022	31 March 2021
Taxes	18	(3)
Change in fair value of derivatives	0	(1)
Provisions and depreciations	(5)	(7)
Legal proceedings	(49)	(43)
Other	(59)	(13)
<b>TOTAL OTHER OPERATING INCOMES (EXPENSES)</b>	<b>(95)</b>	<b>(67)</b>

At 31 March 2022, the line "Other" amounts to R\$ (59) million mainly corresponds to write-off of bearer plant dead-roots R\$ (29) million due to frosts and dry season (See note 3).

## 7. Net financial expenses

### 7.1 Financial income and expenses

(MILLIONS OF R\$)	For the year ended	
	31 March 2022	31 March 2021
Interest expenses	(548)	(327)
Loss on financial assets and liabilities at fair value through statement of operations	(3)	0
Fair value loss on derivatives	(5)	(10)
Foreign exchange losses	(175)	(113)
Other financial expenses	(6)	(18)
<b>Financial expenses</b>	<b>(737)</b>	<b>(468)</b>
Interest income	64	29
Gains on financial assets and liabilities at fair value through statement of operations	8	2
Fair value gains on derivatives	11	0
Foreign exchange gains	105	121
Other financial income	15	3
<b>Financial income</b>	<b>203</b>	<b>155</b>
<b>NET FINANCIAL INCOME (EXPENSES)</b>	<b>(534)</b>	<b>(313)</b>
<i>Of which: net interest income (expenses)</i>	<i>(484)</i>	<i>(298)</i>
<i>Of which: foreign exchange gains and losses</i>	<i>(70)</i>	<i>8</i>

### 7.2 Gains and losses on financial assets and liabilities

For the year ended 31 March 2022							
(MILLIONS OF R\$)	Net interest income (expense)	Net foreign exchange income (expense)	Net gain (loss) of fair value	Others financial income / (expenses)	Total Financial Income (expenses)	Operating income (expenses)	OCI
Trade receivables	0	(4)	0	0	(4)	0	0
Cash and cash equivalents	44	(28)	0	0	15	0	0
Inventories	0	0	0	0	0	0	0
Other fin. assets (excluding derivatives)	21	0	0	1	22	0	0
Borrowings	(537)	47	0	0	(490)	0	541
Trade payables	0	1	0	0	1	0	0
Other fin. liabilities (excluding derivatives)	0	(0)	8	0	8	0	0
Derivatives	(11)	(85)	6	0	(90)	0	140
Other	0	0	(3)	8	5	0	0
<b>TOTAL</b>	<b>(484)</b>	<b>(70)</b>	<b>11</b>	<b>9</b>	<b>(534)</b>	<b>0</b>	<b>681</b>
Effect of deferred taxes on OCI							(231)
<b>TOTAL OCI NET OF TAXES</b>							<b>450</b>

For the year ended 31 March 2021

(MILLIONS OF R\$)	Net interest income (expense)	Net foreign exchange income (expense)	Net gain (loss) of fair value	Others financial income / (expenses)	Total Financial Income (expenses)	Operating income (expenses)	OCI
Trade receivables	0	(7)	0	0	(7)	0	0
Cash and cash equivalents	12	28	0	0	40	0	0
Other fin. assets (excluding derivatives)	10	0	0	1	11	0	0
Borrowings	(309)	(36)	0	0	(345)	0	139
Trade payables	0	(7)	0	0	(7)	0	0
Other fin. liabilities (excluding derivatives)	0	(2)	1	0	(1)	0	0
Derivatives	(11)	31	(10)	0	10	(1)	(478)
Other	0	0	1	(15)	(15)	0	0
<b>TOTAL</b>	<b>(298)</b>	<b>8</b>	<b>(9)</b>	<b>(15)</b>	<b>(313)</b>	<b>(1)</b>	<b>(339)</b>
Effect of deferred taxes on OCI							115
<b>TOTAL OCI NET OF TAXES</b>							<b>(224)</b>

## 8. Income tax

### 8.1 Income tax recognised in statement of operations

The breakdown of income taxes is presented as follows:

(MILLIONS OF R\$)	For the year ended	
	31 March 2022	31 March 2021
Current income tax	4	(52)
Deferred income tax	1	(52)
<b>TOTAL INCOME TAX</b>	<b>5</b>	<b>(103)</b>

The reconciliation between the applicable and effective tax rates is presented below:

(MILLIONS OF R\$)	For the year ended	
	31 March 2022	31 March 2021
Net income	(178)	(41)
Share of profit of associates and joint-ventures	10	9
Income tax income (expense)	5	(2)
<i>o/w deferred tax reclassified in "net income from discontinued operations"</i>	0	101
<b>Income before income tax and share of profit of associates and joint-ventures</b>	<b>(193)</b>	<b>(47)</b>
<i>Brazil's statutory income tax rate</i>	<i>34%</i>	<i>34%</i>
<b>Income tax based on Brazil's statutory rate</b>	<b>66</b>	<b>16</b>
Tax losses without recognition of deferred tax assets tax loss carry forward	(68)	(54)
Effect of different tax rates	0	(242)
Other non-deductible expenses for tax purposes	8	278
<b>Adjustments to reconcile income taxes</b>	<b>(60)</b>	<b>(18)</b>
<b>EFFECTIVE INCOME TAX</b>	<b>5</b>	<b>(2)</b>
<i>Effective income tax rate</i>	<i>3%</i>	<i>-5%</i>

## 8.2 Income tax in the statement of financial position

The positions of income and deferred taxes in the statement of financial position are the following:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Income tax receivables	36	81
Income tax payables	(1)	(82)
<b>TOTAL CURRENT TAX</b>	<b>35</b>	<b>(2)</b>
Deferred tax assets	121	342
Deferred tax liabilities	(10)	(0)
<b>TOTAL DEFERRED TAX</b>	<b>112</b>	<b>342</b>

Net deferred tax amounts to R\$ 112 million including R\$ 188 million on the recognition of tax losses carried forward.

The breakdown of deferred tax on the statement of financial position is presented as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
<b>Deferred tax assets</b>	<b>121</b>	<b>342</b>
Deferred tax assets through the statement of operations	5	(6)
Deferred tax assets through other comprehensive income	116	348
<b>Deferred tax liabilities</b>	<b>(10)</b>	<b>(0)</b>
Deferred tax liabilities through the statement of operations	(10)	(0)
<b>TOTAL OF DEFERRED TAX</b>	<b>112</b>	<b>342</b>

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Differences between carrying value and tax basis	(76)	177
<i>Property, plant and equipment and intangible assets</i>	(252)	(286)
<i>Biological assets</i>	(101)	(61)
<i>Financial assets and liabilities</i>	234	461
<i>Others</i>	42	62
Tax losses unused and recognised as deferred tax assets	188	164
<b>TOTAL</b>	<b>112</b>	<b>342</b>

Changes in deferred taxes are presented below:

(MILLIONS OF R\$)	Net deferred taxes
<b>At 31 March 2020</b>	<b>57</b>
Amount charged to the statement of operations	49
Amount charged to other comprehensive income	236
<b>At 31 March 2021</b>	<b>342</b>
Amount charged to the statement of operations	1
Amount charged to other comprehensive income	(231)
<b>At 31 March 2022</b>	<b>112</b>

### 8.3 Deferred tax assets on tax losses carried forward

Recognised deferred tax assets arising from the carry-forward of unused tax losses are mostly located in Sugar & Energy Brazil entities.

The expected recovery of deferred tax assets recognised on tax losses carried forward based on the taxable income projections approved by Group Management is as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
N+1	2	17
N+2	52	20
N+3	53	38
N+4	41	50
N+5	40	40
<b>TOTAL DEFERRED TAX ASSETS ON TAX LOSSES CARRIED FORWARD</b>	<b>188</b>	<b>164</b>

As income tax credits or expenses result not only from taxable income but also from the tax and corporate structure of the Group, the existence of non-taxable income, non-deductible expenses, tax exemptions and incentives, and various other variables, the projected utilization of tax loss carry-forwards should not be considered indicative of the Group's future net income.

The projections of future taxable income include estimates related to the performance of economies, exchange rate fluctuations, sales volumes, sales prices, tax rates and other items, which may differ from actual data and amounts.

### 8.4 Unrecognised tax losses carried forward

Unrecognised deferred tax assets arising from the carry-forward of unused tax losses amounted to R\$ 79 million at 31 March 2022 (compared to R\$ 11 million at 31 March 2021) in the consolidated financial statements in accordance with the accounting policies described in Note 2.19.

