

(A free translation of the original in Portuguese)

***Cooperativa
Regional de
Cafeicultores em
Guaxupé Ltda.***

***Parent company and consolidated
financial statements at
December 31, 2020
and independent auditor's report***

COOXUPÉ FAMILY. SOLID BECAUSE IS YOURS!

MANAGEMENT
REPORT AND
FINANCIAL
DEMONSTRATION

IS UNION WITH
THE COOPERATIVE
MEMBERS, TRUST,
DEDICATION AND
RECORD.



On December 31, 2020 and 2019, accompanied by the opinions of the independent auditors and the Fiscal Council



COOXUPÉ





MISSION

Promote the sustainable development of the cooperative members.

VISION

Be a cooperative that aggregates value to its cooperative members by their effective participation.

VALUES

Trust, work and cooperation.

COOXUPÉ POLITICS

Conquer the satisfaction of the customers, offering products that meet the applicable requirements to the business, with qualified and engaged collaborators, and with the continuously better processes.

OBJECTIVES

- Increase participation in the markets in which it operates by meeting customer needs and the requirements applicable to the business.
- Consolidate Cooxupé's image through responsible management.
- Ensure business viability.
- Be the best option for cooperative members, increasing agribusiness with an emphasis on coffee.
- Have a team of committed and qualified employees, who meet the requirements required for the positions and who can develop their activities safely.
- To continuously guarantee the quality and safety of our products through the standardization and modernization of processes.

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REGIONAL COOPERATIVA DE CAFEICULTORES EM GUAXUPE LTDA

Headquarters in Guaxupé – MG

Cooxupé Units:

Alfernas (G), Alpthacols (MG), Alterosa (MG),
Altinópolis (SP) Andradas (MG) Araguari (MG),
Areado (MG), Botelhos (MG), Cabo Verde (MG),
Caconde (SP), Campestre (MG), Campos altos (MG),
Campos Gerais (MG), Carmo do Rio Claro (MG),
Cássia (MG), Conceição Aparecida (MG), Coromandel (MG),
Guaranésia (MG), Guaxupé (MG), Itamogi (MG),
Jacuí (MG), Lambari (MG), Monte Belo (MG),
Monte Carmelo (MG), Monte Santo de Minas (MG),
Muzambinho (MG), Nepomuceno (MG), Nova Resende (MG),
Patrocínio (MG), Piumhi (MG), Rio Paranaíba (MG),
Santo Antonio do Amparo (MG),
São José do Rio Pardo (SP), São Pedro da União (MG),
Serra do Salitre (MG), Três Corações (MG)

Exportation Office:

Santos (SP)

Cooperative: 15.943

Employees: 2.349

Communication and Marketing Department

Phone: (35) 3696-1025 | 3696-1032

General Phone: (35) 3696-1000

www.cooxupe.com.br

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2020 IS A YEAR THAT WILL BE MARKED IN THE HISTORY AND MEMORY OF EACH ONE

The pandemic of the new coronavirus brought to us all the need for changes, adaptations and many challenges. However, what we learned in the face of this reality that, of course, aroused fears and difficulties in us managers, coffee growers, fathers, mothers, in short, the whole family, is that unity and trust show their strength even in uncertain times.

Together, we built a 2020 full of historic results for Cooxupé even in a difficult scenario. The receipt of coffee broke a record: 8.1 million bags, 6.6 million of which were submitted directly by the cooperative members. Reason of great pride for all of us.

Regarding shipments, we also reached our target: 5.9 million bags, of which 4.9 million were destined for exports. Today we serve important customers in 50 countries, taking our Arabica coffee globally to the most diverse palates. It is important to remember that the operation of the port of Santos, even with the arrival of COVID-19, was very relevant so that exports - not only of coffee, but of other cultures - were not compromised. I would also like to highlight the participation of SMC Specialty Coffees, exporting specialty coffees and adding value to the production of our cooperative members and Roastery, which also takes the coffees of our associates to the home of millions of Brazilians. We also registered in 2020, during the Ordinary General Assembly held in a model totally adapted to the health protocols, the distribution of surplus of more than R \$ 57 million. The "Restituição de Capital por idade" Program benefited members over 75 years of age with more than R \$ 25 million. And we do not stop there: we made the award for the Especialíssimo Program, with online and simultaneous transmission over the internet, bringing the total prize to R \$ 229 thousand.

The cooperative followed its investments in several sectors, always with the objective of improving the service to the more than 15 thousand members that we represent today. Last year, we concentrated more than R \$ 40 million on improvements, reforms and acquisitions. Nor do we neglect our responsibility to foster knowledge and experiences and to disseminate information. Throughout the year, we participated in several webi-

nars, always discussing the needs of coffee producers, extolling this important production chain in Brazilian agribusiness. We held, online, the second edition of the Technical Forum Coffee and Climate, presenting important scenarios for coffee growers and for the market as a whole, including the climatic effects that can compromise the 2021 harvest. It is our duty to share information to assist our cooperative about their decisions within their properties.

Cooxupé also responded to the request of its members and made a donation of R \$ 2 million to collaborate with public hospitals, benefiting 70 municipalities in the cooperative's area of operation, due to the new coronavirus. The harvest, on the other hand, was successful both in coffee quality and in the prevention and health safety protocols. These results are still a summary of what we achieved last year. Everything we have done together has also allowed us to achieve historic revenues that prove to all of us that the work is victorious when carried out with focus, strategic management and, above all, hand in hand with the associated producers. Our employees are also with us, acting in a responsible and absolutely committed manner, to which we also share these results and we thank you for your efforts.

Faced with challenges, we face fears with courage. This is because Cooxupé is the voice of more than 15 thousand coffee-growing families and today it is positioned with high representativeness in the Brazilian market and, above all, in the international market. All of our achievements carry the confidence of each one of you in Cooxupé. I will not fail to remind each member that this cooperative is theirs. Together, our work transcends borders, reaps special results and brings a better quality of life to the producer. Even in times of social distance, our union showed strong capacity. We are the Cooxupé family, one that does not bow in the face of difficulty. However, a united, prosperous family. From confident people, who are unmoved. Thank you to each of you



cooxupé

CARLOS AUGUSTO RODRIGUES DE MELO
COOXUPÉ PRESIDENT



MANAGEMENT



2020/19 REPORT
MANAGEMENT, SOCIOENVIRONMENTAL
AND FINANCIAL STATEMENTS

On 31st December 2020 and 2019, accompanied by the opinions of
the independent auditors and the Fiscal Council.





40 MILLION

TOTAL
INVESTMENT IN 2020

Investments

- ***In 2020, investments promoted by Cooxupé reached R\$ 40,634,913, being directed to strategic sectors such as Roastery, infrastructure and equipment acquisition.***

Among last year's investments, the highlight is the Roastery, which had its plant expanded and automated, allowing it to increase its capacity from 1,250,000 kg to 3,000,000 kg.

In the area of infrastructure, Cooxupé allocated part of the revenue for the construction and adaptation of warehouses and stores, as in the cities of Patrocínio and São Pedro da União; construction of a unit for receiving bulk coffee in Campos Gerais; construction and automation of the Soil and Foliar Analysis Laboratory, in addition to the purchase of land, among others.

To improve the services provided, the cooperative also made investments in the IT (Information Technology) area and in the acquisition of forklifts for handling bag fertilizers in stores, among other actions.



Distribution of R \$ 57.8 million reaches cooperative members

The remainder of Cooxupé's 2019 results allowed a distribution of R \$ 57.8 million to cooperative members in 2020. The receipt from each producer varies according to the proportion of specific operations carried out with Cooxupé during the year, following the cooperative's statutory rules .

Over R\$ 25 million refunded

Since 2019, Cooxupé has opened the Age Return Capital Program, benefiting members over 75 years of age, with the return of the capital quota. In 2020, more than R \$ 6 million were refunded to 1,073 members, in December.

The action took place in all the units of the cooperative. Since its implementation, the Program has already reimbursed more than 25 million to cooperative members.



ORDINARY GENERAL ASSEMBLY

During the AGO, which took place on May 29, in an open space, obeying preventive measures due to the pandemic of the new coronavirus, the 2019 balance was presented, approved by the Cooperative's Fiscal Council and audited without reservations by the PWC.

**THE INCOME OF
2019 WAS
R\$ 4.2 BILLION.**

On the occasion, the Fiscal Council was also elected, which had the support of 1,731 members, formed by Adelber Vilhena Braga, Ronaldo Miareli and Sérgio dos Reis Oliveira, as full members, and Adelmir Vidal, Márcio Antônio Fernandes and Robson Ferreira Leite, as alternates.



STRATEGIC PLANNING STARTS IN 2020 WITH SEVEN STRATEGIC AGENDAS



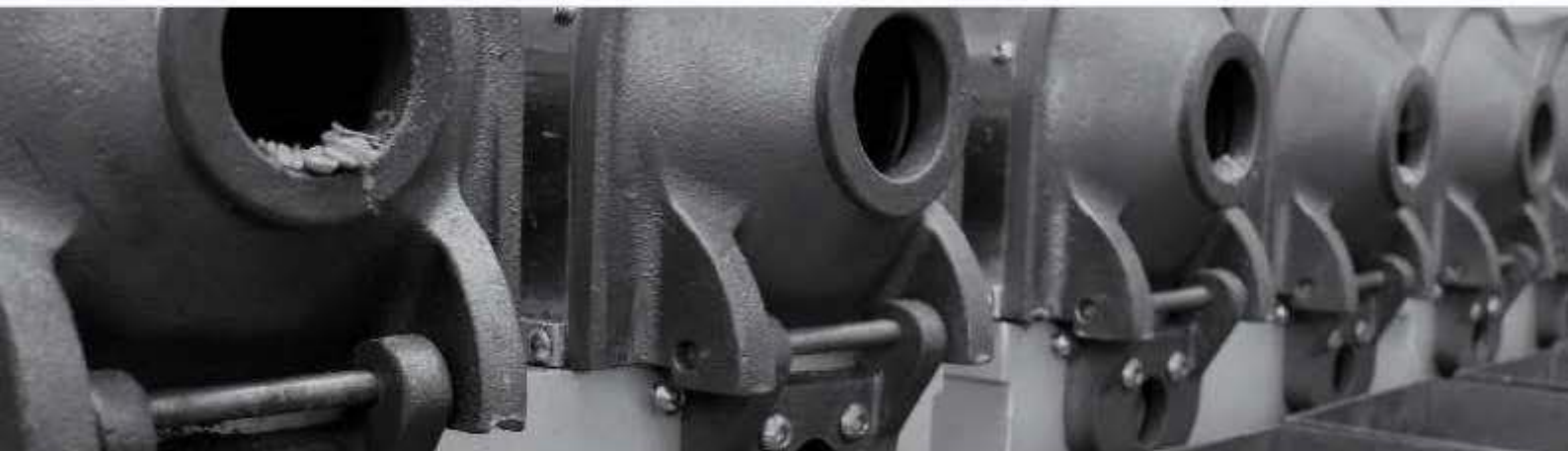
After approval by the Board of Directors and consolidated together with Cooxupé executives, the Strategic Planning was implemented in September 2020 and continues with actions until 2028.

The EP discussions started in February when interviews were conducted with dozens of members, employees, suppliers and customers from Brazil and abroad and with several members of associations with which Cooxupé relates. The work also

included a survey that heard 1,400 associates of different sizes and regions, in July 2020.

Cooxupé's Strategic Planning is supported by seven strategic agendas that guide 27 macro-projects to be completed by 2028. Of these macro-projects, 99 projects have been established. In 2020, Cooxupé started the implementation of 31 projects and, in 2021, 65 more will be executed. Three more are planned for the year 2022.

All actions of Strategic Planning have cooperated as a priority. The work, which involves several areas of the cooperative, has the partnership of the external consulting company Ernst & Young.



Check out what the 7 strategic agendas of the Strategic Plan are about:

- **Sustainable Coffee Leadership**
- **Cooxupé is where the coffee goes**
- **Transformation of the service to the cooperative member**
- **Evolution of the Cooperative member Agro 4.0**
- **Segment to conquer**
- **Cooxupé from the Farm to the Cup**
- **Organization of the Future**



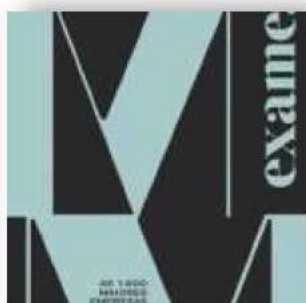
Awards and Rankings

- *Cooxupé was highlighted, in 2020, in the rankings prepared by institutions and nationally renowned vehicles such as Valor Econômico, Revista Exame, Brazilian Yearbook of Cooperatives and Mercados Comuns.*



VALOR 1000

The cooperative won seventh position in the agricultural sector in the Valor 1000 ranking, released in November, in São Paulo. The survey carried out by Valor Econômico newspaper, in partnership with Serasa Experian and the Fundação Getúlio Vargas School of Business Administration (Eaesp / FGV), scored the 1000 largest Brazilian companies in 25 sectors of the economy, according to performance in 2019. In the general ranking, Cooxupé occupied the position of 173 among the 1,000, increasing two positions in relation to the previous year. It was also ranked 7th by profitability and ranked 9th by Ebitda.



EXAME

In the ranking of “Melhores do Agronegócio” of the “Melhores e Maiores” special of Revista Exame, published in November 2020, which classified the “400 Maiores do Agronegócio” of all segments by net sales, Cooxupé occupied the 41st position, rising two places in relation to the previous year. In the list of “500 Maiores em Vendas”, Cooxupé positioned itself in 188th place in the Wholesale category, registering an increase of 8 positions in relation to the previous year, when it occupied 196th place.



MERCADOS COMUNS

The cooperative received the “Minas Award - Business Performance – Melhores e Maiores”, which is promoted by Mercado Comuns magazine in recognition of the 300 largest companies in the state of Minas Gerais. The indication of the winners and the creation of this ranking are elaborated after the analysis of 5,000 balance sheets and income statements. In the classification by “Atividade Econômica”, Cooxupé was ranked first in the state of Minas Gerais in “Agropecuário e reflorestamento”. In the general ranking of the 50 largest companies, which considers all sectors, Cooxupé ranked 27th in the ranking for “Results” and 32nd in ‘Total Assets’.



BRAZILIAN YEARBOOK OF COOPERATIVES

Cooxupé was identified as the largest agricultural cooperative in Minas Gerais according to the survey of the “50 Maiores Cooperativas”, published in the OCEMG’s Brazilian Yearbook of Cooperatives 2020 (Organization of Minas Gerais Cooperatives). The cooperative occupied the first position in the general ranking, in relation to the “Sobra de Exercícios”, rising four positions, since, in 2019, it occupied the 5th place. In the categories of “Patrimônio Líquido”, “Número de empregados” and “Receitas Totais”, Cooxupé occupied the second position in the State and the first in the agricultural segment. In the evaluation of “Ativos Totais”, the cooperative was the third in the general ranking, and for “Capital Social”, the fifth in the general list, ranking first in the agricultural segment in both criteria.







MANAGEMENT AND ETHICS

New Code of Ethical Conduct

- *The document, which establishes the values of the cooperative, the principles of transparency and good conduct practices of employees, directors, advisors and business partners, was updated and expanded in 2020, and was renamed as the New Code of Ethical Conduct.*

Through it, all stakeholders of the cooperative are guided on the principles of conduct and relationship, guided by the Bylaws, highlighting the work environment, based on the principles of human rights, legislation and respect for dignity and diversity.

dignity



INTEGRITY, OMBUDSMAN AND PDGC PROGRAM.



Integrity Program

The Cooxupé Integrity Program is available on the cooperative's website, gathering the guidelines that guarantee integrity, legality and transparency in carrying out the operations performed between Cooxupé, the public administration and the private sector.



Ombudsman

The Ombudsman is a structured channel to welcome and deal with events such as: complaints, suggestions, consultations and compliments. Cooperatives and interested parties can also access the ombudsman's office for statements about misconduct, in addition to ensuring total confidentiality in investigations, in compliance with the guidelines of the Integrity Program and Code of Ethical Conduct.



PDGC (Management Development Program)

Cooxupé participates in the Cooperative Management Development Program (PDGC), which has the support of technicians from OCEMG (Organization of Cooperatives of the State of Minas Gerais).





8.1M

BAGS: THE GREATEST RECEIPT IN HISTORY

In 2020, Cooxupé marked its history with a record receipt of coffee of 8,152,236 bags from members and third parties. Members alone delivered 6.6 million bags.

In this year, Cooxupé acquired 6,310,962 bags of coffee, of which 4,597,732 bags were purchased in the physical market at an average price of R \$ 520.27, totaling 68,931 deals, totaling an average of 67 bags each. In the futures market, 1,713,230 bags were purchased at an average price of R \$ 583.59, obtaining a volume of 23,348 CPR contracts, with an average of 73 bags each.

Demonstrative table of average prices over the last 10 years:

Years	Average Price in US\$	Average Price in R\$	Bags
2011	285,48	477,86	3.716.050
2012	195,65	384,45	3.534.702
2013	131,69	286,49	5.374.143
2014	181,27	426,64	5.790.518
2015	133,81	468,71	5.113.396
2016	148,47	514,63	6.037.517
2017	145,07	463,74	3.971.214
2018	122,08	443,02	6.575.798
2019	114,26	457,69	8.644.344
2020	108,37	559,31	6.310.962
	147,83	451,97	

MILLION

Shipments and exportation



In 2020, Cooxupé shipped 5,915,577 bags of green arabica coffee. For direct export, 4,963,417 bags were sent. 231,398 bags were destined for exporting customers and 720,762 bags for the domestic market (roasters).

- **5.9 million bags shipped;**
- **For 50 countries;**
- **On 5 continents;**
- **80% of Cooxupé's activities are focused on exports.**



Own office in Santos

Cooxupé's routine and export processes are streamlined by the office in the city of Santos maintained by the cooperative since 1984. With this structure and collaborators, this sector greatly contributes to the elevation of the cooperative's coffee sales channel to the external market.

REDEX:

AGILITY AND SAFETY IN COFFEE SHIPPING PROCESSES

4,963,417

*bags of coffee,
totaling 8,068
containers*



Cooxupé has a REDEX - Special Area for Export Customs Clearance since 2008. In 2013 it was transferred to the Japy Complex and continues with the objective of ensuring agility and safety in the coffee shipment processes. The containers are already duly sealed and authorized by the Federal Revenue Agency to be shipped at the Port of Santos.

In 2020, REDEX was responsible for the shipment of 4,963,417 bags of coffee, totaling 8,068 containers. 2,424 orders were also carried out and 2,490 Certificates of Origin and 497 Phytosanitary Certificates.

Insurance protects the transport of the coffee and corn crop

- *In 2020, Cooxupé offered members of the cooperative insurance coverage free of charge for the coffee and corn cargo transported and destined to the cooperative's storage units. The insurance policy guaranteed the coverage of the goods from the moment of boarding in the farm until delivery to the warehouses.*

In the case of contracting transportation by third parties, the cooperative member also had the benefit as long as the vehicle was registered with the RNTRC (National Registry of Road Cargo Transporters) of the National Land Transportation Agency (ANTT). As well as loads transported in vehicles such as kombis, panel vans, van, pickup trucks and tractors with special registration.

Integrated Transport System improves logistics

In February 2020, Cooxupé implemented an integrated transport system to improve cargo management and control of the entire operation, adding value to the business, the services provided to members and all agents involved in the production chain.

The new system, called OTM (Oracle Transportation Management), controls all transport processes, covering the areas of Cooxupé and SMC Specialty Coffees such as industry, warehouses, commercial areas, foreign markets, financial, tax, accounting, among others, allowing the logistics to be carried out in an integrated manner with the cooperative members, customers and suppliers.

The new feature allows logistical planning to gain efficiency and provide cost and delivery time savings.



C-TPAT has partnership with the US government

Since 2014, Cooxupé has maintained C-TPAT, known as the Customs-Trade Partnership against Terrorism, a commercial partnership with the US government. The collaboration began when Cooxupé received a certificate from the United States government in recognition of excellence in security and control of the operations carried out at the Japy Complex



Special Quality

SMC

AND THE SPECIALTY COFFEE MARKET

SMC Specialty Coffees in its 11 years of activity praises the talent and the effort that coffee farmers make to achieve excellence in the production of specialty coffees. Among the company's guidelines are actions in search of new opportunities that add value to the production of cooperative members through the supply and sale of specialty, fine and certified coffees.

In 2020, SMC Specialty Coffees was responsible for the total shipment of 106,579 bags, 95,650 of which were destined for direct export. Among the purchasing countries, Germany, South Korea, Italy and Japan stand out. In the same year, the company registered the acquisition of 136.135 bags of differentiated coffees. Climatic conditions favored the production of high quality coffees. This factor, combined with the commitment of cooperative members and the support that Cooxupé and SMC offer, made the volume of fine cup and special coffees, in relation to the previous year, significantly increase.

Exportations

Years	Bags
2014	103.160
2015	82.034
2016	64.440
2017	64.974
2018	87.866
2019	85.217
2020	95.650

CONSTANT IMPROVEMENT

In March 2020, SMC promoted calibration training for the auxiliary teams and assistants in the classification sector. The meeting placed professionals in the specialty coffee scene, improving them in terms of knowledge of the characteristics and sensory profiles of the coffee.

Input Distribution Center counts with automation systems

The Input Distribution Center has an area of 6,300 m² with three automation systems responsible for stock control. Through technology it is possible to make an efficient management, benefiting and improving the services for the cooperative members.

The site, which has a ceiling height of 16 meters, allows ample vertical storage totaling the capacity for 8 thousand pallets.





Best coffee of 2020 was from Capitólio

The coffee produced by the cooperative member, **Wilson Vicente Soares, from Capitólio (MG)**, was the champion of the Especialíssimo Program and considered the best quality lot of the 2020 harvest.

The runner-up coffee was produced in Caldas (MG) by the cooperative member **Edir José de Carvalho** and the third place was from the city of Nova Resende, in the south of Minas Gerais, by producer **Ricardo Bachião D 'Oivo**.

Integrated Transport System improves logistics

The Especialíssimo program, created in 2016 and which has been rewarding members since 2019, is responsible for the growth in the production of specialty coffees in recent years. In 2020, the program received 49,985 bags of specialty coffees (Cooxupé + SMC), submitted by 431 members. The number of lots also exceeded expectations, totaling 771. The coffees participating in the program have a quality index above 83 points. A total of 50 lots are selected and awarded, 35 of which are Natural and 15 of semi-washed.

The evaluation is made by a Q-Graders committee composed of tasters from Cooxupé and SMC Specialty Coffees, led by professor at the Federal University of Lavras and specialist, Flávio Borém. In the 2020 edition, among the 50 winning samples, more than 80% were above 86 points. All lots were sold to Japan, the United States and European countries.



4th JAIR TRISTÃO ALVEZ
NOVA RESENDE



5th LUCIEL TRISTÃO ALVES
NOVA RESENDE



6th MARCO ANTÔNIO VENTEU
PIUMHI



7th JOSÉ SEBASTIÃO DE SIQUEIRA
LAMBARI



8th EDNILSON APARECIDO DE CARVALHO
CAMPESTRE



9th JOSÉ APARECIDO BOA SORTE
NOVA RESENDE



10th HÉLIO SÍLVIO SENESE
SÃO PEDRO DA UNIÃO

AWARDS TOTAL R \$ 229,000

In 2020, the Especialíssimo gave a total prize of R \$ 229 thousand to the selected cooperative members. The first place received R \$ 25 thousand; the second won R \$ 20 thousand and the third ranked R \$ 15 thousand. In the other classifications, the value was R \$ 10,000 for the 4th place; R \$ 9 thousand for the 5th; R \$ 8 thousand for the 6th; R \$ 7 thousand for the 7th; R\$6 thousand for the 8th; R \$ 5,000 for the 9th; R \$ 4 thousand for the 10th; and R \$ 3 thousand for each placed between 11th to 50th place.

Roastery



FSSC 22000 Certification

Cooxupé's Roastery maintained the FSSC 22000 (Food Quality and Safety Management System) certification, issued by the DNV certifier, after an unannounced external audit was carried out on December 16 and 17, 2019.

Based on the results of this audit, the Roastery maintained the FSSC 22000 certification, version 4.1, the most current of the Food Safety Management System. The FSSC 22000 certification aims to monitor and control hazards during the industrialization process of roasted and ground coffee, whether physical, chemical or biological. In addition, the certificate is one of the most important in the world for the food industries and the Roastery has had it since March 2018.

COOXUPÉ'S MANAGEMENT

- *And team participated in the opening of the 2nd edition of Anufood Brazil, held between March 9th and 11th, in São Paulo.*

Anufood Brazil is one of the most important events for the South American food and beverage market. In three days, the fair brought together more than 400 exhibiting brands, including 11 international pavilions and independent exhibitors from 24 countries, who did business with more 9,000 qualified visitors from all over Brazil and 31 more countries such as Germany, Saudi Arabia, Argentina, Bolivia, Canada, Chile, Colombia, Ecuador, United States, Paraguay, Peru, Uruguay, among others.

The 2nd edition of Anufood Brazil provided exhibitors and visitors with the possibility of expanding and strengthening their business in the local market, as well as benefiting from an export platform capable of improving the positioning of their products in the international market.



COOXUPÉ IS THE 5TH LEADING BRAND IN BRAZIL 2020 SUPERVAREJO RANKING



RELEASES

The year 2020 was marked by launches of products from Cooxupé Roastery, among them:

Special Crop 2020

It is a limited edition originating from Cooxupé's Especialíssimo Program, a development program for cooperative members in the production of specialty coffees that selects and rewards the best coffee lots with sustainable practices that preserve the environment, respect the laws, the community and value the work of the producer. It is available in ground, grain and drip coffee versions. In 2020, Safra Especial coffee used QR Code to pass a message from the producer directly to the consumer.

Prima Qualità Raízes

Another launching of Cooxupé Roastery in 2020 was the Café Prima Qualità Raízes, of the Prima Qualità brand, which has the proposal to bring to consumers the best specialty coffees produced in a sustainable way, in the cooperative system, by families that live from the production of coffee. With an intense aroma, fruity flavor with citrus notes and a long finish with notes of honey, the blend was evaluated by Q-Graders, it has a score of 86 and is a selection of the 50 best coffees of the 2020 harvest by Cooxupé. Café Prima Qualità Raízes is Cooxupé's first special line coffee and will be continuously available to consumers.

Cooxupé is the 5th leading brand in the "ground coffee and whole beans" segment in Brazil 2020

Ranking of the SuperVarejo Magazine, considering sales in the supermarket channel. The survey, carried out by Nielsen Client Delivery Retail (Brazil) and Global Report Center, audited 489,601 commercial establishments in the Brazilian food retail sector. In order to prepare the ranking of the leading brands and identify the five main suppliers, the classification of volume sales (kilos, liters or units) of all those belonging to a category or segment was considered during the year 2019 (January to December). In the Greater Rio de Janeiro market, Cooxupé products in the "powder and whole beans" category stand out as the 4th leading brand in the segment. In the survey that encompassed the market in the interior of Minas Gerais, Espírito Santo and Rio de Janeiro, Cooxupé figures as the 5th leading brand in the segment.

Carnival Rio de Janeiro

For the fourth year, Café Evolutto was present at the street carnival in Rio de Janeiro, supporting some of the most traditional carnival blocks in the city. In 2020, the Official Electric Trio of Café Evolutto led two blocks around the city, guaranteeing fun and a lot of joy for thousands of people.

Sponsorship of the Carioca Championship

For the third consecutive year, Café Evolutto was an official sponsor of one of the most important football competitions in Brazil, the Carioca Championship, which reaches millions of people in Rio de Janeiro and other states. In 2020, the sponsorship provided visibility to the Evolutto brand, supporting its consolidation in the areas in which it operates.

Live Nando Reis

In 2020, the year of the Covid-19 pandemic, in which live streaming became a pastime for the population that was at home maintaining social distance, Café Evolutto was the sponsor of the live of the singer Nando Reis, held on Valentine's Day (06/12) to celebrate love at a distance.



At the Especialíssimo award, Roastery launches Safra Especial and Prima Qualità Raízes



The coffees awarded by Especialíssimo were also selected by Roastery for the production of the Safra Especial coffee line (in the Roasted, Ground and Drip Coffee versions) and also in the Prima Qualità Raízes, a novelty of 2020. Both

products are composed of specialty coffees, produced in a sustainable way and with full traceability. Safra Especial has a limited edition and has coffees selected from the cooperative's best lots in 2020, through the Especialíssimo. 3rd Prima Qualità Raízes line is a

selection of the best specialty coffees selected by Cooxupé and SMC, which will be available in Brazilian retail on a continuous basis, with exclusive editions.



DONAS DO CAFÉ PROJECT

In addition to the Especialíssimo program, which brings knowledge to all cooperative members, technical assistance and new business opportunities, SMC, with the support of Cooxupé, started in 2020 the Donas do Café project, which aims to share knowledge and unite women partners of the cooperative and its home of specialty coffees.

The scope of the new project includes lectures, courses and meetings to exchange knowledge, encompassing the entire chain of specialty coffee, from production to consumption.

