

**Individual and Consolidated Interim
Financial Information**

**CTC - Centro de Tecnologia Canavieira
S.A.**

June 30, 2020
with Independent Auditor's Report

CTC - Centro de Tecnologia Canavieira S.A.

Individual and consolidated interim financial information

June 30, 2020

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A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting and the accounting practices adopted in Brazil

INDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY INFORMATION

To the Shareholders, Board of Directors and Officers of
CTC - Centro de Tecnologia Canavieira S.A.
Fazenda Santo Antonio, s/nº - Bloco 1 Bairro Santo Antonio
Piracicaba - SP

Introduction

We have reviewed the individual and consolidated interim financial information of CTC - Centro de Tecnologia Canavieira S.A. ("Company") contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2020, which comprises the statement of financial position as at June 30, 2020 and the related statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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



Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated Statements of Value Added (SVA) for the three-month period ended June 30, 2020, prepared under Company's Management responsibility and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information to conclude whether they are reconciled with the individual and consolidated interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in referred to Standard and consistently with the individual and consolidated interim financial information taken as a whole.

Audit and review of corresponding figures

The individual and consolidated statements of financial position as at March 31, 2020 and the individual and consolidated statements of profits and loss, of comprehensive income, of changes in equity, of cash flows and of value added for the three-month period ended June 30, 2020 were audited and reviewed, respectively, by other independent auditors, who issued an unmodified independent auditor's report and an unmodified independent auditor's review report thereon on June 19, 2020 and August 14, 2019, respectively.

Campinas, August 14, 2020.

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

A handwritten signature in purple ink, which appears to read 'José Antonio de A. Navarrete', is written over a horizontal line.

José Antonio de A. Navarrete
Accountant CRC-1SP198698/O-4

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CTC - Centro de Tecnologia Canavieira S.A.

Statements of financial position
June 30, 2020 and March 31, 2020
(In thousands of reais)

	Note	Consolidated		Individual	
		06/30/2020	03/31/2020	06/30/2020	03/31/2020
Assets					
Cash and cash equivalents	3	241,081	265,971	240,321	265,893
Accounts receivable	5	76,618	22,185	76,618	22,185
Inventories		2,884	2,381	2,884	2,381
Taxes recoverable		295	127	295	127
Biological asset		671	671	671	671
Current tax assets		3,867	3,700	3,867	3,700
Other accounts receivable	6	2,644	463	2,634	442
Total current assets		328,060	295,498	327,290	295,399
Financial instruments					
Accounts receivable	4	35,807	38,898	35,807	38,898
Other accounts receivable	5	6,650	10,167	6,650	10,167
Taxes recoverable	6	10,862	10,853	10,862	10,853
Deferred tax assets		1,032	913	1,032	913
Total noncurrent assets	7	43,812	54,146	43,812	54,146
Investments					
Property and equipment	8	-	-	4,368	5,512
Right of use	9	73,001	75,320	66,894	69,238
Intangible assets	10	26,113	27,550	23,214	24,613
Total noncurrent assets	11	284,721	278,325	283,284	276,932
Total assets					
		810,058	791,670	803,213	786,671

	Note	Consolidated		Individual	
		06/30/2020	03/31/2020	06/30/2020	03/31/2020
Liabilities and equity					
Trade accounts payable	12	10,207	11,497	7,792	8,258
Lease obligations	11	5,301	4,301	4,251	4,301
Loans and financing	14	49,664	50,063	49,664	50,063
Taxes and contributions payable		9,571	2,895	9,571	2,895
Salaries, vacation pay and related charges	13	27,993	23,328	27,014	22,553
Dividends payable		5,654	5,712	5,654	5,712
Unearned revenues		2,930	2,930	2,930	2,930
Other accounts payable		2,725	2,769	2,794	5,345
Total current liabilities		114,045	103,495	109,670	102,057
Lease obligations	11	21,497	23,799	19,027	20,238
Loans and financing	14	57,766	66,642	57,766	66,642
Provision for contingencies	15	1,791	1,791	1,791	1,791
Total noncurrent liabilities		81,054	92,232	78,584	88,671
Equity	16				
Capital		562,203	562,203	562,203	562,203
Legal reserve		2,113	2,113	2,113	2,113
Capital payment reserve		30,108	30,108	30,108	30,108
Retained earnings		18,731	-	18,731	-
Cumulative translation adjustments		1,804	1,519	1,804	1,519
Total equity		614,959	595,943	614,959	595,943
Total liabilities		195,099	195,727	188,254	190,728
Total liabilities and equity		810,058	791,670	803,213	786,671

See accompanying notes.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of profit or loss

Three-month periods ended June 30, 2020 and 2019

(In thousands of reais)

	Note	Consolidated		Individual	
		04/01/2020 to 06/30/2020 (3 months)	04/01/2019 to 06/30/2019 (3 months)	04/01/2020 to 06/30/2020 (3 months)	04/01/2019 to 06/30/2019 (3 months)
Operating revenue	18	64,610	49,350	64,610	49,350
Cost of research and services rendered	19	(21,178)	(25,129)	(20,684)	(25,129)
Gross profit		43,432	24,221	43,926	24,221
Selling and administrative expenses	19	(14,945)	(15,796)	(13,973)	(14,579)
Equity pickup	8	-	-	(1,430)	(1,184)
Other operating income (expenses)		30	85	(17)	52
Income before net finance income (costs) and taxes		28,517	8,510	28,506	8,510
Finance income	20	2,420	5,308	2,420	5,308
Finance costs	20	(1,871)	(2,403)	(1,860)	(2,403)
Finance income (costs), net	20	549	2,905	560	2,905
Income before income and social contribution taxes		29,066	11,415	29,066	11,415
Income and social contribution taxes:					
Deferred	7	(10,335)	627	(10,335)	627
For the year	7	-	(4,515)	-	(4,515)
Net income for the period		18,731	7,527	18,731	7,527
Basic and diluted earnings per share for the period	16	23.35	9.39	23.35	9.39

See accompanying notes.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of comprehensive income
Three-month periods ended June 30, 2020 and 2019
(In thousands of reais)

	Consolidated		Individual	
	04/01/2020 to 06/30/2020 (3 months)	04/01/2019 to 06/30/2019 (3 months)	04/01/2020 to 06/30/2020 (3 months)	04/01/2019 to 06/30/2019 (3 months)
Net income for the period	18,731	7,527	18,731	7,527
Comprehensive income				
Items that are or may be reclassified to P&L:				
Foreign currency translation effect - CTA	285	8	285	8
	285	8	285	8
Total comprehensive income for the period	19,016	7,535	19,016	7,535

See accompanying notes.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of changes in equity
 Three-month periods ended June 30, 2020 and 2019
 (In thousands of reais)

	Capital	Legal reserve	Capital payment reserve	Cumulative translation adjustments	Retained earnings	Total
Balances at April 1, 2019	562,203	1,143	16,292	(16)	-	579,622
Net income for the period	-	-	-	-	7,527	7,527
Comprehensive income:						
Foreign currency translation effect - CTA	-	-	-	8	-	8
Balances at June 30, 2019	562,203	1,143	16,292	(8)	7,527	587,157
Balances at April 1, 2020	562,203	2,113	30,108	1,519	-	595,943
Net income for the period	-	-	-	-	18,731	18,731
Comprehensive income:						
Foreign currency translation effect - CTA	-	-	-	285	-	285
Balances at June 30, 2020	562,203	2,113	30,108	1,804	18,731	614,959

See accompanying notes.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of cash flows - Indirect method
Three-month periods ended June 30, 2020 and 2019
(In thousands of reais)

