Financial Statements

CTC - Centro de Tecnologia Canavieira S.A.

March 31, 2022
with Independent Auditor's Report

CTC - Centro de Tecnologia Canavieira S.A.

Parent company and consolidated financial statements

March 31, 2022

Contents

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A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

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

To the
Board of Directors of
CTC - Centro de Tecnologia Canavieira S.A.
Fazenda Santo Antonio, s/n° - Bloco 1 Bairro Santo Antonio
Piracicaba - SP

Opinion

We have audited the individual and consolidated financial statements of CTC – Centro de Tecnologia Canavieira S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the statement of financial position as at March 31, 2022 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, including the summary of significant accounting policies.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of the Company as at March 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and it subsidiary in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

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

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

Intangible assets from product development

The Company records disbursements incurred in connection with the development and improvement of new products as intangible assets. Determining the nature of the expenses that can be capitalized, in accordance with the requirements of applicable accounting standards, involves significant judgments by the management, including commercial and technological feasibility, forecasting of the launch of the respective products, expected generation of revenues, and estimate of the useful life cycle. Given the significant judgments, as described above, the criteria for capitalization of expenses as intangible assets adopted by the Company were considered significant to our audit.

<u>How our audit addressed the matter:</u>

Our audit procedures included the following, among others: evaluation of the design and operational effectiveness of internal controls implemented by the Company on the accounting of intangible assets from product development; assessment of controls and criteria for classification of expenses with intangible assets; sample testing of additions of intangible assets to validate the existence and assess the nature of expenses and correct classification; and evaluation of management's analysis of the commercial and technological feasibility of the assets under development.

Based on the result of the audit procedures conducted, which is consistent with management's assessment, we consider that the criteria adopted by management for capitalization of expenses as intangible assets, as well as the respective disclosures in Notes 6.d and 15, are acceptable, in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added
The individual and consolidated statements of value added (SVA) for year ended March 31, 2022, prepared under the responsibility of the Company’s management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements

are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, this statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the abovementioned accounting pronouncement, and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

Company’s management is responsible for such other information, which comprises the Management Report.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Campinas, May 16, 2022.

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

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

CTC - Centro de Tecnologia Canavieira S.A.

Statements of financial position
March 31, 2022 and 2021
(In thousands of reais)

		Consolidated		Parent Company	
	Note	2022	2021	2022	2021
Assets					
Cash and cash equivalents	8	**205,365**	213,284	**204,454**	212,116
Financial investments	8	**146,300**	120,740	**146,300**	120,740
Accounts receivable	9	**51,599**	17,805	**51,599**	17,805
Inventories		**7,345**	3,936	**7,345**	3,936
Recoverable taxes		**72**	101	**72**	101
Biological asset		**1,157**	707	**1,157**	707
Current tax assets		**-**	7,331	**-**	7,331
Other accounts receivable	10	**4,347**	3,669	**3,943**	3,382
Total current assets		**416,185**	367,573	**414,870**	366,118
Financial investments	8	**-**	10,286	**-**	10,286
Accounts receivable	9	**12,395**	14,313	**12,395**	14,313
Other accounts receivable	10	**17,475**	12,032	**17,475**	12,032
Judicial deposits	20	**10,898**	1,079	**10,898**	1,079
Recoverable taxes		**2,679**	533	**2,679**	533
Deferred tax assets	11	**31,080**	35,732	**31,080**	35,732
Total non-current assets		**74,527**	73,975	**74,527**	73,975
Investments in subsidiaries	12	**-**	-	**5,497**	7,024
Property, plant and equipment	13	**79,514**	72,998	**75,748**	67,476
Right of use	14	**30,430**	29,689	**29,138**	27,289
Intangible assets	15	**328,855**	305,457	**327,742**	303,269
Total noncurrent assets		**513,326**	482,119	**512,652**	479,033
Total assets		**929,511**	849,692	**927,522**	845,151