Donas do Café's first action was a live broadcast, which took place on July 20, with more than 1,500 spectators. The chat addressed the experience that coffee provides for both those who work with the product and the consumer, bringing the eyes of women from end to end and addressing the production, marketing and sensory aspects. The online event was attended by Maria Dirceia Mendes (commercial manager at SMC), Evelyse Silva Lopes (foreign market manager at Cooxupé), Carmen Lúcia Chaves de Britto (producer of Fazenda Caxambu) and also of the neuroscientist and creator of The Coffee Sensorium,

Fabiana Carvalho. The next steps of the project point to a professional improvement, in which all the productive processes of the cooperative members are more and more assertive and they obtain more visibility for the work they do with their coffees through the cooperative and SMC.

ESPECIALÍSSIMO PRESENTED AN EVOLUTION OF MORE THAN 64% IN THE CASE OF BENEFITED COOPERATES



The volume of bags received through the program grew 82.4% over the previous year and the quality of the coffees has evolved. The number of bags of specialty coffees (above 84 points) jumped from 2019 to 2020, growing by 128%. A milestone that shows that, with technology and knowledge within the reach of the members, it is possible to leverage quality and add value. In the award of the Especialíssimo program, some Cooxupé units stand out: Alpinópolis and the Piumhi unit had two members in the top 10, one of them being the 1st place and the other the 6th. Nova Resende presented 4 of the best placed members - 3rd, 4th, 5th and 9th places. Campestre appeared in the top 3, with the 2nd place, and also with the 8th.

ROASTING



The Cooxupé Roastery, in activity for 36 years, is responsible for the roasted, ground and in whole beans coffee production that are distributed, marketed and recognized in the national market for their high quality, flavor and aroma of pure coffee.

The unit, which initially was created to attend the cooperative members and visitors demand at Cooxupé, nowadays, represents an opportunity to add value to the coffee produced by its more than 15 thousand members.

The product line includes the brands Evolutto, Prima Qualità and Terrazza, which are distributed in the form of ground and whole

beans coffees, in the traditional, superior, gourmet, sachet, drip coffee and espresso coffee machines.

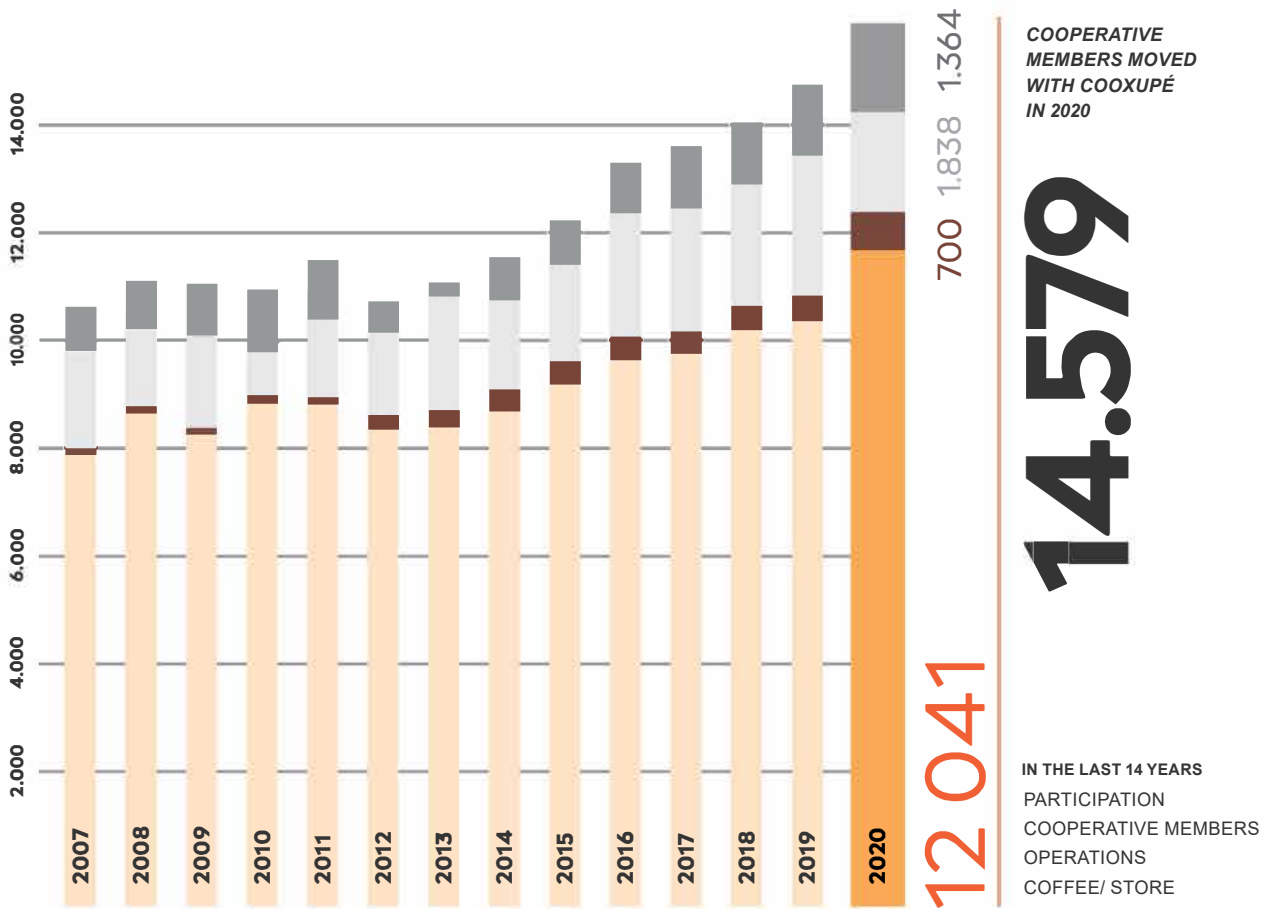
The products are sold at retail points in the states of Minas Gerais (regions of South of Minas, Belo Horizonte and metropolitan region, Zona da Mata and Vale do Rio Doce), São Paulo (Capital and metropolitan region, eastern and northeastern regions of the state) and Rio de Janeiro (Capital and metropolitan region, Baixada Fluminense, Lagos and Serrana regions), in addition to direct service channels for small distributors and e-commerce

[www.cafescooxupe.com.br], which directly serves consumers across the country.

The roastery installed at Japy Industrial Complex, in Guaxupé, in 2015, has 3,900 m² dedicated only to the production area, meeting the most modern sustainability standards and with the presence of 174 direct employees and operates in three shifts.

In 2020, the unit recorded a production of 11,926,630 kg, which represents the processing of 198,777 bags of coffee.

INPUTS



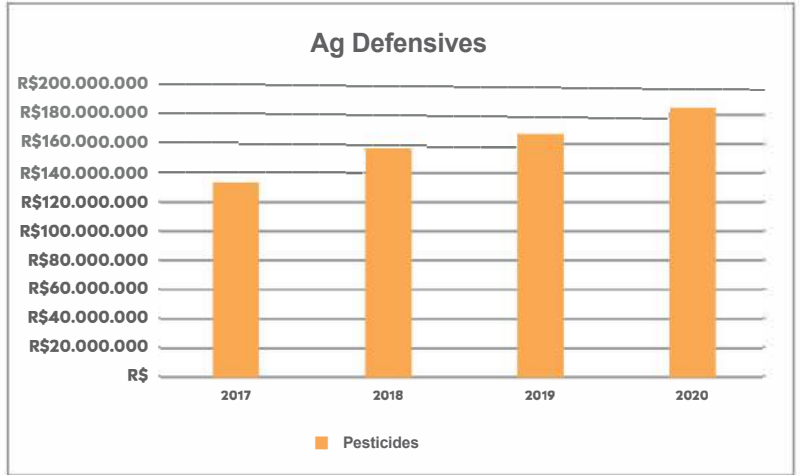
- Cooperative members that did not move store and coffee
- Cooperative members that only bought at stores
- Cooperative members that only submitted coffee
- Cooperative members that only submitted coffee and bought at stores



Ag Defensives

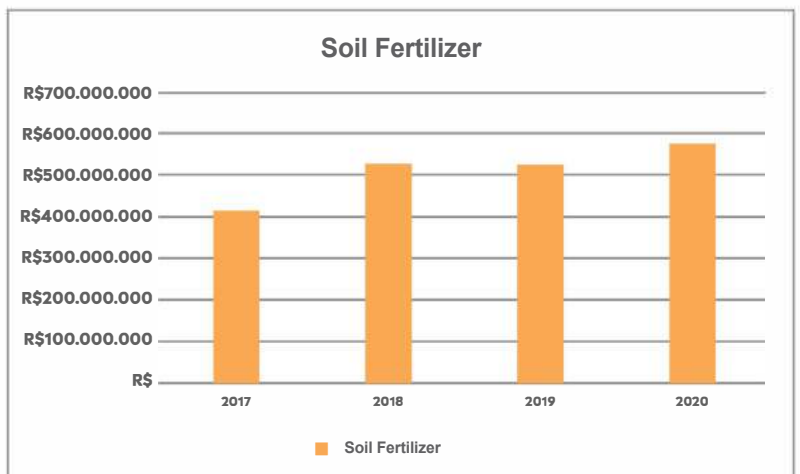
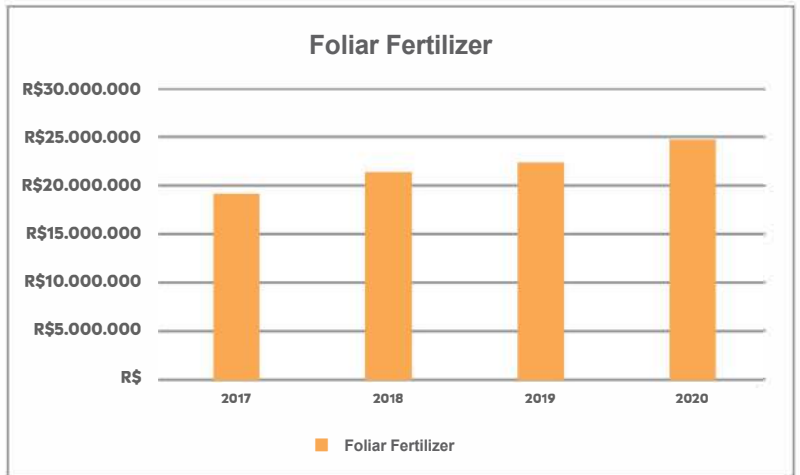
The use of ag defensives in farming is essential for protection against pests and diseases and its rational use contributes to a more sustainable coffee production, respecting the environment.

IN 2020, THESE INPUTS generated a turnover of R\$ 184,551,328 for COOXUPÉ.



Fertilizers

R\$ 24,861,654 is the income amount in 2020 in relation to foliar fertilizers. Soil fertilizers generated R\$ 571,744,226.

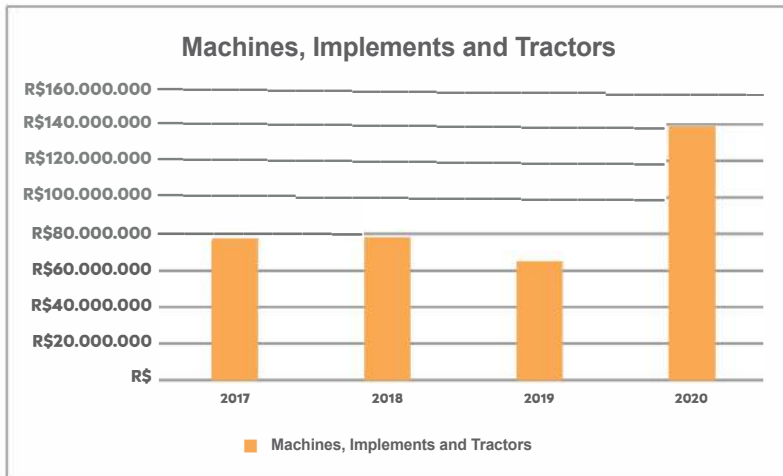


Inputs



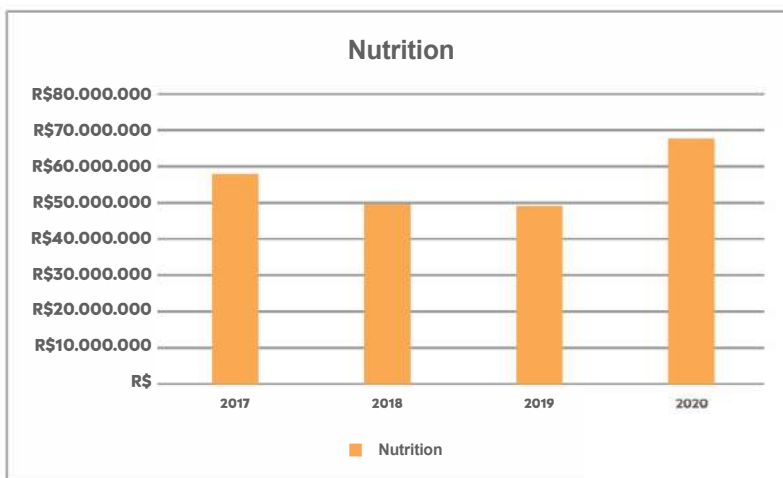
Machines, Implements and Tractors

In machine campaigns, implements and tractors, cooperative members took advantage of opportunity to renew their technologies in crops. Billing was R\$ 138,844,321.



Nutrition

In nutrition area, the product selling generated a billing of R\$ 67.571.150 in 2020.



Exclusive products for members

The Emporium Cooxupé, located at the head office, in Guaxupé, and the cooperative's stores offer a variety of products.

The highlight is on account of exclusive products with the Cooxupé brand, such as hats, watches, bags, mugs and glasses, in addition to the entire Roastery line that are available to members.





Animal Feed Factory 2020 TN

- Production in Guaxupé
- Outsourced factory production in Monte Carmelo and Rio Paranaíba

ANIMAL FEED

The soy bran and corn commodities directly influence the rations market as they are ingredients that make up a considerable share in the formulations of Animal Feed, Concentrates and Proteins.

The year 2020 was atypical due to several factors: the new coronavirus pandemic; rise in the dollar, weather conditions, as well as trade issues between China and the United States.

This set had an impact on the costs of the main raw materials and by-products, with the Supply and Demand Law prevailing to levels never seen before.

Cooxupé's production in 2020 was 33,177.37 tons of Animal Feed, Concentrates, Proteins, Cores and Supplements.

Result as expected.



Quality Management ISO 9001

Cooxupé received the recertification of the ISO 9001 Management System, implemented since 1998, after an external audit carried out by the DNV certifier, which took place between 02 and 05 June 2020, involving the processes of receiving, storing, classifying, purchasing, processing, sale and shipment of green coffee at the Guaxupé, Santos and Monte Carmelo units. In the closing report of the audit, an excellent result was presented, with no non-conformity.

The cooperative adopts the ISO 9001:2015 Management System, accredited by RVA (Netherlands) and INMETRO (Brazil), and the last recertification had occurred in 2018.

Differentiated Structure

Japy Industrial and Storage Complex

The Japy Industrial and Storage Complex represent a revolutionary enterprise for the logistics of coffee flow, providing speed, quality and efficiency in the process of receiving, storing and distributing coffee through high technology systems.

Japy

2,4 MILLION BAGS

FULL STORAGE CAPACITY APPROXIMATED



4 WAREHOUSES: STORAGE OF 1 MILLION BAGS IN TOTAL



20 SILOS: STORAGE OF 30 THOUSAND BAGS EACH

10 SILOS: STORAGE OF 40 THOUSAND BAGS EACH



60 SILOS: STORAGE OF 3 THOUSAND BAGS EACH

180 GRANARIES WITH CAPACITY OF 1,500 BAGS EACH



Corn

Just like in 2019, the corn market remained firm in 2020. The strong demand and tightening of inventories raised prices to historic levels, guaranteeing good income to producers.

RESULT 2020
RECEIPT: 262.891 BAGS
COMMERCIALIZATION: 270. 807 BAGS



Cooxupé has more than 15 thousand cooperative members. Of the total number of associates who submitted coffee to Cooxupé last year, 95.47% represent family farming as mini and small producers, with the delivery of 4,177,949 million bags (61.4% of the

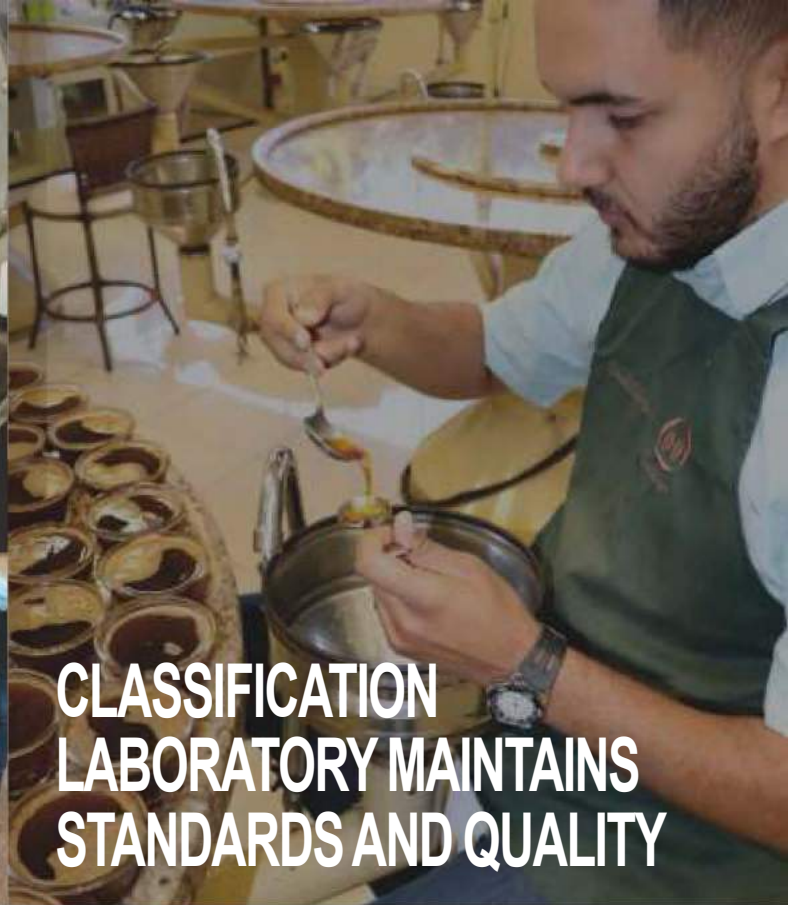
receipt). The medium, large and mega producers add up to this strength of the cooperative, representing 4.59% of the members' profile and 38.6% of the total receipts in 2020 when together delivering 2.620.805 million bags.



6.630.192 BAGS OF COFFEE RECEIVED ONLY FROM THE COOPERATIVE MEMBERS

ASSOCIATED PROFILE

- 75,29%** 9,593 cooperative members / Family Producer / up to 500 bags
Delivery of 1,823,950 bags (26.8% of total receipt)
- 20,18%** 2,571 cooperative members / Small Producers / from 501 to 2,000 bags
Delivery of 2,353,999 bags (34.6% of total receipt)
- 3,59%** 457 members / Medium Producers / from 2,001 to 5,000 bags
Delivery of 1,331,410 bags (19.6% of total receipt)
- 0,79%** 101 cooperative members / Large Producers / from 5,001 to 10,000 bags
Delivery of 677,741 bags (10% of total receipt)
- 0,21%** 27 cooperative members / Mega Producer / over 10 thousand bags
Delivery of 611,654 bags (9% of total receipt)



CLASSIFICATION LABORATORY MAINTAINS STANDARDS AND QUALITY

Laboratory Performance of foliar and soil analysis

In 2020, the João Carlos Pedreira de Freitas Laboratory – located in the Cooxupé head office which is responsible for the analysis of corn, citrus, soy and coffee leaves – received 49.453 samples and performed 585.251 determinations. Always maintaining the quality of the offered services to cooperative members, the lab is nationally known by the precision which it executes its analysis. For 32 consecutive years it was pointed as ideal lab when it obtained the A concept, conceded by the Sociedade Brasileira de Ciência do Solo.

The cooperative members have an award-winning lab, which reduces costs in the care of crops without waste and offers special conditions for using the services, with discounts and special terms for soil analysis, in the months of April and May, and discounts and special deadlines in foliar analyzes, in the periods between December and February.



The classification work carried out by the Laboratories located in Guaxupé and Monte Carmelo is responsible for maintaining the standard quality of the coffee produced by the more than 15 thousand members of Cooxupé. The laboratory in Guaxupé classifies, samples from producers in the South of Minas Gerais and the Média Mogiana of São Paulo, while samples from members at Cerrado Mineiro are classified in Monte Carmelo unit.

The main objective of the classification is to discover the characteristics and attributes of each batch of coffee destined for the market. With the classification by the defined ratio, after the commercialization of the lot, they are instructed to compose the shipments according to the order and requirement of each client.

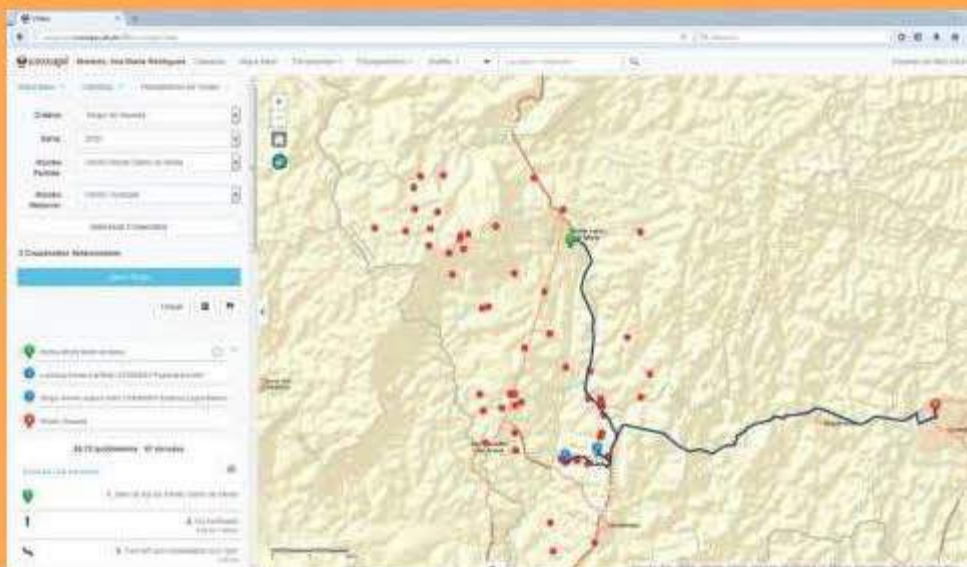
SERVICE TO MEMBERS OFFERS SUPPORT AND GUIDELINES

The “Classification – Service to Members” sector of Cooxupé, created about 4 years ago, offers support to members, aiming at a possible need to correct procedures to improve the quality of coffee.

Another important service performed by the sector that positively impacts the associate’s activity is the work of coffee orientation samples, which takes place before delivery and assists in the correct destination of the lot.

GEOPROCESSING

The Geoprocessing Department, located in Monte Santo de Minas, provides information and data that assist producers in the management processes and strategic decision-making, especially in relation to the volume of rainfall and the prevention of diseases and pests that may affect production.



SISMET

The department is responsible for feeding the Sismet (Meteorological Monitoring System), an essential tool for the operational planning of the coffee grower and for the results in the field. Thus, the system performs the survey, control and makes available the data captured by 15 meteorological stations and 350 rain gauges, in addition to compiling information passed on by cooperative members.

CROP ESTIMATE MODEL

Combining technological knowledge and agricultural practice, Cooxupé, through partnerships with Unesp (Universidade Estadual Paulista “Julio de Mesquita Filho) and Unicamp (Universidade Estadual de Campinas), developed a mathematical model, which uses meteorological and spectral data, in order to estimate productivity by municipality in the region where the cooperative operates. The proposal is that prior knowledge of the crops helps Cooxupé and coffee farmers to make strategic decisions with greater safety.

COOXUPÉ AND UFLA DEVELOP DISEASE WARNING SYSTEM

Cooxupé, in partnership with UFLA (Universidade Federal de Lavras), is developing the SAD (Disease Warning System), based on the study and analysis of meteorological data to predict the occurrence of rust and Phoma and, thus, launch an alert to the producer.

The cooperative has a network of meteorological stations where data on precipitation, temperature, relative humidity, dew point temperature and others are collected, which help in the validation of mathematical models for this forecast.

In addition to the development and validation of the disease prediction model, this work aims to develop a panel that shows under which rules the weather conditions are favorable to the occurrence of these diseases and guides the producer to carry out the control at the appropriate time.

The system allows to optimize applications avoiding unnecessary spraying, making the activity more rational and environmentally sustainable. When finalized, the SAD, which is sponsored by the company Ihara, will be available on the Cooxupé website and on the SISMET platform for free.

Innovation Center for Technological Validation of the Innovation Pole in Coffee Growing

The Technological Validation Center of the Innovation Pole in Coffee Culture is a project carried out by Cooxupé in partnership with the Federal Institute of Education, Science and Technology of the South of Minas Gerais (IFSULDEMINAS), Muzambinho campus, which seeks the development of alternatives in relation to the use of inputs to offer more efficient and economical management techniques. For this, the project has 15 fields, of which currently, 10.5 are being used in tests and research, and another 4.5 are available for future projects.

Through the actions, the researchers involved carry out tests and validations of new products, handling techniques and positioning of products already on the market. In addition to allowing greater integration, aiming at the improvement of technicians and producers through practical activities. The actions of the Technological Validation Center of the Innovation Pole in Coffee Culture involve 13 ongoing experiments, which count on the participation of the companies Biomix, Agro CP, Compass Minerals, Cultivation Land, Biovalens, Multitecnica, Mosaic, Floema, Plant Health Care, CJ, Yara Brasil, Yara internacional and Braskem, in addition to five IFSULDEMINAS scholarship holders.



Cooxupé APP: greater interaction with the cooperative member

The Cooxupé application available for cell phones and other mobile devices with iOS system (Iphone) and Android (other manufacturers) has a new function in Café Online, which allows the sale of coffee.

The new proposal of the resource is to facilitate transactions with agility, convenience, and security for all members, since through the system, the producer has access to a series of

information such as the historical price of the coffee, stock, financial position, real-time quotation, in addition to a simulation before confirming the sale.

It is also possible to access Café Online marketing on the internet, on a computer, at <http://www.cafeonline.cooxupe.com.br> or through the Cooxupé website: <http://www.cooxupe.com.br> by clicking on the Café Online option.

COFFEE WITH PROFIT WON DIGITAL VERSION

In 2020, Cooxupé promoted the “Café com Lucro” campaign, carried out as “CCL + Digital”, that is, in an online version available on the cooperative’s app.

Through the systems, the cooperative member had access to a series of information and benefits to acquire ag defensives, soil and foilar fertilizers to prepare for the new harvest with quality and efficiency. During the action, the associates also had the support of the salespeople through online contact or by phone. The “Coffee with Profit Campaign” 2020 registered growth with the participation of 7,953 cooperative members. In 2019, the action served around 7,600 members.

Crop Term Campaign in mobile version

The “Crop Term Campaign” has an online version that can be accessed through the Cooxupé application. The cooperative member has access to a series of information and the convenience to take advantage of the benefits to acquire the inputs for the crop. The application proposal has a simple and intuitive system with total security for the producer to place his orders without having to go to the core or store in his region.



Indoor TV in the branches

The Cooxupé branches have an indoor TV system maintaining an updated and dynamic information channel with the associates. The cooperative’s project has synchronized content, which transmits technical programs, curiosities from the agricultural sector, as well as information about cooperativism and institutional material.



Cooxupé on social media

Cooxupé is on Facebook, LinkedIn, Instagram, and Twitter with an important engagement and wide-reaching interactions.

IN TOTAL THERE ARE MORE THAN 83.2 THOUSAND FOLLOWERS AND MORE THAN 6 MILLION PEOPLE IMPACTED BY PUBLICATIONS.

Another tool for the members is the Cooxupé website, where users can find different types of data, services provided by the cooperative, the digital version of Folha Rural, agribusiness news, among other information.

50 YEARS

of Folha Rural

Folha Rural, created in July 1970, reached 50 years of circulation in 2020 with news and information for members, on the most diverse subjects of cooperativism, coffee, the market and, also, other areas of agribusiness.



In September 1989, Folha Rural began to be printed in tabloid format and won for 3 consecutive years (1996, 1997 and 1998) the first places as the best publication among the 63 cooperatives of Minas Gerais participating in a competition promoted by OCEMG. With these victories, Folha Rural finally won the trophy and stopped participating in subsequent editions of the award. Over the years, it stopped being an information bulletin and became more like a newspaper, going through major changes in its graphic and editorial project, with the opening of new editorials such as Climate, Economy, Market, among others, in addition to several illustrated reports (with images, photos and graphics), including the

activities of the cooperative and “Specials” with members in order to share experiences and new knowledge. When created, the FR had four pages and, currently, it has 24. Still keeping up with the changes of its time, Folha Rural gained more color, images and, mainly, a new format and layout, allowing a ‘lighter’ reading. Today it has a circulation of more than 15 thousand copies and is delivered to the members’ farms, in addition to Cooxupé’s partners; available on the cooperative’s website; and sent via whatsapp to the associated producers.