	Note	Consolidated		Individual	
		04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019
Cash flow from operating activities					
Net income for the period		18,731	7,527	18,731	7,527
Adjustments:					
Depreciation and amortization	9 10.11	6,572	9,095	6,167	9,095
Provision for profit sharing	13	3,110	3,456	3,110	3,456
Equity pickup in subsidiaries	8	-	-	1,429	1,184
Provisions for interest	14	1,105	1,473	1,105	1,473
Income and social contribution taxes		10,335	(627)	10,335	(627)
		39,853	20,924	40,877	22,108
Changes in assets and liabilities					
(Increase) in accounts receivable		(50,916)	(34,044)	(50,916)	(34,044)
(Increase) in inventories		(503)	(654)	(503)	(654)
(Increase) decrease in taxes recoverable and current tax asset		(454)	3,943	(454)	3,943
(Increase) in accounts receivable		(2,190)	(1,686)	(2,201)	(1,686)
(Decrease) in trade accounts payable		(1,290)	(1,130)	(466)	(1,130)
(Decrease) in lease and right of use		(1,302)	-	(1,261)	-
Increase/(Decrease) in taxes and contributions payable and current tax asset		6,676	(41)	6,676	(41)
Increase in salaries, vacation pay and related charges payable		1,555	1,511	1,351	1,511
(Decrease) in other accounts payable		(122)	(218)	(2,628)	553
		(8,693)	(11,395)	(9,525)	(9,440)
Cash used in operating activities					
Taxes paid		-	(2,490)	-	(2,490)
Interest paid	14	(1,057)	(1,349)	(1,057)	(1,349)
		(9,750)	(15,234)	(10,582)	(13,279)
Net cash flow used in operating activities					
Cash flow from investing activities					
Redemption of financial instruments		3,091	101,259	3,091	101,259
Acquisition of property and equipment	9	(3,834)	(4,149)	(3,534)	(3,956)
Biological assets		-	(354)	-	(354)
Investments in subsidiary		-	-	-	(5,095)
Intangible assets	11	(5,359)	(9,041)	(5,224)	(9,041)
		(6,102)	87,715	(5,667)	82,813
Net cash flow used in investing activities					
Cash flow from financing activities					
Loans paid	14	(9,323)	(9,346)	(9,323)	(9,346)
		(9,323)	(9,346)	(9,323)	(9,346)
Net cash flow used in financing activities					
Effects of foreign exchange rate variation on cash and cash equivalents		285	8	-	-
		(24,890)	63,143	(25,572)	60,188
Increase (decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of period		265,971	151,631	265,893	151,131
Cash and cash equivalents at end of period		241,081	214,774	240,321	211,319
		(24,890)	63,143	(25,572)	60,188

See accompanying notes.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of value added

Three-month periods ended June 30, 2020 and 2019
(In thousands of reais)

	Note	Consolidated		Individual	
		04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	04/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019
Revenues		71,459	54,556	71,459	54,556
Sales of goods, products and services		70,893	54,254	70,893	54,254
Other income		566	302	566	302
Allowance for expected credit losses		-	-	-	-
Bought-in inputs		(12,702)	(14,331)	(11,925)	(13,147)
Cost of products, goods and services sold		(8,231)	(8,836)	(7,843)	(8,836)
Materials, energy, third-party services and other		(4,471)	(5,495)	(4,082)	(4,311)
Gross value added		58,757	40,225	59,534	41,409
Depreciation and amortization	9 10.11	(6,572)	(9,095)	(6,167)	(9,095)
Net value added produced by the Company		52,185	31,130	53,367	32,314
Value added received in transfer		2,162	5,394	983	4,210
Finance income		2,420	5,308	2,420	5,308
Equity pickup in subsidiaries		-	-	(1,429)	(1,184)
Other		(258)	86	(8)	86
Total value added to be distributed		54,347	36,524	54,350	36,524
Distribution of value added		(54,347)	(36,524)	(54,350)	(36,524)
Personnel		(16,564)	(17,499)	(16,564)	(17,499)
Direct compensation		(10,655)	(9,590)	(10,655)	(9,590)
Benefits		(4,961)	(6,658)	(4,961)	(6,658)
Unemployment Compensation Fund (FGTS)		(948)	(1,251)	(948)	(1,251)
Taxes, charges and contributions		(17,184)	(9,095)	(17,184)	(9,095)
Federal - Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)		(6,821)	(5,142)	(6,821)	(5,142)
Federal - Income and social contribution taxes		(10,335)	(3,888)	(10,335)	(3,888)
Local		(28)	(65)	(28)	(65)
Debt remuneration		(1,868)	(2,403)	(1,871)	(2,403)
Bank expenses and interest		(1,844)	(2,356)	(1,844)	(2,356)
Other		(24)	(47)	(27)	(47)
Equity remuneration		(18,731)	(7,527)	(18,731)	(7,527)
Net income for the period		(18,731)	(7,527)	(18,731)	(7,527)

See accompanying notes.

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial statements

June 30, 2020

(In thousands of reais)

1. Operations

CTC - Centro de Tecnologia Canavieira S.A. ("Company") is engaged in the research, development and sale of technologies for the sugar-ethanol industry, with emphasis on the development of new sugarcane varieties, through genetic improvement and biotechnology, in addition to new disruptive technologies. The Company's head office is located in the city of Piracicaba.

Since August 24, 2016, the Company is registered as a publicly-held corporation in "B" category with the Brazilian Securities and Exchange Commission ("CVM"), and is part of the *Bovespa Mais* segment.

The Company has two major research focus areas, one of which is that of Genetic Improvement, in which CTC holds a large bank of sugarcane germplasm and major role in the fields of conventional improvement and biotechnology applied to sugarcane as well as in the area of New Technologies, exploiting disruptive technologies that may bring substantial productivity gains to the industry, such as artificial seeds.

The Company has a wholly owned subsidiary named CTC Genomics LLC, in Saint Louis, United States of America ("CTC Genomics" or "Subsidiary"), engaged in the research and development of new technologies. The Company and its subsidiaries are jointly referred to as the Group, in this quarterly information.

In line with the Company's strategy of developing disruptive technologies that increase agricultural productivity in the sugar-ethanol industry, after rigorous analysis by CTNBio, the Company obtained the approval of the first genetically modified variety, CTC 20 Bt. This variety represents a milestone in the global sugar-ethanol industry. As the first variety developed with 100% Brazilian technology by the Company, CTC 20 Bt is resistant to the sugarcane borer (*diatraea saccharalis*), the main pest in Brazilian crops. In 2018, the Company had the second genetically modified variety approved, CTC 9001Bt.

Impact of Coronavirus (COVID-19) on financial statements

On January 31, 2020, the World Health Organization (WHO) declared Coronavirus (COVID-19) a Global Health Emergency. The outbreak triggered significant decisions by governments and private sector entities, which added to the potential impact of the outbreak, increased the degree of uncertainty for economic agents and may generate certain significant impacts on the amounts recognized in the financial statements.

Considering the current situation of the spread of the outbreak, the Company understands that its projected revenues and operating cash flows for 2020 should be reviewed, which may cause the need to recognize an impairment loss mainly for receivables. Considering the unpredictable progress of the outbreak and its impacts, currently it is not feasible to estimate the financial effect therefrom on estimated revenues and operating cash flows, or still on the recoverable amount.

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information (Continued)

June 30, 2020

(In thousands of reais)

1. Operations (Continued)

Impact of Coronavirus (COVID-19) on financial statements (Continued)

Management constantly assesses the impact of the outbreak on the Company's operations and financial position in order to implement the appropriate measures to mitigate the outbreak impacts on operations and financial statements. Until the authorization date for issuing these financial statements, the following main measures were taken:

- Rescheduling of contracts with the Company's suppliers, in order to align the acquisition of inputs for production with expectations relating to future demand for the Company's products, considering the current outbreak scenario.
- Implementation of temporary or definitive measures in the staff, in order to reduce payroll expenses in the medium term, such as suspension of new hires and implementation of an unpaid leave program.
- Rescheduling of the conditions of the Company's loans and financing with financial institutions as well as trade accounts payable to mitigate any liquidity risks.
- Postponement of payment of taxes such as PIS/COFINS, Social Security Tax (INSS) and Unemployment Compensation Fund (FGTS).

2. Presentation of interim financial information and significant accounting policies

a) Basis of preparation

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

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

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information (Continued)

June 30, 2020

(In thousands of reais)

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

a) Basis of preparation (Continued)

The individual and consolidated interim financial information is presented in Brazilian reais, which is the Group's functional currency. The functional currency of the subsidiary that operates in an international economic environment is the US dollar. All balances were rounded to the nearest thousand, unless otherwise stated. The financial information of the subsidiary included in the Group's consolidation, as well as that used as a basis for investments measured by the equity method, is prepared based on the functional currency of the subsidiary.