	Note	Consolidated		Parent Company	
		2022	**2021**	**2022**	**2021**
Liabilities					
Suppliers	16	**14,650**	18,045	**13,945**	16,793
Leases	14	**8,419**	6,702	**7,501**	5,589
Loans and financing	19	**16,190**	29,400	**16,190**	29,400
Taxes and contributions payable	17	**5,776**	3,029	**5,776**	3,029
Salaries, vacation and charges	18	**30,735**	25,587	**30,233**	24,862
Dividends payable		**35,578**	26,622	**35,578**	26,622
Other accounts payable		**2,778**	2,832	**3,549**	3,181
Total current liabilities		**114,126**	112,217	**112,772**	109,476
Leases	14	**23,457**	25,640	**22,822**	23,840
Loans and financing	19	**-**	22,029	**-**	22,029
Provision for lawsuits	20	**805**	805	**805**	805
Total noncurrent liabilities		**24,262**	48,474	**23,627**	46,674
Shareholders' equity	21				
Capital		**562,203**	562,203	**562,203**	562,203
Capital reserve		**10,859**	9,835	**10,859**	9,835
Legal reserve		**14,233**	7,533	**14,233**	7,533
Reserve of shareholders' equity		**202,818**	107,341	**202,818**	107,341
Accumulated translation adjustments		**1,010**	2,089	**1,010**	2,089
Total shareholders' equity		**791,123**	689,001	**791,123**	689,001
Total liabilities		**138,388**	160,691	**136,399**	156,150
Total liabilities and shareholders' equity		**929,511**	849,692	**927,522**	845,151

See the accompanying notes to the parent company and consolidated financial statements.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of income
Years ended March 31, 2022 and 2021
(In thousands of reais)

	Note	Consolidated		Parent Company	
		2022	**2021**	**2022**	**2021**
Net operating revenue	22	**421,455**	337,953	**421,455**	337,953
Cost of research and services rendered	23	**(137,369)**	(114,392)	**(132,461)**	(107,885)
Gross income		**284,086**	223,561	**288,994**	230,068
Administrative and sales expenses	23	**(95,524)**	(80,984)	**(92,974)**	(80,621)
Equity in net income of subsidiaries	12	**-**	-	**(7,332)**	(6,823)
Other operating revenues (expenses)	23	**(3,302)**	7,616	**(3,485)**	7,507
Income (loss) before net finance income (expenses) and taxes		**185,260**	150,193	**185,203**	150,131
Finance income		**21,938**	12,981	**21,938**	12,981
Finance expenses		**(4,340)**	(8,421)	**(4,283)**	(8,359)
Net exchange rate changes		**(2,005)**	(46)	**(2,005)**	(46)
Net financial	24	**15,593**	4,514	**15,650**	4,576
Income before income and social contribution taxes		**200,853**	154,707	**200,853**	154,707
Income and social contribution taxes:					
Deferred assets	11	**(4,652)**	(18,414)	**(4,652)**	(18,414)
Current	11	**(62,198)**	(27,895)	**(62,198)**	(27,895)
Net income for the year		**134,003**	108,398	**134,003**	108,398
Earnings per share	21				
Basic earnings for the year attributable to controlling shareholders holding common shares		**0.4178**	0.3380	**0.4178**	0.3380
Diluted earnings for the year attributable to controlling shareholders holding common shares		**0.4164**	0.3369	**0.4164**	0.3369

See the accompanying notes to the parent company and consolidated financial statements.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of comprehensive income
Years ended March 31, 2022 and 2021
(In thousands of reais)

	Consolidated and Parent Company	
	2022	**2021**
Net income for the year	**134,003**	108,398
Comprehensive income:		
Items that are or may be reclassified to income (loss):		
Effect of foreign currency translation	**(1,079)**	570
	(1,079)	570
Total comprehensive income for the year	**132,924**	108,968

See the accompanying notes to the parent company and consolidated financial statements.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of changes in shareholders' equity
Years ended March 31, 2022 and 2021
(In thousands of reais)