## 9. Inventories

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Raw materials	90	60
Finished and intermediate products	231	193
<b>INVENTORIES</b>	<b>321</b>	<b>253</b>

Changes in inventories are presented as follows:

(MILLIONS OF R\$)	
<b>At 31 March 2020</b>	<b>475</b>
Change in inventories through cost of sales	(167)
Change in write-down of inventory in the statement of operations	(53)
Change due to acquisition or divestiture	(14)
Change due to fair-value harvested	13
Effect of foreign currency exchange differences	(0)
<b>At 31 March 2021</b>	<b>253</b>
Change in inventories through cost of sales	63
Change due to fair-value harvested	4
<b>At 31 March 2022</b>	<b>321</b>

## 10. Biological assets

Changes in the net amount of biological assets are as follows:

(MILLIONS OF R\$)	Total
<b>At 31 March 2020</b>	<b>474</b>
Change due to harvest	(474)
Change in fair value	552
Changes due to acquisitions or divestitures	(30)
Effect of foreign currency exchange differences	3
<b>At 31 March 2021</b>	<b>524</b>
Change due to harvest	(525)
Change in fair value	624
<b>At 31 March 2022</b>	<b>623</b>

Fair value adjustment recognised through statement of operation at end of 31 March 2022 amounts to R\$ 66 million against R\$ 47 million in 31 March 2021 (where of Mozambique entities for R\$ 8 million in 31 March 2021 recognised in “net income from discontinuous operations”).

Own sugarcane crushed amounted to 8 107 thousand tons for the period ended 31 March 2022 against 10 971 thousand tons for the year ended 31 March 2021.

### Standing Cane

The following assumptions have been used in the determination of the fair value of standing cane:

At 31 March 2022	Unit	Brazil	
Expected area to harvest	hectares	137,392	
Estimated yields	tons of cane per hectare	66	
Quantity of Total Recoverable Sugar	kg per ton of cane	143	
Quantity of Sugar	kg per ton of sugar		
Value of one kg of Total Recoverable Sugar	KR\$	1.2	
Value of one kg of Sugar	KR\$		
At 31 March 2021	Unit	Brazil	Mozambique
Expected area to harvest	hectares	133,875	8,831
Estimated yields	tons of cane per hectare	78	54
Quantity of Total Recoverable Sugar	kg per ton of cane	142	
Quantity of Sugar	kg per ton of sugar		10.0
Value of one kg of Total Recoverable Sugar	KR\$	0.8	
Value of one kg of Sugar	KR\$		3.0



## 11. Investments in associates and joint ventures

Main investments in associates and joint ventures at 31 March 2022 were as follows:

			Investment in associates and joint ventures	
(MILLIONS OF R\$)	Activity	Group voting rights (in %)	31 March 2022	31 March 2021
Teapar	Port services operator for sugar export sales	35.00%	25	23
Centro de Tecnologia Canavieira	R&D of sugarcane varieties	4.57%	39	33
Sao Jose Agricultura	Surgarcane plantation	32.00%	6	5
<b>TOTAL</b>			<b>70</b>	<b>60</b>

			Share of profit of associates and joint ventures	
(MILLIONS OF R\$)			31 March 2022	31 March 2021
Teapar			3	3
Centro de Tecnologia Canavieira			6	5
Sao Jose Agricultura			1	1
<b>Sub-total Associates</b>			<b>10</b>	<b>9</b>
<b>TOTAL</b>			<b>10</b>	<b>9</b>

## 12. Property, plant and equipment

Changes in property, plant and equipment are presented as follows:

(MILLIONS OF R\$)	Land	Buildings	Tools, Equip. and Installations	Bearer plant	Other	Assets in Progress	Right-of-use	TOTAL
<b>GROSS AMOUNT</b>								
<b>31 March 2020</b>	<b>61</b>	<b>1,062</b>	<b>3,418</b>	<b>1,306</b>	<b>388</b>	<b>72</b>	<b>495</b>	<b>6,801</b>
Additions	0	0	225	297	1	164	177	864
Reclassifications	11	5	(365)	(80)	44	(84)	(10)	(479)
Change in scope consolidation	(61)	(51)	(225)	(176)	(125)	(10)	0	(647)
Disposals	0	0	(9)	(2)	(6)	0	0	(17)
Foreign exchange	5	4	19	14	11	1	0	54
Other changes	(0)	(0)	(0)	0	0	0	(12)	(12)
<b>31 March 2021</b>	<b>17</b>	<b>1,020</b>	<b>3,062</b>	<b>1,360</b>	<b>313</b>	<b>143</b>	<b>650</b>	<b>6,565</b>
Additions	0	0	317	341	2	154	289	1,102
Reclassifications	11	2	(144)	79	18	(106)	(42)	(182)
Disposals	0	(0)	(20)	(324)	(4)	0	(57)	(405)
<b>31 March 2022</b>	<b>27</b>	<b>1,022</b>	<b>3,215</b>	<b>1,457</b>	<b>329</b>	<b>190</b>	<b>839</b>	<b>7,079</b>
<b>AMORTISATION AND IMPAIRMENT</b>								
<b>31 March 2020</b>	<b>(15)</b>	<b>(346)</b>	<b>(1,892)</b>	<b>(535)</b>	<b>(321)</b>	<b>0</b>	<b>(64)</b>	<b>(3,172)</b>
Amortisations	(2)	(41)	(376)	(215)	(18)	0	(114)	(767)
Impairment losses	(36)	(8)	(48)	(30)	(14)	(8)	0	(144)
Reclassifications	(2)	(5)	436	78	(38)	0	10	479
Change in scope consolidation	61	51	225	176	125	9	0	646
Disposals	0	0	8	1	5	0	0	14
Reversal of impairment	1	1	2	4	2	0	0	10
Foreign exchange	(6)	(4)	(21)	(15)	(12)	(1)	0	(59)
<b>31 March 2021</b>	<b>(0)</b>	<b>(352)</b>	<b>(1,667)</b>	<b>(535)</b>	<b>(271)</b>	<b>0</b>	<b>(168)</b>	<b>(2,994)</b>
Amortisations	(0)	(40)	(388)	(230)	(13)	0	(134)	(806)
Impairment losses	0	(3)	(3)	0	0	0	0	(6)
Reclassifications	0	0	218	(79)	0	0	42	180
Disposals	0	0	15	295	4	0	0	314
<b>31 March 2022</b>	<b>(1)</b>	<b>(395)</b>	<b>(1,825)</b>	<b>(551)</b>	<b>(280)</b>	<b>0</b>	<b>(260)</b>	<b>(3,311)</b>
<b>Net amount at 31 March 2020</b>	<b>46</b>	<b>716</b>	<b>1,525</b>	<b>771</b>	<b>67</b>	<b>72</b>	<b>431</b>	<b>3,629</b>
<b>Net amount at 31 March 2021</b>	<b>16</b>	<b>668</b>	<b>1,395</b>	<b>825</b>	<b>42</b>	<b>143</b>	<b>482</b>	<b>3,571</b>
<b>Net amount at 31 March 2022</b>	<b>27</b>	<b>627</b>	<b>1,389</b>	<b>906</b>	<b>49</b>	<b>190</b>	<b>579</b>	<b>3,768</b>

The main additions for the year in Brazil are as follows (except right-of-use):

- R\$ 154 million in various operational investments (R\$ 161 million in 2021);
- R\$ 341 million in bearer plants (R\$ 286 million in 2021);
- R\$ 317 million in maintenance costs (R\$ 218 million in 2021).

## 13. Goodwill

### 13.1 Goodwill by CGU

Goodwill has been allocated to the following cash-generating units (CGUs) for the purpose of impairment tests:

(MILLIONS OF R\$)		31 March 2022	31 March 2021
<b>Cash Generating Unit</b>	<b>Operating segment</b>		
Sugar & Energy Brazil	Sugar & Energy Brazil	1,046	1,046
<b>TOTAL NET GOODWILL</b>		<b>1,046</b>	<b>1,046</b>

### 13.2 Changes in goodwill

Changes in goodwill were as follows:

(MILLIONS OF R\$)		
GROSS AMOUNT		
<b>At 31 March 2020</b>		<b>1,393</b>
Derecognised on disposal of a subsidiary		(142)
Effect of foreign currency exchange differences		7
<b>At 31 March 2021</b>		<b>1,257</b>
<b>At 31 March 2022</b>		<b>1,257</b>
IMPAIRMENT		
<b>At 31 March 2020</b>		<b>(357)</b>
Derecognised on disposal of a subsidiary		153
Effect of foreign currency exchange differences		(7)
<b>At 31 March 2021</b>		<b>(211)</b>
<b>At 31 March 2022</b>		<b>(211)</b>
<b>Net amount at 31 March 2020</b>		<b>1,035</b>
<b>Net amount at 31 March 2021</b>		<b>1,046</b>
<b>Net amount at 31 March 2022</b>		<b>1,046</b>

## 14. Other intangible assets

Changes in other intangible assets over the year are as follows:

(MILLIONS OF R\$)	Patents, licenses	Other	TOTAL
<b>GROSS AMOUNT</b>			
<b>31 March 2020</b>	<b>82</b>	<b>128</b>	<b>210</b>
Additions	0	20	20
Acquisition or divestitures	0	(3)	(3)
Reclassifications	0	1	1
<b>31 March 2021</b>	<b>82</b>	<b>146</b>	<b>228</b>
Additions	0	3	3
Reclassifications	2	0	2
<b>31 March 2022</b>	<b>84</b>	<b>150</b>	<b>233</b>
<b>AMORTISATION AND IMPAIRMENT</b>			
<b>31 March 2020</b>	<b>(49)</b>	<b>(2)</b>	<b>(51)</b>
Amortisations	(11)	(4)	(16)
Acquisition or divestitures	0	3	3
Reclassifications	0	(1)	(1)
<b>31 March 2021</b>	<b>(60)</b>	<b>(5)</b>	<b>(65)</b>
Amortisations	(11)	(5)	(16)
<b>31 March 2022</b>	<b>(71)</b>	<b>(10)</b>	<b>(81)</b>
<b>Net amount at 31 March 2020</b>	<b>33</b>	<b>126</b>	<b>159</b>
<b>Net amount at 31 March 2021</b>	<b>22</b>	<b>142</b>	<b>163</b>
<b>Net amount at 31 March 2022</b>	<b>13</b>	<b>140</b>	<b>153</b>

"Others" column mainly refers to the execution of the agreement between Tereos and VLI, where Tereos is committed to invest in the VLI infrastructure and have back a commercial agreement for transportation of raw sugar from the terminal in Guar-SP to the port in Santos-SP where VLI will perform elevation services to load vessels for exports to Tereos.