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

The Company prepared the individual and consolidated Statements of Value Added (SVA) in accordance with Accounting Pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the interim financial information in accordance with the accounting practices adopted in Brazil and as supplementary information to the interim financial information under IFRS, as it is not a statement provided for in nor mandatory under IFRS.

Group management affirms that all significant information of the quarterly information itself, and only such information, is highlighted and corresponds to that used to manage the Company's operations.

The issue of this individual and consolidated interim financial information was authorized by the Executive Board on August 14, 2020.

b) Basis of consolidation

The consolidated interim financial information includes information of CTC and its direct subsidiary CTC Genomics on which the Company holds 100% interest.

The Parent Company's investments are accounted for by the equity method.

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information (Continued)

June 30, 2020

(In thousands of reais)

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

b) Basis of consolidation (Continued)

Intragroup balances and transactions are eliminated against investment at the proportion of the subsidiary's equity interest.

Significant groups of accounts that make up the statements of financial position as at June 30 and March 31, 2020, and the result of operations for the period and year then ended, respectively, of the subsidiary are presented in Note 8.

3. Cash and cash equivalents

	Accumulated average profitability of the portfolio in 2020	Consolidated		Individual	
		% of CDI	06/30/2020	03/31/2020	06/30/2020
Cash and banks		2,278	192	1,518	114
Bank Deposit Certificate (CDB) (i)	99%	216,802	215,500	216,802	215,500
FI Federal Extra (ii)	91%	11,492	41,994	11,492	41,994
High Grade Plus Fund (iii)	29%	9,314	6,090	9,314	6,090
Repurchase agreements (v)	60%	1,195	2,195	1,195	2,195
		241,081	265,971	240,321	265,893

(i) CDB: Investments carried out at first-tier banks and fixed rate yielding pegged to the CDI;

(ii) FI Federal Extra: Amounts mostly invested in government securities, with low credit risk, seeking profitability that follows the CDI variations, with daily liquidity and long-term maturities.

(iii) High Grade Plus: Investment carried out at first-tier banks. This represents corporate bonds and aims to overcome the CDI by investing in shares of other investment funds.

(iv) Repurchase agreement: Investment carried out at first-tier banks. Fixed income investment in which the bank sells a security (debenture), with a commitment to repurchase it at any time, according to remuneration in Interbank Deposit ("DI").

The Company's financial statement analysis as to the exposure of these assets to interest rate risks, among other, is disclosed in Note 21 - Financial Instruments.

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information (Continued)

June 30, 2020

(In thousands of reais)

4. Financial instruments - short-term investments

		Individual and Consolidated	Individual and Consolidated
		06/30/2020	03/31/2020
High Grade Plus Fund (i)	29%	35,807	38,898
		35,807	38,898

(i) High Grade Plus: Investment carried out at first-tier banks. This represents corporate bonds and aims to overcome the CDI by investing in shares of other investment funds. It has low credit risk and long-term maturities.

5. Accounts receivable

	Individual and Consolidated	Individual and Consolidated
	06/30/2020	03/31/2020
Trade accounts payable	45,012	30,496
Trade accounts payable - related parties (Note 23)	84,118	47,718
Total (Note 22)	129,130	78,214
(-) Allowance for expected credit losses - related parties	(24,014)	(24,014)
(-) Allowance for expected credit losses	(21,848)	(21,848)
Total (Note 22.d)	(45,862)	(45,862)
Current	76,618	22,185
Noncurrent	6,650	10,167

Accounts receivable represented substantially by balances related to the licensing of varieties.

The Company's financial statement analysis as to the exposure of these assets to interest rate risks, among other, is disclosed in Note 22 - Financial Instruments.

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information (Continued)

June 30, 2020

(In thousands of reais)

6. Other accounts receivable

	Consolidated		Individual	
	06/30/2020	03/31/2020	06/30/2020	03/31/2020
Prepaid expenses (i)	9,489	9,489	9,489	9,489
Judicial deposits	1,373	1,363	1,373	1,363
Prepayment of 13 th monthly salaries	1,549	-	1,549	-
Other accounts receivable	1,095	464	1,085	443
	13,506	11,316	13,496	11,295
Current assets	2,644	463	2,634	442
Noncurrent assets	10,862	10,853	10,862	10,853

(i) Prepaid expenses are characterized by the availability of seedlings to multiply the varieties in customers. These seedlings are monitored so that the multiplication rate is effective according to the contract entered into with the customer. The amounts will be amortized proportionally to the revenue from royalties.

7. Deferred tax assets

Deferred income and social contribution taxes are calculated on income and social contribution tax losses and the corresponding temporary differences between the tax bases of tax on assets and liabilities and the book values of the financial statements.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, based on deferred income projections prepared and based on the Company's internal assumptions and future economic scenarios which may, therefore, be subject to changes.

At March 31, 2020, the Company reversed the impairment loss previously recorded for intangible assets and recognized the effective loss of the project. Although there is no effect on the statement of profit or loss, there is a recording of tax losses that, based on the Company's estimates, will be consumed in less than 12 months.

	Individual and Consolidated		
	03/31/2019	Recognized in profit or loss	06/30/2020
Income and social contribution tax losses	21,711	(12,369)	9,342
Expected credit losses	15,593	-	15,593
Impairment loss	1,042	-	1,042
Unearned revenues	8,560	1,041	9,601
Provision for profit sharing	4,975	1,057	6,032
Other temporary differences	2,265	(64)	2,202
Deferred tax, net	54,146	(10,335)	43,812

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information (Continued)

June 30, 2020

(In thousands of reais)

7. Deferred tax assets (Continued)

Reconciliation of the expense calculated by applying the combined tax rates and the income and social contribution tax expenses charged to P&L is as follows:

	06/30/2020	06/30/2019
Income as per books before income and social contribution taxes	29,066	11,415
Combined tax rate	34%	34%
Income and social contribution taxes:		
Combined tax rate	(9,882)	(3,881)
Permanent additions and exclusions (*)	(453)	(7)
Income and social contribution taxes on P&L for the period	<u>(10,335)</u>	<u>(3,888)</u>
Effective rate	36%	34%
Deferred taxes	(10,335)	627
Current taxes	-	(4,515)

(*) These substantially refer to the permanent additions of the wholly owned subsidiary CTC Genomics, and permanent exclusions from Law No. 11196/05, "Lei do Bem", which regulates the granting of tax incentives to legal entities that carry out research and development of technological innovation. The items submitted to the analysis by the Ministry of Science, Technology and Innovation ("MCTI") are Biotechnology and Artificial Seeds.

8. Investments (Company)

Book value	Country	Business activity	Equity interest	Investment		Equity pickup	
				06/30/2020	03/31/2020	06/30/2020	06/30/2019
CTC Genomics	USA	R&D	100%	4,368	5,512	(1,430)	(1,184)
				<u>4,368</u>	<u>5,512</u>	<u>(1,430)</u>	<u>(1,184)</u>

Changes in investments in associates are as follows:

Balance at March 31, 2019	3,313
Investee contribution - CTC Genomics	6,627
Equity pickup	(5,963)
Cumulative translation adjustment	1,535
Balance at March 31, 2020	<u>5,512</u>
Equity pickup	(1,429)
Cumulative translation adjustment	285
Balance at June 30, 2020	<u>4,368</u>

Significant accounting headings of the subsidiary are as follows:

	CTC Genomics	06/30/2020	03/31/2020
At June 30, 2020			
Assets		11,952	13,776
Liabilities		7,585	8,825
Equity		4,367	5,511
Net loss for the period/year		<u>(1,429)</u>	<u>(5,936)</u>

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information (Continued)

June 30, 2020

(In thousands of reais)