CERTIFICATIONS AND AWARDS



Increasingly, Cooxupé members are engaged in the production of coffees that meet the strictest certification standards, with quality assurance, traceability, good practices, and sustainability. In 2020, the cooperative registered the production of 1,822,164

bags of certified coffee, representing an increase in 19.56% over the previous year. The increase in quality provided an additional gain of R\$ 56,612,111.99 in prizes for producers, an amount of 67.17% higher than the received in 2019.

Currently, Cooxupé participates in the special, refined, and certified coffee programs of Nespresso, Rainforeste Aliance, UTZ Certified, 4C, Café Practices and CWP (Starbucks).

AAA program of Nespresso transfers to members

This program benefits the members of Cooxupé in the Cerrado Mineiro region, who produce coffee meeting the levels of quality and the social and environmental conditions required by Nespresso.



Illy Cooxupé Standard Awards include producers

Cooxupé continued in 2020 with the award to cooperative members who achieved the Illy Standards of Quality. Since 2016, the number of coffee growers who invest in coffee production and meet the requirements demanded by Illy has been growing year by year.

The selection for the award is made according to the quality of the coffee delivered to the cooperative, which also assesses the member's loyalty and consistency in the production of this coffee standard. After technical evaluation by Cooxupé, the lots are submitted for approval by Illy, which must meet requirements such as sustainability and maximum residue limit (MRL).



Pandemic



- **Since the beginning of the new corona virus pandemic, Cooxupé has adopted preventive measures, reformulated processes and implemented guidance programs aimed at the safety and well-being of the cooperative members, employees, business partners and other groups of direct and indirect relationships of the cooperative.**

BOOKLETS IN PARTNERSHIP WITH SECTOR AGENCIES

Through a partnership with FAEMG (Federation of Agriculture of Minas Gerais), SENAR-MG (National Service for Rural Learning of Minas Gerais) and rural unions, booklets were distributed advising on the necessary care in rural properties to prevent COVID-19. Cooxupé, which has always allowed the scenario and followed the guidelines of the competent authorities, such as the Ministry of Health, in relation to the situation involving the pandemic, sought to maintain a channel of information and guidance for the cooperative members in order to guarantee preventive measures in the environments of sites, farms, and production unit in rural areas.

IN COOXUPÉ STORES

The same care was taken in relation to Cooxupé stores, which, as a preventive measure to Covid-19, encouraged and prioritized operations via telephone, e-mail or WhatsApp. Face-to-face assistance occurred only in emergency cases. For this, the cooperative set up a structure to keep deliveries within the established terms and conditions, but always following the recommendations and protocols of health security.

CONTINGENCY PLAN

The cooperative quickly developed and implemented a contingency plan that included the adequacy of environments, reduction of on-site teams, suspension of travel and events, among other measures to avoid agglomeration.

FOR COOPERATIVE MEMBERS

In relation to associates, the actions involved the suspension of technical visits, events, lectures, and the Ordinary General Assembly (transferred to the month of May), in addition to the intensification of hygiene procedures and installation of containers with hand sanitizers in all units and departments.

FOR EMPLOYEES

In relation to preventive measures for employees, the suspension of visits, trips, events, meetings, trainings, in addition to activities at Assoxupé, among others, were determined. In the case of professionals who were traveling at the beginning of the pandemic period, a quarantine of 14 days after the return was defined.

In order to reduce the flow of people in the work environment, Cooxupé's management determined that all employees who are part of the risk groups (age group, pre-existing illness or pregnant women) stay at home. In this sense, interns and young apprentices were also released from work. Preventive measures also included the vacation concession program and the implementation of the "home-office" system.

SESMT

Monitoring care involved the SESMT (Specialized Service in Safety Engineering and Occupational Medicine) teams, mainly in relation to the guidelines for employees on the use of hand sanitizer, hand hygiene, the need of social distancing, symptoms control, absences, among others.



COVID-19

DONATIONS TO THE HOSPITALS

To help health institutions cope with the Covid-19 pandemic, the Cooxupé Board of Directors, following a request from the members, approved a donation of R\$ 2 million to local and regional hospitals of its own occupation area. The destinations started to be delivered on May 8, 2020.

According to the plan, half of the donation amount, R\$ 1 million, included local hospitals in cities where the cooperative operates and records the volume of coffee received, representing a benefit for more than 70 municipalities in the regions of the South of Minas, Cerrado Mineiro and in the Vale do Rio Pardo region in the state of São Paulo. The other half, on the other hand, went to regional hospitals taking into account the performance in the areas where Cooxupé members are present

SMC ALSO MAKES DONATIONS

The specialty coffee also promotes solidarity. In a social initiative, SMC made donations to five institutions appointed by some of the Cooxupé units, located in the South of Minas and in the Cerrado Mineiro region. Specialty coffee brings people together and, for this reason, the company used this chain to spread goodwill and to thank society, helping the community of Cooxupé members and members who, like every employee, are part of this very important action.

The benefited institutions were: Casa de Criança (in Guaxupé), Lar São Vicente (in Nova Resende), APAE (in Campos Altos), APAE (in Rio Paranaíba) and Grupo Bem Me Quer (in Monte Santo de Minas).

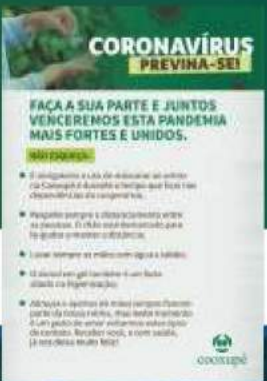
OPERATIONS GUARANTEED LIQUIDITY TO THE MEMBERS

Cooxupés routine went through adjustments due to Covid-19, but the cooperative's work continued to happen within the normal range, mainly because in the month of May 2020 the coffee harvest period began. Thus, in view of the entire context of the world economy, Cooxupé's work has continued to ensure the daily liquidity of its members. During this period, the board participated in meetings by videoconference, together with leaders from OCB (Organization of Brazilian Cooperatives) and other cooperatives in the country, with the Minister of Agriculture, Tereza Cristina, presenting the demands and needs of the sector. To assist in the harvest, the cooperative advised the producers on the legislation and the norms of protection from Covid-19 so that the harvest happened normally and the health of all was protected.

Due to the quarantine, some operation formats were changed such as, for example, the working of the Industrial Complex and Japy Storage, however, the shipment of the cooperative went on normally.



CORONAVÍRUS COMO SE PREVENIR?



MOVEMENT IN WAREHOUSES

Cooxupé units registered an increase in the volume of coffee received during the month of July 2020, which reached an average of between 95 thousand bags per day. In view of this movement and due to the scenario caused by the pandemic, the warehouses adopted prevention protocols to ensure the safety of employees, drivers, and cooperative members, including the use of masks and special gloves by those responsible for handling the coffee with hygiene after each operation, in addition to making hand sanitizers available.

DRIVERS

The precautions were also adopted with the transporters and cooperative members, who are instructed to wear masks and to remain inside the cabs of vehicles during unloading to avoid agglomerations.

HARVEST

The Covid-19 pandemic scenario brought a new reality to producers and workers on agricultural properties and crops. The work involved some care and the adoption of new habits to preserve everyone's health and prevent the spread of the virus. The action was important because Minas Gerais is the largest coffee producing state in Brazil and receives countless workers during the coffee harvest period. Thus, Cooxupé strongly advised and disseminated, among the owners and cooperative members, important tips, and recommendations specific to the harvest time of organizations such as FAEMG, SENAR, unions and the Technical Development Department of Cooxupé, which followed standards and conduct disseminated by agencies officials such as WHO (World Health Organization), Anvisa (National Health Surveillance Agency), Ministry of Health and Ministry of Economy.

END OF THE HARVEST WITHOUT CASES

Even in the face of such health crisis, the Cooxupé coffee harvest, which began just over a month after Covid-19 arrived in Brazil, has not been interrupted. The cooperative ended the harvest in its area of action without the registration of cases of the disease.

Even with a pandemic and with fewer workers, the harvest of the members took place within the expected time. The post-harvest process also followed suitably and without complications. After harvesting the coffee was delivered to Cooxupé safely.



AT THE COOPERATE'S SERVICE

Cooxupé's members have agronomists and agricultural technicians at their disposal to provide free services and, thus, further improve the performance of the farm and property through technical assistance. Annually, several activities are carried out with cooperative families to bring more information and efficiency to the field. In 2020, due to the pandemic of the new corona virus, many face-to-face activities were postponed, following the protocols established by the authorities. Even so, in an adapted way, Cooxupé did not fail to meet the needs of the members.

IN 2020, THE COOPERATIVE PROFESSIONALS HELD 89,367 CALLS.



TECHNICAL ASSISTANCE EVENTS – 2020

SERVICES

Group services	Number of group events			Participants		
	2020	2019	Variation	2020	2019	Variation
Field Day	6	70	-91,43%	158	2.788	-94,33%
Training	314	313	-0,32%	3.021	3.965	-23,81%
Scholar	50	168	-70,24%	1.824	10.612	-82,81%
Lectures	0	3	-100,00%	0	71	-100,00%
Knowledge Days	0	16	-100,00%	0	11.455	-100,00%
Fazendinha Femagri	1	1	0,00%	23.096	20.377	13,34%
Cafés Especiais Live	3	0		10.928	0	
Café e Clima Liv	1	0		7.522	0	
SUB TOTAL	375	571	-34,33%	46.549	49.268	-5,52%

Total assistance over field visits	2020	2019	Variation
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SUB TOTAL	30.088	28.877	4,19%
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Total assistance at the units	2020	2019	Variation
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SUB TOTAL	12.730	15.256	-16,56%
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Total assistance	2020	2019	Variation
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TOTAL	89.367	93.401	-2,98%
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ISSUED PRESCRIPTIONS	2020	2019	Variation
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TOTAL	66.698	70.449	-5,32%
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RECEIVED EMPTY PACKAGING	2020	2019	Variation
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TOTAL	84.765	84.385	0,45%
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BENEFITS

1 – Destination of Surpluses for the Pay-ups of Capital Quotas		No. of Cooperates	Value in R\$
10% of remnants in the year of 2020 – Pay-up in the capital account according to Art. 66 of the social status		14.565	26.765.758
2 – Destination of Surpluses to Payment in Cash		No. of Cooperates	Value in R\$
10% of the surpluses in the year of 2020 for distribution in cash according to the Art.66 §2º of the social status		14.565	26.765.758
20% of the surpluses in the year of 2020 to the disposition of AGO (recommendation of the Administration Council)		14.565	53.531.517
Total			80.297.275
3 – Payment of PRCI – Program of Restitution of Capital by Age		No. of Cooperates	Value in R\$
		1.073	6.410.265
4 – Payment of Coffee Quality Programs		No. of Cooperates	Value in R\$
Program of Quality Nespresso / Starbucks		2.855	45.642.184
UTZ Certified		288	20.221.957
Program of Illy Quality		124	2.829.660
Program of Specialty Coffees		395	7.509.566
Total			76.203.367
5 – Bonus for Payment Punctuality		No. of Cooperates	Value in R\$
		10.544	18.849.098
Overall total			208.525.763



RESULTS



Concluding this report, we presented the allocations to the Annual General Meeting in accordance with Cooxupé's bylaws and Law No. 5,764/71, to be deducted from the net surplus for the year, this amounting to R\$ 325,107,915 five million, one hundred and seven thousand, nine hundred and fifteen reais), as follows:

Direct Allocations

- a) R\$ 35,120,768** (thirty-five million, one hundred and twenty thousand and seven hundred and sixty-eight reais) equivalent to the net profit with no uncooperative members, adjusted for the realization of a revaluation reserve, directly allocated to rates;
- b) R\$ 22,329,567** (twenty-two million, three hundred and twenty-nine thousand, five hundred and sixty-seven reais) allocated to the development reserve.

After these direct allocations, R\$ 267,657,580 (two hundred and fifty-seven thousand and five hundred and eighty reais) remain to be allocated according to the statutory provisions, as follows:

Statutory Allocations

- a) R\$ 80,297,273** (eighty million, two hundred ninety and seven thousand seventy-three reais) or 30% to the legal reserve;
- b) R\$ 40,148,637** (forty million, one hundred and forty-eight thousand, four hundred and seven reais) or 15% to RATES;
- c) R\$ 40,148,637** (forty million, one hundred and forty-eight thousand, six hundred and thirty-seven reais), or 15% to the development reserve;
- d) R\$ 26,765,758** (twenty-six million, seven hundred and sixty-five thousand, seven hundred and fifty-eight reais), or 10% to the stock capital account;
- e) R\$ 26,765,758** (twenty-six million, seven hundred and sixty-five thousand, seven hundred and fifty-eight reais), or 10%, which's cash will be distributed to the members.

After these statutory allocations, R\$ 53,531,517 (fifty-three million, five hundred and thirty-one thousand and five hundred and seventeen reais) is left to the Annual General Meeting, or 20%, so that it can decide on its destination.

The Board of Directors recommends that the General Assembly allocate R\$ 53,531,517 (fifty-three million, five hundred and thirty-one thousand, five hundred and seventeen reais), or 20% to the distribution in cash to the members.

SOCIOENVIRONMENTAL



REPORT 2020|19
MANAGEMENT, SOCIOENVIRONMENTAL
AND FINANCIAL DEMONSTRATIONS
In December 31st 2020, and 2019, accompanied by reports of
independent auditors and Supervisory Board.





VISITS 2020

HESKEL GABBAY:

pioneer on the coffee import directly from Cooxupé



Heskel Gabbay, who lives in Milan, was the first to import coffee directly from Cooxupé in 1966.

On February 11th, 2020, representatives of the Italian company Gabesco Italia S.R.L., Heskel Gabbay and Mark Shamash, were at the headquarters of Cooxupé, in Guaxupé. They were welcomed by the board and commercial superintendency and got to know the structure and work of the cooperative closely, such as the facilities of the Classification Laboratory and the Japy Complex and FEMAGRI.

President of Oracle Brasil at the 19th FEMAGRI

On February 13, 2020, the president of Oracle Brasil, Rodrigo Galvão, visited the 19th FEMAGRI and was welcomed by Cooxupé's board of directors. He got to know the novelties of the fair, how the cooperative members are having access to technologies to improve coffee production and how the digital advancement is transforming the practice of coffee growing in the cooperative's area of action. He also visited the NEA- Environmental Education Center, where he planted a tree seedling.



TOGETHER WITH THE MEMBERS

The president of Cooxupé, Carlos Augusto Rodrigues de Melo, and the vice president, Osvaldo Bachião Filho, visited some units to monitor the construction sites and work carried out in each municipality. In Campos Gerais, the board members visited the improvement works at the store and in Patrocinio, they followed the progress of the earthmoving service on the land where a new warehouse will be built. The visits also took place in stores in the cities of Alfenas, Araguari, Serra de Salitre and Rio Paranaíba.

On the occasion, they met with the cooperative members for a chat and gave a presentation reinforcing the company's mission in promoting the sustainable development of the associate.

Board Visit – Campos Gerais



Board Visit – Serra do Salitre



Board Visit – Rio Paranaíba



COOPERATIVE MEETING

On annuary 15 and 16, 2020, Cooxupé and the Faemg/Senar Minas System received regional managers, instructor, mobilizers from the National Rural Learning Service (Minas Gerais) and the cooperative team for a meeting on cooperatives and what this movement represents for Brazil and the world. The event happened in the presence of Senar Minas Professional Training coordinator, Luiz

Ronilson Araújo Paiva, retired professor at FEA/USP, Sigismundo Bialoskorski Neto, and former agriculture minister, Roberto Rodrigues. The group of instructors and mobilizers also made a technical visit to Cooxupé.



CDPC PROPOSES ICO REESTRUCTURING

The CDPC (Deliberative Council for Coffee Policy), composed by representatives of the private sector and the Federal Government, defined during the meeting, held on March 13, in Brasilia (Federal District), the presentation of the restructuring proposal of the ICO (International Organization of Coffee). Cooxupé was there.

According to the debates at the CDPC, a restructuring in the organization is necessary aiming at the greater effectiveness in the organization in the actions, mainly, in relation to exporting countries such as Brazil.

FEMAG

Business opportunities and dissemination of information to members.

The increase in the physical price of coffee allowed the cooperative members more opportunities for good business and access to technologies and launches for the mechanization of crops. This scenario was possible because the producer can choose to lock coffee as payment for his acquisitions during the Fair. However, more than generating

new and good conditions for mega-businesses, FEMAGRI has been consolidating itself as an important tool for Cooxupé members to acquire new knowledge and so, improve property management processes in order to gain greater efficiency and be able to reduce costs.



R

FEMAGRI 2020, which took place between February 12 and 14, 2020, received more than 32 thousand visitors, generating 11.2 thousand budgets.



5TH CERRADO FAIR RECEIVES 4.4 THOUSAND VISITORS

Cooxupé's 5th Fair of Cerrado surpassed the number of attendances in relation to the number of the four prior editions. In 2020, it was headquartered at the cooperative's units in Monte Carmelo, during the 11th and 12th of March, receiving 4,400 visitors (the expectation was 3,500). More than 1,400 budgets were generated.

The Cerrado 2020 Fair was attended by about 70 exhibitors and alternatives for small, medium and large coffee producers in Triângulo Mineiro and Alto Paranaíba.



2nd COFFEE AND WEATHER FORUM IS HELD ONLINE



The 2nd Technical Coffee and Weather Forum, promoted by Cooxupé, took place on October 6, 2020 with transmissions through the YouTube channel, due to the scenario of the Covid-19 pandemic.

The event was attended by Éder Ribeiro dos Santos, Coordinator of the Department of Geoprocessing at Cooxupé; agronomist and professor Dr. José Donizeti Alves from UFLA (Universidade Federal de Lavras); agronomist and professor Dr. Paulo César Sentelhas (Esalq/USP); and agronomist, consultant and coffee producer Guy Carvalho, who addressed issues related to the severity of the climate in 2020 and how the damage to the plant can impact the yield of the 2021 harvest.

The analysis was based on the fact that these coffee regions stayed for a long period without sufficient rainfall to maintain the availability of water stored in the soil, coupled with the occurrence of high temperatures that further aggravated the depletion of coffee plantations.

AGREEMENT WITH THE FAEMG/ SENAR MINAS SYSTEM IS RENEWED

Cooxupé renewed the agreement with the Faemg/Senar Minas System to carry out training courses for members and cooperative teams in 2020. The document was signed on February 13, during FEMAGRI, in Guaxupé. The partnership between Cooxupé and the Faemg/Senar Minas System aim to bring knowledge to the countryside men. Since the first agreement, made in 2011, 4,947 courses have been held and more than 26 thousand people have been trained.

In 2020, through the partnership, 324 training courses were held, serving 3,021 participants. In addition, the Café + Forte program, which supports rural property management during the 2019/2020 harvest, served 95 producers, 27 of which are located in the Cerrado Mineiro region and 68 are located in the South of Minas region.

NEA

ENVIRONMENTAL EDUCATION CENTER ENVIRONMENTAL APPRECIATION

In operation since 2013, NEA has a nursery with a production capacity of up to 40 thousand seedlings per year of native species such as capaiba, chai-chai, foxglove, monjoleiro, ipé do cerrado, jatoba, pau d'algo, white oil, genipapo and jequitibá, among others, that are destined to programs of recovering of springs and environmental programs developed in partnership with NGOs and schools where Cooxupé cooperates.



IN 2020, THE PRESENTIAL ACTIVITIES WITH STUDENTS AND TEACHERS WERE POSTPONED INTO ACCOUNT OF THE COVID-19 PANDEMIC.

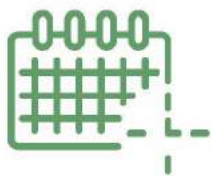
Minas D'Agua Project

With the objective of promoting the recovery and preservation of riparian forest and forest fragments, the Minas D'Agua project, implemented by Cooxupé, already recovered, preserves, and protects more than 425 hectares of remaining Atlantic Forest. This work, which counts on the partnership of companies Mother Parkers, Coffee America and Balcoffee, restores the APPS located at the head of the Guaxupé River basin, which

supplies the inhabitants of the city, through the revitalization of spring and riparian forests in the rural properties of the area.

To date, 131 rural producers in the region where the cooperative operates have been served and received materials and support from the project. The volume of posts provided is sufficient for approximately 126 linear km.





“C DAY”

DONATIONS TO ASSISTANCE ENTITIES

- *Cooxupé collected more than 500 liters of milk during the “C Day” campaign, a way to celebrate the Day of Cooperating. The collection involved employees and directors of the head office, Japy, Roastery and Distribution Center units during the month of July 2020.*

The amount collected was donated to Vila Frederico Ozanam, a long-term institution for non-profit elderly people, located in Guaxupé.

The Cooxupé branch, in São José do Rio Prado (SP), also carried out an action in partnership with Sicred, Sicoob Agrocredi and Unimed, collecting milk for institutions in the municipality.



“COOPERATIVAR” DAY

The “Cooperativar” Day brings together all departments, and business units of Cooxupé to debate the goals, objectives and challenges of the cooperative promoting the alignment between the teams.

The meeting, implemented by the Human Resources sector in 2018 and which is part of the annual calendar, due to the scenario of prevention to Covid-19, was held by videoconference, on May 27, using the online learning platform of Cooxupé. On the occasion, the president, Carlos Augusto Rodrigues de Melo, and the vice president, Osvaldo Bachião Filho, highlighted the importance of the commitment of all members to maintain activities and attendance to members in a safe and efficient manner. Cooperative Day also included the considerations of representatives of the other teams and departments.

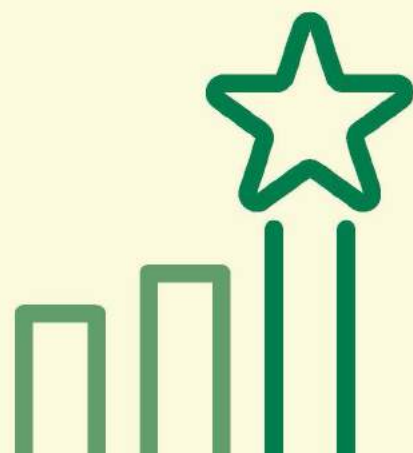


Development Program in Cooperative Education and Management.

The Cooxupé Cooperative Management and Education Development Program is carried out to promote practical and dynamic learning through classes, lectures, technical visits and case studies, in order to integrate producers with the cooperative’s administrative and management structure. The course is taught by professors from FUNDACE (Foundation for Research and Development of Administration, Accounting and Economics) at FEA-USP (Faculty of Economics and

Administration, University of São Paulo). By participating in the program, the cooperative is trained in the areas of cooperatives and management of cooperatives, business and agribusiness, in addition to personal development involving management, leadership and social relationships.

CURRENTLY, THE DEVELOPMENT PROGRAM IN MANAGEMENT AND COOPERATIVE EDUCATION HAS THE PARTICIPATION OF 43 MEMBERS. IN 2020, DUE TO THE SCENARIO CAUSED BY THE COVID-19 PANDEMIC, TWO FACE-TO-FACE MEETINGS WERE HELD.



WEBINARS PROVIDE DEBATES AND DIFFUSION OF CONTENT



OCEMG SYSTEM

The webinar “Scenarios and opportunities for Brazilian coffee: the role of cooperatives”, promoted by the OCEMG System, was transmitted via YouTube on May 15, 2020.

During the event, which had the president of Cooxupé, Carlos Augusto Rodrigues de Melo, as one of the speakers, the role of cooperatives in the productive scenario was debated. The webinar was also attended by Alexandre Gatti Lages (OCEMG System Superintendent), Aurea Helena (associate professor at FDC – Fundação Dom Cabral), and Marco Valério president of Cocatrel and Coccamig.

GOOD PRACTICES IN COFFEE PROCESSING

Whimsy and good practices in coffee processing, fundamental to achieving and maintaining the characteristics and standards necessary for the “special” classification, were addressed by Professor Flávio Borém (UFPA – Universidade Federal de Lavras), during videoconference for members, organized by Cooxupé, in June 2020. The initiative aimed to stimulate and assist producers in the process of producing special coffee, providing better quality in the harvest and in property management, in addition to greater profitability.

ABAG DEBATED THE CHALLENGES OF AGRICULTURAL PRODUCTION DURING PANDEMIC TIMES

On June 15th, 2020, ABAG (Brazilian Agribusiness Association) promoted the webinar “Agro: Behind Fences – challenges of agricultural national production during pandemic times”.

In the online event, the president of the cooperative, Carlos Augusto Rodrigues de Melo, said that digitalization will be the big change after the pandemic. The webinar also counted on the presence of André Guillaumon (president of BrasilAgro), rancher Carmen Perez, and Marcelo Brito (president of ABAG).

CNC WEBINAR DEBATED 2020 HARVEST

The online meeting “2020 Funcafé and harvest in Minas Gerais and São Paulo”, held on the month of July 2020, by the National Coffee Council (NCC) and by the Company of Technical Assistance and Rural Extension of the State of Minas Gerais (EMATER – MG), counted on the presence of the president of Cooxupé, Carlos Augusto Rodrigues de Melo, who presented a positive scenario for producers, even during the period of Covid-19 pandemic, in relation to coffee negotiations in the future market. The event was also attended by the vice-governor of Minas Gerais, Paulo Brant, the president of EMATER (MG), Gustavo Laterza; the executive chairman of NCC, Silas Brasileiro; in addition to other representatives of cooperatives and entities related to coffee.

TOP COOPERS AGRO

The web series “Top Coopers Agro Líderes do Cooperativismo”, carried out by MundoCoop Magazine in September 2020, addressed the theme “Agribusiness Management from the perspective of the President of the Largest Cooperatives in Brazil”. During the meeting, the president of the cooperative, Carlos Augusto Rodrigues de Melo, highlighted the projection of worldwide growth in coffee consumption and the potential of the Asian market in this coffee issue.

The event, broadcasted online, also counted on the participation of Dilvo Grolli (president of Coopavel), Fábio Torreta (CEO Brasil – UPL) and José Luiz Tejon as mediator.

COOPERATIVE WOMEN NATIONAL MEETING

The National Meeting of Cooperative Women, held virtually by the Conecta Group, between September 29 and 30, 2020, addressed topics such as thriving and resilience, family succession, financial management of the property and the prospects for agribusiness in the political and economic scenario. The president of Cooxupé, Carlos Augusto Rodrigues de Melo, was part of the panel “Cooperatives Transforming the Field”, which discussed the importance of the cooperative movement for the development of agribusiness in Brazil. The debate also counted with other representatives of the sector.

ENCOFFEE 2020

The Coffee Growers Management Meeting happened online, from the 20th to the 21st of October, addressing topics such as management, the international coffee market, coffee growing 4.0, the designation of origin as a differential, new technologies in coffee growing, in addition to consumption trends in Brazil and worldwide and the post-pandemic economic scenario. The event, which counted on market analysts, representatives of cooperatives and economists, had the participation of Cooxupé president, Carlos Augusto Rodrigues de Melo, in the panel “Trends in coffee consumption in Brazil and the world”.

INTERNATIONAL COFFEE WEEK

Cooxupé participated in the 2020 edition of ICW (International Coffee Week), held between the 18th and 20th of November, in 100% online format through an exclusive digital platform.

The cooperatives participated through a virtual stand, with the presentation of videos and materials made available on the coffee lines produced and on SMC Specialty Coffees.

The president of Cooxupé, Carlos Augusto Rodrigues de Melo, participated in the panel “Policy for the coffee sector”, promoted by the Parliamentary Front for Coffee, and in the panel Agro 360, organized by the Terra Viva channel, which addressed the scenario about coffee production.

The commercial superintendent of Cooxupé, Lúcio Araújo Dias, participated in the panel “Commercialization of coffee: future market and exports”, which also had the presence of representatives from Itaú BBA, Rabobank Brasil and BSCA.

- BEFORE THE SCENARIO CAUSED BY THE COVID-19 PANDEMIC, THE YEAR OF 2020 WAS MARKED BY THE PERFORMANCE OF MISCELLANEOUS WEBINARS, MAINTAINING DEBATES, DISSEMINATING CONTENT AND NEW KNOWLEDGE FOR THE ENTIRE COFFEE CHAIN. COOXUPÉ PARTICIPATED IN SEVERAL OF THEM.



TREATMENT OF LIQUID AND ATMOSPHERIC EFFLUENTS

Satisfaction survey of cooperates

In November, a satisfaction survey was carried out with the members to find out their opinion about the work developed by Cooxupé. In 2020, the producers had the possibility to virtually answer it through the website and WhastApp.

Cooxupé maintains programs and projects in order to guide and promote the correct disposal of solid and liquid waste, carried out by a specialized company, in its units and workshops.

The cooperative has Compact Sewage Treatment Stations (ECTES) installed at the head office, at the Japy Industrial Complex and at the units in Monte Carmelo, Campestre, Carmo do Rio Claro, Rio Paranaíba, Alpinópolis, Cabo Verde and São José do Rio Pardo, which return water in conditions suitable for the environment, in addition to the laboratory that has a gas scrubber system for the treatment of atmospheric effluents.

Machine shops and machine supply lanes have water and oil separating boxes (CSAO) for the treatment of the oily liquid effluent generated.



PESQUISA DE SATISFAÇÃO

Cooperado, agora está na hora de colher sua opinião!