## 15. Leases

Changes in right-of-use assets are presented as follows:

(MILLIONS OF R\$)	Land	Buildings	Tools, machinery, equipment	Transport materials	TOTAL
<b>GROSS AMOUNT</b>					
<b>31 March 2020</b>	<b>323</b>	<b>4</b>	<b>2</b>	<b>166</b>	<b>495</b>
Additions	70	5	0	102	177
Reclassifications	(3)	0	0	(7)	(10)
Other changes	(11)	(0)	(0)	(1)	(12)
<b>31 March 2021</b>	<b>379</b>	<b>9</b>	<b>2</b>	<b>260</b>	<b>650</b>
Additions	216	1	0	72	289
Reclassifications	(9)	0	0	(32)	(42)
Disposals	(7)	0	0	(50)	(57)
<b>31 March 2022</b>	<b>579</b>	<b>9</b>	<b>2</b>	<b>249</b>	<b>839</b>
<b>AMORTISATION AND IMPAIRMENT</b>					
<b>31 March 2020</b>	<b>(33)</b>	<b>(1)</b>	<b>0</b>	<b>(30)</b>	<b>(64)</b>
Amortisation	(38)	(2)	(0)	(74)	(114)
Reclassifications	3	0	0	7	10
<b>31 March 2021</b>	<b>(68)</b>	<b>(3)</b>	<b>(0)</b>	<b>(98)</b>	<b>(168)</b>
Amortisation	(59)	(2)	(0)	(72)	(134)
Reclassifications	9	0	0	32	42
<b>31 March 2022</b>	<b>(117)</b>	<b>(5)</b>	<b>(1)</b>	<b>(137)</b>	<b>(260)</b>
<b>Net amount at 31 March 2020</b>	<b>290</b>	<b>3</b>	<b>2</b>	<b>136</b>	<b>431</b>
<b>Net amount at 31 March 2021</b>	<b>312</b>	<b>6</b>	<b>2</b>	<b>163</b>	<b>482</b>
<b>Net amount at 31 March 2022</b>	<b>462</b>	<b>4</b>	<b>2</b>	<b>111</b>	<b>579</b>

### 15.2 Leases

The net amount of leases not restated as part of the IFRS 16 (CPC 06 (R2)) standard is as follows:

(MILLIONS OF R\$)	31 March 2022
Rental charges on short-term contracts (< 1 year)	(11)
Rental charges on contracts with low new value assets (< 5 000 USD)	(12)
Others	(23)
<b>TOTAL LEASES</b>	<b>(47)</b>

## 16. Impairment tests

### 16.1 Key assumptions

Impairment tests are performed annually during the last quarter of the financial year, or whenever the Group identifies a triggering event.

The Group calculates the recoverable value of a CGU based on forecasted future cash flows.

The key assumptions used to calculate the value of the CGUs are as follows:

2021/2022	Sugar & Energy Brazil
Basis used for determination of recoverable value	Value in use
Source	5 years business plan discounted cashflows
Growth rate used for terminal value	3.0%
Post-tax discount rate	10.9%
Pre-tax discount rate	15.2%

2020/2021	Sugar & Energy Brazil	Sugar Mozambique
Basis used for determination of recoverable value	Value in use	Value in use
Source	5 years business plan discounted cashflows	7 years business plan discounted cashflows
Growth rate used for terminal value	3.2%	5.7%
Post-tax discount rate	9.1%	15.2%
Pre-tax discount rate	12.1%	15.7%

The recoverable amount is determined by reference to value in use, using the discounted future cash flows model based on CGU Management's budget estimates, reviewed by Group Management, which take into consideration assumptions related to each business, using available market data as well as past performance.

The main assumptions and estimates used for the sugar and ethanol activities are: expected sugar and ethanol sales prices, costs of energy as well as raw materials and other macroeconomic factors.

### 16.2 Impairment recognised during the year

No impairment loss has been recognised in March 31, 2022.

### 16.3 Sensitivity analysis

During the last quarter of the 2021/2022 financial year, the sensitivity analysis of the recoverable value of the main CGUs was based on the following assumptions:

- Change in the post-tax discount rate of +/- 1 point
- Change in the perpetual growth rate of +/- 0.5 point
- Change in the EBITDA margin over the final year of the business model of +/- 1 point
- A decrease of 10% in the prices of sugar, alcohol, ethanol and starches and sweeteners in the first three years of the business plan

These changes in assumptions, all else being equal, would not result in the recognition of an impairment loss.

If the Group were to face a prolonged period of very low sugar prices, it could be caused to reconsider the need to update its impairment tests.

## 17. Provisions

Provisions are set aside for the following contingencies:

(MILLIONS OF R\$)	Current		Non-current	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Labor	0	0	32	32
Tax	0	0	0	1
Environment	0	0	13	14
Other	0	0	4	2
<b>TOTAL PROVISIONS</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>48</b>

Changes in provisions over the year were as follows:

(MILLIONS OF R\$)	Social	Tax	Environment	Other	Total
<b>At 1 April 2020</b>	<b>31</b>	<b>0</b>	<b>13</b>	<b>5</b>	<b>49</b>
Addition of the period	2	1	1	0	3
Amounts used	(1)	0	0	(2)	(4)
<b>At 31 March 2021</b>	<b>32</b>	<b>1</b>	<b>14</b>	<b>2</b>	<b>48</b>
Addition of the period	0	0	0	2	3
Amounts used	(1)	(1)	(1)	(0)	(2)
<b>At 31 March 2022</b>	<b>32</b>	<b>0</b>	<b>13</b>	<b>4</b>	<b>49</b>

The table below presents a summary of disputes with probable and possible loss involving the Group:

(MILLIONS OF R\$)	Probable		Possible	
	Number of claims	Provision	Number of claims	Claims with possible losses
Social	183	32	1,056	179
Tax	-	-	446	1,726
Environment	23	13	143	16
Other	12	4	89	40
<b>At 31 March 2022</b>	<b>218</b>	<b>49</b>	<b>1,734</b>	<b>1,960</b>
Social	223	31	1,191	190
Tax	1	1	415	1,726
Environment	26	14	158	17
Other	7	2	80	35
<b>At 31 March 2021</b>	<b>257</b>	<b>48</b>	<b>1,844</b>	<b>1,968</b>

There is no dispute known to Management carrying material risks that could affect the Group's profit or financial position which has not been recognised at 31 March 2022.

Disputes hereby are described to our best knowledge at the date of completion of consolidated financial statements.

## Labor

The Group faces labor claims. The main demands regarding the labor lawsuits are related to: (i) overtime; (ii) overtime due to partial lunchtime breaks fruition; (iii) hazard pay and exposure to unhealthy agents pay; (iv) illness and work accident compensations; and (v) labor outsourcing.

## Environmental

The Group is currently litigant in recurrent administrative and judicial proceedings, related to fires in sugarcane plantation areas.

## Tax

The Group faces tax claims involving mainly: offset and refunds of unratified federal taxes (IRPJ / CSLL / PIS / COFINS); ICMS collection related to the reduction of the tax rate applied to raw crystal type of sugars (VHP and VVHP); ICMS collection related to Tax Assessment (LPD – Daily Entry Book); ICMS collection related to tax reversal in diesel oil operations.

## Civil litigations

The Group faces claims of many different natures, mainly referring to traffic accidents; work accidents; fires; contractual disagreements, credit recovery and others.

# 18. Equity

## 18.1 Issued capital and share premium

(MILLIONS OF R\$)	Number of shares	Issued Capital
Balance at 31 March 2020	646,670,717	2,840
Balance at 31 March 2021	646,670,717	2,840
Balance at 31 March 2022	646,670,717	2,840

## 18.2 Earnings (loss) per share

The average number of ordinary shares used in the calculation of earnings per share is 646 670 717 shares for the year ended 31 March 2022 and 2021.

For the year 31 March 2022 and 2021, there is no difference between diluted and basic earnings per share.

The earnings (loss) per share for the year 31 March 2022 and 2021, amounted to R\$ (0.2752), and R\$ (0.0631), respectively.