9. Property and equipment

Consolidated	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Buildings and improvements	Leasehold improvements	Third-party assets - FINEP	Construction in progress	Advances to suppliers	Sugarcane planting	Total
Cost:											
Balance at March 31, 2020	56,672	3,559	6,192	5,569	1,758	31,244	2,002	15,342	112	6,844	129,294
Additions	852	23	90	4	49	122	-	2,662	-	32	3,833
Write-offs	(40)	-	-	-	-	-	-	-	-	-	(40)
Transfers to intangible assets	-	-	-	-	-	-	-	(3,326)	-	-	(3,326)
Balance at June 30, 2020	57,484	3,583	6,282	5,573	1,807	31,366	2,002	14,677	112	6,876	129,761
Depreciation:											
Balance at March 31, 2020	(30,191)	(1,749)	(4,349)	(3,707)	(445)	(12,124)	-	-	-	(1,409)	(53,974)
Depreciation for the period	(1,831)	(57)	(112)	(156)	(33)	(598)	-	-	-	-	(2,786)
Balance at June 30, 2020	(32,022)	(1,806)	(4,461)	(3,863)	(478)	(12,722)	-	-	-	(1,409)	(56,760)
Balance at March 31, 2020	26,481	1,810	1,843	1,862	1,313	19,120	2,002	15,342	112	5,435	75,320
Balance at June 30, 2020	25,462	1,777	1,821	1,710	1,329	18,644	2,002	14,677	112	5,467	73,001
Individual	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Buildings and improvements	Leasehold improvements	Third-party assets - FINEP	Construction in progress	Advances to suppliers	Sugarcane planting	Total
Cost:											
Balance at March 31, 2020	51,557	3,439	5,686	5,569	1,758	29,663	2,002	15,342	112	6,844	121,972
Additions	715	16	56	4	49	-	-	2,662	-	32	3,533
Write-offs	(40)	-	-	-	-	-	-	-	-	-	(40)
Transfers to intangible assets	-	-	-	-	-	-	-	(3,326)	-	-	(3,326)
Balance at June 30, 2020	52,232	3,455	5,742	5,573	1,807	29,663	2,002	14,678	112	6,876	122,139
Depreciation:											
Balance at March 31, 2020	(29,574)	(1,728)	(4,247)	(3,707)	(445)	(11,623)	-	-	-	(1,409)	(52,733)
Depreciation for the period	(1,647)	(54)	(95)	(156)	(33)	(527)	-	-	-	-	(2,511)
Balance at June 30, 2020	(31,221)	(1,782)	(4,342)	(3,863)	(478)	(12,150)	-	-	-	(1,409)	(55,244)
Balance at March 31, 2020	21,983	1,711	1,439	1,862	1,313	18,039	2,002	15,342	112	5,435	69,238
Balance at June 30, 2020	21,011	1,673	1,400	1,710	1,329	17,513	2,002	14,678	112	5,467	66,894

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information (Continued)

June 30, 2020

(In thousands of reais)

9. Property and equipment (Continued)

Consolidated	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Buildings and improvements	Leasehold improvements	Third-party assets - FINEP	Construction in progress	Advances to suppliers	Sugarcane planting	Right of use	Total
Cost or deemed cost:												
Balance at March 31, 2019	125,337	3,222	4,901	12,653	1,700	28,103	2,002	9,307	13	5,414	-	192,652
Additions	946	36	355	94	-	30	-	1,840	-	818	-	4,119
Right of use (first-time adoption of CPC 06 (R2)/IFRS 16)	-	-	-	-	-	-	-	-	-	-	23,885	23,885
Balance at June 30, 2019	126,283	3,258	5,256	12,747	1,700	28,133	2,002	11,147	13	6,232	23,885	220,656
Depreciation:												
Balance at March 31, 2019	(44,214)	(1,520)	(3,802)	(8,507)	(246)	(9,638)	-	-	-	(1,409)	-	(69,336)
Depreciation for the period	(5,644)	(51)	(93)	(791)	(293)	(490)	-	-	-	-	(370)	(7,732)
Balance at June 30, 2019	(49,858)	(1,571)	(3,895)	(9,298)	(539)	(10,128)	-	-	-	(1,409)	(370)	(77,068)
Individual	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Buildings and improvements	Leasehold improvements	Third-party assets - FINEP	Construction in progress	Advances to suppliers	Sugarcane planting	Right of use	Total
Cost or deemed cost:												
Balance at March 31, 2019	120,434	3,222	4,901	12,653	1,700	28,103	2,002	9,307	13	5,414	-	187,749
Additions	753	36	355	94	-	30	-	1,840	-	818	-	3,926
Right of use (first-time adoption of CPC 06 (R2)/IFRS 16)	-	-	-	-	-	-	-	-	-	-	23,885	23,885
Balance at June 30, 2019	121,187	3,258	5,256	12,747	1,700	28,133	2,002	11,147	13	6,232	23,885	215,560
Depreciation:												
Balance at March 31, 2019	(44,214)	(1,520)	(3,802)	(8,511)	(239)	(9,641)	-	-	-	(1,409)	-	(69,336)
Depreciation for the period	(5,644)	(51)	(93)	(791)	(293)	(490)	-	-	-	-	(370)	(7,732)
Balance at June 30, 2019	(49,858)	(1,571)	(3,895)	(9,302)	(532)	(10,131)	-	-	-	(1,409)	(370)	(77,068)

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Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

9. Property and equipment (Continued)

Assets pledged

Machinery and equipment amounting to R\$63 (R\$75 at March 31, 2020) are pledged as collateral for loans and financing (Note 14).

Review of useful life

At March 31, 2020, the Company reviewed the remaining economic useful life of property and equipment items. This assessment was carried out based on a technical report issued by specialized professionals.

The estimated useful life of the assets recorded in the current property and equipment is shown in Note 8.b (iii) to the financial statements as at March 31, 2020.

Recoverable amount of property and equipment

The Company evaluates on a quarterly basis whether there are indications of impairment loss of an asset. When such indications are found, the Company estimates the asset's recoverable amount. For the period ended June 30, 2020, management did not identify the need to set up a provision for the asset's recoverable amount.

Third-party assets - FINEP

The Company has contracts with Fund for Financing Studies and Projects (FINEP) related to the development of projects and research defined in agreements entered into between the parties.

According to those contracts, the assets acquired, produced, transformed or built with these funds will be owned by the Company. If the accountability is not approved, the Company has the duty to refund FINEP for the funds transferred.

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Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

10. Right of use and Lease obligations

Changes in the right of use for the three-month period ended June 30, 2020 are as follows:

Consolidated	Properties - related parties (Note 29)	Vehicles	Total
March 31, 2020	25,079	2,471	27,550
Amortization	(695)	(742)	(1,437)
June 30, 2020	24,384	1,729	26,113

Individual	Properties - related parties (Note 29)	Vehicles	Total
March 31, 2020	22,142	2,471	24,613
Amortization	(657)	(742)	(1,399)
June 30, 2020	21,485	1,729	23,214

Following are the weighted average amortization rates by class of right of use as at June 30, 2020:

Class	Average rate (% p.a.)
Properties	9%
Vehicles	33%

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

Consolidated	Properties - related parties (Note 29)	Properties	Vehicles	Total
March 31, 2020	21,610	3,561	2,929	28,100
Interest	(42)		(13)	(55)
Payments	(774)	(41)	(432)	(1,206)
June 30, 2020	20,794	3,520	2,484	26,798
Current	3,038	1,050	1,213	5,301
Noncurrent	17,756	2,470	1,271	21,497

Individual	Properties - related parties (Note 29)	Vehicles	Total
March 31, 2020	21,610	2,929	24,539
Interest	(42)	(13)	(55)
Payments	(774)	(432)	(1,206)
June 30, 2020	20,794	2,484	23,278
Current	3,038	1,213	4,251
Noncurrent	17,756	1,271	19,027