Ajude-nos a melhorar a nossa Cooperativa. Você pode responder a pesquisa de 3 formas:

- Retirando o formulário na loja
- No site www.pesquiascooxupe2020.com.br
- Via WhatsApp
- Acesso o link: bit.ly/cooxupe2020
- Link e QR Code

FACTUAL

cooxupé

IN 2020, 84,765
KILOGRAMS OF EMPTY
PACKAGING WERE COLLECTED.

Collection of Empty Packaging



The Cooxupé units carry out actions to collect empty packaging of ag defensives used by the cooperative members, in order to give the correct destination for these materials. Through this action, the cooperative preserves the environment with the proper disposal of these packages.

Jovem Aprendiz

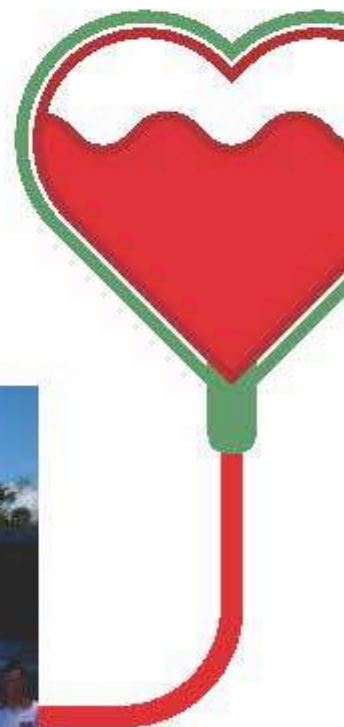
The Jovem Aprendiz Program at Cooxupé, which aims to provide the opportunity for theoretical and practical learning about work in a large company, **had the participation of 44 young people, aged between 14 and 20 years of age, in 2020.** The project, carried out in partnership with OCEMG/ SESCOOP-MG System, it is also an opportunity to help teenagers in their search for their first ever job.

Internship Program

Cooxupé, through its internship program, had 48 students in 2020, who had the opportunity to experience the contents covered in technical and higher education courses in a corporate environment, in the departments: Classification, Japy Industrial Complex, Environmental Education Center, Technical Development, Laboratory Analysis, Fundraising and Future Market, Quality Control, Marketing and Projects, SMC, Information Technology, Unit 01, Internal Market, São José do Rio Pardo Branch, Roastery, Projects and Works. All internship opportunities are made available to those interest on the cooperative's website.

Sangue Bom Program

With this program, the cooperative encourages its employees to assist blood banks to save lives. 50 people joined the action in 2020, which was held at the Hemocentro of Alfenas. To meet the necessary intervals for donation, the program normally occurs three times a year, but due to the pandemic, the action was carried out only in the month of January.



Colaboradores



Assistance to pregnant women

The Pregnant Women Assistance Program, organized by Cooxupé, seeks to offer support, and disseminate information to employees and their spouses during this important moment in the life of the woman and the couple. Registered pregnant women participate in lectures and events promoted by Unimed; receive the Informed Mamma Manual and a maternity kit with diapers, bag, medication, among other products.

IN 2020, 43 PREGNANT WOMEN RECEIVED THE INFORMED MAMMA MANUAL AND THE MATERNITY KIT WAS HANDED OUT TO 91 PARTICIPANTS OF THE PROGRAM.

SCHO- LARSHIPS

In this program, Cooxupé contributes to the improvement of its employees encouraging participation in language, undergraduate and graduate/MBA courses. In 2020, the program benefited 85 employees, including 36 scholarships for language courses, 40 grants for training in undergraduate courses and another 9 for continuing studies and technical training through postgraduate or MBA courses.





ASSOXUPÉ

With SESMT (Specialized Service in Safety Engineering and Occupational Medicine) and CIPA (Internal Commission for Accident Prevention), the cooperative seeks continuous improvement in the prevention of accidents and health care for all its employees. Thus, between the 23rd and 27th November 2020, the SIPAT (Internal Week for the Prevention of Accidents at Work) was held in an adapted manner on behalf of COVID-19. The week was announced in a special

edition of the Coisa Nossa newspaper with a full focus on the activities developed, covering topics such as Corona virus, Periodic Dialogues on Security and Strategy, AIDS, Accidents and Incidents, Ergonomics, Respiratory Protection, Safe Behavior. In addition, all employees had the opportunity to answer a Quiz with questions about the topics covered, worth prizes.

Assoxupé (Cooxupé Employees Association) is a leisure center for employees and their families. The place has a complete infrastructure that includes sports courts, gym, Zumba classes and kiosks, as well as a social hall that receives official cooperative events and parties promoted by the members themselves. In February 2020, there were 11 friendly matches between sectors and visiting teams, with emphasis on the dispute between Assoxupé U-35 and Assoxupé U-40. In March, the Association also held the “Festa Dia das Mulheres”, in celebration of the International Women’s Day, which was attended by Cooxupé employees. Soon after, activities were postponed due to the pandemic.



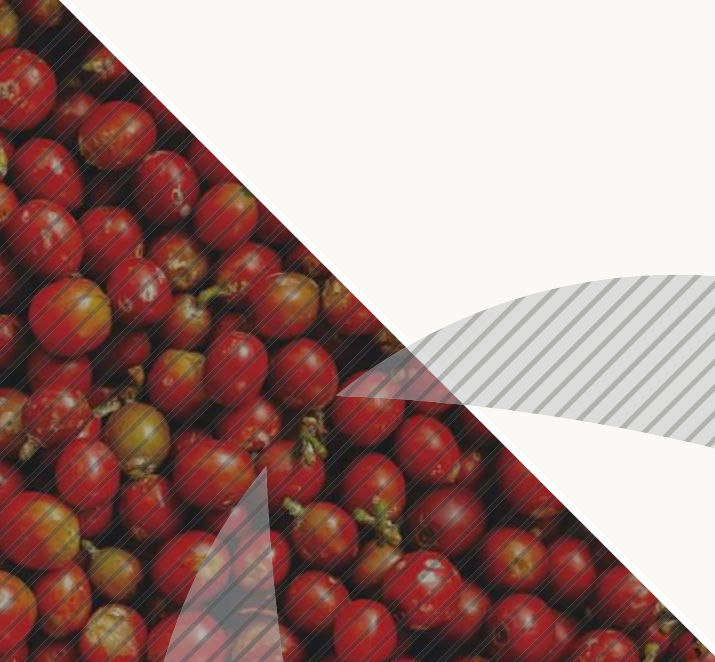
FINANCIAL



REPORT 2020|19
MANAGEMENT, SOCIOENVIRONMENTAL
AND FINANCIAL DEMONSTRATIONS

In December 31st 2020 and 2019, along with the reports of
independent auditors and Supervisory Board.





	Holding - Cooxupé				Consolidated					
	31 December 2020		31 December 2019		31 December 2020		31 December 2019			
	Value (R\$)	%RL	%FPB	%RL	Value (R\$)	%RL	%FPB	Value (R\$)	%RL	%FPB
Regional Cooperative of Coffee Growers in Guaxupé Ltda.										
Social Balance Sheets										
1 – Calculation basis										
Net income from cooperative act and net income from non-cooperative act (RL)	4.941.114.790		63,16%	2,51%	4.133.655.419		60,11%	4.197.241.786		60,43%
Surplus/profit before tax (RO)	311.612.757	1,03%	26,76%	1,29%	145.838.280	30,63%	30,63%	148.035.903	1,27%	30,62%
Presumed IPI credit, net		0,25%	6,54%	0,24%	253.567.463	5,74%	6,53%	253.567.463	0,24%	5,75%
Direct gross remuneration of employees, outsourced and self-employed (FPB)	189.437.763	3,83%	100,00%	4,17%	172.520.206	100,00%	100,00%	174.252.863	4,15%	100,00%
2 – Internal social indicators – (Investments and expenses with employees and third parties)										
Direct gross remuneration – employees	9.149.637	0,19%	4,83%	0,21%	8.584.900	4,98%	4,87%	8.728.016	0,21%	5,01%
Direct gross remuneration – outsourced and self-employed	7.098.657	0,14%	3,75%	0,15%	6.389.495	3,70%	3,74%	6.419.960	0,15%	3,68%
Direct gross remuneration – Guarantee fund for time of service (FGTS)	2.174.015	0,04%	1,15%	0,04%	1.788.042	1,04%	1,14%	1.800.537	0,04%	1,03%
Direct gross remuneration – Administrators	2.186.859	0,04%	1,15%	0,05%	2.099.165	1,22%	1,24%	2.130.173	0,05%	1,22%
Sub total	189.437.763	3,83%	100,00%	4,17%	172.520.206	100,00%	100,00%	174.252.863	4,15%	100,00%
Health										
Food	9.149.637	0,19%	4,83%	0,21%	8.584.900	4,98%	4,87%	8.728.016	0,21%	5,01%
Assistance in the transportation of employees	7.098.657	0,14%	3,75%	0,15%	6.389.495	3,70%	3,74%	6.419.960	0,15%	3,68%
Retirement benefit	2.174.015	0,04%	1,15%	0,04%	1.788.042	1,04%	1,14%	1.800.537	0,04%	1,03%
Other investments and expenses with employees	2.186.859	0,04%	1,15%	0,05%	2.099.165	1,22%	1,24%	2.130.173	0,05%	1,22%
Uniforms	541.008	0,01%	0,29%	0,01%	423.215	0,25%	0,26%	424.655	0,01%	0,24%
Training and professional development	484.024	0,01%	0,26%	0,02%	842.649	0,49%	0,49%	850.076	0,02%	0,49%
Security and occupational medicine	137.302	0,00%	0,07%	0,01%	393.543	0,23%	0,23%	398.174	0,02%	0,23%
Culture and Leisure	1.425.877	0,03%	7,75%	0,03%	1.058.905	0,61%	0,61%	1.067.020	0,03%	0,61%
Group Life Insurance	462.157	0,01%	0,24%	0,01%	582.087	0,34%	0,34%	592.118	0,01%	0,34%
Indemnity and fines paid by court order	584.445	0,01%	0,31%	0,01%	503.191	0,29%	0,29%	508.655	0,01%	0,29%
Primary and secondary education, higher education and specialization	144.466	0,00%	0,08%	0,02%	911.602	0,53%	0,53%	911.602	0,02%	0,52%
Daycare and daycare assistance	482.880	0,01%	0,25%	0,01%	247.678	0,14%	0,14%	256.500	0,01%	0,15%
Total	214.360.178	4,34%	113,16%	4,75%	196.368.844	113,82%	113,82%	198.364.517	4,73%	113,84%
3 – External social indicators – (Contributions, investments and actions for society, cooperative members and the environment)										
a) Tax and social:										
Social insurance (INSS rural)	49.996.333	16,04%	1,01%	23,29%	33.967.914	0,69%	0,62%	34.467.109	16,15%	0,82%
Social insurance (INSS)	25.593.429	0,52%	13,51%	16,61%	26.008.041	0,59%	13,58%	24.596.640	0,52%	14,12%
Social insurance (National Cooperative Learning Service – SESCOOP)	2.109.883	0,04%	1,11%	1,55%	2.267.225	0,05%	1,10%	2.267.225	0,04%	1,30%
Sub total	77.699.645	24,93%	1,57%	41,46%	60.465.656	1,46%	1,57%	61.330.974	25,09%	1,46%
Federal taxes	28.242.091	9,06%	0,57%	19,60%	28.585.920	0,31%	0,29%	30.868.222	9,97%	0,74%
State and municipal taxes	14.567.052	4,67%	0,29%	8,89%	12.963.850	0,31%	0,29%	12.998.099	4,65%	0,31%
Other taxes and fees	1.311.115	0,42%	0,03%	0,98%	1.430.385	0,03%	0,03%	1.350.519	0,43%	0,03%
Social actions/donations (financial products and/or services)	3.786.782	1,22%	0,08%	1,45%	2.109.885	0,05%	0,08%	2.144.653	1,22%	0,05%
Courses, training and field days for members	793.481	0,25%	0,02%	0,79%	1.155.241	0,03%	0,02%	1.155.241	0,25%	0,03%
Organization of Minas Gerais State Cooperatives (Oceamt) and Council of Nacional do Café										
Culture	576.890	0,19%	0,01%	0,41%	598.525	0,01%	0,01%	598.525	0,18%	0,01%
Federal taxes	469.561	0,15%	0,01%	0,33%	476.940	0,01%	0,01%	478.420	0,15%	0,01%
Sub total	127.446.617	40,90%	2,58%	73,91%	107.786.603	2,61%	2,62%	111.024.673	41,94%	2,65%
b) Environment										
Programs and/or projects for environmental health and sanitation	986.241	0,32%	0,02%	0,79%	1.145.656	0,03%	0,02%	1.146.137	0,31%	0,03%
Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) and Others – Contribution										
Sub total	986.241	0,32%	0,02%	0,79%	1.145.656	0,03%	0,02%	1.146.137	0,31%	0,03%
Total	128.456.755	41,22%	2,60%	74,71%	108.956.677	2,64%	2,64%	112.195.229	42,26%	2,67%

	Holding - Cooxupé		Consolidated	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Regional Cooperative of Coffee Growers in Guaxupé Ltda.				
Social Balance Sheets				
4 – Indicators of the functional and associative body				
a) Cooperative members and collaborators:				
Total admissions of cooperative members and collaborators at the end of the year	Cooperative 2020	Collaborators 2019	Cooperative 2020	Collaborators 2019
Total departures and dismissals of cooperative members and collaborators during the year	15,943	2,349	15,943	2,381
Total technical service	1,134	547	1,134	553
	253	567	253	573
	89,367		89,367	
	Cooperative members and outsourced		Cooperative members and outsourced	
b) Employees and outsourced employees:				
Total interns in the year	48		48	
Total employees with special needs at the end of the year	111		111	
Total female employees	672		672	
Total male employees	523		531	
Total employees under 18 years of age	1,826		1,850	
Total employees ranging from 18-35 years of age	4		4	
Total employees ranging from 36-60 years of age	1,173		1,196	
Total employees ranging from 36-60 years of age	1,145		1,154	
Total employees over 60 years of age	27		27	
Total illiterate employees	2		2	
Total employees with elementary education	548		558	
Total employees with secondary education	889		898	
Total employees with technical education	205		206	
Total employees with higher education	491		501	
Total employees specializing in doctorates	214		216	
Percentage of female occupants of senior management positions	12%		13%	
Percentage of male occupants of senior management positions	88%		87%	
Number of labor lawsuits filed against the cooperative in the year	10		10	
Number of labor proceedings deemed partially valid in the year				
Number of labor claims deemed unfounded in the year	1		1	
Number of scholarships provided by the cooperative	69		71	
Number of events, lectures, courses, seminars, promoted by Cipa	271		271	
	Collaborators 2020	Collaborators 2019	Collaborators 2020	Collaborators 2019
	1	5	1	5
	150	2,350	150	2,350
	14	14	15	15
	50	145	50	145
	547	695	547	695
	Exercise 2020	Exercise 2019	Exercise 2020	Exercise 2019
	R\$ 167,293,134	R\$ 143,598,654	R\$ 169,868,210	R\$ 145,590,753
	R\$ 9,734,804	R\$ 10,352,549	R\$ 12,349,381	R\$ 12,157,027
	R\$ 139,105,230	R\$ 109,096,509	R\$ 140,090,366	R\$ 109,964,691
	R\$ 291,137,496	R\$ 131,206,667	R\$ 291,137,496	R\$ 131,206,667
		R\$ 246,935,426		R\$ 246,935,426
5 – Other indicators of organization, management, and citizenship				
Number of sporting, cultural and leisure events				
Number of participants in leisure events				
Number of unions to which employees are affiliated				
Number of participants in social actions – blood donation				
Number of beneficiaries by integration projects				
6 – Wealth generation and distribution				
Distribution of added value (DVA)				
Employees				
Government				
Financial charges and rent				
Profits for the year				
Presumed IPI credit, net of expenses and taxes (Notes 33 and 35)				

REPORT OF THE SUPERVISORY BOARD

We, members of the Supervisory Board of the Cooperativa Regional de Cafeicultores em Guaxupé Ltda – COOXUPÉ, in the use of the powers conferred by the Bylaws, gather specially to give an opinion on the annual report of the Board of Directors, Balance Sheet, Statements, Statements of Changes in Equity, Statements of Cash Flows, Statements of Added Value and respective Explanatory Notes, prepared by the Cooperative's Management and audited by the independent audit PricewaterhouseCoopers, for the period from January 1, 2020 to December 31, 2020.

Based on the examinations carried out, the Fiscal Council understands that the financial statements adequately reflect the equity and financial position of the Cooperativa Regional de Cafeicultores em Guaxupé Ltda – COOXUPÉ and gives favorable opinion to the approval of the accounts for the year by the Annual General Meeting.

Guaxupé, February 24, 2021.

Adelber Vilhena Braga _____

Adelmir Vidal _____

Márcio Antônio Fernandes _____

Robson Ferreira Leite _____

Ronaldo Miareli _____

Sérgio dos Reis Oliveira _____



(A free translation of the original in Portuguese)

Independent auditor's report

To the Management and Members
Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Opinion

We have audited the accompanying parent company financial statements of Cooperativa Regional de Cafeicultores em Guaxupé Ltda. ("Cooperative"), which comprise the balance sheet as at December 31, 2020 and the statements of surplus, comprehensive surplus, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Cooperativa Regional de Cafeicultores em Guaxupé Ltda. and its subsidiary ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2020 and the consolidated statements of surplus, comprehensive surplus, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cooperativa Regional de Cafeicultores em Guaxupé Ltda. and of Cooperativa Regional de Cafeicultores em Guaxupé Ltda. and its subsidiary as at December 31, 2020, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to cooperatives.

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 parent company and consolidated financial statements section of our report. We are independent of the Cooperative and its subsidiary in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matters

Statement of value added

The parent company and consolidated statements of value added for the year ended December 31, 2020, prepared under the responsibility of the Cooperative's management and presented as supplementary information, were submitted to audit procedures performed in conjunction with the audit of the Cooperative's parent company and consolidated financial statements.



Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

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

The Cooperative's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to cooperatives, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Cooperative'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 Cooperative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Cooperative and its subsidiary.

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

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



Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

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

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 internal control of the Cooperative and its subsidiary.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude 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 Cooperative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Cooperative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Ribeirão Preto, February 24, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Luís Fernando de Souza Maranhã
Contador CRC 1SP201527/O-5

(A free translation of the original in Portuguese)

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Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Balance sheet at December 31

All amounts in reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		2020	2019	2020	2019
Current assets					
Cash and cash equivalents	6	760,401,227	593,915,993	777,202,582	603,345,448
Marketable securities	7	15,730,794	13,758,636	16,219,000	15,065,132
Derivative financial instruments	8	53,144,852	83,648,942	56,419,184	85,121,205
Trade and foreign currency notes receivable	9	315,604,968	232,213,041	328,291,910	240,900,480
Borrowings and transfers	9	292,771,386	136,969,394	290,111,715	134,379,931
Inventories	10	2,452,491,513	1,012,904,062	2,502,155,453	1,031,946,659
Agricultural products for future receipt (CPR)	10	913,245,391	1,052,654,859	920,240,408	1,065,537,943
Inventories - agricultural products from members	11	1,003,607,062	550,665,510	1,003,607,062	550,665,510
Taxes recoverable	12	73,649,596	55,560,849	74,055,831	55,910,874
Other assets	13	6,927,610	6,678,816	6,834,602	6,612,654
Total current assets		5,887,574,399	3,738,970,102	5,975,137,747	3,789,485,836
Non-current assets					
Derivative financial instruments	8	40,871,991	15,808,752	40,871,991	15,808,752
Trade notes receivable	9.1		5,216,576		5,216,576
Borrowings and transfers	9.2	38,755,406	19,433,834	38,755,406	19,433,834
Agricultural products for future receipt (CPR)	10	568,082,913	747,828,628	568,082,913	747,828,628
Taxes recoverable	12	199,665,864	295,998,990	201,859,687	298,149,396
Deferred income tax and social contribution	24	48,287,321	4,649,391	49,973,431	6,184,662
		895,663,495	1,088,936,171	899,543,428	1,092,621,848
Investments	14	27,588,378	21,965,962	3,160,630	3,134,184
Property, plant and equipment	15	339,765,061	339,530,720	340,163,408	339,853,621
Right-of-use assets	16	1,837,209	4,077,937	1,889,238	4,164,503
Intangible assets	17	17,392,137	18,466,244	17,392,137	18,466,244
Total non-current assets		1,282,246,280	1,472,977,034	1,262,148,841	1,458,240,400
Total assets		7,169,820,679	5,211,947,136	7,237,286,588	5,247,726,236

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Balance sheet at December 31

In reais

(continued)

	Note	Parent company		Consolidated	
		2020	2019	2020	2019
Liabilities and equity					
Current liabilities					
Trade payables - goods and services	18	783,670,652	840,164,696	798,313,812	854,503,520
Trade payables - agricultural products from members	11	1,003,607,062	550,665,510	1,003,607,062	550,665,510
Finance lease liabilities	16	904,417	2,502,060	930,284	2,531,003
Derivative financial instruments	8	267,668,908	12,105,734	267,672,054	12,105,734
Advances on foreign exchange contracts and export prepayments	19	1,197,582,951	361,762,328	1,238,803,505	382,079,721
Special	20	1,342,366,133	966,589,553	1,352,470,690	966,589,553
Salaries, social charges and taxes payable	21	56,226,236	47,314,317	57,519,092	48,371,324
Other liabilities	25	31,504,214	17,747,813	31,504,214	17,747,813
Total current liabilities		<u>4,683,530,573</u>	<u>2,798,852,011</u>	<u>4,750,820,713</u>	<u>2,834,594,178</u>
Non-current liabilities					
Trade payables for products	18	497,105,643	726,909,260	497,105,643	726,909,260
Finance lease liabilities	16	788,312	1,397,077	788,312	1,419,010
Export prepayments	19	263,760,924	210,492,111	263,760,924	210,492,111
Special	20	120,024,228	90,534,914	120,024,228	90,534,914
Federal Government Debt - PESA	22	3,123,485	5,331,750	3,123,485	5,331,750
Provision for contingencies	23	7,423,129	7,512,385	7,438,129	7,527,385
Other liabilities	25	25,857,757	21,944,781	26,018,526	21,944,781
Total non-current liabilities		<u>918,083,478</u>	<u>1,064,122,278</u>	<u>918,259,247</u>	<u>1,064,159,211</u>
Total liabilities		<u>5,601,614,051</u>	<u>3,862,974,289</u>	<u>5,669,079,960</u>	<u>3,898,753,389</u>
Equity					
Capital	28	200,149,836	187,845,708	200,149,836	187,845,708
Legal reserve		491,424,661	411,127,388	491,424,661	411,127,388
Technical, educational and social assistance reserve		233,524,184	190,811,497	233,524,184	190,811,497
Carrying value adjustments		18,728,693	20,078,557	18,728,693	20,078,557
Special capitalization reserve		17,654,579	19,485,871	17,654,579	19,485,871
Reserve for development		553,193,158	490,714,952	553,193,158	490,714,952
Surplus to be allocated at the general meeting		53,531,517	28,908,874	53,531,517	28,908,874
Total equity		<u>1,568,206,628</u>	<u>1,348,972,847</u>	<u>1,568,206,628</u>	<u>1,348,972,847</u>
Total liabilities and equity		<u>7,169,820,679</u>	<u>5,211,947,136</u>	<u>7,237,286,588</u>	<u>5,247,726,236</u>

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

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Statement of surplus Years ended December 31

All amounts in reais

(A free translation of the original in Portuguese)

Note	Parent company				Consolidated			
			2020	2019			2020	2019
	Members	Non-members	Total	Total	Members	Non-members	Total	Total
Income (members) and net revenue (non-members)								
Sales in the foreign market	2,958,374,603	473,444,270	3,431,818,873	2,835,308,879	2,958,374,603	564,586,835	3,522,961,438	2,898,549,107
Sales and services in the domestic market	1,353,272,081	156,023,836	1,509,295,917	1,298,346,540	1,353,272,081	154,369,704	1,507,641,785	1,298,692,679
29	4,311,646,684	629,468,106	4,941,114,790	4,133,655,419	4,311,646,684	718,956,539	5,030,603,223	4,197,241,786
Cost of products and goods sold, and services rendered	(3,419,439,009)	(482,786,900)	(3,902,225,909)	(3,673,010,975)	(3,419,439,009)	(551,238,922)	(3,970,677,931)	(3,724,307,830)
31	(3,419,439,009)	(482,786,900)	(3,902,225,909)	(3,673,010,975)	(3,419,439,009)	(551,238,922)	(3,970,677,931)	(3,724,307,830)
Net result of changes in prices of agricultural commodities and foreign exchange variations	(426,754,363)	(70,113,429)	(496,867,792)	(23,115,102)	(426,754,363)	(76,635,409)	(503,389,772)	(23,621,700)
30	(426,754,363)	(70,113,429)	(496,867,792)	(23,115,102)	(426,754,363)	(76,635,409)	(503,389,772)	(23,621,700)
Gross surplus/profit	465,453,312	76,567,777	542,021,089	437,529,343	465,453,312	91,082,208	556,535,520	449,312,257
Operating income/revenue (costs/expenses)								
Selling expenses	(180,121,892)	(29,275,360)	(209,397,252)	(261,340,366)	(180,121,892)	(33,737,388)	(213,859,280)	(265,118,595)
31	(180,121,892)	(29,275,360)	(209,397,252)	(261,340,366)	(180,121,892)	(33,737,388)	(213,859,280)	(265,118,595)
Administrative and general expenses	(59,396,941)	(6,029,337)	(65,426,278)	(58,087,333)	(59,396,941)	(6,567,857)	(65,964,798)	(58,757,209)
31	(59,396,941)	(6,029,337)	(65,426,278)	(58,087,333)	(59,396,941)	(6,567,857)	(65,964,798)	(58,757,209)
Other income/revenue, net	53,779,289	9,963,903	63,743,192	28,399,533	53,779,289	9,811,921	63,591,210	28,245,096
32	53,779,289	9,963,903	63,743,192	28,399,533	53,779,289	9,811,921	63,591,210	28,245,096
IPI presumed credit, net				253,567,463				253,567,463
33				253,567,463				253,567,463
Equity in the results of the subsidiary		5,595,970	5,595,970	4,325,196				
14.1 (i)		5,595,970	5,595,970	4,325,196				
Operating surplus/profit	279,713,768	56,822,953	336,536,721	404,393,836	279,713,768	60,588,884	340,302,652	407,249,012
Finance income/revenue	95,248,606	15,933,343	111,181,949	102,112,699	95,248,606	16,069,021	111,317,627	102,361,322
34	95,248,606	15,933,343	111,181,949	102,112,699	95,248,606	16,069,021	111,317,627	102,361,322
Finance costs/expenses	(124,357,007)	(11,748,906)	(136,105,913)	(107,100,792)	(124,357,007)	(12,765,857)	(137,122,864)	(108,006,968)
34	(124,357,007)	(11,748,906)	(136,105,913)	(107,100,792)	(124,357,007)	(12,765,857)	(137,122,864)	(108,006,968)
Surplus/profit before income tax and social contribution	250,605,367	61,007,390	311,612,757	399,405,743	250,605,367	63,892,048	314,497,415	401,603,366
Current income tax and social contribution		(64,049,352)	(64,049,352)	(18,133,333)		(67,084,848)	(67,084,848)	(20,389,413)
Deferred income tax and social contribution		43,574,091	43,574,091	(3,130,317)		43,724,929	43,724,929	(3,071,860)
28.4	250,605,367	40,532,129	291,137,496	378,142,093	250,605,367	40,532,129	291,137,496	378,142,093
Surplus/profit for the year	250,605,367	40,532,129	291,137,496	378,142,093	250,605,367	40,532,129	291,137,496	378,142,093

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

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.**Statement of comprehensive surplus****Years ended December 31**

All amounts in reais

(A free translation of the original in Portuguese)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Surplus/profit for the year	<u>291,137,496</u>	<u>378,142,093</u>	<u>291,137,496</u>	<u>378,142,093</u>
Other components of comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive surplus for the year	<u>291,137,496</u>	<u>378,142,093</u>	<u>291,137,496</u>	<u>378,142,093</u>

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

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Statement of changes in equity

All amounts in reais

(A free translation of the original in Portuguese)