## 18.3 Dividends proposed and paid

These consolidated financial statements reflect only the mandatory minimum dividend, as requested by Brazilian Corporate Law and the Company's bylaws.

In accordance with the above regulation, shareholders are entitled to receive annual mandatory minimum payment of 25% of the annual individual statutory net income adjusted for the following items: (i) allocation to Legal Reserve; (ii) movements on the Contingencies reserve; (iii) allocation to the tax incentives fund and (iv) realisation of the Unrealised Income Reserve.



Minimum dividend calculation is based on the net result of the Parent Company of the consolidated Group Tereos Açúcar e Energia Brasil S.A and distribution is allowed only if reserves in equity are positive. Considering reserves at March 2022 are negative no minimum payment will be proposed to the Shareholder's meeting.

## 19. Financial assets and liabilities

### 19.1 Financial assets

At 31 March 2022

(MILLIONS OF R\$)	Notes	Non-consolidated investment	Loans and receivables at amortised cost	Financial assets at fair value through statement of operations	Financial instruments qualified as cash flow hedge	Total
Trade receivables	19.1.1	0	412	0	0	412
Cash and cash equivalent	19.1.2	0	0	1,846	0	1,846
Current fin. assets with related parties	23.2	0	267	0	0	267
Other current financial assets	19.1.3	0	611	8	138	757
<b>Total current financial assets</b>		<b>0</b>	<b>1,290</b>	<b>1,854</b>	<b>138</b>	<b>3,281</b>
Non-consolidated Investment		2	0	0	0	2
Non-current fin. assets with related parties	23.2	0	1	0	0	1
Other non-current financial assets	19.1.3	0	180	0	28	207
<b>Total non-current financial assets</b>		<b>2</b>	<b>181</b>	<b>0</b>	<b>28</b>	<b>210</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>2</b>	<b>1,471</b>	<b>1,854</b>	<b>165</b>	<b>3,491</b>

At 31 March 2021

(MILLIONS OF R\$)	Notes	Investments at fair value through OCI	Loans and receivables at amortised cost	Financial assets at fair value through statement of operations	Financial instruments qualified as cash flow hedge	Total
Trade receivables	19.1.1	0	312	0	0	312
Cash and cash equivalent	19.1.2	0	0	1,731	0	1,731
Current fin. assets with related parties	23.2	0	246	0	0	246
Other current financial assets	19.1.3	0	691	0	6	698
<b>Total current financial assets</b>		<b>0</b>	<b>1,249</b>	<b>1,731</b>	<b>6</b>	<b>2,986</b>
Non-consolidated investment		2	0	0	0	2
Non-current fin. assets with related parties	23.2	0	2	0	0	2
Other non-current financial assets	19.1.3	0	227	0	0	227
<b>Total non-current financial assets</b>		<b>2</b>	<b>228</b>	<b>0</b>	<b>0</b>	<b>231</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>2</b>	<b>1,477</b>	<b>1,731</b>	<b>7</b>	<b>3,217</b>

## 19.1.1 Trade receivables

At 31 March 2022 and 31 March 2021, trade receivables were as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Gross trade receivables	414	315
Allowance	(2)	(3)
<b>TOTAL TRADE RECEIVABLES</b>	<b>412</b>	<b>312</b>

Changes in trade receivables are presented as follows:

(MILLIONS OF R\$)	
<b>At 31 March 2021</b>	<b>312</b>
Change in the period	106
Change in write-down of trade receivables in the statement of operations	1
Other	(7)
<b>At 31 March 2022</b>	<b>412</b>

Under the Group's factoring and securitisation programs, R\$ 11 million of trade receivables on 31 March 2022, of which R\$ 11 million have been deconsolidated in accordance with IFRS 9 (CPC 48). Receivables were sold without recourse.

(MILLIONS OF R\$)	31 March 2022			31 March 2021		
	Total sold to financial institutions	Portion sold and not derecognised	Portion sold and derecognised	Total sold to financial institutions	Portion sold and not derecognised	Portion sold and derecognised
Maximum authorised amount to be financed	11	0	0	97	0	0
Sold to financial institutions	11	0	11	97	0	97

Past due trade receivables were as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
<b>Trade receivables</b>	<b>414</b>	<b>315</b>
Not overdue	413	311
Overdue	1	4
<i>Overdue from 1 to 30 days</i>	0	1
<i>Overdue from 31 to 60 days</i>	0	0
<i>Overdue from 61 to 90 days</i>	0	0
<i>Overdue from 91 to 180 days</i>	0	0
<i>Overdue from 181 to 360 days</i>	0	0
<i>Overdue more than 360 days</i>	1	2
<b>Allowance</b>	<b>(2)</b>	<b>(3)</b>
<b>TOTAL</b>	<b>412</b>	<b>312</b>

## 19.1.2 Cash and cash equivalents

Changes in cash and cash equivalents are presented in the consolidated statement of cash flows.

The net cash presented in the consolidated statement of cash flows is as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Cash and cash equivalents	1,846	1,731
<b>NET CASH</b>	<b>1,846</b>	<b>1,731</b>

At 31 March 2022, cash and cash equivalents can be analysed as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Certificates of deposit	1,397	1,339
Term accounts or deposits	0	5
<b>Total Cash equivalents</b>	<b>1,397</b>	<b>1,344</b>
Cash	449	387
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,846</b>	<b>1,731</b>

## 19.1.3 Other financial assets

(MILLIONS OF R\$)	Current		Non-current	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Tax receivables	59	43	45	97
Financial assets pledged as collateral	411	496	0	0
Derivatives	145	6	28	0
Paid deposit	0	0	57	60
Advance payments	140	143	1	3
Trade notes and accounts receivable > 1 year	0	0	5	5
Other	1	9	71	62
<b>OTHER FINANCIAL ASSETS</b>	<b>757</b>	<b>698</b>	<b>207</b>	<b>227</b>

Derivative assets are composed of the positive fair value of derivatives. See the details in note 20.2.

The details of financial assets pledged as collateral is broken down as follows:

(MILLIONS OF R\$)	Sugar & Energy Brazil	TOTAL
Initial margin	137	137
Margin variation	274	274
<b>At 31 March 2022</b>	<b>411</b>	<b>411</b>
Initial margin	202	202
Margin variation	294	294
<b>At 31 March 2021</b>	<b>496</b>	<b>496</b>

## 19.2 Financial liabilities

The various categories of financial liabilities are presented in the tables below:

At 31 March 2022

(MILLIONS OF R\$)	Notes	Financial liabilities at amortised cost	Financial liabilities at fair value through statement of operations	Financial instruments qualified as cash flow hedge	Total
Short-term borrowings	19.2.2	1,205	0	126	1,331
Trade payables	19.2.1	816	0	0	816
Other current financial liabilities	19.2.4	346	0	334	680
<b>Total current financial liabilities</b>		<b>2,366</b>	<b>0</b>	<b>460</b>	<b>2,826</b>
Long-term borrowings	19.2.2	4,041	0	2	4,043
Non-current fin. liabilities with related parties	23.2	238	0	0	238
Other non-current financial liabilities	19.2.4	2	0	79	81
<b>Total non-current financial liabilities</b>		<b>4,280</b>	<b>0</b>	<b>81</b>	<b>4,361</b>
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>6,646</b>	<b>0</b>	<b>541</b>	<b>7,187</b>

At 31 March 2021

(MILLIONS OF R\$)	Notes	Financial liabilities at amortised cost	Financial liabilities at fair value through statement of operations	Financial instruments qualified as cash flow hedge	Total
Short-term borrowings	19.2.2	1,094	5	322	1,421
Trade payables	19.2.1	588	0	0	588
Other current financial liabilities	19.2.4	234	0	281	514
<b>Total current financial liabilities</b>		<b>1,916</b>	<b>5</b>	<b>603</b>	<b>2,524</b>
Long-term borrowings	19.2.2	4,010	0	328	4,338
Other non-current financial liabilities	19.2.4	15	0	105	120
<b>Total non-current financial liabilities</b>		<b>4,025</b>	<b>0</b>	<b>432</b>	<b>4,458</b>
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>5,941</b>	<b>5</b>	<b>1,035</b>	<b>6,981</b>

## 19.2.1 Trade payables

At 31 March 2022 and 31 March 2021, trade payables were as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Trade payables	666	588
Trade payables - reverse factoring operations	150	0
<b>TOTAL TRADE PAYABLES</b>	<b>816</b>	<b>588</b>

Due to the seasonality in Brazil, the Group uses « reverse factoring » with some suppliers through banks. These operations concern a total amount of trade payables at 31 March 2022 for R\$150 million and procure an increase of payment terms for suppliers from 60 days to 180 days.