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

11. Intangible assets

Consolidated

	Software	Development costs	Use license	Total
Cost:				
Balance at March 31, 2019	17,128	245,015	-	262,143
Additions	1,372	32,557	817	34,746
Balance at March 31, 2020	18,500	277,572	817	296,889
Transfers from property and equipment	3,386	-	-	3,386
Additions	89	5,224	46	5,359
Balance at June 30, 2020	21,975	282,796	863	305,634
Amortization:				
Balance at March 31, 2019	(10,697)	(2,218)	-	(12,914)
Amortization	(1,818)	(3,832)	-	(5,650)
Balance at March 31, 2020	(12,514)	(6,050)	-	(18,564)
Amortization	(634)	(1,686)	(29)	(2,349)
Balance at June 30, 2020	(13,148)	(7,736)	(29)	(20,913)
Balance at March 31, 2020	5,986	271,522	817	278,325
Balance at June 30, 2020	8,827	275,060	834	284,721

Individual

	Software	Development costs	Total
Cost:			
Balance at March 31, 2019	17,128	245,015	262,143
Additions	654	32,557	33,210
Balance at March 31, 2020	17,782	277,572	295,354
Transfers from property and equipment	3,386	-	3,386
Additions	-	5,224	5,224
Balance at June 30, 2020	21,168	282,796	303,964
Amortization:			
Balance at March 31, 2019	(10,697)	(2,218)	(12,915)
Amortization	(1,675)	(3,832)	(5,507)
Balance at March 31, 2020	(12,372)	(6,050)	(18,422)
Amortization for the period	(572)	(1,686)	(2,258)
Balance at June 30, 2020	(12,944)	(7,736)	(20,680)
Balance at March 31, 2020	5,410	271,522	276,932
Balance at June 30, 2020	8,224	275,060	283,284

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

11. Intangible assets (Continued)

Additions for the period substantially refer to projects related to the development of new technologies for the sugar-ethanol industry.

	03/31/2020	Additions	06/30/2020
Conventional Improvement Projects (a)	125,642	1,673	127,315
Transgenic Improvement Projects (b)	151,930	3,551	155,481
Use license (c)	817	46	863
Total	278,389	5,270	283,659

The costs with Conventional and Transgenic Improvement projects are classified as follows:

Phase 1: Applied research and proof of concept, which covers the assessment as to the attractiveness, technical merit and alignment, the potential for application in the real world, definition of protocols and prototype and laboratory.

Phase 2: Early development, which covers the refinement of processes and protocols, field research startups and potentially Experimental plants.

Phase 3: Advanced development, which covers field tests, regulatory analysis and potentially demonstration plants.

Phase 4: Pre-launch, which includes regulatory approvals, seed bulk-up, details of the business plan and semi-commercial or commercial scale plants.

Phase 3 is recognized under Intangible assets, because as it refers to advanced development, there is already an expected and effective realization of deferred income. This methodology was approved by the Company's Board of Directors in accordance with IAS 38/CPC 04 - Intangible Assets.

Costs incurred in Phases 1, 2 and 4 are recognized in profit or loss.

The amortization of intangible assets for product development and registration is recognized under "Cost of development and services rendered" (Note 20).

a) Conventional improvement projects

The Genetic Improvement Program, through its regional poles strategically distributed throughout the country (states of Paraná, Minas Gerais, Mato Grosso do Sul, Mato Grosso, Tocantins, São Paulo and Goiás), allows the Company to develop increasingly productive varieties that contemplate all the production conditions of the different regions where the plant is grown in Brazil.

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Notes to individual and consolidated interim financial information
June 30, 2020
(In thousands of reais)

11. Intangible assets (Continued)

a) Conventional improvement projects (Continued)

The diversification and modernization of the varietal stock contribute decisively to the sustainability of agribusiness, not only by productivity gains, but also by improving quality, reducing phytosanitary risks and agricultural losses.

CTC holds the Intellectual Property rights of these varieties for 15 years as of the concession date of their respective protection certificates, as established by the Variety Protection Law (Law No. 9456 of April 25, 1997).

b) Genetic improvement projects using biotechnology (transgenics)

Biotechnology, tool for the expected productivity leap of sugarcane plantation, is able to accelerate the process of continued improvement of conventional varieties' productivity and also incorporate desirable traits to sugarcane, which offer economic, environmental and handling benefits, such as those already enjoyed by soybean, corn and cotton producers in Brazil for over two decades.

Genetically modified plants are subject to approval by the National Biotechnology Technical Commission (CTNBio) in Brazil and products produced with them are subject to deregulation processes in countries to which they are exported.

CTC holds the Intellectual Property rights of these varieties and related technologies for at least 15 years counted as of concession date of respective provisional protection certificates, as established by the Plant Variety Protection Law (Law No. 9456, of April 25, 1997) and/or for at least 20 years as of the deposit date of invention patent request, as established by Industrial Property Law (Law No. 9279, dated May 14, 1996).

c) Use license

The Company has classified in intangible assets expenses with license acquired for use in more than one year, in connection with application and exploitation of technology for development of biotechnology abroad.

Impairment test

The Company evaluates on an annual basis whether there are indicators of impairment loss of an asset. When such indications are found, the Company estimates the recoverable amount of the asset. For the period ended June 30, 2020, management did not identify the need to set up a provision for the asset's recoverable amount.

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Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

12. Trade accounts payable

These mainly refer to suppliers of machinery and equipment, materials and technical advisory, engineering advisory and consulting service providers.

	Consolidated		Individual	
	06/30/2020	03/31/2020	06/30/2020	03/31/2020
Trade accounts payable - local suppliers	7,700	8,144	7,700	8,144
Foreign trade accounts payable	2,507	3,353	92	114
	10,207	11,497	7,792	8,258

13. Salaries, vacation pay and related charges payable

	Consolidated		Individual	
	06/30/2020	03/31/2020	06/30/2020	03/31/2020
Accrued vacation pay and related charges	4,559	5,192	4,559	5,192
Accrued vacation pay, 13th monthly salary and related charges	2,050	1,031	2,050	1,031
Participation in the goal management program	18,721	15,386	17,721	14,611
Social Security Tax (INSS) payable	902	947	902	947
Withholding Income Tax (IRRF) on salaries	-	519	-	519
Unemployment Compensation Fund (FGTS) payable	384	253	384	253
Other	1,377	-	1,398	-
	27,993	23,328	27,014	22,553

The Group has a variable compensation program for its employees, which is calculated based on quantitative and qualitative goals defined by management. In the quarter ended June 30, 2020, the profit sharing impact was R\$3,110 (R\$3,456 at June 30, 2019).

14. Loans and financing

Individual and Consolidated		Charges	Maturity		Guarantees	Debt balance	
Type	Currency		From	Within		06/30/2020	03/31/2020
FINAME	R\$	2.5% p.a.	2013	2021	Assignment in trust of property and equipment	63	75
FINEP	R\$	4% p.a.	2015	2022	Bank guarantee	73,430	80,773
BNDES	R\$	4% p.a.	2013	2023	Bank guarantee	24,959	26,879
BNDES	R\$	TJLP	2013	2023	Bank guarantee	8,978	8,978
						107,430	116,705
Current						49,664	50,063
Noncurrent						57,766	66,642

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Notes to individual and consolidated interim financial information

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(In thousands of reais)

14. Loans and financing (Continued)

Liabilities per year/crop of maturity are broken down as follows:

Year of maturity	06/30/2020	03/31/2020
Up to 12 months	49,664	50,063
From 13 to 24 months	35,980	35,992
From 25 to 36 months	20,771	28,114
From 37 to 48 months	1,015	2,536
107,430	116,705	

Covenants

The Company constantly monitors significant indicators, such as the consolidated financial leverage ratio, which is the total net debt divided by Adjusted Earnings Before Interest, Tax, Depreciation and Amortization - EBITDA.

Financial covenants of the Company's debts are bank guarantees where the guarantees given are receivables arising from royalties' contracts. For each release, the Company enters into a guarantee with a first-tier bank using its receivables. Financial covenants of the debts were fulfilled by the Company at March 31, 2020.

Covenants on net debt:

- (i) Net debt/EBITDA equal to or lower than 1.0.
- (ii) EBITDA/Net debt services equal to or greater than 1.5.

In the period ended June 30, 2020, the Company fully complied with all covenants related to loans and financing.