	Capital	Capital reserve Share-based payment	Legal reserve	Reserve of shareholders' equity	Accumulated translation adjustment	Retained earnings	Total
Balances at April 1, 2020	562,203	-	2,113	30,108	1,519	-	595,943
Share-based payment	-	9,835	-	-	-	-	9,835
Comprehensive income:							
Effect of foreign currency translation					570	-	570
Net income for the year	-	-	-	-	-	108,398	108,398
Allocation:							
Legal reserve	-	-	5,420	-	-	(5,420)	-
Mandatory minimum dividends	-	-	-	-	-	(25,745)	(25,745)
Reserve of shareholders' equity	-	-	-	77,233	-	(77,233)	-
Balances at March 31, 2021	562,203	9,835	7,533	107,341	2,089	-	689,001
Share-based payment	**-**	**1,024**	**-**	**-**	**-**	**-**	**1,024**
Comprehensive income:							
Effect of foreign currency translation	**-**	-	-	-	**(1,079)**	**-**	**(1,079)**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**134,003**	**134,003**
Allocation:							
Legal reserve	**-**	-	**6,700**	**-**	-	**(6,700)**	**-**
Mandatory minimum dividends	**-**	-	-	-	-	**(31,826)**	**(31,826)**
Reserve of shareholders' equity	**-**	-	-	**95,477**	**-**	**(95,477)**	**-**
Balances at March 31, 2022	**562,203**	**10,859**	**14,233**	**202,818**	**1,010**	**-**	**791,123**

See the accompanying notes to the parent company and consolidated financial statements.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of cash flows - Indirect method
Years ended March 31, 2022 and 2021
(In thousands of reais)

		Consolidated		Parent Company	
	Note	2022	2021	2022	2021
Cash flows from operating activities					
Net income for the year		**134,003**	108,398	**134,003**	108,398
Adjustments:					
Depreciation and amortization	10,13,14,15	**32,178**	28,211	**29,554**	25,913
Allowance for expected credit loss	9, 25	**8,665**	(3,883)	**8,665**	(3,883)
Provision for profit sharing and share-based payment		**20,925**	22,196	**18,909**	21,740
Equity in net income of subsidiaries	12	**-**	-	**7,332**	6,823
Provision for lawsuits		**-**	(986)	**-**	(986)
Revenue from grants		**-**	(8,978)	**-**	(8,978)
Provisions for interest	19	**1,453**	3,013	**1,453**	3,013
Income and social contribution taxes		**4,652**	18,414	**4,652**	18,414
Income (loss) on disposal of assets	13	**2,387**	4,072	**1,458**	4,072
		204,263	170,457	**206,026**	174,526
Changes in assets and liabilities					
Accounts receivable		**(40,541)**	4,117	**(40,541)**	4,117
Inventories		**(3,409)**	(1,555)	**(3,409)**	(1,555)
Taxes recoverable and current tax asset		**67,412**	24,670	**67,412**	24,670
Other accounts receivable		**(8,175)**	(5,464)	**(8,058)**	(5,198)
Judicial deposits		**(9,819)**	-	**(9,819)**	-
Suppliers		**(3,395)**	6,548	**(2,848)**	8,535
Taxes and contributions payable and current tax liability		**2,747**	134	**2,747**	134
Salaries, vacation and charges payable		**(14,753)**	(10,102)	**(12,514)**	(9,596)
Unearned revenues		**110**	(2,930)	**110**	(2,930)
Other accounts payable		**(164)**	(1,725)	**258**	(3,889)
Cash used in operating activities		**194,276**	184,150	**199,364**	188,814
Taxes paid		**(62,198)**	(27,895)	**(62,198)**	(27,895)
Interest paid	19	**(1,453)**	(2,850)	**(1,453)**	(2,850)
Net cash flows used in operating activities		**130,625**	153,405	**135,713**	158,069
Cash flows from investing activities					
Redemptions (investments) of financial instruments		**(15,274)**	(92,128)	**(15,274)**	(92,128)
Acquisition of property, plant and equipment	13	**(23,759)**	(21,164)	**(23,430)**	(20,290)
Funds from disposal of property, plant and equipment		**1,047**	4,949	**1,047**	4,949
Biological assets		**(450)**	(36)	**(450)**	(36)
Investments in subsidiary		**-**	-	**(6,904)**	(7,765)
Intangible assets	15	**(32,644)**	(32,850)	**(33,013)**	(31,729)
Net cash flows from (used in) investing activities		**(71,080)**	(141,229)	**(78,024)**	(146,999)
Cash flows from financing activities					
Lease amortization		**(8,276)**	(5,819)	**(7,262)**	(5,233)
Dividends paid		**(22,870)**	(3,153)	**(22,870)**	(3,153)
Loans repaid	19	**(35,239)**	(56,461)	**(35,239)**	(56,461)
Net cash flows used in financing activities		**(66,385)**	(65,433)	**(65,371)**	(64,847)
Effects of changes in exchange rate on cash and cash equivalents		**(1,079)**	570	**20**	-
(Decrease) in cash and cash equivalents		**(7,919)**	(52,687)	**(7,662)**	(53,777)
Cash and cash equivalents at beginning of year		**213,284**	265,971	**212,116**	265,893
Cash and cash equivalents at end of year		**205,365**	213,284	**204,454**	212,116
(Decrease) in cash and cash equivalents		**(7,919)**	(52,687)	**(7,662)**	(53,777)