	Note	Capital	Legal reserve (reserve fund)	Technical, educational and social assistance reserve	Carrying value adjustments	Special capitalization reserve	Reserve for development	Surplus to be allocated at the General Meeting	Total
At December 31, 2018		197,243,550	367,764,077	171,943,844	20,594,240	24,026,942	231,260,863	25,024,017	1,037,857,533
Allocation of surplus		7,548,845						(7,548,845)	
Appropriation of surplus – distribution in cash								(17,475,172)	(17,475,172)
Admissions and withdrawals of members, net		(6,062,085)				(814,037)			(6,876,122)
Age-based capital refund program (PRCI)	28.5	(25,339,039)				(3,727,034)			(29,066,073)
Realization of carrying value adjustments	28.4				(1,360,707)			1,360,707	
Adjustment to deferred taxes on carrying value adjustments					845,024				845,024
Realization/utilization of technical, educational and social reserve	28.4			(28,134,349)				28,134,349	
Surplus/profit for the year								378,142,093	378,142,093
Statutory and legal allocations	28.4								
Members									
Legal reserve (reserve fund)			43,363,311					(43,363,311)	
Technical, educational and social assistance reserve				47,002,002				(47,002,002)	
Capital		14,454,437						(14,454,437)	
Reserve for development							259,454,089	(259,454,089)	
Distribution in cash								(14,454,437)	(14,454,437)
At December 31, 2019		187,845,708	411,127,388	190,811,497	20,078,557	19,485,871	490,714,952	28,908,874	1,348,972,847
Allocation of surplus								(28,908,874)	(28,908,874)
Appropriation of surplus – distribution in cash									(28,908,874)
Admissions and withdrawals of members, net		(6,294,982)				(1,013,848)			(7,308,830)
Age-based capital refund program (PRCI)	28.5	(8,166,648)				(817,444)			(8,984,092)
Realization of carrying value adjustments	28.4				(1,413,703)			1,413,703	
Adjustment to deferred taxes on carrying value adjustments					63,839				63,839
Realization/utilization of technical, educational and social reserve	28.4			(32,556,716)				32,556,716	
Surplus/profit for the year								291,137,496	291,137,496
Statutory and legal allocations	28.4								
Members									
Legal reserve (reserve fund)			80,297,273					(80,297,273)	
Technical, educational and social assistance reserve				75,269,403				(75,269,403)	
Capital		26,765,758						(26,765,758)	
Reserve for development							62,478,206	(62,478,206)	
Distribution in cash								(26,765,758)	(26,765,758)
At December 31, 2020		200,149,836	491,424,661	233,524,184	18,728,693	17,654,579	553,193,158	53,531,517	1,568,206,628

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

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Statement of cash flows Years ended December 31

All amounts in reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2020	2019	2020	2019
Cash flows from operating activities					
Surplus/profit before income tax and social contribution					
		311,612,756	399,405,743	314,497,414	401,603,366
Adjustments					
Depreciation and amortization	15, 16 and 17	34,342,255	30,834,955	34,484,000	30,912,092
Gain (loss) on unredeemed marketable securities		(210,843)	(229,847)	(333,853)	(316,768)
Gain (loss) on valuation of commodity inventories, reflecting the adjustment of inventories to net recoverable value		(210,676,212)	35,610,202	(209,507,173)	35,132,869
Impairment of trade notes, financing and transfers to members, CPRs, and tax	31	(16,211,978)	44,477,747	(16,391,339)	44,758,302
Tax credits	32	(25,192,435)		(25,192,435)	
Gain (loss) on unsettled derivative financial instruments		173,652,064	(87,351,961)	170,380,878	(88,824,224)
IPI presumed credit, net	33		(253,567,463)		(253,567,463)
Foreign exchange variation on borrowings, advances on foreign exchange contracts, and export prepayments	36.1	139,574,726	24,833,500	143,029,540	24,995,594
Foreign exchange variation on foreign currency notes receivable		(1,674,627)	(1,961,540)	(2,315,669)	(1,820,933)
Interest on borrowings, advances on foreign exchange contracts, and export and lease prepayments	36.1 and 34	126,210,304	100,691,261	127,191,980	101,557,260
Gain (loss) on disposal of property, plant and equipment	36.2	7,551,211	51,988	7,532,806	51,988
Equity in the results of investees		(5,595,970)	(4,325,196)		
		533,381,251	288,469,389	543,376,149	294,482,083
Changes in assets and liabilities					
Marketable securities		(1,761,315)	(101,867)	(820,016)	(871,351)
Derivative financial instruments		87,351,960	(1,048,573)	88,824,223	689,600
Inventories		(894,032,324)	(1,151,714,935)	(919,747,317)	(1,156,967,475)
Trade notes, loans and transfers to members receivable, taxes recoverable and other assets		(193,745,733)	196,291,273	(196,446,903)	200,393,236
Trade payables		(295,281,748)	1,082,329,618	(295,777,855)	1,088,990,898
Other liabilities, salaries, social charges, taxes payable and provision for contingencies		(35,171,621)	(23,921,436)	(35,156,378)	(24,711,884)
Net cash (used in) provided by operating activities		(799,259,530)	390,303,469	(815,748,097)	402,005,107
Interest paid	36.1	(86,103,440)	(110,552,570)	(86,738,309)	(111,698,020)
Income tax and social contribution paid				(2,521,504)	(1,007,879)
Net cash (used in) provided by operating activities		(885,362,970)	279,750,899	(905,007,910)	289,299,206
Cash flows from investing activities					
Purchases of property, plant and equipment, intangible assets and investments	14, 15 and 17	(40,634,913)	(42,156,190)	(40,775,113)	(42,180,490)
Cash generated on disposals of property, plant and equipment	36.2	4,381,938	3,417,981	4,408,438	3,417,981
Net cash used in investing activities		(36,252,975)	(38,738,209)	(36,366,675)	(38,762,509)
Cash flows from financing activities					
Capital return, net		(7,308,830)	(6,876,122)	(7,308,830)	(6,876,122)
Distribution of surplus	28.4	(14,454,437)	(12,512,008)	(14,454,437)	(12,512,008)
New borrowings, advances on foreign exchange contracts and export prepayments	36.1	3,198,046,347	940,402,661	3,268,546,699	963,654,291
Repayments of borrowings, advances on foreign exchange contracts and export and lease prepayments	36.1	(2,088,181,901)	(1,369,316,636)	(2,131,551,713)	(1,405,602,629)
Net cash provided by (used in) financing activities		1,088,101,179	(448,302,105)	1,115,231,719	(461,336,468)
Increase (decrease) in cash and cash equivalents		166,485,234	(207,289,415)	173,857,134	(210,799,771)
Cash and cash equivalents at the beginning of the year	6	593,915,993	801,205,408	603,345,448	814,145,219
Cash and cash equivalents at the end of the year	6	760,401,227	593,915,993	777,202,582	603,345,448

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

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Statements of value added Years ended December 31

All amounts in reais

(A free translation of the original in Portuguese)

	Note	Parent company				Consolidated			
		2020	%	2019	%	2020	%	2019	%
Revenue									
Income (members), revenue (non-members) and other income/ revenue, net		5,019,396,500	827%	4,174,975,385	963%	5,108,777,328	833%	4,238,438,607	968%
IPI presumed credit, net	33			253,567,463				253,567,463	
Net result of changes in prices of agricultural commodities and foreign exchange variations	30	(496,867,792)	-82%	(23,115,102)	-13%	(503,389,772)	-82%	(23,621,700)	-12%
Impairment of trade notes receivable, loans and transfers to members, CPRs, and taxes	31	16,211,978	3%	(44,477,747)	-2%	16,391,339	3%	(44,758,302)	-3%
		<u>4,538,740,686</u>		<u>4,360,949,999</u>		<u>4,621,778,895</u>		<u>4,423,626,068</u>	
Inputs purchased									
Materials consumed		(3,870,867,567)	-637%	(3,648,687,107)	-811%	(3,940,164,576)	-642%	(3,700,867,299)	-814%
Expenditures/expenses with services rendered		(21,256,673)	-4%	(18,690,655)	-5%	(21,256,673)	-3%	(18,690,655)	-4%
Operating expenditures/expenses		(121,781,446)	-20%	(127,985,372)	-53%	(123,745,820)	-20%	(129,662,780)	-53%
		<u>(4,013,905,686)</u>		<u>(3,795,363,134)</u>		<u>(4,085,167,069)</u>		<u>(3,849,220,734)</u>	
Gross value added									
		524,835,000		565,586,865		536,611,826		574,405,334	
Depreciation and amortization (cost)	31	(32,928,552)	-5%	(29,474,248)	-7%	(33,070,297)	-5%	(29,551,385)	-7%
Depreciation of revaluation increment	31 and 28.4	(1,413,703)	0%	(1,360,707)	0%	(1,413,703)	0%	(1,360,707)	0%
		<u>490,492,745</u>		<u>534,751,910</u>		<u>502,127,826</u>		<u>543,493,242</u>	
Net value added generated by the Cooperative									
Value added received through transfer									
Equity in the results of subsidiary	14.1 (i)	5,595,970	1%	4,325,196	1%				
Finance income/revenue	34	111,181,949	18%	102,112,699	26%	111,317,627	18%	102,361,322	26%
		<u>607,270,664</u>	100%	<u>641,189,805</u>	100%	<u>613,445,453</u>	100%	<u>645,854,564</u>	100%
Total value added to distribute									
Distribution of value added									
Employees									
Direct remuneration		126,678,257		109,533,284		128,626,318		111,148,115	
Benefits		28,219,633		24,163,071		28,727,068		24,431,268	
Government Severance Indemnity Fund for Employees (FGTS)		12,395,244		9,902,299		12,514,824		10,011,370	
Taxes		9,734,804		10,352,549		12,349,381		12,157,027	
Financing agents									
Interest		135,723,419		105,317,891		136,708,555		106,186,073	
Rentals		3,381,811		3,778,618		3,381,811		3,778,618	
Surplus/profit for the year									
Operating surplus/profit		291,137,496		131,206,667		291,137,496		131,206,667	
IPI presumed credit, net of expenses and taxes	33 and 35			246,935,426				246,935,426	
		<u>607,270,664</u>		<u>641,189,805</u>		<u>613,445,453</u>		<u>645,854,564</u>	
Value added distributed									

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

(A free translation of the original in Portuguese)

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Notes to the financial statements

at December 31, 2020

All amounts in thousands of reais unless otherwise stated

1 General information

Cooperativa Regional de Cafeicultores em Guaxupé Ltda. ("Cooxupé" or the "Cooperative") is an agricultural production cooperative headquartered in Guaxupé, State of Minas Gerais, mainly engaged in the storage, standardization and trade of raw coffee beans, roasted and ground coffee and cereals, the resale of agribusiness inputs, as well as the rendering of technical assistance services and transfer of funds to its members. Its subsidiary, SMC - Comercial e Exportadora de Café S.A., sells and exports raw coffee beans in the special and certified coffee segment. In order to achieve its goals, the Cooperative fosters the sustainable development of its members, promoting the benefits of its cooperative structure to add value to its members through effective participation, by upholding the values of trust, hard work and cooperation. These are implemented through a policy designed to achieve customer satisfaction, by offering products that meet the requirements of their businesses, using qualified and engaged employees, always seeking improved forms of delivery.

Cooxupé operates in 164 municipalities located within the States of Minas Gerais (Southern, Southeast and "Cerrado" regions) and São Paulo (Média Mogiana region), rendering services to members through its Head Office, 17 Operational Centers, 6 Service Centers, 12 Advanced Units, and an export office in Santos. At December 31, 2020, the Cooperative had 15,943 members (15,062 in 2019).

The issue of the parent company and consolidated financial statements was authorized by the Board of Directors on February 24, 2021.

1.1 Impact of COVID-19 on the financial statements

As a response to the global COVID-19 pandemic declared by the World Health Organization (WHO), the Cooperative has put in place preventive measures, reformulated processes and implemented guidance programs to ensure the safety and well-being of its members, employees, business partners, and other groups with which it maintains direct or indirect relationships.

The Board of Directors authorized a donation of R\$ 2 million to health care providers dealing with the COVID-19 pandemic, specifically to hospitals in the areas the Cooperative operates. This amount was recognized in the financial statements in "Other income/revenue, net".

The Cooperative continues to monitor the effects of the new coronavirus on its operating and financial activities on a daily basis, and, to date, has not identified material effects which would require disclosure or lead to changes in critical accounting policies, estimates and judgments.

Management believes that the current events or circumstances do not cast significant doubt about the ability of the Cooperative and its subsidiary to continue as going concerns. Therefore, the going concern assumption continues to serve as the basis for the preparation of these financial statements.

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Notes to the financial statements

at December 31, 2020

All amounts in thousands of reais unless otherwise stated

2 Basis of preparation

The parent company and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), especially those applicable to cooperatives, and Cooperative Law 5764/71, and disclose all information significant to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

The significant accounting policies adopted by the Cooperative are presented in the respective Notes; the accounting policies applicable to the financial statements as a whole are presented in Note 38.

The financial statements have been prepared under the historical cost convention, as modified to reflect the revaluation of property, plant and equipment recorded in 2007 and the measurement of financial assets and financial liabilities (including derivatives) at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Cooperative's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.1 Consolidation

2.1.1 Consolidated financial statements

The following accounting policies are applied in the preparation of the consolidated financial statements.

(a) Subsidiary

A subsidiary is an entity over which Cooxupé has control. In 2020 and 2019, Cooxupé had only one subsidiary (Note 14).

Transactions, balances and unrealized gains on transactions between Cooxupé and its subsidiary are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by Cooxupé.

(b) Cooperative companies

Investments in cooperative companies are recorded at cost of acquisition, in accordance with accounting practices adopted in Brazil, specifically General Technical Interpretation (ITG) 2004 - Cooperative entities. These investments are not consolidated, since the Cooperative does not have control over the companies.

Gains and losses relating to the associated cooperative companies are recorded in the statement of surplus within "Finance income/revenue".

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Notes to the financial statements

at December 31, 2020

All amounts in thousands of reais unless otherwise stated

2.1.2 Parent company financial statements

In the Cooperative's financial statements, the subsidiary is recorded using the equity method of accounting. The same adjustments are made in the parent company and consolidated financial statements to align results and equity.

3. Critical accounting estimates and judgments

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

Based on assumptions, the Cooperative makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

3.1 Valuation of commodity inventories

The fair value of commodity inventories ("agricultural products") is determined through the valuation of the physical quantity of the Cooperative's agricultural products and purchases for future delivery (CPR), to which a pre-negotiated sales price or realizable market value is assigned, based on the characteristics of the product ("quality"), net of costs to sell. The Cooperative exercises judgment to determine these assumptions (product quality, quality-based pricing, cost of preparation and transportation, port dues etc.), which are primarily based on the market conditions at the balance sheet date.

At December 31, 2020, had the average prices used in the calculation of the fair value presented a difference of 10% in relation to management's estimates, the carrying amount of the agricultural commodities would be higher/ lower by approximately R\$ 3,039,915 (R\$ 1,552,767 in 2019, considering a 10% variation).

3.2 The Cooperative as an extension of the members' activities

Management believes that its operations with members (business deals carried out between the Cooperative and the members) are activities that connect the members to the market, thus representing a continuation of the activities carried out by each member. Therefore, based on this interpretation of Technical Pronouncement CPC 16 - Inventories, Cooxupé values its commodity inventories at net realizable value, which represents the best estimate of the price to be obtained from a future sale, based on past conditions.

3.3 Provision for impairment

The provision for impairment of trade receivables is based on a percentage for estimated losses by category of trade receivables and the Rural Product Notes receivables. Notes receivable are classified by category/nature of the Note, its collection status (overdue or not yet due) and the existing collateral.

At December 31, 2020, if the estimated impairment loss percentage were to be 10% higher/lower, the provision for impairment of trade receivables would be increased/decreased by R\$ 6,827,285 in relation to management's estimates (R\$ 8,183,469 in 2019, considering a 10% variation).

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Notes to the financial statements

at December 31, 2020

All amounts in thousands of reais unless otherwise stated

4 Financial risk management

4.1 Financial risk factors

The Cooperative's activities expose it to a number of financial risks: market risk, credit risk, and liquidity risk. The Cooperative's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Cooperative uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Cooperative's treasury department, under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close cooperation with the Cooperative's operating units. The Board provides formal protocols for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity.

4.1.1 Market risk

(a) Foreign exchange risk

The Cooperative operates internationally and is exposed to foreign exchange risk arising from currency exposure, primarily with respect to the U.S. dollar. Foreign exchange risk arises from future commercial transactions, and recognized assets and liabilities.

The Cooperative's risk policy establishes strict limits on asset and liability exposure in foreign currency. On a net basis, the position may vary from minus US\$ 2 million to plus US\$ 2 million. In order to offset its asset and/or liability positions in foreign currency, the Cooperative carries out sales/purchases of U.S. dollars on the B3 futures exchange market, and enters into Non-Deliverable Forward (NDF) contracts with prime financial institutions.

(b) Price risk of agricultural commodities

The Cooperative purchases and sells coffee and corn, and, consequently, is subject to the risk of fluctuations in the prices of these commodities. Potential mismatches between the short and long positions in these commodities are offset through purchases and sales under futures contracts on the B3 stock exchange in Brazil and ICE futures exchanges abroad, as well as Non-Deliverable Forward (NDF) contracts entered into with prime financial institutions.

The Cooperative's risk policy establishes limits ranging from minus 30 thousand bags sold to 50 thousand bags purchased in relation to the exposure to agricultural commodities (coffee), except for low quality coffee, which is not subject to hedge, since it is impractical to contract hedging instruments for this product.

4.1.2 Credit risk

The Cooperative's sales policy considers the credit risk level it is willing to accept in the course of its business. The diversification of its receivables portfolio, the procedures for the assessment of members' credit, the selectivity in accepting customers, as well as the monitoring of its sales terms per business segment and individual limits of position are the procedures adopted to minimize potential default on its accounts receivable.

Cooperativa Regional de Cafeicultores em Guaxupé Ltda.

Notes to the financial statements at December 31, 2020

All amounts in thousands of reais unless otherwise stated

Sales policies are subordinated to the credit assignment rules determined by the Cooperative's management, which aim at avoiding problems from default by the members. The credit limit of each member is established according to the Cooperative's past experience with the member, through a credit system integrated with other computerized systems.

4.1.3 Liquidity risk

This is the risk of the Cooperative not having sufficient liquid funds to honor its financial commitments, due to a mismatch of terms or volume in expected receipts and payments.

To manage cash liquidity in local and foreign currency, strategies for future disbursements and receipts are established and monitored by the treasury department on a daily basis.

4.2 Capital management

The Cooperative's objectives when managing capital are to ensure the availability of sufficient funds for the investments required for it to continue as a going concern, and the necessary liquidity for its commercial activities.

Funds for investments in the Cooperative's property, plant and equipment, to assure sustainable growth and technological modernization, are financed by retained surpluses and long-term credit facilities from the Brazilian Bank for Economic and Social Development (BNDES), which are obtained either directly or through onlending.

The funds required to ensure the liquidity of the Cooperative's commercial operations are obtained through borrowings in the financial market, primarily: advances on foreign exchange contracts, export prepayments, export credit notes, rural credit and the Coffee Economy Defense Fund (FUNCAFÉ).

Maintaining liquidity is of utmost importance, especially in regard to purchases of coffee from members, when they take the decision to sell, and the purchase of agricultural inputs to be supplied to members. The borrowings required to ensure the liquidity of these operations are disclosed in Notes 16, 19, 20 and 22 and in the table below:

	Consolidated	
	2020	2019
Borrowings (Note 20)	1,472,494,918	1,057,124,467
Advances on foreign exchange contracts and export prepayments (Note 19)	1,502,564,429	592,571,832
Federal Government Debt - PESA (Note 22)	3,565,573	5,741,797
Finance lease liabilities (Note 16)	1,718,596	3,950,013
Total borrowings	2,980,343,516	1,659,388,109
(-) Cash and cash equivalents (Note 6)	(777,202,582)	(603,345,448)
Total finance costs, net	2,203,140,934	1,056,042,661
Total equity	1,568,206,628	1,348,972,847
Total capitalization	3,771,347,562	2,405,015,508
Gearing ratio - %	58	44

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4.3 Fair value estimation

The carrying values of trade receivables and payables, less impairment provision in the case of trade receivables, are assumed to approximate their fair values.

The table below classifies assets and liabilities carried at fair value by valuation method. The various levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Financial instruments included in Level 1 comprise mainly coffee and U.S. dollar futures;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of financial instruments is determined by using valuation techniques. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Financial instruments included in Level 2 comprise NDFs, borrowings and onlendings - Federal Government Debt (PESA), Rural Product Notes (CPRs) and agricultural products of the Cooperative and cooperative members.
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The Cooperative does not have any instruments included in Level 3.

The Cooperative's financial assets and liabilities measured at fair value at December 31, 2020 were as follows:

	Parent company			Consolidated		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Financial assets at fair value through profit or loss						
Derivative financial instruments (Note 8)	18,795,044	75,221,799	94,016,843	20,485,011	76,806,164	97,291,175
Loans and funds transferred to members - PESA (Note 9.2)		3,469,106	3,469,106		3,469,106	3,469,106
Agricultural products – physical inventory (Note 10)		2,264,871,695	2,264,871,695		2,314,057,479	2,314,057,479
Agricultural products for future receipt (CPR) (Note 10)		1,481,328,304	1,481,328,304		1,488,323,321	1,488,323,321
Members' agricultural products held by the Company (Note 11)		1,003,607,062	1,003,607,062		1,003,607,062	1,003,607,062
Total assets	18,795,044	4,828,497,966	4,847,293,010	20,485,011	4,886,263,132	4,906,748,143
Liabilities						
Financial liabilities at fair value through profit or loss						
Members' agricultural products held by the Company (Note 11)		1,003,607,062	1,003,607,062		1,003,607,062	1,003,607,062
Derivative financial instruments (Note 8)	14,040	267,654,868	267,668,908	14,040	267,658,014	267,672,054
Federal Government Debt - PESA (Note 22)		3,565,573	3,565,573		3,565,573	3,565,573
Total liabilities	14,040	1,274,827,503	1,274,841,543	14,040	1,274,830,649	1,274,844,689

The Cooperative's financial assets and liabilities measured at fair value at December 31, 2019 were as follows:

	Parent company			Consolidated		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Financial assets at fair value through profit or loss						
Derivative financial instruments (Note 8)	32,011,917	67,445,776	99,457,694	33,484,181	67,445,776	100,929,957
Loans and funds transferred to members - PESA (Note 9.2)		2,133,961	2,133,961		2,133,961	2,133,961
Agricultural products – physical inventory (Note 10)		873,894,337	873,894,337		892,467,850	892,467,850
Agricultural products for future receipt (CPR) (Note 10)		1,800,483,487	1,800,483,487		1,813,366,571	1,813,366,571
Members' agricultural products held by the Company (Note 11)		550,665,510	550,665,510		550,665,510	550,665,510
Total assets	32,011,917	3,294,623,071	3,326,634,989	33,484,181	3,326,079,668	3,359,563,849
Liabilities						
Financial liabilities at fair value through profit or loss						
Members' agricultural products held by the Company (Note 11)		550,665,510	550,665,510		550,665,510	550,665,510
Derivative financial instruments (Note 8)	170,971	11,934,763	12,105,734	170,971	11,934,763	12,105,734
Federal Government Debt - PESA (Note 22)		5,741,797	5,741,797		5,741,797	5,741,797
Total liabilities	170,971	568,342,070	568,513,041	170,971	568,342,070	568,513,041

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5 Financial instruments by category

5.1 Assets as per balance sheet

	Parent company			Consolidated		
	Amortized cost	Fair value through profit or loss	Total	Amortized cost	Fair value through profit or loss	Total
At December 31, 2020						
Cash and cash equivalents (Note 6)	760,401,227		760,401,227	777,202,582		777,202,582
Marketable securities (Note 7)	15,730,794		15,730,794	16,219,000		16,219,000
Derivative financial instruments (Note 8)		94,016,843	94,016,843		97,291,175	97,291,175
Trade and foreign exchange notes receivable (Note 9.1)	315,604,968		315,604,968	328,291,910		328,291,910
Loans and funds transferred to members (Note 9.2)	328,057,686	3,469,106	331,526,792	325,398,015	3,469,106	328,867,121
Judicial deposits (Note 23)	247,414,656		247,414,656	248,507,902		248,507,902
	1,667,209,331	97,485,949	1,764,695,280	1,695,619,409	100,760,281	1,796,379,690
At December 31, 2019						
Cash and cash equivalents (Note 6)	593,915,993		593,915,993	603,345,448		603,345,448
Marketable securities (Note 7)	13,758,636		13,758,636	15,065,132		15,065,132
Derivative financial instruments (Note 8)		99,457,694	99,457,694		100,929,957	100,929,957
Trade and foreign exchange notes receivable (Note 9.1)	237,429,617		237,429,617	246,117,056		246,117,056
Loans and funds transferred to members (Note 9.2)	154,269,267	2,133,961	156,403,228	151,679,804	2,133,961	153,813,765
Judicial deposits (Note 23)	200,748,637		200,748,637	201,820,126		201,820,126
	1,200,122,150	101,591,655	1,301,713,805	1,218,027,566	103,063,918	1,321,091,484

5.2 Liabilities as per balance sheet

	Parent company			Consolidated		
	Amortized cost	Fair value through profit or loss	Total	Amortized cost	Fair value through profit or loss	Total
At December 31, 2020						
Derivative financial instruments (Note 8)		267,668,908	267,668,908		267,672,054	267,672,054
Members' agricultural products held by the Company (Note 11)		1,003,607,062	1,003,607,062		1,003,607,062	1,003,607,062
Finance lease liabilities (Note 16)	1,692,729		1,692,729	1,718,597		1,718,597
Trade payables for products and services (Note 18)	1,280,776,295		1,280,776,295	1,295,419,455		1,295,419,455
Advances on foreign exchange contracts and export prepayments (Note 19)	1,461,343,875		1,461,343,875	1,502,564,429		1,502,564,429
Borrowings (Note 20)	1,462,390,361		1,462,390,361	1,472,494,918		1,472,494,918
Federal Government Debt - PESA (Note 22)		3,123,485	3,123,485		3,123,485	3,123,485
Other liabilities - Interest payable - Federal Government Debt - PESA (Note 25)		442,088	442,088		442,088	442,088
Other liabilities (Note 25)	26,765,758		26,765,758	26,765,758		26,765,758
	4,232,969,018	1,274,841,543	5,507,810,561	4,298,963,157	1,274,844,689	5,573,807,846
At December 31, 2019						
Derivative financial instruments (Note 8)		12,105,734	12,105,734		12,105,734	12,105,734
Members' agricultural products held by the Company (Note 11)		550,665,510	550,665,510		550,665,510	550,665,510
Finance lease liabilities (Note 16)	3,899,137		3,899,137	3,950,013		3,950,013
Trade payables for products and services (Note 18)	1,567,073,956		1,567,073,956	1,581,412,780		1,581,412,780
Advances on foreign exchange contracts and export prepayments (Note 19)	572,254,439		572,254,439	592,571,832		592,571,832
Borrowings (Note 20)	1,057,124,467		1,057,124,467	1,057,124,467		1,057,124,467
Federal Government Debt - PESA (Note 22)		5,331,750	5,331,750		5,331,750	5,331,750
Other liabilities - Interest payable - Federal Government Debt - PESA (Note 25)		410,047	410,047		410,047	410,047
Other liabilities (Note 25)	14,454,437		14,454,437	14,454,437		14,454,437
	3,214,806,436	568,513,041	3,783,319,477	3,249,513,529	568,513,041	3,818,026,570

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6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks, other short-term highly liquid investments with original maturities of three months or less, and with immaterial risk of change in value, and are held for the purpose of meeting short-term cash needs.

	Parent company		Consolidated	
	2020	2019	2020	2019
Cash and banks	293,240,833	232,807,680	307,094,345	239,417,232
Marketable Securities (i)	467,160,394	361,108,313	470,108,237	363,928,216
	<u>760,401,227</u>	<u>593,915,993</u>	<u>777,202,582</u>	<u>603,345,448</u>

- (i) Marketable securities consist of floating-rate investments in Bank Deposit Certificates (CDBs), which accrue interest from 99% to 102% (99% to 101% in 2019) of the Interbank Deposit Certificate (CDI) rate.

7 Marketable securities

	Parent company		Consolidated	
	2020	2019	2020	2019
CDB - floating rate	15,730,794	13,758,636	16,219,000	15,065,132
	<u>15,730,794</u>	<u>13,758,636</u>	<u>16,219,000</u>	<u>15,065,132</u>

This amount has been pledged as collateral for transactions carried out on B3 and purchase of electric power.

Marketable securities consist of floating-rate investments in Bank Deposit Certificates (CDBs), which accrue interest from 100% to 102.5% (99% to 100.5% in 2019) of the Interbank Deposit Certificate (CDI) rate.

8 Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Although the Cooperative uses derivatives to hedge fluctuations in exchange rates and commodity prices, it does not apply hedge accounting. Changes in the fair value of derivative instruments are recognized immediately in the statement of surplus within "Net results of changes in agricultural commodity prices and foreign exchange variations".

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8.1 Parent company

	Parent company			
	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Non-deliverable forward - NDF - US dollar	75,221,799	230,354,015	67,445,776	10,711,192
Non-deliverable forward - NDF - coffee		35,419,846		
Interest rate swap		1,881,007		1,223,571
Futures market operations:				
Coffee - ICE (NY)	18,641,634		31,859,649	
US dollar - B3	23,601		26,202	
Coffee - B3	129,809	14,040	126,066	170,971
	94,016,843	267,668,908	99,457,694	12,105,734
Current	(53,144,852)	(267,668,908)	(83,648,942)	(12,105,734)
Non-current	40,871,991		15,808,752	

8.2 Consolidated

	Consolidated			
	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Non-deliverable forward - NDF - US dollar	76,806,164	230,357,161	67,445,776	10,711,192
Non-deliverable forward - NDF - coffee		35,419,846		
Interest rate swap		1,881,007		1,223,571
Futures market operations:				
Coffee - ICE (NY)	19,345,921		32,292,527	
US dollar - B3	1,009,281		1,057,758	
Coffee - B3	129,809	14,040	133,896	170,971
	97,291,175	267,672,054	100,929,957	12,105,734
Current	(56,419,184)	(267,672,054)	(85,121,205)	(12,105,734)
Non current	40,871,991		15,808,752	

8.3 Characteristics of these transactions

The Cooperative's derivative financial instruments comply with the exposure limits in its risk policy (Note 4.1.1).