Reconciliation of changes in equity with cash flows from financing activities

	Cash flow					06/30/2020
	03/31/2020	Interest incurred	Payments	Interest paid	Transfers	
Loans and financing	116,705	1,105	(9,323)	(1,057)	-	107,430
Current	50,063	1,105	(9,323)	(1,057)	8,876	49,664
Noncurrent	66,642	-	-	-	(8,876)	57,766
Total	116,705	1,105	(9,323)	(1,057)	-	107,430

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Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

15. Provision for contingencies

In the ordinary course of its business, the Company is subject to tax, labor, civil and other proceedings. Based on the opinion of its legal advisors and, when applicable, based on specific opinions issued by experts, management assesses the expected outcome of outstanding proceedings and determines whether or not a provision for contingencies needs to be set up.

At June 30, 2020, the amount of R\$1,791 (same amount at March 31, 2019), was provisioned, which supported by the opinion of management and legal advisors is sufficient to cover losses expected from the outcome of the ongoing labor claims. The matching entry of the contingency adjustment was made in account Selling and administrative expenses. The amount of R\$1,373 at June 30, 2020 (R\$1,363 at March 31, 2020) is recorded in the account of Judicial deposits referring to these claims, according to Note 6 - Other accounts receivable.

In addition, the Company is subject to federal tax proceedings whose likelihood of loss is assessed as possible, restated by reference to Brazil's Central Bank benchmark rate (SELIC) over the period, in the amount of R\$58,945 (R\$58,518 at March 31, 2020), and labor claims, in the amount of R\$1,159 (R\$1,151 at March 31, 2020), at different procedural stages.

16. Equity

a) Capital

The Company's capital amounts to R\$562,202 (same amount at March 31, 2020), represented by 801,870 common registered no-par-value shares.

Allocation of income:

b) Legal reserve

At June 30, 2020, the Company recorded the amount of R\$2,113 (same amount at March 31, 2020) in Legal reserve.

Capital payment reserve

The Company's Articles of Incorporation provides that remaining profit after legal allocations may be allocated by shareholders at the Annual General Meeting through a proposal of the Board of Directors, in compliance with the limit of capital for a statutory reserve denominated capital payment reserve.

On June 18, 2020, the Board of Directors defined the percentage of 100%, after legal allocation, for the formation of this reserve.

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Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

16. Equity (Continued)

c) Earnings per share

The reconciliation of net income for the period with the amounts used to calculate basic and diluted earnings per share is as follows:

	<u>Individual and Consolidated</u> <u>06/30/2020</u>	<u>Individual and Consolidated</u> <u>03/31/2020</u>
Net income for the period attributed to the Company's shareholders (a)	18,731	7,527
Weighted average number of outstanding shares (b)	801,870	801,870
Net income per common share at (a) / (b) x 1000	23.36	9.39

17. Operating segments (individual and consolidated)

Company management uses its internal management reports for decision-making in its individual and consolidated financial statements, on the same basis as these statements are disclosed, that is, only one segment complying with the CPC 22 - Segment Reporting, considered internally as collection of royalties. Other revenues are not material.

Regarding information on major customers, in view of the own operation, the Company does not have any customer that individually accounts for more than 10% of the total consolidated revenue.

18. Operating revenue

	<u>Consolidated and Individual</u>	
	<u>06/30/2020</u>	<u>06/30/2019</u>
Royalty income	55,378	16,233
Royalty income - related parties (Note 29)	15,515	38,021
Other income	566	302
Taxes	(6,849)	(5,206)
Net operating revenue	64,610	49,350

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June 30, 2020

(In thousands of reais)

19. Operating expenses by nature

	Consolidated		Individual	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Personnel expenses	(16,849)	(17,499)	(16,565)	(17,499)
Services acquired	(8,231)	(8,836)	(7,843)	(8,836)
Expenses with materials	(1,546)	(1,350)	(1,385)	(1,350)
Depreciation and amortization	(6,572)	(9,095)	(6,167)	(9,095)
General expenses	(2,925)	(4,145)	(2,697)	(2,928)
	(36,123)	(40,925)	(34,657)	(39,708)
Reconciliation with operating expenses classified by function:				
Cost of research and services rendered	(21,178)	(25,129)	(20,684)	(25,129)
Administrative expenses	(14,945)	(15,796)	(13,973)	(14,579)
	(36,123)	(40,925)	(34,657)	(39,708)

20. Finance income (costs), net

	Consolidated		Individual	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Short-term investment yield	1,861	4,121	1,861	4,121
Other finance income	559	1,187	559	1,187
Finance income	2,420	5,308	2,420	5,308
Bank expenses	(790)	(845)	(790)	(845)
Interest on loans	(1,054)	(1,511)	(1,054)	(1,511)
Other finance costs	(27)	(47)	(16)	(47)
Finance costs	(1,871)	(2,403)	(1,860)	(2,403)
Finance income (costs), net	549	2,905	560	2,905

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

21. Financial instruments

a) Accounting classification and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows:

Consolidated		Book value		Fair value	
		June 30, 2020	March 31, 2020	June 30, 2020	March 31, 2020
				Level 2	Level 2
Financial assets measured at fair value					
Cash and cash equivalents (short-term investments)	Fair value through profit or loss	238,802	265,779	238,802	265,779
Short-term investments	Fair value through profit or loss	35,807	38,898	35,807	38,898
Financial assets not measured at fair value					
Cash and cash equivalents, except for short-term investments	Amortized cost	2,280	192	-	-
Accounts receivable	Amortized cost	129,130	78,214	-	-
Other accounts receivable	Amortized cost	13,506	11,316	-	-
Financial liabilities not measured at fair value					
Loans and financing	Amortized cost	107,430	116,705	-	-
Trade accounts payable	Amortized cost	10,207	11,497	-	-
Other accounts payable	Amortized cost	2,726	2,770	-	-
Individual		Book value		Fair value	
		June 30, 2020	March 31, 2020	June 30, 2020	March 31, 2020
				Level 2	Level 2
Financial assets measured at fair value					
Cash and cash equivalents (financial investments)	Fair value through profit or loss	216,802	265,779	216,802	265,779
Financial instruments	Fair value through profit or loss	35,807	38,898	35,807	38,898
Financial assets not measured at fair value					
Cash and cash equivalents, except for financial investments	Amortized cost	1,519	114	-	-
Accounts receivable	Amortized cost	129,130	78,214	-	-
Other accounts receivable	Amortized cost	13,506	11,316	-	-
Financial liabilities not measured at fair value					
Loans and financing	Amortized cost	107,430	116,705	-	-
Trade accounts payable	Amortized cost	7,792	8,258	-	-
Other accounts payable	Amortized cost	2,795	5,346	-	-

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information
June 30, 2020
(In thousands of reais)

21. Financial instruments (Continued)

a) Accounting classification and fair values (Continued)

Fair value vs. carrying amount

The book values of financial instruments recorded in the statement of financial position, when compared to the amounts that could be obtained from their trading in an active market, or in the absence of such markets, using the net present value adjusted for the current market interest rate, substantially approximates the related market values.

b) Financial risk management

The Company has the following risk exposures arising from the use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This Note reports information on the Company's exposure to each of the foregoing risks, as well as its objectives, policies and processes for measuring and managing such risks, as well as capital management.

c) Risk management structure

Management has global responsibility for the establishment and supervision of the Company's risk management framework. Management is responsible for developing and monitoring the risk management policies. Managing officers of each department regularly report their activities to management.

The Company's risk management policies are established in order to identify and assess the risks faced by the Company, to set appropriate limits and risk controls, and to monitor risks and adherence to limits. These risk management systems and policies are regularly reviewed to reflect changes in market conditions and in the Company's activities.

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information
June 30, 2020
(In thousands of reais)

21. Financial instruments (Continued)

d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arise mainly from trade accounts receivable, other receivables and cash and cash equivalents.

Credit risk exposure

The book values of financial assets represent the maximum credit risk exposure.

Credit risk

The Company limits its exposure to credit risks associated with banks and short-term investments by investing at large-sized financial institutions. As regards trade accounts receivable, the Company limits its exposure to credit risks through sales to a wide customer base and ongoing credit analyses. At June 30, 2020, there was no significant concentration of credit risk associated with customers.