Changes in trade payables are presented as follows:

(MILLIONS OF R\$)	
<b>At 31 March 2021</b>	<b>588</b>
Change in the period	229
Other	(1)
<b>At 31 March 2022</b>	<b>816</b>

## 19.2.2 Borrowings

The Group's various credit facilities are presented below:

At 31 March 2022

(MILLIONS OF R\$)			Current	Non-current	Total	Average interest rate	Maximum maturity
INDEX	Currency	Type					
a / CDI	BRL	Working capital and other ST/LT	105	406	511	13.8%	10/23/2025
a / CDI	BRL	Certificate of Agribusiness Receivables	96	325	421	13.8%	1/15/2025
b / LIBOR	USD	Export prepayment and LT Financings	673	624	1,298	4.2%	11/15/2032
c / TJLP	BRL	Investment financing (BNDES)	139	506	645	9.4%	5/15/2028
c / TJLP	BRL	Investment financing (FINEP)	3	29	32	4.9%	8/15/2029
d / UMBNDES	Basket	Investment financing (BNDES)	20	2	22	6.2%	7/17/2023
e / IPCA	BRL	Debênture de Infraestrutura	9	522	531	16.6%	6/15/2027
e / IPCA	BRL	Investment Financing (PCA)	3	35	39	16.6%	7/15/2033
e / IPCA	BRL	Certificate of Agribusiness Receivables	8	656	664	15.8%	10/15/2024
f / SELIC	BRL	Investment financing (BNDES)	3	387	390	16.3%	4/15/2037
<b>TOTAL FLOATING</b>			<b>1,059</b>	<b>3,493</b>	<b>4,553</b>	<b>11.2%</b>	
g / Fixed rates	BRL	Investment Financing (Finame)	7	2	9	3.4%	11/18/2024
	USD	Export Prepayment	1	95	95	5.0%	1/27/2025
	BRL	Investment Financing (PCA)	4	15	19	7.5%	7/15/2030
	BRL	Working Capital (RPL and Custeio)	154	0	154	8.3%	11/30/2022
<b>TOTAL FIXED</b>			<b>166</b>	<b>112</b>	<b>278</b>	<b>6.9%</b>	
<b>TOTAL GROSS DEBT BEFORE AMORTISED COSTS</b>			<b>1,225</b>	<b>3,605</b>	<b>4,830</b>	<b>10.9%</b>	<b>4/15/2037</b>
Amortised cost			(18)	(53)	(71)		
<b>TOTAL GROSS DEBT</b>			<b>1,207</b>	<b>3,553</b>	<b>4,760</b>		
Lease liability			124	490	614		
<b>TOTAL FINANCIAL DEBT</b>			<b>1,331</b>	<b>4,043</b>	<b>5,374</b>		
Cash and cash equivalent					(1,846)		
<b>Total net financial debt</b>					<b>3,528</b>		
Related parties' financial assets					(267)		
Related parties' financial liabilities					238		
<b>Total net financial debt including related-parties</b>					<b>3,498</b>		

At 31 March 2021

(MILLIONS OF R\$)			Current	Non-current	Total	Average interest rate	Maximum maturity
INDEX	Currency	Type					
a / CDI	BRL	Working capital and other ST/LT	215	955	1,170	5.6%	10/23/2025
b / LIBOR	USD	Export prepayment and LT Financings	905	1,546	2,451	4.0%	11/15/2032
c / TJLP	BRL	Investment financing (BNDES)	139	642	782	7.6%	8/15/2029
c / TJLP	BRL	Investment financing (FINEP)	0	20	20	7.6%	8/15/2029
d / UMBNDES	USD	Investment financing (BNDES)	24	27	51	6.3%	7/17/2023
e / IPCA	BRL	Certificate of Agribusiness Receivables	23	577	600	5.7%	3/16/2026
e / IPCA	BRL	PCA - BNDES	3	39	42	6.0%	7/15/2033
<b>TOTAL FLOATING</b>			<b>1,308</b>	<b>3,806</b>	<b>5,114</b>	<b>5.2%</b>	
g/ Fixed rates	BRL	Investment Financing (Finame)	8	10	18	3.3%	11/18/2024
	BRL	Investment Financing (BNDES - PSI)	8	0	8	7.6%	7/15/2021
	BRL	Investment Financing (PCA)	5	17	21	6.0%	7/15/2023
	BRL	Working Capital (RPL and Custeio)	6	155	161	8.3%	11/30/2022
<b>TOTAL FIXED</b>			<b>26</b>	<b>181</b>	<b>207</b>	<b>5.2%</b>	
<b>TOTAL GROSS DEBT BEFORE AMORTISED COSTS</b>			<b>1,334</b>	<b>3,987</b>	<b>5,321</b>	<b>5.3%</b>	
Amortised cost			(19)	(48)	(67)		
<b>TOTAL GROSS DEBT</b>			<b>1,315</b>	<b>3,939</b>	<b>5,254</b>		
Lease liability			106	399	505		
<b>TOTAL FINANCIAL DEBT</b>			<b>1,421</b>	<b>4,338</b>	<b>5,759</b>		
Cash and cash equivalent					(1,731)		
<b>Total net financial debt</b>					<b>4,028</b>		
Related parties' financial assets					(248)		
Related parties' financial liabilities					0		
<b>Total net financial debt including related-parties</b>					<b>3,780</b>		

### Financings available in the Group

Group's financings are mostly bank loans and funding through capital markets, through the issuance of Agribusiness Receivables Certificates (CRA) and Debentures. The company benefits from a major BNDES project financing loan, two major export pre-financing loans and several bilateral short-term and medium-term credit lines.

All average rates listed below are weighted by outstanding amounts.

Borrowings on a floating rate basis are based on a variable reference rate (CDI, Libor USD...) to which a contractual margin is added. The effective interest rate is the sum of both items and changes over time, but an average interest rate on a yearly basis can be calculated as per the above table.

### a / CDI-based financings of Brazilian subsidiaries (CDI – Brazilian Overnight Interbank Deposit rate)

At 31 March 2022 the bulk of Tereos's CDI based on debt was in the form working capital and structured financings and CRAs. These loans bearing an average interest rate of 13,8%.

During the year, the Group made new funding with BTG of R\$ 100 million and Safra of R\$ 200 million and the outstanding amount of CDI based financings is R\$ 932 million at 31 March 2022 (R\$ 1,170 million at March 31st, 2021).

The new debt with Safra of R\$ 200 million and CDI+2.85% cost contain a Swap instrument with payable leg USD+5.8% fixed rate.

## **b / LIBOR-based USD- denominated financings**

In order to extend maturities on working capital financings and improve natural hedge of income from exports, the Group have structured financing with a significant portion of medium-term export pre-financing contracts at LIBOR plus a margin. These Libor-based financings are denominated in USD. The margin on the USD floating rate loans ranges from 3.2% to 4.6% with an average of 3.9%. Most of these financings are secured by the assignment of future export receivables.

The outstanding amount of LIBOR-based USD financings is R\$ 1,298 million at March 31st, 2022 (R\$ 2,451 million as at March 31st, 2021).

## **c / TJLP-based financings (TJLP – long-term state interest rate)**

Medium-term/Long-term financings consist of equipment financing facilities from BNDES and are denominated in BRL. The margins applied range from 2.9% to 4.6% with an average of 3.0%. Loans are secured by pledge over the equipment financed.

The outstanding amount of TJLP-based financings is R\$ 677 million at March 31st, 2022 (R\$ 802 million as at March 31st, 2021).

## **d / UMBNDES-based financings**

A specific line of BNDES financing is available and negotiated based on a basket of currencies (average of the loans in international currencies of the BNDES - "Cesta de moedas") + a spread + BNDES base rate. The outstanding amount is R\$ 22 million as at March 31st, 2022. The margins applied range from 3.3% to 3.6% with an average of 3.5%.

## **e / IPCA-based financings (IPCA – Special Amplified Consumer Price Index)**

IPCA-based financings comprise funding through capital markets, such as Agribusiness Receivables Certificates (CRA) and Debentures. The margins applied range from 4.9% to 6.5% with average of 5.7%.

On June 2021, the Group issued a 6-year duration debenture of R\$ 480 million with IPCA+6.07% cost and this debt has a Swap instrument with payable leg CDI+2.4%.

The outstanding amount of IPCA-based financings is R\$ 1,234 million at March 31st, 2022 (R\$ 642 million as at March 31st, 2021).

## **f / SELIC-based financings (SELIC – Basic Interest Rate defined by Brazilian Central Bank)**

During the crop, the Group signed a total of R\$ 370 million debts with BNDES with max maturity on April/2037. The margins applied range from 4.14 to 4.79% with an average of 4.28%.

## **g / Fixed rate financings**

Fixed rate financings consist mainly of BNDES investment financing of equipment financing loans in Brazil (FINAME), Working Capital lines (PCA) and a single export pre-financing contract.

On February 2022, the Group signed a 3-year duration contract with Bank of China for USD 20 million at a 5.0% fixed rate and maturity on January 2025. The outstanding is R\$ 95 million as at March 31st, 2022.

The outstanding amount of fixed rate financings is R\$ 278 million at March 31st, 2022 (R\$ 425 million as at March 31st, 2021).



## Average interest rate

The global average interest rate is at 10.9% as at March 31st, 2022 against 5.3% as of March 31st, 2021.