8.3.1 Non-Deliverable Forwards

NDFs are contracted by the Cooperative for the purpose of hedging its operations against the risk of fluctuations in foreign exchange rates and commodity prices, and are not used for speculative purposes. At December 31, 2020, the notional amounts of the outstanding NDFs (short position) totaled approximately R\$ 3,749,000,000 (R\$ 2,629,000,000 in 2019) for foreign exchange operations.

8.3.2 Interest rate swaps

At December 31, 2020, the notional amounts of the outstanding interest rate swap contracts in Cooxupé totaled R\$ 364,000,000 (R\$ 165,000,000 in 2019), and their purpose is to reduce the exposure to borrowings accruing interest based on the London Interbank Offered Rate (LIBOR).

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8.3.3 Futures market transactions

At December 31, 2020, the notional amounts of the transactions carried out by the Cooperative to hedge agricultural commodity prices on the futures market corresponded to R\$ 2,010,000,000 (R\$ 1,751,000,000 in 2019), of which R\$ 1,014,000,000 (R\$ 897,000,000 in 2019) in a long position, R\$ 996,000,000 (R\$ 854,000,000 in 2019) in a short position, and, to hedge against fluctuations in foreign exchange rates, R\$ 14,000,000 (R\$ 26,000,000 in 2019) in a short position.

9 Trade and foreign currency notes receivable, and loans and transfers to members

Trade and foreign currency notes receivable and loans and transfers to members correspond to amounts receivable from customers and members for the sale of goods, the rendering of services, or the transfer of funds obtained for specific purposes from financial institutions in the ordinary course of the Cooperative's activities. If collection is expected in one year or less, the receivables are classified as current assets. Receivables classified as non-current comprise invoices with maturity and payment expected later than one year (including overdue invoices under judicial collection).

Accounts receivable from customers and members are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less a provision for impairment of trade receivables. Usually, in practice, they are recognized at the amount billed, adjusted to present value, plus interest and, when necessary, less a provision for impairment.

9.1 Trade and foreign currency notes receivable

	Parent company		Consolidated	
	2020	2019	2020	2019
Trade notes receivable	83,370,242	94,041,624	83,347,099	94,206,381
Foreign currency notes receivable (i)	253,444,486	164,260,134	266,154,571	172,782,816
Provision for impairment	(21,209,760)	(20,872,141)	(21,209,760)	(20,872,141)
	315,604,968	237,429,617	328,291,910	246,117,056
Current	(315,604,968)	(232,213,041)	(328,291,910)	(240,900,480)
Non-current (ii)		5,216,576		5,216,576

(i) The Cooperative's foreign currency notes receivable are denominated in U.S. dollars, and totaled US\$ 51,221,988 (US\$ 42,873,084 in 2019) at December 31, 2020.

(ii) The breakdown of trade and foreign currency notes receivable classified as non-current assets, by maturity year, is presented in Note 9.3.

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Trade and foreign currency notes receivable, net of impairment, have the following maturities:

	Parent company		Consolidated	
	2020	2019	2020	2019
Not yet due:				
Current				
2020		230,420,052		239,107,491
2021	312,980,729		325,667,671	
	312,980,729	230,420,052	325,667,671	239,107,491
Non-current				
2021		5,216,576		5,216,576
		5,216,576		5,216,576
Total not yet due	312,980,729	235,636,628	325,667,671	244,324,067
Overdue:				
Current				
From 1 to 15 days	2,514,463	855,720	2,514,463	855,720
From 16 to 30 days	56,091	511,299	56,091	511,299
From 31 to 60 days	44,322	114,228	44,322	114,228
From 61 to 90 days	6,780	201,975	6,780	201,975
From 91 to 180 days	2,083	5,641	2,083	5,641
Over 180 days	500	104,126	500	104,126
Total overdue	2,624,239	1,792,989	2,624,239	1,792,989
Current	315,604,968	232,213,041	328,291,910	240,900,480
Non-current		5,216,576		5,216,576
	315,604,968	237,429,617	328,291,910	246,117,056

Changes in the provision for impairment of trade and foreign currency notes receivable were as follows:

	Parent company	
	2020	2019
At January 1	20,872,141	32,010,629
Provisions for the year	5,521,445	8,211,081
Write-offs during the year	(9,951,600)	(18,746,428)
Transfer of Rural Product Notes – CPRs	58,212	
Transfer to loans and transfers to members	(7,151)	(1,014,891)
Transfer from loans and transfers to members	4,716,713	411,750
At December 31	21,209,760	20,872,141

The maximum exposure to credit risk at the reporting date is the carrying amount of the balances of trade and foreign currency notes receivable.

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9.2 Loans and transfers to members

Type	Financial charges	Parent company		Consolidated	
		2020	2019	2020	2019
Financing of inputs					
Rural credit	Interest of up to 7% p.a.	221,426,316	91,700,542	221,426,316	91,700,542
Own resources	Interest from 7% to 13.12% p.a. (2019 - 8.44% to 13.12% p.a.)	122,262,884	67,853,270	122,262,884	67,853,270
Special financing	Interest from 6% to 13.12% p.a. (2019 - 9.5% to 15.18% p.a.)	21,574,734	28,583,101	21,574,734	28,583,101
	IGP-M variation (i)	3,469,106	2,133,961	3,469,106	2,133,961
	Variation of the coffee bag price	2,012,673	4,282,184	2,012,673	4,282,184
	Interest of 3% p.a.	716,990	834,443	716,990	834,443
	Interest of 6.75% p.a. (2019 - 5.5% to 6.75% p.a.)	127,342	123,085	127,342	123,085
Cash loans (loan agreement)	Interest of 100% of CDI	2,659,671	2,589,464		
Advance on sale	Interest from 5.17% to 6.46% (2019 - 13.12% p.a.)	501,575	497,259	501,575	497,259
Provision for impairment of loans and transfers to members		(43,224,499)	(42,194,081)	(43,224,499)	(42,194,081)
Current		331,526,792	156,403,228	328,867,121	153,813,765
Non-current (ii)		(292,771,386)	(136,969,394)	(290,111,715)	(134,379,931)
		<u>38,755,406</u>	<u>19,433,834</u>	<u>38,755,406</u>	<u>19,433,834</u>

- (i) Special financing includes receivables under the Special Asset Recovery Program, negotiated under the same terms and conditions as the Federal Government Debt (PESA) program (Note 22), recorded at realizable fair value, determined based on the future flow of receipts discounted to present value.

Loans and transfers to members are guaranteed by sureties, mortgages, commercial liens, and/or promissory notes issued by the members.

- (ii) The breakdown of loans and transfers to members classified as non-current assets, by maturity year, is presented in Note 9.3.

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Loans and transfers to members, net of impairment loss, mature as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Not yet due:				
Current				
2020		134,980,060		132,390,597
2021	292,644,416		289,984,745	
	292,644,416	134,980,060	289,984,745	132,390,597
Non-current				
2021		10,059,557		10,059,557
2022	7,901,681	8,376,718	7,901,681	8,376,718
2023	25,534,821	809,581	25,534,821	809,581
2024	5,191,714	68,990	5,191,714	68,990
2025	127,190	118,988	127,190	118,988
	38,755,406	19,433,834	38,755,406	19,433,834
Total not yet due	331,399,822	154,413,894	328,740,151	151,824,431
Overdue				
Current				
From 1 to 15 days	16	625	16	625
From 16 to 60 days		625		625
From 61 to 90 days	78,670	53,712	78,670	53,712
From 91 to 180 days		3,676		3,676
Over 180 days	48,284	1,930,696	48,284	1,930,696
Total overdue	126,970	1,989,334	126,970	1,989,334
Current	292,771,386	136,969,394	290,111,715	134,379,931
Non-current	38,755,406	19,433,834	38,755,406	19,433,834
	331,526,792	156,403,228	328,867,121	153,813,765

Changes in the provision for impairment of loans and transfers to members were as follows:

	Parent company	
	2020	2019
At January 1	42,194,081	41,590,689
Provisions for the year	27,656,224	22,323,520
Write-offs during the year	(23,189,043)	(23,182,113)
Transfer of Rural Product Notes – CPRs	1,272,799	858,844
Transfer from trade notes receivable	7,151	1,014,891
Transfer to trade notes receivable	(4,716,713)	(411,750)
At December 31	43,224,499	42,194,081

The maximum exposure to credit risk at the reporting date is the carrying amount of the loans and transfers to members.

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9.3 Analysis of the portfolios of trade and foreign currency notes receivable and loans and transfers to members, classified as non-current assets, by maturity year

	Parent company		Consolidated	
	2020	2019	2020	2019
2021		20,541,678		20,541,678
2022	12,042,088	9,672,402	12,042,088	9,672,402
2023	28,452,203	1,123,309	28,452,203	1,123,309
2024	6,917,823	252,846	6,917,823	252,846
2025	1,507,909	123,946	1,507,909	123,946
Under judicial collection	15,204,459	14,195,732	15,204,459	14,195,732
Provision for impairment	(25,369,076)	(21,259,503)	(25,369,076)	(21,259,503)
	<u>38,755,406</u>	<u>24,650,410</u>	<u>38,755,406</u>	<u>24,650,410</u>
Trade and foreign currency notes receivable		5,216,576		5,216,576
Loans and transfers to members	<u>38,755,406</u>	<u>19,433,834</u>	<u>38,755,406</u>	<u>19,433,834</u>
	<u>38,755,406</u>	<u>24,650,410</u>	<u>38,755,406</u>	<u>24,650,410</u>

At December 31, the provision for impairment was broken down as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Under judicial collection	15,204,459	14,195,732	15,204,459	14,195,732
Renegotiated by Management	8,293,421	5,738,083	8,293,421	5,738,083
Other receivables	1,871,196	1,325,688	1,871,196	1,325,688
	<u>25,369,076</u>	<u>21,259,503</u>	<u>25,369,076</u>	<u>21,259,503</u>

10 Inventories and agricultural products for future delivery (CPR)

10.1 Inventories

	Parent company		Consolidated	
	2020	2019	2020	2019
Agricultural products – physical inventory (i)	2,264,871,695	873,894,337	2,314,057,479	892,467,850
Goods for resale – stores (i)	160,352,760	117,436,090	160,352,760	117,436,090
Warehouse materials and others	27,267,058	21,573,635	27,745,214	22,042,719
	<u>2,452,491,513</u>	<u>1,012,904,062</u>	<u>2,502,155,453</u>	<u>1,031,946,659</u>

10.2 Agricultural products for future delivery (CPR)

	Parent company		Consolidated	
	2020	2019	2020	2019
Agricultural products for future delivery (CPR) (i and iii)	1,533,484,631	1,873,921,999	1,540,759,428	1,887,272,183
Impairment of agricultural products for future delivery (CPR)	(52,156,327)	(73,438,512)	(52,436,107)	(73,905,612)
	<u>1,481,328,304</u>	<u>1,800,483,487</u>	<u>1,488,323,321</u>	<u>1,813,366,571</u>
Current	(913,245,391)	(1,052,654,859)	(920,240,408)	(1,065,537,943)
Non-current	<u>568,082,913</u>	<u>747,828,628</u>	<u>568,082,913</u>	<u>747,828,628</u>

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- (i) Physical inventories of commodities held by the Cooperative and inventories of commodities for future delivery (Rural Producer Note - CPR), recorded at fair value, are presented at the amount negotiated or realized, considering the selling price of these products at the reporting date, less the costs required for their realization, net of estimated losses, where applicable. The adjustments arising from this valuation are recorded in "Net results of changes in agricultural commodity prices and foreign exchange variations" in the statement of surplus for the year (Note 30).
- (ii) Goods for resale at stores mainly refer to the inventory of fertilizers and crop protection products, and are stated at the lower of cost and net realizable value. Cost is determined using the weighted moving average method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.
- (iii) Rural Product Notes (CPR) are guaranteed by sureties from members, mortgages and/or lien on crops.

At December 31, 2020, the Cooperative had entered into agreements with customers for the delivery of approximately 5,942,937 bags of coffee and 33,259 bags of corn, at fixed prices (5,345,543 bags of coffee and 15,882 bags of corn in 2019); the negotiated prices were considered in the valuation of the agricultural inventories (commodities). The Cooperative uses these instruments in its strategy to hedge against the volatility risk of the agricultural commodities market (Note 4.1.1 (b)).

Inventories of agricultural commodities, in bags of 60 kilograms, comprise the following amounts:

	Parent company		Consolidated	
	2020	2019	2020	2019
Coffee - physical inventory (i)	3,750,925	2,077,167	3,819,212	2,103,952
Corn - physical inventory (i)	37,326	25,436	37,326	25,436
Sub-total	3,788,251	2,102,603	3,856,538	2,129,388
Coffee - purchase for future delivery (CPR) (ii)	2,316,135	3,546,844	2,323,474	3,564,645
Corn - purchase for future delivery (CPR) (ii)	12,701		12,701	
Sub-total	2,328,836	3,546,844	2,336,175	3,564,645
Total bags of agricultural products	6,117,087	5,649,447	6,192,713	5,694,033

Changes in the provision for impairment of CPRs were as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
At January 1	73,438,512	22,908,088	73,905,612	23,108,348
Provisions for the year	10,155,478	66,168,940	10,435,259	66,596,183
Write-offs during the year	(30,106,652)	(14,779,672)	(30,573,752)	(14,940,075)
Transfer to loans and transfers to members	(1,272,799)	(858,844)	(1,272,799)	(858,844)
Transfer to trade notes receivable	(58,212)		(58,212)	
At December 31	52,156,327	73,438,512	52,436,108	73,905,612

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11 Inventories - Members' commodities stored by the Cooperative and related trade payables

These refer to inventories received from members to be stored by Cooxupé, which are recognized with a corresponding entry to trade payables in current liabilities. These inventories, and the related payables, are measured based on the best estimate of the selling price at the reporting date, as determined by ITG 2004.

Members' inventories are reclassified to Cooperative-owned inventories at the time the member sells these agricultural commodities to the Cooperative.

At December 31, the composition of the members' agricultural commodities stored by the Cooperative and related trade payables was as follows:

	<u>Parent company</u>	
	<u>2020</u>	<u>2019</u>
Coffee	1,003,342,227	550,512,174
Corn	264,835	153,336
	<u>1,003,607,062</u>	<u>550,665,510</u>

At December 31, the members' agricultural commodities stored by the Cooperative, in bags of 60 kilograms, were as follows:

	<u>Parent company</u>	
	<u>2020</u>	<u>2019</u>
Coffee	1,565,328	1,023,508
Corn	3,678	3,485
Total bags of agricultural products	<u>1,569,006</u>	<u>1,026,993</u>

12 Taxes recoverable

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
IPI (i)	206,085,351	284,069,275	206,085,351	284,069,275
PIS and COFINS (ii)	74,599,298	88,225,277	79,630,252	93,035,599
ICMS (iii)	40,147,716	37,027,276	40,523,122	37,361,904
IRRF, IRPJ and CSLL (iv)	16,271,540	23,600,693	16,958,485	24,280,998
Others			462,844	462,825
Impairment of taxes recoverable	<u>(63,788,445)</u>	<u>(81,362,682)</u>	<u>(67,744,536)</u>	<u>(85,150,331)</u>
	273,315,460	351,559,839	275,915,518	354,060,270
Current	<u>(73,649,596)</u>	<u>(55,560,849)</u>	<u>(74,055,831)</u>	<u>(55,910,874)</u>
Non-current	<u>199,665,864</u>	<u>295,998,990</u>	<u>201,859,687</u>	<u>298,149,396</u>

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IPI: Excise Tax

IRPJ: Corporate Income Tax

IRRF: Income Tax Withheld at Source

CSLL: Social Contribution on Net Income

ICMS: Value-added Tax on Sales and Services

PIS: Social Integration Program

COFINS: Social Contribution on Revenues

- (i) As described in Note 33, in 2019 Cooxupé obtained a favorable ruling in a lawsuit claiming its right to a deemed IPI credit on coffee exports from January 1997 to April 2004. In 2020, this credit started to be offset against other Federal taxes payable. Management intends to use the full amount of this credit by August 2024 (i.e., within five years of the date on which a final and unappealable court decision was rendered). In the event any portion of this credit is not offset against other taxes payable by then, the Cooperative may either request a tax refund at the administrative level or file for enforcement of the judgment, in order to collect the amount through a court-ordered bond, thus preventing the credit from expiring.
- (ii) PIS and COFINS recoverable relate substantially to credits on manufacturing costs linked to revenue from exports and sales in the domestic market, calculated pursuant to Article 3 of Laws 10,637/02 and 10,833/03, and credits on export revenues, calculated pursuant to Law 12,599/12 as from January 1, 2012. The breakdown and expected realization of tax credits at December 31, 2020 are presented below:
- R\$ 42 million - credits on manufacturing costs linked to export revenues, relating to the period from 2008 to 2020, which require a tax refund application. Of this amount, R\$22.7 million is expected to be recovered within five years, and R\$ 19.3 million is currently under review by the administrative bodies, and therefore has no expected realization.
 - R\$ 25.6 million - credits on manufacturing costs linked to revenues from sales in the domestic market, relating to the period from 2014 to 2020, which are being offset against PIS/COFINS. Due to the non-cumulative nature of PIS/COFINS, these credits give rise to a debt that exceeds their amount by R\$ 2 million on average per year.
 - R\$ 11 million - Deemed credit on revenues from exports (Article 5 of Law 12,599/12), relating substantially to the fourth quarter of 2020, which will be offset against social security contributions in 2021.
- (iii) Value-added Tax on Sales and Services (ICMS) relates basically to credits on purchases of goods for sale, raw materials, packaging materials and property, plant and equipment items, which were accumulated mainly due to subsequent shipments in which the ICMS exemption was not applied. These credits may be offset against the ICMS debt balance calculated as per the tax records. The Cooperative will also file a request for authorization to subsequently transfer the credits to third parties in the State of Minas Gerais. Therefore, these credits are expected to be realized within three years, due to the transfer queue imposed by the State of Minas Gerais after the authorization is granted.
- (iv) Income tax (IRPJ) and social contribution (CSLL) recoverable relate substantially to IRPJ and CSLL losses from 2017 to 2019.

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Changes in the provision for impairment of taxes recoverable were as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
At January 1	81,362,682	84,137,985	85,150,331	88,031,177
Provisions for the year	21,185,081	20,301,166	21,353,523	20,652,199
Write-offs during the year	(38,759,318)	(23,076,469)	(38,759,318)	(23,533,045)
At December 31	<u>63,788,445</u>	<u>81,362,682</u>	<u>67,744,536</u>	<u>85,150,331</u>

The balance of the provision for impairment relates substantially to PIS and COFINS credits on manufacturing costs linked to revenue from exports and sales in the domestic market, which are derecognized by management as the credits are used.

13 Other assets

Other assets comprise the following non-financial assets:

	Parent company		Consolidated	
	2020	2019	2020	2019
Prepaid expenses	4,320,153	4,692,368	4,320,153	4,692,368
Advances to employees	2,504,928	1,910,070	2,513,049	1,914,758
Others	102,529	76,378	1,400	5,528
	<u>6,927,610</u>	<u>6,678,816</u>	<u>6,834,602</u>	<u>6,612,654</u>

14 Investments

The investment in the subsidiary SMC - Comercial e Exportadora de Café S.A. is accounted for in the parent company financial statements under the equity method.

Investments in cooperatives are stated at cost of acquisition, since the accounting practices adopted in Brazil do not permit their recognition using the equity method. The carrying amount of these investments is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.1(b)).

14.1 Nature of the investments

	Parent company		Consolidated	
	2020	2019	2020	2019
Investments in other cooperative companies	2,997,121	2,970,675	3,160,630	3,134,184
SMC - Comercial e Exportadora de Café S.A. (i)	24,591,257	18,995,287		
	<u>27,588,378</u>	<u>21,965,962</u>	<u>3,160,630</u>	<u>3,134,184</u>

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(i) Investment in SMC - Comercial e Exportadora de Café S.A.

	<u>2020</u>	<u>2019</u>
Information on the subsidiary		
Number of shares held	10,000,000	10,000,000
Shareholding	100%	100%
Profit for the year	5,595,970	4,325,196
Equity	24,591,257	18,995,287
Changes in the investment		
At the beginning of the year	18,995,287	14,670,091
Equity in the results of subsidiary	5,595,970	4,325,196
At the end of the year	<u>24,591,257</u>	<u>18,995,287</u>

The subsidiary's financial statements may be summarized as follows:

	<u>2020</u>	<u>2019</u>
Current assets	90,672,985	-
Non-current assets	561,856	486,410
Total assets	<u>91,234,841</u>	<u>486,410</u>
Current liabilities	70,718,105	-
Non-current liabilities	-	-
Total liabilities	<u>70,718,105</u>	<u>0</u>
Equity	<u>24,591,257</u>	<u>-</u>
Total liabilities and equity	<u>95,309,362</u>	<u>0</u>
Net revenue	96,672,364	68,822,521
Costs and expenses	(87,248,053)	(61,620,193)
Finance income (costs)	(943,683)	(679,509)
Income taxes	(2,884,658)	(2,197,623)
Profit for the year	<u>5,595,970</u>	<u>4,325,196</u>

SMC - Comercial e Exportadora de Café S.A., headquartered in Guaxupé, State of Minas Gerais, was incorporated on March 12, 2009. Its activities comprise the sale and export of raw coffee beans in the special and certified coffee segment.

At December 31, 2020, the sureties granted by the Cooperative in favor of SMC - Comercial e Exportadora de Café S.A. totaled approximately R\$ 51,325,111 (R\$ 20,317,393 in 2020).

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15 Property, plant and equipment

Land and buildings comprise mainly warehouses, stores, factories and offices. As permitted by the accounting practices adopted in Brazil, the Cooperative has carried forward the revalued balances which became a part of the costs of the related assets, with a corresponding entry to "Carrying value adjustments", in equity. The recognition of this revaluation surplus, supported by independent appraisals in 2007, was approved by the members at an Annual General Meeting held on March 28, 2008 upon first time adoption of CPCs. At December 31, 2020, property, plant and equipment included R\$ 18,728,693 (R\$ 20,078,557 in 2019) corresponding to the balance of these revaluations, the depreciation and disposals of which totaled R\$ 1,413,703 in the year (R\$ 1,360,707 in 2019).

The property, plant and equipment items recorded at cost since the revaluation includes the expenditures directly attributable to the acquisition of the items, as well as to borrowing costs related to the acquisition of assets, when applicable.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will be realized and the cost of the item can be measured reliably. The carrying amount of replaced items or parts is derecognized. All other repair and maintenance costs are recorded in the statement of surplus as incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to reduce their cost to the residual values over their estimated useful lives, in accordance with the average rates disclosed in this Note. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying amount of these investments is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income/revenue, net", in the statement of surplus.

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15.1 Parent company

	Land	Buildings and leasehold improvements	Machinery equipment and facilities	Furniture and fixtures	Vehicles	IT equipment	Others	Construction in progress	Total PP&E
At December 31, 2018	24,495,139	176,969,039	93,576,170	3,440,827	1,719,208	4,824,556	2,785,691	16,643,423	324,454,053
Additions	4,311,532	969,695	10,881,597	444,898		969,276	10,700,000	9,990,005	38,267,003
Sales and disposals		(74,137)	(112,819)	(13,919)	(131,491)	(190,602)		(10,765)	(533,733)
Transfers		18,429,515	3,809,417	18,375		3,442		(22,260,749)	
Depreciation for the year		(8,995,854)	(10,378,023)	(693,090)	(659,675)	(1,494,179)	(901,285)		(23,122,106)
Depreciation write-offs		74,137	69,233	13,872	117,660	190,602			465,504
At December 31, 2019	28,806,670	187,372,395	97,845,575	3,210,963	1,045,702	4,303,095	12,584,406	4,361,914	339,530,720
Total cost	28,806,670	248,336,080	160,488,630	8,168,968	3,946,498	17,237,761	16,328,526	4,361,914	487,675,047
Accumulated depreciation		(60,963,685)	(62,643,055)	(4,958,005)	(2,900,796)	(12,934,666)	(3,744,120)		(148,144,327)
Net book value	28,806,670	187,372,395	97,845,575	3,210,963	1,045,702	4,303,095	12,584,406	4,361,914	339,530,720
At December 31, 2019	28,806,670	187,372,395	97,845,575	3,210,963	1,045,702	4,303,095	12,584,406	4,361,914	339,530,720
Additions	1,018,969	1,953,650	12,338,159	232,695	161,512	1,794,966		18,090,441	35,590,392
Sales and disposals	(100,415)	(217,934)	(321,925)	(24,097)	(158,800)	(539,011)	(9,540,833)		(10,903,015)
Transfers		2,529,315	(235,990)	87,235		12,000		(2,392,560)	
Depreciation for the year		(9,231,054)	(11,873,609)	(696,081)	(635,530)	(1,533,912)	(1,612,497)		(25,582,683)
Depreciation write-offs		91,923	332,034	21,237	145,733	538,721			1,129,648
At December 31, 2020	29,725,223	182,498,295	98,084,244	2,831,952	558,617	4,575,859	1,431,076	20,059,795	339,765,061
Total cost	29,725,223	252,601,111	172,268,874	8,464,801	3,949,210	18,505,716	6,787,693	20,059,795	512,362,423
Accumulated depreciation		(70,102,816)	(74,184,630)	(5,632,849)	(3,390,593)	(13,929,857)	(5,356,617)		(172,597,362)
Net book value	29,725,223	182,498,295	98,084,244	2,831,952	558,617	4,575,859	1,431,076	20,059,795	339,765,061
Annual depreciation rates - %		4%	8%	10%	20%	20%	10%		

Construction in progress relates substantially to the expansion of the coffee grinding and roasting facilities, construction of coffee warehouses and a facility for resale of agribusiness inputs (in 2019, construction in progress related substantially to the expansion of the coffee grinding and roasting facilities).

In 2020, the Cooperative's capitalized borrowing charges totaled R\$ 474,903 (R\$ 564,541 in 2019).

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15.2 Consolidated

	Land	Buildings and leasehold improvements	Machinery equipment and facilities	Furniture and fixtures	Vehicles	IT equipment	Others	Construction in progress	Total PP&E
At December 31, 2018	24,495,139	177,078,123	93,765,543	3,470,235	1,744,963	4,833,486	2,785,691	16,643,423	324,816,603
Additions	4,311,532	969,695	10,882,597	452,322		969,276	10,700,000	9,990,005	38,275,427
Sales and disposals		(74,137)	(112,819)	(13,919)	(131,491)	(190,602)		(10,765)	(533,733)
Transfers		18,429,515	3,809,417	18,375		3,442		(22,260,749)	
Depreciation for the period		(9,002,854)	(10,399,933)	(700,704)	(668,506)	(1,496,897)	(901,285)		(23,170,179)
Depreciation write-offs		74,137	69,233	13,872	117,660	190,602			465,504
At December 31, 2019	28,806,670	187,474,479	98,014,038	3,240,181	1,062,626	4,309,307	12,584,406	4,361,914	339,853,621
Total cost	28,806,670	248,511,080	160,709,542	8,250,614	3,990,651	17,297,712	16,328,526	4,361,914	488,256,709
Accumulated depreciation		(61,036,601)	(62,695,504)	(5,010,433)	(2,928,025)	(12,988,405)	(3,744,120)		(148,403,088)
Net book value	28,806,670	187,474,479	98,014,038	3,240,181	1,062,626	4,309,307	12,584,406	4,361,914	339,853,621
At December 31, 2019	28,806,670	187,474,479	98,014,038	3,240,181	1,062,626	4,309,307	12,584,406	4,361,914	339,853,621
Additions	1,018,969	1,953,650	12,339,494	233,675	299,398	1,794,966		18,090,441	35,730,593
Sales and disposals	(100,415)	(217,934)	(321,925)	(24,097)	(202,953)	(539,011)	(9,540,833)		(10,947,168)
Transfers		2,529,315	(235,990)	87,235		12,000		(2,392,560)	
Depreciation for the period		(9,238,054)	(11,894,710)	(703,616)	(654,581)	(1,535,885)	(1,612,497)		(25,639,343)
Depreciation write-offs		91,923	332,034	21,237	181,791	538,721			1,165,706
At December 31, 2020	29,725,223	182,593,379	98,232,941	2,854,615	686,281	4,580,098	1,431,076	20,059,795	340,163,408
Total cost	29,725,223	252,776,111	172,491,121	8,547,427	4,087,096	18,565,667	6,787,693	20,059,795	513,040,133
Accumulated depreciation		(70,182,732)	(74,258,180)	(5,692,812)	(3,400,815)	(13,985,569)	(5,356,617)		(172,876,725)
Net book value	29,725,223	182,593,379	98,232,941	2,854,615	686,281	4,580,098	1,431,076	20,059,795	340,163,408
Annual depreciation rates - %		4%	8%	10%	20%	20%	10%		

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16 Right-of-use assets

These relate to leases of commercial properties for resale of agricultural inputs, vehicles for own use, servers to support the corporate systems and the central telephone exchange system for corporate communications. Lease agreements have an average term of up to three years, and the lease liability is periodically settled over this average term.