Financial instruments that potentially subject the Company to credit risk concentration primarily consist of balances in banks, short-term investments and trade accounts receivable. The balance of trade accounts receivable is distributed under sundry customers.

	Note	Consolidated		Individual	
		06/30/2020	03/31/2020	06/30/2020	03/31/2020
Assets					
Cash and cash equivalents, except for short-term investments	4	2,280	192	1,519	114
Cash and cash equivalents (short-term investments)	4	238,802	265,779	216,802	265,779
Financial instruments	5	35,807	38,898	35,807	38,898
Accounts receivable	6	129,130	78,214	129,130	78,214
Other accounts receivable	7	13,506	11,316	13,506	11,316
		419,525	394,399	396,764	394,321

Trade and other accounts receivable

Expense on setting up the allowance for doubtful accounts was recorded under "Other operating income (expenses)" in the statement of profit or loss. When all efforts to recover trade accounts receivable are exhausted, the amounts credited to such allowance are usually reversed against the definitive write-off of the note.

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

21. Financial instruments (Continued)

d) Credit risk (Continued)

Trade and other accounts receivable (Continued)

The aging list of loans and receivables, at the financial statement date, for which no impairment losses were recognized was broken down as follows:

	Individual and Consolidated	Individual and Consolidated
	06/30/2020	03/31/2020
Falling due	65,309	18,610
Overdue from 1 to 30 days	3,689	1,429
Overdue from 31 to 60 days	3,470	3,464
Overdue from 61 to 180 days	4,843	11,601
Overdue from 181 to 360 days	19,485	12,530
Overdue above 360 days	32,334	30,580
Total (Note 6)	129,130	78,214
(-) Allowance for expected credit losses - related parties	(24,014)	(24,014)
(-) Allowance for expected credit losses	(21,848)	(21,848)
Total (Note 6)	(45,862)	(45,862)
	83,268	32,352

e) Liquidity risk

Maturities of financial liabilities including estimated interest payments are as follows:

Debt amortization schedule

June 30, 2020	Book value	Contractual cash flow	12 months	13 to 24 months	25 to 36 months	37 to 48 months
Trade accounts payable	10,207	10,207	10,207	-	-	-
Loans and financing	107,430	114,949	53,140	38,499	22,225	1,084
March 31, 2020	Book value	Contractual cash flow	12 months	13 to 24 months	25 to 36 months	37 to 48 months
Trade accounts payable	11,497	11,497	11,497	-	-	-
Loans and financing	116,705	124,874	53,568	38,512	30,082	2,712

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information
June 30, 2020
(In thousands of reais)

21. Financial instruments (Continued)

f) Market risk

Market risk refers to changes in market prices, such as interest rates that affect the gains of the Company, or the amount of its interest held in financial instruments. The purpose of market risk management is to manage and control exposures to market risks within acceptable parameters, while optimizing returns. For outstanding transactions and operations, interest rate risk is the most significant.

interest rate risk

Interest rate risk is the risk of the Company incurring financial losses due to adverse changes in interest rates, which may be caused by events relating to economic crises and/or changes in the monetary policy of local market. This exposure refers mainly to changes in market interest rates that affect the Company's liabilities pegged to the Interbank Deposit Certificate (CDI) rate.

Profile

At the financial statement date, the profile of the Company's interest-bearing financial instruments was as follows:

Consolidated and Individual	Risk	Book value	
		06/30/2020	03/31/2020
Fixed rate instruments			
Trade accounts payable		10,207	9,247
Loans and financing		98,451	144,797
Floating rate instruments			
Short-term investment (financial instruments and cash and cash equivalents)	CDI	274,609	304,677
Loans and financing	TJLP	8,978	8,978

Sensitivity analysis

The Company has R\$274,609 in short-term investments pegged to the CDI and R\$8,978 in loans and financing pegged to a floating rate, mainly the Long-Term Interest Rate (TJLP). The table below presents three scenarios, taking into consideration their percentage variations for the CDI and TJLP, where the probable scenario is 10% greater than the average effective interest rate for 2020. The other scenarios consider CDI and TJLP appreciation by 25% and 50% on this rate and represent the impact of finance costs on P&L for the period and equity.

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

21. Financial instruments (Continued)

f) Market risk (Continued)

Interest rate risk on financial assets and liabilities - depreciation of rates

Instruments	Exposure at 06/30/2020	Risk	Scenarios					
			Probable		Decrease in rate by 25%		Decrease in rate by 50%	
			%	Amount	Amount	%	Amount	
Financial assets								
Short-term investment (financial instruments and cash and cash equivalents)	274,609	CDI decrease	5.94	16,312	4.46	12,234	2.97	8,156
Financial liabilities								
Loans and financing	8,978	TJLP decrease	5.95	(534)	4.4625	(401)	2.98	(267)
Projected loans and financing				<u>16,846</u>		<u>12,635</u>		<u>8,423</u>
Impact on P&L and equity				<u>-</u>		<u>(4,212)</u>		<u>(8,423)</u>
Instruments	Exposure at 03/31/2020	Risk	Scenarios					
			Probable		Reduction of rate by 25%		Reduction of rate by 50%	
			%	Amount	Amount	%	Amount	
Financial assets								
Short-term investment (financial instruments and cash and cash equivalents)	304,677	CDI decrease	5.94	18,098	4.46	13,573	2.97	9,049
Financial liabilities								
Loans and financing	8,978	TJLP decrease	5.95	(534)	4.4625	(401)	2.98	(267)
Projected loans and financing				<u>18,632</u>		<u>13,974</u>		<u>9,316</u>
Impact on P&L and equity				<u>-</u>		<u>(4,658)</u>		<u>(9,316)</u>

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information
June 30, 2020
(In thousands of reais)

21. Financial instruments (Continued)

f) Market risk (Continued)

Interest rate risk on financial assets and liabilities - appreciation of rates

Instruments	Exposure at 06/30/2020	Risk	Scenarios					
			Probable		Increase in rate by 25%		Increase in rate by 50%	
			%	Amount		Amount	%	Amount
Financial assets								
Short-term investment (financial instruments and cash and cash equivalents)	274,609	CDI decrease	5.94	16,312	7.43	20,390	8.91	24,468
Financial liabilities								
Loans and financing	8,978	TJLP decrease	5.95	(534)	7.4375	(668)	8.93	(801)
Projected loans and financing				16,846		21,058		25,269
Impact on P&L and equity				-		4,212		8,423
	Exposure at 03/31/2020	Risk	Scenarios					
			Probable		Increase in rate by 25%		Increase in rate by 50%	
			%	Amount		Amount	%	Amount
Financial assets								
Short-term investment (financial instruments and cash and cash equivalents)	304,677	CDI decrease	5.94	18,098	7.43	22,622	8.91	27,147
Financial liabilities								
Loans and financing	8,978	TJLP decrease	5.95	(534)	7.4375	(668)	8.93	(801)
Projected loans and financing				18,632		23,290		27,948
Impact on P&L and equity				-		4,658		9,316

The Company's objective is to manage operational risk to avoid financial losses and damage to its reputation, and to pursue cost effectiveness and avoid control procedures that restrict technological initiatives.

g) Capital management

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders, as well as to optimize the capital structure focused on the maintenance of indicators monitored by the Financial Management and Management. These indicators correspond to the following ratios:

Current liquidity (current assets to current liabilities)

Above or equal to 1

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information
June 30, 2020
(In thousands of reais)

21. Financial instruments (Continued)

g) Capital management (Continued)

The liquidity and leverage ratios are as follows:

	Consolidated		Individual	
	06/30/2020	03/31/2020	06/30/2020	03/31/2020
Current assets	328,060	295,498	327,290	295,399
Current liabilities	114,046	103,496	109,671	102,058
Liquidity ratio	2.88	2.86	2.98	2.89

22. Related parties

a) Parent Company and ultimate parent company

The group of ultimate parent company is formed by the control block composed by shareholders: Raízen Group, Copersucar S.A., São Martinho Group, Guarani S.A., Bunge Group and S.A. Usina Coruripe Açúcar e Álcool.

b) Key management personnel compensation

The compensation paid to management is defined at the Annual General Meeting and the amounts paid in the period as compensation totaled R\$1,534 (R\$1,763 at June 30, 2019).