## Foreign currency breakdown

The foreign currency breakdown of the debt at 31 March 2022 is as follows:

Currency	BRL	USD	Total
Millions of R\$ at 31 March 2022	3,415	1,415	4,830

## Debt by maturity

The maturity of the debt at 31 March 2022 is as follows:

As at 31 March 2022

(MILLIONS OF R\$)	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years	TOTAL
Maturity of debt before amortised costs	1,225	997	1,076	511	381	639	4,830
Lease liability	123	71	67	50	45	259	614

## Reconciliation of changes in financial debt with the cash flow statement

Changes in financial debt are presented as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
<b>Financial debt - Opening</b>	<b>5,759</b>	<b>5,600</b>
<b>Change with effect on cash</b>	<b>(390)</b>	<b>(233)</b>
Borrowings issues	1,260	891
Borrowings repayments*	(1,791)	(1,087)
Change in treasury liabilities	141	22
Borrowings repayments from discontinued operations	0	(59)
<b>Change with no effect on cash</b>	<b>5</b>	<b>392</b>
Change in fair value	(290)	181
Effect of exchange rate on financial debt in foreign currency	0	(1)
Impact of IFRS 16 (CPC 06 (R2))	269	196
Other	26	17
<b>Financial debt - Closing</b>	<b>5,374</b>	<b>5,759</b>

\* Of which R\$ (117) million related to IFRS 16 (CPC 06 (R2)), against R\$ (134) million on 31 March 2021.

## 19.2.3 Covenants

The ratios below relate to covenants of Tereos Açúcar e Energia Brasil S.A. and its subsidiaries:

Type at 31 March 2022	Definition	Triggering level
Net debt	Consolidated Net Debt Tereos Açúcar e Energia Brasil Group. / Consolidated EBITDA	Max. 4.5
Interest coverage	Consolidated Adjusted EBITDA Tereos Açúcar e Energia Brasil Group / Consolidated Net Financial Expenses Tereos Açúcar e Energia Brasil Group	Min. 2.0
Liquidity	Consolidated Current Assets Tereos Açúcar e Energia Brasil Group / Consolidated Current Liabilities Tereos Açúcar e Energia Brasil Group	Min. 1.0

In early 2022, the Group agreed with financial institutions to replace Gearing covenant from “Consolidated net debt Tereos Açúcar e Energia Brasil Group/Consolidated Equity Tereos Açúcar e Energia Brasil Group” (max. 1,25) to “Consolidated Net Debt Tereos Açúcar e Energia Brasil Group. / Consolidated Adjusted EBITDA Tereos Açúcar e Energia Brasil Group” (max. 4,5) more consistent with entities’ operating market.

The Group complies with all its financial covenants on the issue date of the financial statements.

## 19.2.4 Other financial liabilities

(MILLIONS OF R\$)	Current		Non-current	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Financial liabilities pledged as collateral	0	3	0	0
Taxes payables	59	40	1	1
Received deposit	89	42	0	0
Staff and social security payables	104	97	0	0
Derivatives	334	281	79	105
Other	93	51	1	15
<b>OTHER FINANCIAL LIABILITIES</b>	<b>680</b>	<b>514</b>	<b>81</b>	<b>120</b>

## 20. Fair value

The fair values of financial assets and liabilities are the same as their carrying amounts, except for borrowings for which the fair value at 31 March 2022 is presented in the table below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate fair value:

Since cash and cash equivalents, trade receivables and payables and other short-term borrowings mature in the near term, their fair value approximates their carrying amount.

The fair value of fixed- and variable-rate long-term borrowings is based on the estimated present value of the associated future cash flows (principal and interest repayments). A discount rate is calculated for each type of loan, determined by comparison with the interest rate used for similar transactions carried out during the previous period.

The fair value of available-for-sale securities (financial assets) is based on quoted prices in an active market, where available. Investments in equity instruments for which there are no quoted prices in an active market and whose fair value cannot be reliably measured are carried at cost, less any impairment losses, generally calculated in relation to the proportion of equity held.

The Group contracts derivative instruments with counterparties and financial institutions with investment grade ratings. Derivatives are measured using valuation techniques based on observable market inputs. The instruments concerned are mainly interest rate swaps, forward rate agreements, and commodity options and futures. The most frequently applied valuation techniques include forward pricing and swap models, which use present value calculations.

The Group measures biological assets at fair value less costs of sale, if any.

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities and biological assets:

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

At 31 March 2022 the Group held the following items:

(MILLIONS OF R\$)	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>		<b>5</b>	<b>168</b>	<b>0</b>	<b>173</b>
Interest rate derivatives (OTC)					
Swaps		0	14	0	14
Foreign exchange derivatives (OTC)	21.1.2				
Forwards		0	154	0	154
Commodity derivatives	21.1.3				
Futures (listed)		5	0	0	5
<b>Non-consolidated Investments</b>		<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Cash and cash equivalents</b>		<b>1,846</b>	<b>0</b>	<b>0</b>	<b>1,846</b>
<b>Biological assets</b>		<b>0</b>	<b>0</b>	<b>623</b>	<b>623</b>
<b>Financial liabilities at fair value</b>		<b>(378)</b>	<b>5,033</b>	<b>0</b>	<b>4,655</b>
Financial debt		0	(5,195)	0	(5,195)
Interest rate derivatives (OTC)	21.1.1				
Swaps		0	(35)	0	(35)
Foreign exchange derivatives (OTC)	21.1.2				
USD borrowings qualified as CFH		0	(128)	0	(128)
Commodities derivatives	21.1.3				
Futures (listed)		(378)	0	0	(378)
<b>Total fin. assets and liabilities at fair value on a recurring basis</b>		<b>1,473</b>	<b>5</b>	<b>0</b>	<b>1,478</b>
<b>Total fin. assets and liabilities at fair value on a non-recurring basis</b>		<b>0</b>	<b>(5,195)</b>	<b>624</b>	<b>(4 571)</b>
<b>TOTAL FIN. ASSETS AND LIABILITIES AT FAIR VALUE</b>		<b>1,473</b>	<b>(5,190)</b>	<b>624</b>	<b>(3 093)</b>

The methodology adopted by the Group to determine the fair value of assets and liabilities that belong to the level 2 of the fair value hierarchy is as follows:

- Loans, borrowings and interest rate derivatives are valued using the discounted future cash flows method. This method uses interest rates and interest rate curves directly observable on the market at valuation date;
- Foreign exchange derivatives (forwards) are valued on the basis of a recalculation, at valuation date, of the forward exchange rate at maturity of the contract. This recalculation uses exchange rates and interest rate curves directly observable on the market at the valuation date;
- Any interest rate option, foreign exchange option or commodity option is valued using the Black & Scholes model. This model uses the implied volatility of the underlying asset at valuation date;
- Counterparty risk is measured using the CDS quoted on the market at valuation date or, failing that, using the data available on the secondary market (credit spread of listed securities).

## 20.1 Change in levels and focus on level 3

The methodology adopted by the Group to determine the fair value of level 3 biological assets is described in note 10.

The change in fair value of biological assets can be analysed as follows:

(MILLIONS OF R\$)	Level 3 Biological assets
<b>Fair value at 31 March 2021</b>	<b>524</b>
Gain (loss) in the statement of operations (**)	99 *
Change in scope	0
<b>Fair value at 31 March 2022</b>	<b>623</b>

\* Corresponds to the increase in tilling costs, the change due to harvest and the change in fair value

\*\* Included in cost of sales

## 20.2 Derivatives

Breakdown by type of derivative:

At 31 March 2022		Fair value			
(MILLIONS OF R\$)		Notional Amount	Assets	Liabilities	Net
Interest rate vanilla swaps	Fair Value Hedge	155	0	(9)	(9)
Interest rate vanilla swaps	Cash-Flow Hedge	989	6	(26)	(20)
Interest rate vanilla swaps	Trading	355	8	0	8
FX forward contracts	Cash-Flow Hedge	883	154	0	154
Commodities futures	Cash-Flow Hedge	5,001	5	(378)	(373)
USD Borrowings qualified as CFH	Cash-Flow Hedge	1,036	0	(128)	(128)
<b>TOTAL</b>		<b>8,419</b>	<b>173</b>	<b>(541)</b>	<b>(368)</b>

At 31 March 2021		Fair value			
(MILLIONS OF R\$)		Notional Amount	Assets	Liabilities	Net
Interest rate vanilla swaps	Fair Value Hedge	155	0	(4)	(4)
Interest rate vanilla swaps	Cash-Flow Hedge	510	0	(16)	(16)
FX forward contracts	Cash-Flow Hedge	1,369	2	(137)	(135)
Commodities futures	Cash-Flow Hedge	403	5	(228)	(223)
USD Borrowings qualified as CFH	Cash-Flow Hedge	1,980	0	(650)	(650)
<b>TOTAL</b>		<b>4,417</b>	<b>7</b>	<b>(1,035)</b>	<b>(1,028)</b>

Derivatives impacts are presented as follows:

		At 31 March 2022		
Change through Comprehensive Income or through statement of operations	Category	Income / (expenses)		OCI
		Fair value*	OCI recycling	
Interest rate derivatives	Trading	8	0	0
	Fair Value Hedge	(5)	0	0
	Cash-Flow Hedge	4	(11)	(8)
Foreign exchange derivatives	Cash-Flow Hedge	0	(21)	296
	USD loan qualified as cash flow hedge	0	(245)	541
Commodity derivatives	Trading	0	0	0
	Cash-Flow Hedge	0	(444)	(148)
Energy derivatives	Trading	0	0	0
	Hedge	0	0	(1)
<b>Total</b>		<b>6</b>	<b>(720)</b>	<b>681</b>
Effect of deferred taxes on OCI				(231)
<b>Total OCI net of taxes</b>				<b>450</b>
Of which OCI recycled into net revenue			(709)	709
Of which OCI recycled into financial result			(11)	11

## 21. Risk management

In the context of its operating and financing activities, the Group is exposed to the following financial risks:

- market risks: interest rate risk, foreign exchange risk, commodities risk and energy risk;
- liquidity risks.