16.1 Parent company

	<u>Buildings</u>	<u>Vehicles</u>	<u>IT equipment</u>	<u>Total</u>
Right-of-use assets				
December 31, 2018				
Initial recognition	1,335,767	1,606,329	3,618,509	6,560,605
Depreciation for the year	(476,039)	(657,931)	(1,348,698)	(2,482,668)
December 31, 2019	<u>859,728</u>	<u>948,398</u>	<u>2,269,811</u>	<u>4,077,937</u>
Total cost	1,335,767	1,606,329	3,618,509	6,560,605
Accumulated depreciation	(476,039)	(657,931)	(1,348,698)	(2,482,668)
Net book value	<u>859,728</u>	<u>948,398</u>	<u>2,269,811</u>	<u>4,077,937</u>
At December 31, 2019	<u>859,728</u>	<u>948,398</u>	<u>2,269,811</u>	<u>4,077,937</u>
Additions	426,662			426,662
Depreciation for the period	(505,780)	(812,912)	(1,348,698)	(2,667,390)
December 31, 2020	<u>780,610</u>	<u>135,486</u>	<u>921,113</u>	<u>1,837,209</u>
Total cost	1,762,429	1,606,329	3,618,509	6,987,267
Accumulated depreciation	(981,819)	(1,470,843)	(2,697,396)	(5,150,058)
Net book value	<u>780,610</u>	<u>135,486</u>	<u>921,113</u>	<u>1,837,209</u>
Annual depreciation rate	29%	51%	37%	38%
Lease liabilities at December 31, 2020				
Current	368,731	130,344	405,342	904,417
Non-current	359,996		428,316	788,312
	<u>728,727</u>	<u>130,344</u>	<u>833,658</u>	<u>1,692,729</u>
Lease liabilities at December 31, 2019				
Current	386,933	795,760	1,319,367	2,502,060
Non-current	433,075	130,345	833,657	1,397,077
	<u>820,008</u>	<u>926,105</u>	<u>2,153,024</u>	<u>3,899,137</u>

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16.2 Consolidated

	<u>Buildings</u>	<u>Vehicles</u>	<u>IT equipment</u>	<u>Total</u>
Right-of-use assets				
At December 31, 2018				
Initial recognition	1,451,319	1,606,329	3,618,509	6,676,157
Depreciation for the year	<u>(505,025)</u>	<u>(657,931)</u>	<u>(1,348,698)</u>	<u>(2,511,654)</u>
At December 31, 2019	<u>946,294</u>	<u>948,398</u>	<u>2,269,811</u>	<u>4,164,503</u>
Total cost	1,451,319	1,606,329	3,618,509	6,676,157
Accumulated depreciation	<u>(505,025)</u>	<u>(657,931)</u>	<u>(1,348,698)</u>	<u>(2,511,654)</u>
Residual value	<u>946,294</u>	<u>948,398</u>	<u>2,269,811</u>	<u>4,164,503</u>
At December 31, 2019	<u>946,294</u>	<u>948,398</u>	<u>2,269,811</u>	<u>4,164,503</u>
Additions	477,210			477,210
Depreciation for the period	<u>(590,865)</u>	<u>(812,912)</u>	<u>(1,348,698)</u>	<u>(2,752,475)</u>
At December 31, 2020	<u>832,639</u>	<u>135,486</u>	<u>921,113</u>	<u>1,889,238</u>
Total cost	1,928,529	1,606,329	3,618,509	7,153,367
Accumulated depreciation	<u>(1,095,890)</u>	<u>(1,470,843)</u>	<u>(2,697,396)</u>	<u>(5,264,129)</u>
Residual value	<u>832,639</u>	<u>135,486</u>	<u>921,113</u>	<u>1,889,238</u>
Annual depreciation rate	31%	51%	37%	38%
Lease liabilities at December 31, 2020				
Current	394,598	130,344	405,342	930,284
Non current	<u>359,996</u>		<u>428,316</u>	<u>788,312</u>
	<u>754,594</u>	<u>130,344</u>	<u>833,658</u>	<u>1,718,596</u>
Lease liabilities at December 31, 2019				
Current	415,876	795,760	1,319,367	2,531,003
Non current	<u>455,007</u>	<u>130,345</u>	<u>833,658</u>	<u>1,419,010</u>
	<u>870,883</u>	<u>926,105</u>	<u>2,153,025</u>	<u>3,950,013</u>

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The current and non-current portions recorded in liabilities mature as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Current				
2020		2,502,060		2,531,003
2021	904,417		930,284	
	904,417	2,502,060	930,284	2,531,003
Non-current				
2021		763,141		785,073
2022	456,414	364,872	456,414	364,872
2023	309,920	269,065	309,920	269,065
2024	14,134		14,134	
2025	7,844		7,844	
	788,313	1,397,077	788,312	1,419,010
	<u>1,692,729</u>	<u>3,899,137</u>	<u>1,718,596</u>	<u>3,950,013</u>

17 Intangible assets

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Cooperative are recognized as intangible assets. Other development expenditures that do not meet these capitalization criteria are recognized as an expense as incurred.

These costs are amortized over their estimated useful lives of up to eight years.

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17.1 Parent company

	Software licenses	Software development	Total
December 31, 2018	17,784,168	2,184,431	19,968,599
Additions	279,465	3,448,360	3,727,825
Reductions	(62,812)		(62,812)
Amortization for the year	(5,230,180)		(5,230,180)
Amortization write-offs	62,812		62,812
Transfers	678,626	(678,626)	
At December 31, 2019	<u>13,512,079</u>	<u>4,954,165</u>	<u>18,466,244</u>
Total cost	62,442,495	4,954,165	67,396,660
Accumulated amortization	<u>(48,930,416)</u>		<u>(48,930,416)</u>
Residual value	<u>13,512,079</u>	<u>4,954,165</u>	<u>18,466,244</u>
At December 31, 2019	13,512,079	4,954,165	18,466,244
Additions	309,225	4,708,850	5,018,075
Reductions			
Amortization for the year	(6,092,182)		(6,092,182)
Amortization write-offs			
Transfers	6,379,713	(6,379,713)	
At December 31, 2020	<u>14,108,835</u>	<u>3,283,302</u>	<u>17,392,137</u>
Total cost	69,131,433	3,283,302	72,414,735
Accumulated amortization	<u>(55,022,598)</u>		<u>(55,022,598)</u>
Residual value	<u>14,108,835</u>	<u>3,283,302</u>	<u>17,392,137</u>

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17.2 Consolidated

	Software licenses	Software development	Total
At December 31, 2018	17,784,247	2,184,431	19,968,678
Additions	279,465	3,448,360	3,727,825
Reductions	(62,812)		(62,812)
Amortization for the period	(5,230,259)		(5,230,259)
Amortization write-offs	62,812		62,812
Transfers	678,626	(678,626)	
At December 31, 2019	<u>13,512,079</u>	<u>4,954,165</u>	<u>18,466,244</u>
Total cost	62,453,019	6,603,685	69,056,704
Accumulated amortization	<u>(48,940,940)</u>	<u>(1,649,520)</u>	<u>(50,590,460)</u>
Residual value	<u>13,512,079</u>	<u>4,954,165</u>	<u>18,466,244</u>
At December 31, 2019	13,512,079	4,954,165	18,466,244
Additions	309,225	4,708,850	5,018,075
Reductions			
Amortization for the year	(6,092,182)		(6,092,182)
Amortization write-offs			
Transfers	6,379,713	(6,379,713)	
At December 31, 2020	<u>14,108,835</u>	<u>3,283,302</u>	<u>17,392,137</u>
Total cost	69,141,957	4,932,822	74,074,779
Accumulated amortization	<u>(55,033,122)</u>	<u>(1,649,520)</u>	<u>(56,682,642)</u>
Residual value	<u>14,108,835</u>	<u>3,283,302</u>	<u>17,392,137</u>

18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers or members in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, and are adjusted to present value at an average rate of 2.36%.

	Parent company		Consolidated	
	2020	2019	2020	2019
Agricultural products (i)	1,168,530,144	1,466,951,706	1,182,946,261	1,481,198,280
Goods for resale	50,755,742	32,828,140	50,755,742	32,828,140
Services	40,573,647	42,239,541	40,800,690	42,331,791
Age-based capital refund program (PRCI)	12,518,214	14,693,518	12,518,214	14,693,518
Others	2,682,438	2,016,405	2,682,438	2,016,405
Capital and Special Capitalization Fund (FEC) refundable	2,191,494	1,837,998	2,191,494	1,837,998
Property, plant and equipment	1,813,888	4,557,178	1,813,888	4,557,178
Roasting activities	1,710,728	1,949,470	1,710,728	1,949,470
	<u>1,280,776,295</u>	<u>1,567,073,956</u>	<u>1,295,419,455</u>	<u>1,581,412,780</u>
Current liabilities	<u>(783,670,652)</u>	<u>(840,164,696)</u>	<u>(798,313,812)</u>	<u>(854,503,520)</u>
Non-current liabilities	<u>497,105,643</u>	<u>726,909,260</u>	<u>497,105,643</u>	<u>726,909,260</u>

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- (i) Payables to suppliers of agricultural products refer mainly to coffee purchased from members, under the Purchase for Future Delivery (CPR) method, and fall due up to 2023.

19 Advances on foreign exchange contracts and export prepayments

Advances on foreign exchange contracts and export prepayments are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of surplus over the period of the borrowings.

Advances on foreign exchange contracts and export prepayments are classified in current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Type	Financial charges	Parent company		Consolidated	
		2020	2019	2020	2019
Advances on foreign exchange contracts	US dollar variation plus interest from 2.19% to 3.82% p.a. (2019 - 2.73% to 3.02% p.a.)	888,181,217		929,401,771	20,317,393
Export prepayments	US dollar variation plus interest from 5.10% to 5.12% p.a. (2019 - 5.10% to 5.25% p.a.)	209,654,856	406,586,092	209,654,856	406,586,092
	US dollar variation plus interest from 2.19% to 2.95% p.a. + LIBOR (i) (2020 and 2019)	363,507,802	165,668,347	363,507,802	165,668,347
Current liabilities		1,461,343,875 (1,197,582,951)	572,254,439 (361,762,328)	1,502,564,429 (1,238,803,505)	592,571,832 (382,079,721)
Non-current (ii)		263,760,924	210,492,111	263,760,924	210,492,111

Advances on foreign exchange contracts of the subsidiary are collateralized by sureties from Cooxupé. The export prepayments contracted up to June 30, 2018 are guaranteed by officers' sureties, while the transactions entered into after this date are not. In addition, for long-term transactions, Cooxupé must comply with certain financial covenants, which are being met on a timely basis.

- (i) Cooxupé contracted derivative financial instruments to lock the LIBOR rate for the export prepayment agreements.
- (ii) Export prepayments classified in non-current liabilities fall due as follows:

	Parent company	
	2020	2019
2021		194,369,311
2022	118,584,631	16,122,800
2023	145,176,293	
Non-current	263,760,924	210,492,111

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19.1 Analysis of the fair value of advances on foreign exchange contracts and export prepayments by modality

Type	Parent company		Consolidated	
	2020	2019	2020	2019
Advances on foreign exchange contracts	889,478,171		930,714,089	20,315,474
Export prepayments	575,519,709	580,017,131	575,519,709	580,017,131
	<u>1,464,997,880</u>	<u>580,017,131</u>	<u>1,506,233,798</u>	<u>600,332,605</u>

20 Borrowings

Borrowings are recognized using the same accounting practices applicable to advances on foreign exchange contracts and export prepayments (Note 19).

Borrowing costs directly related to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset, when it is probable that future economic benefits associated with the item will flow to the Cooperative, and such costs can be measured reliably. A qualifying asset is an asset that requires a substantial period of time to become ready for its intended use or sale.

The other borrowing costs are recognized as "Finance costs/expenses" in the period in which they are incurred.

Type/Purpose	Financial charges		
		2020	2019
FUNCAFÉ (ii)	Interest from 3.25% to 5.25% p.a. (5% to 7.75% p.a. in 2019)	576,670,987	567,631,329
Crops and inputs (i)	Interest from 2% to 6% p.a. (4.8% to 5.5% p.a. in 2019)	390,314,605	276,208,407
PRODECOOP and PCA (iii)	interest from 4% to 9.5% p.a. (2020 and 2019)	105,945,032	102,187,733
Working capital	Interest from 3.5% to 5.23% p.a. (5.5% p.a. in 2019)	288,797,124	91,656,169
	Interest of 1.85% p.a. + CDI	99,204,518	
	Interest of 4.6% p.a. + foreign exchange variation		15,985,321
FINAME PSI (iv)	interest from 2.5% to 5.5% p.a. (2020 and 2019)	1,458,095	3,455,508
Current		1,462,390,361	1,057,124,467
		<u>(1,342,366,133)</u>	<u>(966,589,553)</u>
Non-current (v)		<u>120,024,228</u>	<u>90,534,914</u>
Type/Purpose	Financial charges	Consolidated	
		2020	2019
FUNCAFÉ (ii)	Interest from 3.25% to 5.25% p.a. (5% to 7.75% p.a. in 2019)	586,775,544	567,631,329
Crops and inputs (i)	Interest from 2% to 6% p.a. (4.8% to 5.5% p.a. in 2019)	390,314,605	276,208,407
PRODECOOP and PCA (iii)	interest from 4% to 9.5% p.a. (2020 and 2019)	105,945,032	102,187,733
Working capital	Interest from 3.5% to 5.23% p.a. (5.5% p.a. in 2019)	288,797,124	91,656,169
	Interest of 1.85% p.a. + CDI	99,204,518	
	Interest of 4.6% p.a. + foreign exchange variation		15,985,321
FINAME PSI (iv)	interest from 2.5% to 5.5% p.a. (2020 and 2019)	1,458,095	3,455,508
Current		1,472,494,918	1,057,124,467
		<u>(1,352,470,690)</u>	<u>(966,589,553)</u>
Non-current (v)		<u>120,024,228</u>	<u>90,534,914</u>

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- (i) Relate to funds originated from the Coffee Economy Defense Fund (FUNCAFÉ), under the conditions established in the Rural Credit Manual (MCR), Chapter 9, to finance the storage of coffee (pre-trading), working capital, working capital for coffee roasting and trading activities, and input costs.
- (ii) These relate to mandatory Rural Credit funds obtained from financial institutions in the form of crop loans, to pay suppliers of agricultural inputs that are transferred to members, or non-designated funds obtained from banks to be used for the same purpose.
- (iii) Financing introduced by the Cooperative Development Program for the Enhancement of Value of Agricultural Production (PRODECOOP), pursuant to Resolution 2,987 of July 3, 2002, aims to increase the competitiveness of the agro-industrial complex of Brazilian cooperatives, through the modernization of production and trading systems. Financing under the Program for Construction and Expansion of Warehouses (PCA) aims to support the necessary investments to increase the storage capacity through the construction and expansion of warehouses.
- (iv) Relate to funds obtained through a special credit facility (FINAME - Investment Support Program (PSI)) from the National Bank for Economic and Social Development (BNDES), to finance the purchase of equipment.
- (v) The borrowings classified in non-current liabilities fall due as follows by modality:

	Parent company	
	2020	2019
2021		19,360,308
2022	47,282,790	13,537,796
2023	13,427,322	10,780,949
2024	12,747,879	10,101,507
2025	12,378,978	9,732,605
2026	12,378,978	9,732,605
2027	11,772,728	9,126,355
2028	4,872,774	3,936,392
2029	3,791,162	2,854,780
2030	1,371,617	1,371,617
	<u>120,024,228</u>	<u>90,534,914</u>
Working capital	32,035,005	3,750,000
FUNCAFÉ/ PRODECOOP/ PCA/ FINAME PSI/ CROP AND INPUTS	<u>87,989,223</u>	<u>86,784,914</u>
Non-current	<u>120,024,228</u>	<u>90,534,914</u>

Borrowings obtained up to June 30, 2018 are fully guaranteed by officers' sureties. Certain types of financing are also guaranteed by property, plant and equipment items and commercial lien. In addition to these guarantees, the Cooperative must comply with certain covenants provided for in the agreements, which are being met on a timely basis. The borrowings obtained by Cooxupé from July 1, 2018 are not guaranteed by directors' sureties, but the other guarantees remain unchanged.

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20.1 Analysis of the fair value by financing type

Type/Purpose	Parent company		Consolidated	
	2020	2019	2020	2019
FUNCAFÉ	576,700,206	567,647,532	586,833,525	567,647,532
Crops and inputs	388,498,212	276,200,806	388,498,212	276,200,806
Working capital	384,655,678	107,802,988	384,655,678	107,802,988
PRODECOOP and PCA	107,492,331	106,277,407	107,492,331	106,277,407
FINAME PSI	1,400,904	3,384,337	1,400,904	3,384,337
	<u>1,458,747,331</u>	<u>1,061,313,070</u>	<u>1,468,880,650</u>	<u>1,061,313,070</u>

21 Salaries, social charges and taxes payable

	Parent company		Consolidated	
	2020	2019	2020	2019
Provision for vacation pay and related charges, and share of surplus	37,860,216	29,290,417	38,455,735	29,776,757
Salaries and social charges payable	14,493,752	9,794,673	14,625,808	9,919,615
Income tax and social contribution	2,085,537	4,817,553	2,571,445	5,210,257
National Institute of Social Security (INSS) contribution				
on sales of agricultural products	1,327,445	2,916,365	1,401,236	2,962,578
Others	459,286	495,309	464,868	502,117
	<u>56,226,236</u>	<u>47,314,317</u>	<u>57,519,092</u>	<u>48,371,324</u>

22 Federal Government Debt - Special Asset Recovery Program (PESA)

	Parent company	
	2020	2019
Debt principal at present value	97,047,643	77,071,633
Restricted financial investments - National Treasury Certificate (CTN), at fair value	(97,047,643)	(77,071,633)
Present value of interest payable	3,565,573	5,741,797
	3,565,573	5,741,797
Current - Interest payable recorded under "Other liabilities", in current liabilities (Note 25)	(442,088)	(410,047)
Non-current	3,123,485	5,331,750

This debt relates to bank borrowings, whose maturity dates were extended through renegotiation with the government-owned financial institution in 1998, as per Brazilian Central Bank Resolution 2,471/98, under the Special Asset Recovery Program (PESA). This debt is recorded at the fair value of the amount payable, which was determined based on the future flow of disbursements discounted to present value.

Based on this renegotiation, the principal amount is inflation-indexed to the IGP-M and will be settled in a single installment in 2022, through the redemption of the CTNs acquired, assigned and transferred irrevocably to the creditor. The annual interest of 4.935%, classified in current liabilities under "Other liabilities", is calculated on the principal amount, indexed to the IGP-M, limited to 9.5% p.a., and is settled in November of each year.

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The above certificates are also indexed to the IGP-M, plus annual interest of 12%, which is contractually capitalized so that, upon maturity, the CTN amount equals the debt amount.

Based on Provisional Measure 2,196, the Federal Government became the creditor of this borrowing, and the remaining conditions included in the agreement signed with the financial institution remained unchanged.

In addition to the certificates described above, which fall due on the same date as the debt, sureties, mortgages, and property, plant and equipment items have also been pledged as collateral for this debt.

23 Provision for contingencies

The Cooperative is a party to civil, labor, social security and tax lawsuits, and is discussing such matters at the administrative and judicial levels. The provision for probable losses arising from these matters is estimated and periodically adjusted by management, supported by the advice of its legal counsel.

The nature of the contingencies is summarized as follows:

- . Civil - refer mainly to indemnity claims.
- . Labor and social security - relate mainly to employee claims, social security contributions on dismissal with prior notice, and the Accident Prevention Factor (FAP).
- . Tax - relate mainly to state taxes levied on transactions carried out by the Cooperative, and the Funrural (Rural Workers' Assistance Fund) lawsuit and its respective judicial deposit.

Provisions for contingencies are recognized when the Cooperative has a present legal or constructive obligation as a result of past events; it is probable that an outflow of funds will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, according to the specific risks of the obligation. The increase in the obligation is recorded in the statement of surplus for the year within "Operating costs/expenses".

23.1 Composition and changes in the provision for contingencies

23.1.1 Composition of contingencies

At the reporting dates, the Cooperative had the following contingencies and related judicial deposits:

	Parent company		Consolidated	
	2020	2019	2020	2019
Civil	1,103,111	1,136,683	1,103,111	1,136,683
Labor and social security	15,459,124	14,386,386	15,474,124	14,401,386
Tax	238,275,550	192,737,953	239,368,796	193,809,442
(-) Judicial deposits	(247,414,656)	(200,748,637)	(248,507,902)	(201,820,126)
	<u>7,423,129</u>	<u>7,512,385</u>	<u>7,438,129</u>	<u>7,527,385</u>

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23.1.2 Changes in contingencies

	Parent company				Total
	Civil	Labor and Social security	Tax	(-) Judicial deposits	
At 1 January 2019	628,180	12,968,554	159,757,013	(166,374,140)	6,979,607
Additions (i)	569,999	1,742,969	24,538,721	(25,551,451)	1,300,238
Write-offs	(93,040)	(912,428)		31,077	(974,391)
Restatement	<u>31,544</u>	<u>587,291</u>	<u>8,442,219</u>	<u>(8,854,123)</u>	<u>206,931</u>
At December 31, 2018	1,136,683	14,386,386	192,737,953	(200,748,637)	7,512,385
Additions (i)	85,735	1,073,685	40,272,342	(41,289,086)	142,676
Write-offs	(119,307)	(309,427)		85,217	(343,517)
Restatement	<u>308,480</u>	<u>308,480</u>	<u>5,265,255</u>	<u>(5,462,150)</u>	<u>111,585</u>
At December 31, 2020	<u>1,103,111</u>	<u>15,459,124</u>	<u>238,275,550</u>	<u>(247,414,656)</u>	<u>7,423,129</u>

	Consolidated				Total
	Civil	Labor and Social security	Tax	(-) Judicial deposits	
At 1 January 2019	628,180	12,998,554	160,785,476	(167,402,603)	7,009,607
Additions (i)	569,999	1,757,969	24,538,721	(25,551,451)	1,315,238
Write-offs	(93,040)	(942,428)		31,077	(1,004,391)
Restatement	<u>31,544</u>	<u>587,291</u>	<u>8,485,245</u>	<u>(8,897,149)</u>	<u>206,931</u>
At December 31, 2018	1,136,683	14,401,386	193,809,442	(201,820,126)	7,527,385
Additions (i)	85,735	1,073,685	40,272,342	(41,289,086)	142,676
Write-offs	(119,307)	(309,427)		85,217	(343,517)
Restatement	<u>308,480</u>	<u>308,480</u>	<u>5,287,012</u>	<u>(5,483,907)</u>	<u>111,585</u>
At December 31, 2020	<u>1,103,111</u>	<u>15,474,124</u>	<u>239,368,796</u>	<u>(248,507,902)</u>	<u>7,438,129</u>

- (i) Tax - relates substantially to the FUNRURAL lawsuit. In April 2015, Cooxupé obtained a favorable decision on a lawsuit filed, which allowed it to deposit in court the FUNRURAL amounts relating to coffee exports. In the event this lawsuit is finally ruled in favor of Cooxupé, the judicial deposit will be returned to the members, with interest. The FUNRURAL amounts relating to sales in the domestic market are being duly paid.

23.2 Possible losses not provided for in the balance sheet

At December 31, 2020, the Cooperative had tax, civil and labor contingencies involving risks of loss classified by management, based on the evaluation of the legal advisors, as possible, amounting to R\$ 8,095,544 (R\$ 10,247,448 in 2019), for which no provision has been recorded, as determined by the accounting practices adopted in Brazil, in accordance with CPC 25 - "Provisions, Contingent Liabilities and Assets".

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24 Deferred income tax and social contribution

The income tax and social contribution expenses for the year comprise current and deferred taxes and are recognized in the statement of surplus. The current income tax and social contribution are calculated based on tax laws enacted up to the balance sheet date. Management periodically reviews the positions taken by the Cooperative in income tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on the amounts expected to be paid to the tax authorities.

Since Cooxupé is a not-for-profit entity, the operations carried out with its members are exempt from corporate income tax and social contribution on net income.

The results obtained by Cooxupé from operations with non-members, as well as the results obtained by the subsidiary, are taxed at the current income tax and social contribution rates.

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

Deferred income tax and social contribution assets are recognized only to the extent that it is probable that future taxable profit (arising from operations with non-members and the operations of the subsidiary) will be available against which the temporary differences can be utilized, based on management's projections of future results, which may, therefore, suffer changes. The operations carried out with non-members accounted for approximately 12.74% of the total operations in 2020 (11.98% in 2019). At December 31, 2020, deferred tax assets were expected to be realized as follows:

	<u>Parent company</u>	<u>Consolidated</u>
	<u>2020</u>	<u>2020</u>
2021	80,146,219	80,282,885
2022	12,463,024	12,463,024
2023	1,191,775	1,191,775
After 2023	<u>7,403,342</u>	<u>8,967,378</u>
	<u>101,204,360</u>	<u>102,905,062</u>

Deferred tax assets and liabilities are presented net in the balance sheet when there is a legally enforceable right and the intention to offset them upon the calculation of current taxes, generally when related to the same legal entity and the same tax authority.

The currently enacted tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

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The balances of deferred tax assets and liabilities are as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Assets				
Deferred tax assets on:				
Derivative transactions	67,277,228	1,461,049	67,277,228	1,461,049
Income tax and social contribution losses	23,777,222	950,866	23,777,222	950,866
Impairment of taxes	6,282,959	7,161,881	7,792,335	8,595,884
Provision for contingencies	1,020,171	964,875	1,025,271	988,399
Retirement benefit obligations	979,475	762,664	1,034,136	762,664
Other temporary differences	868,328	831,069	904,769	837,475
Provision for legal fees	599,212	819,690	599,212	819,690
Impairment trade notes, loans and transfers to members and CPR	399,765	193,313	494,890	352,127
	<u>101,204,360</u>	<u>13,145,407</u>	<u>102,905,063</u>	<u>14,768,154</u>
Liabilities				
Deferred tax liabilities on:				
Derivative transactions	49,281,517	6,085,202	49,281,517	6,085,202
Carrying value adjustments	2,008,670	2,072,509	2,008,670	2,072,509
Other temporary differences	1,626,852	338,305	1,641,445	425,781
	<u>52,917,039</u>	<u>8,496,016</u>	<u>52,931,632</u>	<u>8,583,492</u>
Deferred taxes, net	<u>48,287,321</u>	<u>4,649,391</u>	<u>49,973,431</u>	<u>6,184,662</u>

24.1 Reconciliation of income tax and social contribution

Income tax and social contribution charges are reconciled from the statutory rates:

	Parent company		Consolidated	
	2020	2019	2020	2019
Profit before taxation	61,007,390	50,753,469	63,892,048	52,951,092
Income tax and social contribution at the statutory rate (34%)	(20,742,513)	(17,256,179)	(21,723,296)	(18,003,371)
Income from investment transferred to member surpluses, as per ITG 2004	(786,478)	(3,594,267)	(786,478)	(3,594,267)
Other permanent differences	(2,269,553)	(1,077,464)	(2,294,798)	(1,081,328)
Adjustment in respect of prior periods	1,268,413	(950,866)	1,268,413	(950,866)
Equity in the results of subsidiary	1,902,630	1,470,567		
Tax incentives	140,240	120,560	140,240	120,560
Rate adjustment	12,000	24,000	36,000	48,000
Income tax and social contribution expense	(20,475,261)	(21,263,650)	(23,359,919)	(23,461,273)
Current income tax and social contribution	(64,049,352)	(18,133,333)	(67,084,848)	(20,389,413)
Deferred income tax and social contribution	43,574,091	(3,130,317)	43,724,929	(3,071,860)
	(20,475,261)	(21,263,650)	(23,359,919)	(23,461,273)

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25 Other liabilities

	Parent company		Consolidated	
	2020	2019	2020	2019
Surplus to be distributed (Note 28.4)	26,765,758	14,454,437	26,765,758	14,454,437
Defined retirement benefit obligations (Note 26.2)	25,857,758	21,944,781	26,018,527	21,944,781
Advances from customers	4,296,367	2,883,329	4,296,367	2,883,329
Interest payable - Federal Government Debt - PESA (Note 22)	442,088	410,047	442,088	410,047
	57,361,971	39,692,594	57,522,740	39,692,594
Current	(31,504,214)	(17,747,813)	(31,504,214)	(17,747,813)
Non-current	25,857,757	21,944,781	26,018,526	21,944,781
Financial liabilities	27,207,846	14,864,484	27,207,846	14,864,484
Non-financial liabilities	30,154,125	24,828,110	30,314,894	24,828,110
	57,361,971	39,692,594	57,522,740	39,692,594

26 Pension obligations

26.1 Free Benefit Generating Plan (PGBL)

The Cooperative signed a Contract of Adhesion to the PGBL, of the defined contribution type, with its own contributions and those of participating employees calculated in equal proportions for each party. The contribution can either be contractual or voluntary; the Cooperative has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions are recognized as "Employee benefit costs/expenses" as they become due.