c) Other transactions with related parties

Significant asset and liability balances, as well as transactions that influence P&L for the year, derive from transactions between the Company and its related parties for the following types of operations:

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Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

22. Related parties (Continued)

c) Other transactions with related parties (Continued)

<u>Accounts receivable (Note 5)</u>	<u>06/30/2020</u>	<u>03/31/2020</u>
Eth Group	9,322	7,495
Virgolino de Oliveira Group	8,220	8,220
Biosev Group	7,299	5,121
Bunge Group	4,500	-
Usina Alvorada Açúcar e Álcool Ltda	4,291	4,343
São Martinho Group	3,733	141
Raízen Group	3,727	492
Adecoagro Group	3,609	1,423
Ferrari Agroindustrial S.A.	3,018	3,709
Pedra Agroindustrial	2,649	45
Tonon Bioenergia S.A.	2,284	2,284
Tereos Group	2,213	-
Usina Ipiranga de Açúcar e Álcool S.A.	2,106	322
Cocal Comercio E Industria Canaã Açucar E Alcool S.A.	1,771	-
Usina Santa Rosa S.A.	1,728	1,728
Noble Do Brasil S.A	1,726	-
Bp Group	1,531	-
Jalles Machado S.A.	1,487	1,392
Alto Alegre Group	1,482	120
Usina De Açucar Santa Terezinha Ltda	1,448	-
S.A. Usina Coruripe Açúcar E Alcool	1,406	1,606
Nova America Agricola Ltda	1,220	1,024
Usina Santa Fé S.A.	1,100	551
Baldin Group	1,033	1,033
Usina Açucareira Furlan S.A.	942	942
Unialco Group	843	660
Usina Batatais S.A. Açúcar E Álcool	828	776
Usina Melhoramentos	807	364
Usina Açucareira São Manoel S.A.	752	733
Zilor	751	-
Denusa - Destilaria Nova União S.A.	728	678
Dacalda Açúcar E Alcool Ltda	544	502
Usina Uberaba S.A.	500	58
Usina Açucareira Ester S.A.	464	267
J. Pilon Açúcar E Alcool	464	108
Goiasa Goiatuba Álcool Ltda.	451	-
Usina São Francisco S.A.	399	-
Usina Santo Antônio S.A.	347	-
Wd Agroindustrial Ltda	340	331
Antonio Ruette Agroindustrial Ltda	338	317
Usina Santa Adelia S.A.	301	282
U.S.A. - Usina Santo Angelo Ltda	260	247
Santa Vitória Açucar E Alcool Ltda	224	209
Usj - Açúcar E Álcool S.A.	218	-
Naoum	156	-
Usina Petribu S/A	143	-
Agropeu - Agroindustrial de Pompeu S/A	135	133
Usina Maringa	121	-
Usina Santa Lucia S.A.	66	62
Companhia Muller de Bebidas	52	-
Usina Trapiche S.A.	20	-
Lasa Linhares Agroindustrial S.A.	18	-
Alcon - Cia de Álcool Conceição da Barra	3	-
	84,118	47,718
Current	78,960	43,220
Noncurrent	5,158	4,498

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information

June 30, 2020

(In thousands of reais)

22. Related parties (Continued)

c) Other transactions with related parties (Continued)

A substantial part of the Company's operations is carried out with related parties, and revenues between shareholders are as follows:

<u>Revenues (Note 18)</u>	<u>06/30/2020</u>	<u>03/31/2020</u>
Bunge Group	4,500	3,492
Biosev Group	4,103	3,721
Raízen Group	3,727	2,999
Pedra Agroindustrial	2,604	2,244
São Martinho Group	2,531	3,193
Tereos Group	2,213	1,831
Adecoagro Group	2,185	1,177
Eth Group	1,827	1,349
Usina Ipiranga de Açúcar e Alcool S.A.	1,784	1,316
Cocal Comercio E Industria Canaã Açucar E Alcool S.A.	1,771	1,333
Noble Do Brasil S.A	1,726	1,363
Alto Alegre Group	1,660	1,080
Bp Group	1,531	1,243
Jalles Machado S.A.	1,487	1,349
Usina de Açúcar Santa Terezinha Ltda	1,448	1,284
S.A. Usina Coruripe Açúcar E Alcool	1,387	1,207
Usina Batatais S.A. Açúcar E Alcool	828	545
Usina Melhoramentos	807	456
Nova America Agrícola Ltda	780	791
Ferrari Agroindustrial S.A.	578	406
Usina Santa Fé S.A.	549	492
Goiasa Goiatuba Alcool Ltda.	451	337
Usina Uberaba S.A.	442	347
Usina São Francisco S.A	399	378
Usina Açucareira Ester S.A.	373	415
J. Pilon Açúcar E Alcool	355	320
Usina Santo Antônio S.A	347	380
Antonio Ruette Agroindustrial Ltda	338	308
Usina Santa Adélia S.A.	301	227
Usina Açucareira S. Manoel S.A.	298	235
Santa Vitória Açucar E Alcool Ltda	224	74
USJ - Açúcar E Alcool S.A.	218	135
U.S.A. - Usina Santo Angelo Ltda	213	146
Denusa - Destilaria Nova União S.A.	171	152
Wd Agroindustrial Ltda	138	76
Dacalda Açúcar E Alcool Ltda	134	113
Usina Maringa	121	109
Usina Santa Lucia S.A.	66	63
Companhia Muller de Bebidas	52	-
Agropeu - Agroindustrial de Pompeu S/A	40	30
Usina Trapiche S.A	20	18
Lasa Linhares Agroindustrial S.A	18	22
Alcon - Cia de Alcool Conceição da Barra	3	3
Zilor	-	545
Usina Açucareira Furlan S.A.	-	189
Usina Alvorada Açúcar e Alcool Ltda	-	379
Unialco Group	-	149
Overall total	44,748	38,021

CTC - Centro de Tecnologia Canavieira S.A.

Notes to individual and consolidated interim financial information
June 30, 2020
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22. Related parties (Continued)

c) Other transactions with related parties (Continued)

Accounts receivable and revenue - Royalties' contracts

Operations with sugarcane varieties and technology licensing. Royalties are recognized on an accrual basis in conformity with the agreement's essence.

The Company recorded the amount of R\$5,654 (R\$5,712 at March 31, 2020) in Dividends payable:

	<u>Individual and Consolidated</u>	
	<u>06/30/2020</u>	<u>03/31/2020</u>
Lease liabilities (Note 11)	20,794	21,610
Current	3,038	3,038
Noncurrent	17,756	18,572

23. Insurance coverage

The Company has an insurance and risk management program that provides coverage and protection compatible with its assets and operation.

The insurance coverage taken out is based on loss and risk assessment and contracted insurance types are deemed sufficient by management to cover claims, if any, that may arise, considering the nature of the Company's activities.

At June 30, 2020, the insurance coverage against operational risks was made up of property damage in the amount of R\$36,000 and civil liability in the amount of R\$37,000.

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CTC - Centro de Tecnologia Canavieira S.A.

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June 30, 2020
(In thousands of reais)

CTC - Centro de Tecnologia Canavieira S.A.
CNPJ No.: 06.981.381/0001-13

Board of Directors

Members

Pedro Isamu Mizutani - Chairman

Fábio Venturelli - Vice Chairman

Luis Roberto Pogetti - Member

Mario Luiz Lorencatto - Member

Mario Lindenhayn - Member

Otávio Lage de Siqueira Filho - Member

Juliana Sá Vieira Baiardi - Member

Pierre Louis Joseph Santoul - Member

Fabio Lopes Junior - Member

Pedro Wongtschowski - Independent Member

Fernando de Castro Reinach - Independent Member

Rodrigo Correia Barbosa - Board Observer

Paulo Meneguetti - Board Observer

Juan José Blanchard - Board Observer

Executive Board

Chief Executive Officer

José Gustavo Teixeira Leite

Executive officers

Viler Corrêa Janeiro

Rinaldo Pecchio Junior

Accountant in charge: Evandro Rodrigues Ferreira
CRC 1SP270523/O-7