### 21.1 Market risk management

The Group manages its financial risks centrally or at the level of each subsidiary, depending on the type of transaction. Market risks are managed through the use of derivative instruments in accordance with Group procedures.

The table below presents the risks borne by the Group on financial instruments:

(MILLIONS OF R\$)	Fair Value	Level 1	Level 2	Level 3
Interest rate derivatives (OTC)	(21)		100%	
Foreign exchange derivatives (OTC)	26		100%	
Commodity derivatives	(373)	100%		
<b>Total at 31 March 2022</b>	<b>(368)</b>			

#### 21.1.1 Interest rate risk management

The Group's exposure to interest rate risk is generated primarily by its borrowings at floating rates which impact future financial results.

When the Group's wants to minimise the exposure of its subsidiaries to the risk of an increase in interest rates, the Group uses derivative instruments in the form of vanilla swaps. The interest rate hedging policy is defined centrally at Group level. Transactions are negotiated locally, and approved locally and centrally, according to Group procedures.

The notional amounts and fair values of interest rate derivatives by maturity breakdown are as follows:

(MILLIONS OF R\$)	Notional			TOTAL	Fair value
	less than 1 year	1 to 5 years	more than 5 years		
<b>At 31 March 2022</b>					
<b>Vanilla swaps</b>	<b>659</b>	<b>840</b>	<b>0</b>	<b>1,499</b>	<b>(21)</b>
in cash-flow hedge	504	485	0	989	(20)
in trading	0	355	0	355	8
at fair value through profit or loss	155	0	0	155	(9)
<b>TOTAL INTEREST RATE</b>	<b>659</b>	<b>840</b>	<b>0</b>	<b>1,499</b>	<b>(21)</b>
of which CDI based derivatives	400	840	0	1,239	(19)
of which Libor 6M based derivatives	23	0	0	23	(0)
of which Libor 3M based derivatives	237	0	0	237	(3)

4% of the Group's borrowings was fixed rate debt at 31 March 2022, 96% was on floating rate debt.

25% of the Group's debt was short-term debt and 75% was medium-and long-term at 31 March 2022.

### Sensitivity of the statement of operations and other comprehensive income

The sensitivity analysis applies movements in interest rates and determines for various scenarios the impact of changes in interest rates on the statement of operations and other comprehensive income. The table below summarises financial exposures to changes in interest rates.

(MILLIONS OF R\$)	Notional	Impacts in a probable scenario		Impacts in a possible scenario		Impacts in a stress scenario	
		+10%	-10%	+25%	-25%	+50%	-50%
<b>At 31 March 2022</b>							
<b>Borrowings at floating rate not hedged</b>	<b>4,553</b>	<b>(51)</b>	<b>51</b>	<b>(127)</b>	<b>127</b>	<b>(255)</b>	<b>255</b>
<b>Interest rate derivatives</b>	<b>1,499</b>	<b>247</b>	<b>(255)</b>	<b>604</b>	<b>(653)</b>	<b>1,163</b>	<b>(1,362)</b>
Trading (Statement of Operations impact)	355	248	(256)	605	(655)	1,166	(1,365)
Fair value hedge (Statement of Operations impact)	155	(1)	1	(2)	2	(3)	4
Cash-flow hedge (Other comprehensive income impact)	989	0	(0)	0	(0)	0	(0)
<b>Total</b>	<b>6,051</b>	<b>196</b>	<b>(204)</b>	<b>476</b>	<b>(526)</b>	<b>908</b>	<b>(1,107)</b>
<i>of which impact on Statement of operations</i>		196	(204)	476	(526)	908	(1,107)
<i>of which impact on other comprehensive income</i>		0	(0)	0	(0)	0	(0)

A variation of +/-10% has been applied to all floating interest rates, which is considered as reasonable based on observable market conditions. All other variables of the underlying amounts were held constant.

Underlying amounts contain unhedged borrowings at floating rates and the fair value of interest rate derivatives.

These changes would impact the statement of operations, except for the fair value of interest rate derivatives qualified as cash flow hedges, changes in which would impact other comprehensive income.

## 21.1.2 Foreign exchange risk management

To hedge exposures to foreign exchange risk, the Group uses derivative instruments, primarily outright forward contracts maturing in less than 12 months and USD borrowings to cover fluctuations in foreign exchange changes rates on sugar sales. These instruments are qualified as cash flow hedges.

The notional amounts and fair values of foreign exchange derivatives by maturity breakdown as follows:

(MILLIONS OF R\$)	Notional			TOTAL	Fair value
	less than 1 year	1 to 5 years	more than 5 years		
<b>At 31 March 2022</b>					
<b>Forwards / NDF</b>	<b>666</b>	<b>218</b>	<b>0</b>	<b>883</b>	<b>154</b>
in cash-flow hedge	666	218	0	883	154
<b>USD Borrowings qualified as CFH</b>	<b>620</b>	<b>416</b>	<b>0</b>	<b>1,036</b>	<b>(128)</b>
<b>TOTAL FOREX</b>	<b>1,286</b>	<b>634</b>	<b>0</b>	<b>1,919</b>	<b>26</b>
of which USD / BRL derivatives	1,286	634	0	1,919	26

### Sensitivity of the statement of operations and other comprehensive income

The sensitivity analysis considers for various scenarios the impacts of a change in underlying foreign exchange rates on the statement of operations and other comprehensive income.

(MILLIONS OF R\$)	Notional	Impacts in a probable scenario		Impacts in a possible scenario		Impacts in a stress scenario	
		+10%	-10%	+25%	-25%	+50%	-50%
<b>At 31 March 2022</b>							
<b>Assets and Liabilities</b>	<b>908</b>	<b>91</b>	<b>(91)</b>	<b>227</b>	<b>(227)</b>	<b>454</b>	<b>(454)</b>
Net of financial assets and liabilities (P&L impact)	908	91	(91)	227	(227)	454	(454)
<b>FX Derivatives (including USD borrowings qualified in CFH)</b>	<b>1,919</b>	<b>192</b>	<b>(192)</b>	<b>480</b>	<b>(480)</b>	<b>960</b>	<b>(960)</b>
Cash-flow hedge (Other comprehensive income impact)	1,919	192	(192)	480	(480)	960	(960)
<b>Commodities Derivatives</b>	<b>5,001</b>	<b>252</b>	<b>(252)</b>	<b>636</b>	<b>(636)</b>	<b>1,153</b>	<b>(1,153)</b>
Cash-flow hedge (Other comprehensive income impact)	5,001	252	(252)	636	(636)	1,153	(1,153)
<b>Interest Rate Derivatives</b>	<b>1,499</b>	<b>(0)</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>(2)</b>	<b>2</b>
Trading (Statement of operations impact)	355	0	(0)	1	(1)	1	(1)
FVH (Statement of operations impact)	155	(1)	1	(2)	2	(3)	4
Cash-flow hedge (Other comprehensive income impact)	989	0	(0)	0	(0)	0	(0)
<b>Total</b>	<b>9,327</b>	<b>534</b>	<b>(534)</b>	<b>1,342</b>	<b>(1,342)</b>	<b>2,564</b>	<b>(2,564)</b>
of which impact on Statement of operations		90	(90)	226	(226)	452	(452)
of which impact on other comprehensive income		444	(444)	1,116	(1,116)	2,113	(2,112)

All foreign currency denominated items were included in the analysis, as well as the impact on the fair value of commodities derivatives which are denominated in USD (typically sugar).

The above table shows the sensitivity of the Group's statement of operations and other comprehensive income to changes in the underlying currency pairs (EUR/USD, EUR/GBP, USD/BRL).

The sensitivity analysis was prepared considering a +/- 10% change to be reasonable, based on general market observations. All other variables were held constant.

The different scenarios would impact the statement of operations, except for derivatives accounted for as cash flow hedges whose impacts would be recorded in other comprehensive income.

### 21.1.3 Commodities risk management

To hedge its commodities prices risk, several Group entities, depending on their activities, may buy and sell commodities future/forward contracts. The commodities negotiated are mainly: raw and white sugar for Tereos Açúcar e Energia Brasil S.A. representing their final products.

Most derivatives are qualified as cash flow hedge instruments.

Commodities and finished products transactions are performed at the subsidiary level and reviewed by the Market Risk Committees at Tereos Açúcar e Energia Brasil.