See the accompanying notes to the parent company and consolidated financial statements.

CTC - Centro de Tecnologia Canavieira S.A.

Statements of value added
Years ended March 31, 2022 and 2021
(In thousands of reais)

	Note	Consolidated		Parent Company	
		2022	**2021**	**2022**	**2021**
Revenues	22	**453,666**	376,291	**453,666**	376,291
Sales of goods, products and services		**441,955**	358,127	**441,955**	358,127
Other revenues		**20,376**	14,281	**20,376**	14,281
Allowance for expected credit loss		**(8,665)**	3,883	**(8,665)**	3,883
Inputs acquired from third parties		**(98,874)**	(77,485)	**(95,962)**	(73,559)
Costs of goods, products and services	23	**(32,611)**	(21,279)	**(31,172)**	(20,615)
Other		**4,442**	(4,072)	**3,512**	(4,072)
Materials, energy, outsourced services and other	23	**(70,705)**	(52,134)	**(68,302)**	(48,872)
Gross added value		**354,792**	298,806	**357,704**	302,732
Depreciation and amortization	10|13|14|15	**(32,178)**	(28,211)	**(29,554)**	(25,913)
Net added value produced by the Company		**322,614**	270,595	**328,150**	276,819
Added Value received as transfer		**24,914**	12,445	**18,328**	6,158
Finance income	24	**21,938**	12,981	**21,938**	12,981
Equity in net income of subsidiaries	12	**-**	-	**(7,332)**	(6,823)
Other	24	**2,976**	(536)	**3,722**	-
Total added value payable		**347,528**	283,040	**346,478**	282,977
Distribution of added value		**(347,528)**	(283,040)	**(346,478)**	(282,977)
Personnel	23	**(99,454)**	(85,410)	**(98,461)**	(85,410)
Direct remuneration		**(60,261)**	(47,564)	**(59,268)**	(47,564)
Benefits		**(34,549)**	(34,008)	**(34,549)**	(34,008)
Severance Pay Fund (FGTS)		**(4,644)**	(3,838)	**(4,644)**	(3,838)
Taxes, duties and contributions		**(107,726)**	(80,764)	**(107,726)**	(80,764)
Federal - PIS/COFINS	22	**(40,876)**	(34,452)	**(40,876)**	(34,452)
Federal - Income and social contribution taxes	17	**(66,850)**	(46,309)	**(66,850)**	(46,309)
Municipal		**-**	(3)	**-**	(3)
Third-party capital remuneration	24	**(6,345)**	(8,468)	**(6,288)**	(8,405)
Finance expenses		**(4,142)**	(6,223)	**(4,085)**	(6,223)
Net exchange rate changes		**(2,005)**	(46)	**(2,005)**	(46)
Other		**(198)**	(2,199)	**(198)**	(2,136)
Remuneration of own capital	21	**(134,003)**	(108,398)	**(134,003)**	(108,398)
Dividends		**(31,826)**	(25,745)	**(31,826)**	(25,745)
Net income for the year		**(102,177)**	(82,653)	**(102,177)**	(82,653)

See the accompanying notes to the parent company and consolidated financial statements.