During 2020, the contributions paid by the Cooperative under this plan amounted to R\$ 1,579,664 (R\$ 1,483,787 in 2019).

26.2 Post-employment benefits

In addition, Cooxupé grants a "retirement premium" benefit equivalent to half of the employee's salary for each year worked for Cooxupé. This premium is paid at the termination date of the employment contract, provided that the employee (i) is not included in the private pension plan, (ii) has completed a minimum service period of 15 years with Cooxupé, and (iii) is terminating the employment contract because of retirement. The employees included in the private pension plan also receive from Cooxupé the difference between the amounts deposited in their pension plan accounts and the retirement premium benefit, should the latter represent a higher benefit to the employee.

At December 31, 2020, the actuarial liability (present value of the actuarial obligation), calculated based on a report issued by a specialized firm, amounted to R\$ 26,018,526 (R\$ 21,944,781 in 2019).

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26.3 Other post-employment obligations

The Cooperative provides post-retirement healthcare benefits to its employees for two years. Entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period of 15 years.

27 Related parties

27.1 Parent company

	2020		2019	
	SMC Comercial e Exportadora de Café S.A.	Management	Total	Total
Main balances				
Current assets				
Trade notes receivable	120,018	336,745	456,763	317,738
Borrowings and transfers	2,659,671	11,150,522	13,810,193	10,974,509
Rural Product Notes – CPRs	228,819	27,432,548	27,661,367	24,902,449
Inventories - agricultural products from members		17,529,072	17,529,072	12,180,304
Non-current assets				
Borrowings and transfers		2,162,263	2,162,263	760,904
Rural Product Notes – CPRs		7,057,263	7,057,263	11,305,529
Current liabilities				
Trade payables		21,415,266	21,415,266	13,008,234
Trade payables - agricultural products from members		17,529,072	17,529,072	12,180,304
Non-current liabilities				
Trade payables		4,449,317	4,449,317	3,348,484
Main transactions				
Purchases of agricultural products (commodities)	1,970,636	51,379,228	53,349,864	58,720,643
Purchase of Rural Product Note (CPR)		39,236,608	39,236,608	24,338,093
Loans and transfers to members		23,749,056	23,749,056	16,039,437
Management compensation		6,377,023	6,377,023	5,485,065
Sales of agricultural products (commodities)	4,056,702		4,056,702	1,153,038
Sales of agricultural inputs		3,969,435	3,969,435	5,224,724
Advance payment for sale		1,671,235	1,671,235	3,663,985
Interest on loans and transfers to members		1,606,494	1,606,494	1,171,066
Sale of services	992,115		992,115	620,326
Professional consultancy and services	580,000		580,000	560,000
Sale of Rural Product Notes (CPRs)	493,507		493,507	1,606,640
Interest on loan granted to subsidiary (intercompany loan)	70,208		70,208	144,151

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27.2 Consolidated - Management

	<u>2020</u>	<u>2019</u>
Main balances		
Current assets		
Trade notes receivable	336,745	317,828
Borrowings and transfers	11,150,522	8,385,046
Rural Product Notes – CPRs	27,432,548	23,295,809
Inventories - agricultural products from members	17,529,072	12,180,304
Non-current assets		
Borrowings and transfers	2,162,263	760,904
Rural Product Notes – CPRs	7,057,263	11,305,529
Current liabilities		
Trade payables	21,647,726	14,093,244
Trade payables - agricultural products from members	17,529,072	12,180,304
Non-current liabilities		
Trade payables	4,449,317	3,348,484
Main transactions		
Purchases of agricultural products (commodities)	54,932,053	58,193,071
Purchase of Rural Product Note (CPR)	40,564,289	26,132,369
Loans and transfers to members	23,749,056	16,039,437
Sales of agricultural inputs	3,969,435	5,224,724
Management compensation	6,377,023	5,512,901
Advance on account of sale	1,749,346	3,663,985
Finance income	1,606,494	1,171,066

27.3 Other information

- (i) Cooxupé is a partnership of individuals under which all the members are allowed to carry out commercial transactions with the entity.
- (ii) The Cooperative carries out commercial and financial transactions with related parties under usual market conditions.
- (iii) Management includes officers, members of the statutory audit committee, members of the Board of Directors, superintendents, as well as their first-degree family members.
- (vi) The subsidiary SMC Comercial e Exportadora de Café S.A. is managed by the officers and Board of Directors of Cooxupé.
- (v) The loans and transfers to members (loans with SMC Comercial e Exportadora de Café S.A.) are disclosed in Note 9.2.

28 Equity

28.1 Capital

The capital quotas (Cooxupé) are classified in equity. Capital is represented by quotas with a par value of R\$ 1.00 each.

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28.2 Statutory and legal allocations

Pursuant to the Cooperative's bylaws and Law 5,764/71, the surplus for the year, as adjusted by the realization of the revaluation reserve and the Technical, Educational and Social Assistance Reserve (RATES) (Note 28.4), is allocated as follows:

- the results of operations (net profit) with non-members are allocated to the RATES;
- 30% to the legal reserve, to be used to offset losses and support the development of activities;
- 15% to the RATES, to be used for educational activities and the rendering of assistance to members, their families and Cooxupé employees;
- 15% to the reserve for development, to be used for investments in infrastructure, new technologies and working capital;
- 10% to the reserve for capital increase, recorded directly in each member's capital account, proportionally to each member's contribution to the Cooperative's total billings;
- 10% of the surplus is distributed to the members, in cash, proportionately to the specific transactions that each member carried out with the Cooperative;
- losses for the year are offset against the legal reserve, and, if this is not sufficient, are apportioned among the members;
- other reserves may be created at the General Meeting, including revolving funds to be used for specific purposes, with pre-established rules for their formation, investment and settlement.

At the Extraordinary General Meeting held on November 28, 2008, the members approved the creation of a development fund reserve, to be constituted, prior to statutory allocations, through the recovery or reimbursement of taxes and/or reversal of the provisions for tax contingencies, paid or recorded in prior years. At the Extraordinary General Meeting held on September 3, 2010, the members decided that the development fund reserve could also include the recovery of overdue receivables recognized as definitive losses in prior years.

At the Extraordinary General Meeting held on December 20, 1998, the members approved the creation of the Special Capitalization Fund (FEC), to be constituted during the period that the Cooperatives' Revitalization Program (RECOOP) is in effect, through the allocation of the surplus for each year. At the Extraordinary General Meeting held on November 5, 2007, the members decided that this allocation would be optional as from 2008.

28.3 Carrying value adjustments

This account refers to the balance of the revaluation reserve, constituted as described in Note 15, which was transferred to "Carrying value adjustments" when the Cooperative decided to maintain the revaluation amounts. The reserve is realized based on the depreciation or disposal of the revalued assets, and transferred to surplus/profit before allocations.

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28.4 Statutory and legal appropriations

Statutory and legal appropriations at December 31 were as follows:

	<u>2020</u>	<u>2019</u>
Surplus/profit for the year	291,137,496	378,142,093
Realization of the Technical, Educational and Social Assistance Reserve (RATES)	32,556,716	28,134,349
Realization of revaluation reserve	<u>1,413,703</u>	<u>1,360,707</u>
Surplus/profit for the year before allocations	325,107,915	407,637,149
Direct allocations		
Profit (non-members), adjusted by the realization of the revaluation reserve, allocated directly to RATES	(35,120,768)	(25,320,347)
Reserve for development (recovery of tax credits)		(234,061,472)
Reserve for development (recovery of trade receivables)	<u>(22,329,567)</u>	<u>(3,710,961)</u>
Surplus, calculation basis of the	267,657,580	144,544,369
statutory allocations		
Legal reserve - 30%	(80,297,273)	(43,363,311)
RATES - 15%	(40,148,637)	(21,681,655)
Development reserve - 15%	(40,148,637)	(21,681,655)
Capital - 10%	(26,765,758)	(14,454,437)
Distribution in cash - 10%	<u>(26,765,758)</u>	<u>(14,454,437)</u>
Surplus to be allocated at the General Meeting	<u>53,531,517</u>	<u>28,908,874</u>

As determined by ITG 2004 (Note 2.3), the allocations of the results of the Cooperative's financial investments and equity interests (in cooperative and non-cooperative entities) shall be decided on at the general meeting, when not provided for in the bylaws. The Cooperative understands that Article 66 of its bylaws addresses the allocations of the results recognized for the year, and includes the result of the aforementioned operations in the calculation basis of statutory and legal allocations (Note 28.2).

Statutory and legal allocations, including interest on paid-up capital, when applicable, are recognized in Cooxupé's financial statements at the end of the year, based on its bylaws. The surplus to be allocated at the General Meeting is only provisioned on the date it is approved by the members, at the General Meeting.

The Annual General Meeting held on May 20, 2020 approved the allocation of the surplus for 2019, totaling R\$ 28,908,874, as a cash distribution to members.

The Annual General Meeting held on March 29, 2019 approved the allocation of the surplus for 2018, totaling R\$ 25,024,017, as follows: R\$ 17,475,172 as a cash distribution to members, and R\$ 7,548,845 to increase the members' capital.

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28.5 Age-based capital refund program (PRCI)

This program aims to provide a capital refund for members aged over 75 years, provided that the minimum capital amount required by Cooxupé is maintained.

In 2020 and 2019, the amount refunded to members totaled R\$ 25,761,574.

The capital refund will only be granted upon request by the respective member.

29 Income (members) and revenue (non-members), net

Income/revenue comprises the fair value received or receivable for the sale of products and services in the ordinary course of the Cooperative's activities. Income/revenue is shown net of value-added tax, returns, rebates, interest and discounts and after eliminating sales between the Cooperative and its subsidiary, in the case of the consolidated financial statements.

The Cooperative recognizes income/revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to it, and when specific criteria have been met for each of the Cooperative's activities, as described below:

29.1 Sale of coffee and cereals

The Cooperative is responsible for the receipt, storage, standardization and sale of coffee and cereals. Sales of products are recognized when the Cooperative has delivered products to the customer, the customer has full discretion over the channel and price to resell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until: (i) the products have been shipped to the specified location; (ii) the risks of obsolescence and loss have been transferred to the customer (iii) the customer has accepted the products in accordance with the sales contract; and (iv) the acceptance provisions have lapsed, or the Cooperative has objective evidence that all criteria for acceptance have been satisfied.

When sales have a credit term longer than 90 days and characteristics of financing, they are discounted to present value, using an average discount rate of 5.68% p.a. (5.8% p.a. in 2019), if the sales price already includes financial charges.

29.2 Resale of agribusiness inputs

Cooxupé operates through its head office, distribution centers and advanced units for sale of agribusiness inputs and various products. Sales are recognized when the Cooperative delivers a product to the member. Sales of agribusiness inputs usually have a payment term of more than 90 days and characteristics of crop financing. These sales, when applicable, are discounted to present value, using an average discount rate of 5.02% p.a. (5.8% p.a. in 2019), if the sales price already includes financial charges, and are presented net of bonuses.

29.3 Sale of services

The Cooperative sells services mainly related to the storage of coffee and cereals. These services are provided based on the time incurred, and the revenue is recognized at the contractual rates.

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The reconciliation between gross and net sales revenue is as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Gross sales - foreign market	3,438,286,990	2,853,782,822	3,529,627,424	2,917,351,870
Gross sales - domestic market	1,518,789,599	1,297,545,643	1,518,205,206	1,298,627,986
Gross sales of services	35,545,356	35,695,624	34,749,783	35,199,407
Taxes on sales and services	(14,538,517)	(12,920,433)	(14,582,894)	(12,951,723)
Discounts	(16,054,786)	(11,611,317)	(16,111,463)	(11,687,072)
Returns	(20,913,852)	(28,836,920)	(21,284,833)	(29,298,682)
	<u>4,941,114,790</u>	<u>4,133,655,419</u>	<u>5,030,603,223</u>	<u>4,197,241,786</u>

30 Net result of changes in agricultural commodity prices and foreign exchange variations

The classification of "Net results of changes in agricultural commodity prices and foreign exchange variations" as operating profit or loss is based on the nature of the assets and liabilities exposed to the foreign exchange rate risk and variations in commodity prices, which are mainly contracted or acquired for the purpose of hedging sales and purchases of agricultural commodities, especially coffee.

In 2020 and 2019, this line item is broken down as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
NDF transactions	(766,145,078)	46,979,607	(764,760,739)	46,979,607
Exchange variation	(48,983,937)	(10,248,266)	(49,582,547)	(10,668,115)
Gain (loss) on valuation of commodity inventories, reflecting the adjustment of inventories to net recoverable value	210,676,212	(35,610,202)	209,507,173	(35,132,869)
Transactions on commodities and futures exchanges (B3 and ICE)	<u>107,585,011</u>	<u>(24,236,241)</u>	<u>101,446,341</u>	<u>(24,800,323)</u>
	<u>(496,867,792)</u>	<u>(23,115,102)</u>	<u>(503,389,772)</u>	<u>(23,621,700)</u>

The amount of R\$ 63,803,790, originally recorded within "Cost of products and goods sold, and services rendered" in 2019 was reclassified to "Net results of changes in agricultural commodity prices and foreign exchange variations" to better reflect its accounting classification in compliance with Accounting Pronouncement CPC 00 - Conceptual Framework for Financial Reporting.

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31 Expenses by nature

	Parent company		Consolidated	
	2020	2019	2020	2019
Commodities	2,830,833,652	2,725,966,242	2,899,285,674	2,777,263,099
Inputs and other products for resale	970,422,370	855,873,325	970,422,370	855,873,325
Personnel	196,350,943	171,207,269	199,340,631	173,566,729
Commissions	36,232,553	30,917,708	36,610,887	31,036,848
Depreciation and amortization	34,342,255	30,834,955	34,484,000	30,912,092
Freight and loading	33,995,697	32,843,394	34,201,422	32,993,626
Other expenses	25,130,751	30,539,024	25,865,798	31,192,396
Water, electricity and telephone bills	14,276,049	14,163,020	14,560,839	14,424,712
Marketing actions	12,995,682	17,527,009	12,995,682	17,527,009
Maintenance	11,610,021	9,050,710	11,724,336	9,181,457
Professional consultancy and services	6,905,261	5,893,134	7,052,143	6,174,923
IT expenses	6,185,821	6,110,687	6,192,134	6,115,863
Travel and lodging	5,450,455	6,367,934	5,492,195	6,405,409
Rentals	3,381,811	3,778,618	3,381,811	3,778,618
Banking expenses	2,582,018	4,117,880	2,662,494	4,180,906
Taxes and fees	1,423,792	1,517,855	1,463,196	1,538,008
Insurance	1,142,287	1,252,162	1,157,737	1,260,311
Impairment of trade notes, loans and transfers to members, CPRs, and taxes	(16,211,978)	44,477,747	(16,391,339)	44,758,302
	<u>4,177,049,440</u>	<u>3,992,438,673</u>	<u>4,250,502,010</u>	<u>4,048,183,633</u>
Cost of products and goods sold, and services rendered	3,902,225,909	3,673,010,975	3,970,677,931	3,724,307,830
Selling expenses	209,397,253	261,340,366	213,859,281	265,118,595
Administrative and general expenses	<u>65,426,278</u>	<u>58,087,333</u>	<u>65,964,798</u>	<u>58,757,209</u>
	<u>4,177,049,440</u>	<u>3,992,438,673</u>	<u>4,250,502,010</u>	<u>4,048,183,633</u>

The financial statements for the year ended December 31, 2020 were adjusted to reflect the following reclassifications between statement of surplus line items:

- Expenses incurred with freight on sales, port dues, packaging and preparation at third-party warehouses, totaling R\$ 141,562,009 in the Parent company and R\$ 144,025,889 in the Consolidated, which were previously classified as "Selling expenses", are now being presented within "Cost of products and goods sold, and services rendered".

The Cooperative understands that the aforementioned expenses, which are incurred from its facilities to the destination agreed with the customer, are necessary to fulfill the performance obligation, and therefore should be recognized under "Cost of products and goods sold, and services rendered", in accordance with the "Costs to fulfill a contract" section of CPC 47.

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32 Other income/revenues, net

	Parent company		Consolidated	
	2020	2019	2020	2019
Tax credits	25,192,435		25,192,435	
Recovery of losses on receivables	22,391,642	4,123,049	22,391,642	4,123,049
Discounts obtained	21,113,680	18,630,290	21,278,028	18,780,616
Rental of booths	3,018,471	3,281,038	3,018,471	3,281,038
Others	1,265,807	2,036,102	930,739	1,730,419
Donations to fight COVID-19	(1,962,001)		(1,962,001)	
Gain (loss) on disposal of assets	(7,276,842)	329,054	(7,258,104)	329,974
	<u>63,743,192</u>	<u>28,399,533</u>	<u>63,591,210</u>	<u>28,245,096</u>

33 Deemed IPI credit, net

In August 2019, a final and unappealable decision was rendered in favor of the Cooperative in a lawsuit that claimed the Cooperative's right to a deemed IPI credit on coffee exports, pursuant to Laws 9,363/1996 and 10,276/2001, relating to the period from January 1997 to April 2004. The credit of R\$ 253,567,463, was recognized in the Cooperative's accounting records as determined by the applicable accounting practices, classified as operations with members and non-members (Note 35), in accordance with the criterion adopted in the preparation of the statement of surplus, and is being allocated as follows:

- The amount of R\$ 19,505,991, net of taxes (Note 35), relating to the portion with non-members, will be allocated to the reserve for technical, educational and social assistance, in compliance with Article 87 of Law 5764/71.
- The amount of R\$ 234,061,472, relating to the portion with members, was allocated to the reserve for development, in compliance with the requirements for the establishment of this reserve, as determined at an Extraordinary General Meeting held on November 28, 2008 (Note 28.2).

Even though this tax credit represents a substantial increase in the surplus for 2019, as well as in the assets and equity of Cooxupé, it does not constitute immediately available cash, as it will be received over the coming years, contingent on the success of the implementation of the actions for using this credit (Note 12) (i).

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34 Finance income/revenue and finance costs/expenses, net

Interest income is recognized on the accrual basis, using the effective interest rate method. Receivables with characteristics of financing are discounted to present value at initial recognition, and, as time elapses, interest is incorporated into receivables against "Finance income/revenue". This interest income is mainly calculated at the same effective interest rate used to determine the present value, that is, the original rate of the receivables.

Finance costs/expenses are recognized on the accrual basis.

	Parent company		Consolidated	
	2020	2019	2020	2019
Interest on loans and transfers to members	73,530,052	62,925,879	73,459,844	62,781,726
Income from National Treasury Certificates (CTNs)	23,149,028	12,166,329	23,149,028	12,166,329
Income from marketable securities	14,406,149	26,697,857	14,591,407	27,021,914
Others	96,720	322,634	117,348	391,353
Total finance income/revenues	111,181,949	102,112,699	111,317,627	102,361,322
Interest on borrowings	(80,466,182)	(67,505,361)	(80,570,739)	(67,673,920)
Interest on advances on foreign exchange contracts and export prepayments	(45,510,293)	(33,102,089)	(46,382,257)	(33,797,788)
Interest on National Treasury Certificates (CTN)	(9,406,686)	(4,530,123)	(9,406,686)	(4,530,123)
Tax on Financial Transactions (IOF)	(285,334)	(1,578,298)	(317,149)	(1,616,292)
Interest on lease	(233,829)	(83,811)	(238,984)	(85,552)
Others	(106,429)	(96,507)	(109,889)	(98,690)
Interest on contingencies	(97,160)	(204,603)	(97,160)	(204,603)
Total finance costs/expenses	(136,105,913)	(107,100,792)	(137,122,864)	(108,006,968)
Finance income (costs)	(24,923,964)	(4,988,093)	(25,805,237)	(5,645,646)

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35 Statement of surplus/profit for the year, by activity

						2020	2019
	Surplus Net the year members)	Profit for the year (non- members)	Surplus/profit for the the year	Realization of revaluation reserve	Realization of technical, educational, and social assistance reserve	Surplus/profit for the the year before allocations (Note 28.4)	Surplus/profit for the the year before allocations (Note 28.4)
Coffee	202,391,337	38,178,428	240,569,765	982,255	11,687,999	253,240,019	107,034,189
Inputs	48,099,994	1,964,479	50,064,473	431,243	20,860,844	71,356,560	53,331,271
Cereals	114,036	389,222	503,258	205	7,873	511,336	336,263
	<u>250,605,367</u>	<u>40,532,129</u>	<u>291,137,496</u>	<u>1,413,703</u>	<u>32,556,716</u>	<u>325,107,915</u>	<u>160,701,723</u>
IPI presumed credit, net of lawyer's fees							253,567,463
Income tax and social contribution							(6,632,037)
IPI presumed credit, net of expenses							246,935,426
	<u>250,605,367</u>	<u>40,532,129</u>	<u>291,137,496</u>	<u>1,413,703</u>	<u>32,556,716</u>	<u>325,107,915</u>	<u>407,637,149</u>

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36 Other disclosures on cash flows

36.1 Reconciliation of net debt

36.1.1 Parent company

	Finance lease liabilities	Advances on foreign exchange contracts and export prepayments	Federal Government Debt - PESA	Total debt	Cash equivalents	Net debt
Net debt at January 1, 2019		692,479,985	1,353,921,034	2,046,401,019	(801,205,408)	1,245,195,611
Changes that affected cash flow						
Proceeds from new borrowings			940,402,661	940,402,661		940,402,661
Amortization	(2,745,279)	(145,078,367)	(1,221,492,990)	(1,369,316,636)		(1,369,316,636)
Interest paid		(32,270,918)	(78,281,652)	(110,552,570)		(110,552,570)
Other					207,289,415	207,289,415
Changes that did not affect cash flow						
First-time recognition of lease liabilities	6,560,605			6,560,605		6,560,605
Interest	83,811	33,102,089	67,505,361	100,691,261		100,691,261
Exchange variation		24,021,650	811,850	24,833,500		24,833,500
Net debt at December 31, 2019	<u>3,899,137</u>	<u>572,254,439</u>	<u>1,062,866,264</u>	<u>1,639,019,840</u>	<u>(593,915,993)</u>	<u>1,045,103,847</u>
Changes that affected the cash flow						
Proceeds from new borrowings		1,469,660,060	1,728,386,287	3,198,046,347		3,198,046,347
Amortization	(2,866,899)	(729,105,452)	(1,356,209,550)	(2,088,181,901)		(2,088,181,901)
Interest paid		(30,964,034)	(55,139,406)	(86,103,440)		(86,103,440)
Other					(166,485,234)	(166,485,234)
Changes that did not affect cash flow						
Recognition of lease liabilities	426,662			426,662		426,662
Interest	233,829	45,510,293	80,466,182	126,210,304		126,210,304
Exchange variation		133,988,569	5,586,157	139,574,726		139,574,726
Net debt at December 31, 2020	<u>1,692,729</u>	<u>1,461,343,875</u>	<u>1,465,955,934</u>	<u>2,928,992,538</u>	<u>(760,401,227)</u>	<u>2,168,591,311</u>

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36.1.2 Consolidated

	<u>Finance lease liabilities</u>	<u>Advances on foreign exchange contracts and export prepayments</u>	<u>Federal Government Debt - PESA</u>	<u>Total debt</u>	<u>Cash equivalents</u>	<u>Net debt</u>
Net debt at January 1, 2019		719,976,410	1,359,829,046	2,079,805,456	(814,145,219)	1,265,660,237
Changes that affected cash flow						
Proceeds from new borrowings		23,251,630	940,402,661	963,654,291		963,654,291
Amortization	(2,811,696)	(175,444,651)	(1,227,346,282)	(1,405,602,629)		(1,405,602,629)
Interest paid		(33,193,089)	(78,504,931)	(111,698,020)		(111,698,020)
Other					210,799,771	210,799,771
Changes that did not affect cash flow						
First-time recognition of lease liabilities	6,676,157			6,676,157		6,676,157
Interest	85,552	33,797,788	67,673,920	101,557,260		101,557,260
Exchange variation		24,183,744	811,850	24,995,594		24,995,594
Net debt at December 31, 2019	<u>3,950,013</u>	<u>592,571,832</u>	<u>1,062,866,264</u>	<u>1,659,388,109</u>	<u>(603,345,448)</u>	<u>1,056,042,661</u>
Changes that affected cash flow						
Proceeds from new borrowings		1,530,160,412	1,738,386,287	3,268,546,699		3,268,546,699
Amortization	(2,947,611)	(772,394,552)	(1,356,209,550)	(2,131,551,713)		(2,131,551,713)
Interest paid		(31,598,903)	(55,139,406)	(86,738,309)		(86,738,309)
Other					(173,857,134)	(173,857,134)
Changes that did not affect cash flow						
Recognition of lease liabilities	477,210			477,210		477,210
Interest	238,984	46,382,257	80,570,739	127,191,980		127,191,980
Exchange variation		137,443,383	5,586,157	143,029,540		143,029,540
Net debt at December 31, 2020	<u>1,718,596</u>	<u>1,502,564,429</u>	<u>1,476,060,491</u>	<u>2,980,343,516</u>	<u>(777,202,582)</u>	<u>2,203,140,934</u>

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36.2 Sale of property, plant and equipment

	Parent company		Consolidated	
	2020	2019	2020	2019
Carrying amount, net (Note 15.2)	9,773,367	68,229	9,781,462	68,229
Surplus/profit on disposal of property, plant and equipment	<u>(7,551,211)</u>	<u>(51,988)</u>	<u>(7,532,806)</u>	<u>(51,988)</u>
Proceeds from disposal of property, plant and equipment	<u>2,222,156</u>	<u>16,241</u>	<u>2,248,656</u>	<u>16,241</u>
Cash generated on disposals of property, plant and equipment in prior years	2,159,779	3,333,511	2,159,779	3,333,511
Cash generated on disposals of property, plant and equipment in the year	<u>2,222,159</u>	<u>84,470</u>	<u>2,248,659</u>	<u>84,470</u>
	<u>4,381,938</u>	<u>3,417,981</u>	<u>4,408,438</u>	<u>3,417,981</u>

37 Insurance

The Cooperative's assets are insured against risks at amounts considered sufficient by management to cover losses, considering the nature of its activities.

The Cooperative contracts insurance for its inventories taking into consideration the physical structure of the locations at risk, the history of claims, the individual risk of each unit, and protective measures. The Cooperative, based on an analysis conducted by the Insurance Committee and experts in risk analysis, opted to contract all its insurance under the Multi-risk type, in order to cover its own assets and inventories of members held by the Cooperative.

The maximum indemnity limit is R\$ 300,000,000. The individual risk of each Cooperative unit does not exceed this limit and corresponds to the total amount insured.

38 Summary of significant accounting policies

The accounting policies used for preparing the Cooperative's financial statements are described below. These policies have been consistently applied to all the years presented.

38.1 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the parent company and subsidiary are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The parent company and consolidated financial statements are presented in Brazilian Real/Reais (R\$), which is the Cooperative's functional and presentation currency.

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Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate in effect at the reporting date.

Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates are recognized in the statement of surplus.

38.2 Financial assets

38.2.1 Classification and measurement

The Cooperative's financial assets are classified in the following categories:

- "Financial assets at fair value": with the related gains and losses recognized in the statement of surplus within "Finance income/revenue" when related to "Loans and transfers to members", and within "Net results of changes in agricultural commodity prices and foreign exchange variations", when related to derivative transactions, in the period in which they occur;
- "Financial assets at amortized cost": which are held by the Cooperative for the collection of contractual cash flows when these cash flows represent solely payment of principal and interest. Interest income from these financial assets is recognized under "Finance income/revenues" using the effective interest rate method. Any gains or losses due to the write-off of assets are recognized directly in the statement of surplus and presented under "Finance income/revenue" and "Finance costs/expenses". Impairment losses are also presented under "Selling costs/expenses" in the statement of surplus.

Regular purchases and sales of financial assets are recognized on the trade date, i.e., the date on which the Cooperative commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, and the Cooperative has transferred substantially all the risks and rewards of ownership.

The Cooperative initially recognizes financial assets at fair value plus, in the case of financial assets not stated at fair value through surplus or deficit, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through surplus or deficit are expensed in the statement of surplus.

Classification depends on the purpose for which the financial assets have been acquired, and the business model adopted by the Cooperative is to hold the financial assets to collect contractual cash flows.

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38.2.2 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

38.2.3 Impairment of financial assets

The Cooperative assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Cooperative applies the simplified approach allowed by CPC 48, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

38.3 New standards and interpretations

A number of new standards are effective for years beginning on or after January 1, 2019. Cooxupé and its subsidiary did not adopt these standards in the preparation of these financial statements, since, after reviewing their content, they concluded that their adoption would not have any material impacts. The standards at issue are listed below:

- Amendments to references to the Conceptual Framework in CPC standards;
- Definition of a business (amendments to CPC 15);
- Definition of materiality (amendments to CPC 26);
- Impact of the first-time adoption of the amendments to the Interest Rate Benchmark Reform (amendments to CPC 38, CPC 40 (R1) and CPC 48); and
- Impact of the first-time adoption of the amendment to CPC 06 - Covid-19-Related Rent Concessions (amendments to CPC 06).

There are no other CPCs or ICPC interpretations that are not yet effective, which would be expected to have a material impact on the parent company and consolidated financial statements.

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