The notional amounts of the commodities derivatives by maturity are as follows:

At 31 March 2022	Notional			TOTAL	Fair value
	less than 1 year	1 to 5 years	more than 5 years		
<b>Futures</b>	<b>4,069</b>	<b>931</b>	<b>0</b>	<b>5,001</b>	<b>(372)</b>
in cash-flow hedge	4,069	931	0	5,001	(372)
<b>Options</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>
in cash-flow hedge	0	0	0	0	(1)
<b>TOTAL COMMODITIES</b>	<b>4,069</b>	<b>931</b>	<b>0</b>	<b>5,001</b>	<b>(373)</b>
<i>of which sugar derivatives</i>	<i>4,069</i>	<i>931</i>	<i>0</i>	<i>5,001</i>	<i>(373)</i>

### Sensitivity of the statement of operations and other comprehensive income

At 31 March 2022	Notional	Impacts in a probable scenario		Impacts in a possible scenario		Impacts in a stress scenario	
		+10%	-10%	+25%	-25%	+50%	-50%
<b>Sugar derivatives</b>	<b>5,001</b>	<b>252</b>	<b>(252)</b>	<b>636</b>	<b>(636)</b>	<b>1,153</b>	<b>(1,153)</b>
Cash-flow hedge (Other comprehensive income impact)	5,001	252	(252)	636	(636)	1,153	(1,153)
<b>Total</b>	<b>5,001</b>	<b>252</b>	<b>(252)</b>	<b>636</b>	<b>(636)</b>	<b>1,153</b>	<b>(1,153)</b>
<i>of which impact on other comprehensive income</i>		<i>252</i>	<i>(252)</i>	<i>636</i>	<i>(636)</i>	<i>1,153</i>	<i>(1,153)</i>

The impacts of the different scenarios are disclosed as impacting the statement of operations except those on commodities derivatives accounted for as cash-flow hedge which impacts would be through other comprehensive income.

### 21.2 Liquidity risk management

The Group finances itself predominantly by short-, medium and long-term bank loans as described above.

Liquidity management and financing of the Group are performed by the Group Treasury Department, supporting by the operating subsidiaries.

The main principles of the Group's policy in terms of liquidity risk management rely mostly on the diversification of the financing instruments in terms of type, tenor and source of funding and access to the longest maturities available on the market.

As such the Group finances itself with USD funding from the bank market, on the local "bond" market (Certificados de Recebíveis do Agronegócio), and when possible, also uses BNDES / Finame programs which give access to long maturities in R\$.

The Group's debt amortisation profile is mainly tied to the maturities of the USD syndicated loans and BNDES loans.



The Group's indebtedness is subject to fluctuations due to the seasonal nature of its businesses, which may generate cash surplus for short periods. The Group's policy is to make investments only in bank deposits or in liquid money market funds.

The undiscounted contractual cash outflows (interest, amortisations and final maturities) on the outstanding amount of the financial liabilities and derivatives by maturity date were as follows:

**(MILLIONS OF R\$)**

At 31 March 2022	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years	TOTAL
Principal	1,225	997	1,076	511	381	639	4,830
Fixed interest payment commitments	101	76	48	29	21	43	317
Floating interest payment commitments	100	108	46	19	12	6	290
<b>Total debts before amortised costs</b>	<b>1,426</b>	<b>1,181</b>	<b>1,170</b>	<b>558</b>	<b>415</b>	<b>688</b>	<b>5,437</b>
Net flows on swap	(35)	(6)	30	(9)	0	0	(21)
<b>Total derivatives</b>	<b>(35)</b>	<b>(6)</b>	<b>30</b>	<b>(9)</b>	<b>0</b>	<b>0</b>	<b>(21)</b>
<b>Total interest payment commitments including derivatives</b>	<b>165</b>	<b>177</b>	<b>123</b>	<b>38</b>	<b>33</b>	<b>49</b>	<b>586</b>

At 31 March 2021	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years	TOTAL
Principal	1,334	1,749	802	675	262	499	5,321
Fixed interest payment commitments	125	106	59	31	20	44	385
Floating interest payment commitments	56	47	28	20	12	13	176
<b>Total debts before amortised costs</b>	<b>1,515</b>	<b>1,902</b>	<b>890</b>	<b>726</b>	<b>295</b>	<b>556</b>	<b>5,883</b>
Net flows on swap	(4)	(16)	0	0	0	0	(20)
<b>Total derivatives</b>	<b>(4)</b>	<b>(16)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(20)</b>
<b>Total interest payment commitments including derivatives</b>	<b>176</b>	<b>137</b>	<b>87</b>	<b>51</b>	<b>33</b>	<b>57</b>	<b>541</b>

## 22. Unrecognised contractual commitments

### Commitments given

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Purchases of sugarcane	4,802	3,748
Assets covered by commitments	37	37

### Purchases of sugarcane

Tereos Açúcar e Energia Brasil entered into contracts for the purchase of sugarcane produced in third parties' rural properties, amounting approximately to 4.8 million tons per crop to be delivered from 2022 to 2027. At 31 March 2022 the annual commitment is estimated at R\$ 4,802 million, based on the average price until that date of R\$ 166.62 per ton of sugarcane.

### Assets covered by commitments

The Group pledged properties and vehicles in the amount of R\$ 37 million as collateral for tax claims.

## 23. Related parties

### 23.1 Operating transactions with related parties

Transactions have been carried out with the following entities:

(MILLIONS OF R\$)	Sales		Purchases	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Entities controlling the Group</b>	0	0	1	1
a/ Tereos Internacional	0	0	1	1
<b>Entities controlled by Tereos Group</b>	1,618	1,934	66	91
a/ Tereos Participations	2	1	66	91
a/ Tereos Amido e Adoçantes Brasil	6	4	0	0
a/ Tereos Starch & Sweeteners Europe SAS	0	0	0	0
a/ Tereos Commodities France (ex TBE)	36	42	0	0
b/ Tereos Commodities Suisse	1,574	1,887	0	0

(MILLIONS OF R\$)	Receivables		Payables	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Entities controlling the Group</b>	0	0	2	3
a/ Tereos Internacional	0	0	2	3
<b>Entities controlled by Tereos Group</b>	66	29	1	14
a/ Tereos Participations	3	1	0	12
a/ Tereos Amido e Adoçantes Brasil	6	4	0	0
b/ Tereos Commodities Suisse	58	21	0	2
a/ Companhia de Sena	0	1	0	0
a/ Tereos Commodities France (ex TBE)	0	1	0	0

a/ An intra-group service agreement was entered into on April 1st, 2016 by and between Tereos Participations as service provider, and the Company and its subsidiaries. The agreement sets forth the terms and conditions under which Tereos Participations will provide to the beneficiaries certain services, in particular in IT, administrative, strategy, insurance, financing and treasury, accounting and consolidation, communication, business development, legal and tax areas. In consideration for the provision of such services, Tereos Participations will receive compensation equal to the direct and/or indirect costs incurred by Tereos Participations in connection with the provision of such services, plus a 9% margin.

b/ Some operational activities (sugar sales out of the Brazilian market) of Tereos Açúcar e Energia Brasil Group are performed with Tereos Commodities Suisse (a subsidiary of Tereos Participations) at market conditions.

## 23.2 Financing transactions with related parties

The main financing transactions were carried out with the following entities:

(MILLIONS OF R\$)	Financial assets		Financial liabilities	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Entities controlling the Group</b>	<b>267</b>	<b>246</b>	<b>0</b>	<b>0</b>
a/ Tereos Internacional	267	246	0	0
<b>Associates</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
b/ Sao Jose Agricultura	1	1	0	0
b/ Tereos Finance Group 1	0	0	238	0
<b>Other entities</b>	<b>1</b>	<b>1</b>	<b>238</b>	<b>0</b>

No material amounts of interest were received or paid to related parties for the years ended 31 March 2022 and 2021.

The financial assets and liabilities of related parties are classified in the statement of financial position as follows:

(MILLIONS OF R\$)	31 March 2022	31 March 2021
Current financial assets with related parties	267	246
Non-current financial assets with related parties	1	2
Non-current financial liabilities with related parties	(238)	0
<b>TOTAL NET RELATED PARTY FINANCIAL ASSETS (LIABILITIES)</b>	<b>30</b>	<b>248</b>

## 24. Subsequent events

None.

## 25. Scope of consolidation

Company name	31 March 2022		31 March 2021		
	% of interest	Consolidation Method	% of interest	Consolidation Method	
Tereos Açúcar e Energia Brasil		Parent company		Parent company	
Tereos Açúcar e Energia Cruz Alta S.A.	Brazil	100.00	Controlled entity	100.00	Controlled entity
Tereos Commodities Brasil S.A.	Brazil	81.00	Controlled entity	81.00	Controlled entity
Usina Vertente Ltda.	Brazil	50.00	Controlled entity	50.00	Controlled entity
Centro de Tecnologia Canavieira S.A.	Brazil	4.42	Associates / Equity method	4.42	Associates / Equity method
Sao Jose Agricultura Ltda.	Brazil	32.00	Associates / Equity method	32.00	Associates / Equity method
Terminal Portuário de Paranaguá S.A.	Brazil	35.00	Associates / Equity method	35.00	Associates / Equity method