1. Operations

CTC - Centro de Tecnologia Canavieira S.A. (“Company” or “Group”) 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, in the state of São Paulo.

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 it holds a large bank of sugarcane germplasm and major role in the fields of conventional improvement and biotechnology applied to sugarcane, corresponding to only one segment that follows CPC 22 - Operating Segments. The other focus is 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 subsidiary are jointly referred to as the “Group” in these financial statements.

In line with the Company's strategy of developing disruptive technologies that increase agricultural productivity in the sugar-ethanol industry, on August 6, 2018, CTNBio approved the Company's 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 Group, 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. In the third quarter of 2019, CTNBio published the approval of the commercial use of the third genetic modification event in sugarcane variety, “CTC 9003 Bt”. The new variety is also resistant to the sugarcane borer, the main pest that threatens the crop. Another elite variety transformed and adapted to different regions was approved for commercialization. Lastly, in the third quarter of 2020, CTNBio published the approval of the commercial use of the fourth genetic modification event in sugarcane variety, “CTC 7515BT”. The variety is one of the most rapidly deregulated genetically modified varieties for commercialization.

1. **Operations** (Continued)

On September 21, 2020, the Board of Directors' Special Meeting approved the budget for a potential public offering of Company shares ("Offering"), considering the other expenses necessary for said operation. At the Special General Meeting held on October 21, 2020, the migration of the Company's listing segment was approved, from the special Bovespa Mais segment to the special trading segment known as Novo Mercado ("Novo Mercado"), both at B3 SA - Brasil, Bolsa, Balcão ("B3") ("Listing Segment Migration"), with the consequent submission to B3 of the application for Listing Segment Migration, pursuant to the Issuer's Manual and B3's Novo Mercado Regulation.

On April 20, 2021, the Company informed the market about the postponement of its public offering by the Company due to the deterioration of market conditions. The Company is currently awaiting a more opportune moment to carry out the IPO.

Impact of the Coronavirus (COVID-19) on the preparation of financial statements

Since the beginning of 2020, the COVID-19 spread has affected business and economic activities on a global scale. 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 can impact the financial statements.

Considering the current situation of outbreak control, with the easement of the restriction measures resulting from the reduction of the severity and number of cases, we understand that our projection of revenues and operating cash flows for the year 2022 reflects the current economic situation and financial position of the Company and its subsidiary.

On the date of approval of these financial statements, the Group's management assessed that there were no significant uncertainties that would cast doubt on the Group's ability to continue as a going concern in the future, and did not identify any situation that could affect the financial statements as at March 31, 2022. The Company and its subsidiary will continue to constantly monitor the effects of the crisis and the impacts on its operations and financial statements.

2. Basis of preparation

Statement of compliance

The Company's parent company and consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil (BR GAAP), which comprise the rules of the Brazilian Securities and Exchange Commission (CVM) and the accounting pronouncements issued by the Brazilian FASB (CPC), and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The presentation of the Statement of Value Added is required by the Brazilian corporation law and the accounting practices adopted in Brazil applicable to publicly-held companies. The IFRS do not require the presentation of this statement, considered supplementary information, without prejudice to the set of financial statements.

The issue of the financial statements was authorized by the Board of Directors on May 16, 2022.

The Group's accounting policies, including changes, are detailed in Notes 5 and 6.

The significant information specific to the financial statements, and only such information, is being disclosed, and corresponds to the information used in management of the Company's operations.

Measurement basis

The Company's financial statements were prepared based on the historical cost, except for the following material items recognized in the statements of financial position; non-derivative financial instruments are designated at fair value through profit or loss are measured at fair value.

3. Functional and presentation currency

These financial statements are presented in Brazilian reais (R$), which is the Company's functional currency. All financial information presented in Brazilian reais was rounded to the nearest thousand, unless otherwise stated.

4. Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported asset, liability, revenue and expense amounts. Actual results may differ from these estimates.

These estimates and assumptions are reviewed periodically. Revised estimates are recognized prospectively.

a) Judgments

Information on key judgments referring to accounting policies adopted that affect the amounts recognized in the financial statements is included in the following notes:

- Note 9 - Allowance for expected credit losses (accounts receivable)
- Note 15 - Capitalization of development expenses (intangible assets)
- Note 25 – Financial Instruments Note 14 – Operating Leases.

b) Uncertainties about assumptions and estimates

Information on uncertainties related to assumptions and estimates that have a significant risk of resulting in a material adjustment in the year ending March 31, 2022 is included in the following notes:

- Note 6.c (iii) - Useful life of property, plant and equipment
- Note 6.d (iii) - Useful life of intangible assets
- Note 6.e - Impairment;
- Note 11 - Deferred tax assets
- Note 20 - Provision for lawsuits;
- Note 21.d – Capital reserve – Stock option plan.

Fair value measurement

A number of accounting policies and disclosures of the Company require measurement of the fair value of financial and nonfinancial assets and liabilities.

The Company established a control structure related to fair value measurement. This includes an assessment team that has overall responsibility for reviewing all significant fair value measurements, including Level 3 fair values, and reporting directly to the Chief Financial Officer (CFO).

4. Use of estimates and judgments (Continued)

b) Uncertainties about assumptions and estimates (Continued)

Fair value measurement (Continued)

The valuation team regularly reviews the data needed for valuation calculation and assessment. If third party information, such as brokerage quotes or pricing services, is used for fair value measurement, the valuation team analyzes the evidence obtained from third parties to support the conclusion that such measurements meet CPC/IFRS requirements, including the level in the fair value hierarchy under which such measurements are to be classified.

When measuring the fair value of an asset or liability, the Company uses observable market data, whenever possible. The fair values are classified into different hierarchical levels based on inputs used in the valuation techniques, as follows:

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

The Company recognizes transfers between levels of the fair value hierarchy in the financial statements for the year in which the changes occurred.
Additional information on the assumptions for fair value measurement is included in the following notes:

- Note 9 - Accounts receivable
- Note 19 - Loans and financing
- Note 25 - Financial instruments.

5. Changes in the significant accounting policies

Certain standards and amendments adopted by the Group for the first time are effective for annual periods beginning on or after January 1, 2021 (April 1, 2021 in the case of the Company). The Group decided against the early adoption of any other standard, interpretation or amendment issued that is not already in force. A number of other new standards also came into effect as of January 1, 2022 (April 1, 2022 in the case of the Company), but do not materially affect the financial statements.

Amendments to CPC 06 (R1) CPC 11, CPC 38, CPC 40 (R1) and CPC 23: Benchmark interest rate reform.

The amendments to CPC Pronouncements 38 and 48 provide temporary exceptions that address the financial statement effects when an interbank deposit certificate rate is replaced with an alternative to an almost risk-free rate. The changes include the following practical expedients:

- A practical expedient that requires contractual changes, or changes in cash flows that are directly required by the reform, to be addressed as changes in a floating interest rate, equivalent to a change in a market rate.
- Allows reform-required changes to be made to hedging designations and documents, without the hedging relationship being discontinued.
- Provides a temporary exception for entities to comply with the separately identifiable requirement when a risk-free rate instrument is designated as a hedge of a risk component.

These amendments did not impact on the Group's parent company and consolidated financial statements. The group intends to use the practical expedients in future periods if they become applicable.

Amendments to CPC 06 (R2): COVID-19-related benefits granted to lessees under lease agreements after June 30, 2021.

The amendments provide relief to lessees from applying CPC 06 (R2) guidance on lease modification when accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under CPC 06 (R2) if the change were not a lease modification.

5. Changes in the significant accounting policies (Continued)

Amendments to CPC 06 (R2): Covid-19 Related Rent Concessions (Continued)

The amendment was intended to be applied up to June 30, 2021, but as the impact of the COVID-19 pandemic may continue, on March 31, 2021, the CPC extended the period of application of this practical expedient to June 30, 2022. This amendment becomes effective for the fiscal years beginning on or after January 1, 2021. However, the Group has not yet received benefits granted to lessees related to COVID-19 but plans to apply the practical expedient when available within the period of the standard.

6. Significant accounting policies

a) Basis of consolidation

i) *Subsidiary*

The subsidiary's financial statements are included in the consolidated financial statements from the date that control commences until the date it ceases to exist. The accounting policies of the subsidiary are aligned with those of the Company.

In the Company's parent company financial statements, the subsidiary's financial information is recognized under the equity method.

ii) *Transactions eliminated on consolidation*

Intercompany balances and transactions, and any revenues or expenses derived from intercompany transactions are eliminated upon preparation of the consolidated financial information. Unrealized gains arising from transactions with the investee are eliminated against the investment. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.

6. Significant accounting policies (Continued)

b) Financial instruments

i) *Nonderivative financial assets*

The Company initially recognizes trade accounts receivable and other receivables on the date they are originated. All other financial assets are initially recognized on the trading date when the Company becomes a party to the contractual provisions of the agreement.

Financial assets or liabilities are offset and the net amount is presented in the statement of financial position when the Company has the legal right to offset the amounts and the intention to settle the amounts on a net basis, or to realize the asset and settle the liability simultaneously.

Financial assets measured at fair value through profit or loss

A financial asset is classified as measured at fair value through profit and loss when classified as held for trading and designated as such upon initial recognition. Transaction costs are recognized in income (loss) as incurred. Financial assets measured at fair value through profit or loss are recognized at fair value, and changes in the fair value of such assets, including gains with interest and dividends, are recognized in income (loss) for the year.

Cash and cash equivalents

These comprise balances of cash and short-term investments originally maturing within three months from the investment date. They are subject to an insignificant risk of change in value, and are used in management of short-term obligations.

Trade accounts receivable and other receivables

Trade accounts receivable are recognized at the invoiced amount, adjusted to present value when applicable, including the related direct taxes for which the Company is responsible, less withholding taxes, which are considered tax credits.

The allowance for expected credit losses was set up in an amount considered sufficient to cover any losses on realization of accounts receivable.

6. Significant accounting policies (Continued)

b) Financial instruments (Continued)

ii) *Nonderivative financial liabilities*

The Company initially recognizes subordinated liabilities on the date they are originated.

All other financial liabilities are initially recognized on the trading date when the Company becomes a party to the corresponding contractual provisions. The Company writes off a financial liability when the contractual obligations are withdrawn, cancelled or expire.

Financial assets and liabilities are offset and the net amount is recognized in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

iii) *Capital*

The Company has registered common shares, with no par value, classified as shareholders' equity and deductible from any tax effects.

c) Property, plant and equipment

i) *Recognition and measurement*

These are measured at historical acquisition, build-up or construction cost, less accumulated depreciation and impairment losses, if any.

Cost includes expenses directly attributable to acquisition of an asset. The cost of assets built by the Company includes materials and direct labor, and any other cost to bring the asset to the location and condition necessary for its operation as intended by management, as well as costs related to disassembly and restoration of the location where these items are located, and borrowing costs on qualifying assets.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal and the book value of the property, plant and equipment item, recognized in the net amount under other revenues in the statement of income.

6. Significant accounting policies (Continued)

c) Property, plant and equipment (Continued)

ii) *Subsequent costs*

Replacement cost of a property, plant and equipment component is recognized in the item's book value when it is likely that the economic benefits added to the component will flow to the Company and the cost may be reliably measured. The book value of the component that has been replaced by another is written off. Routine maintenance costs of property, plant and equipment are expensed as incurred.

iii) *Depreciation*

Depreciation is calculated on the depreciable amount, which is the cost of an asset or any other cost replacement value, less the residual value.

Depreciation is recognized in income (loss) on a straight-line basis with respect to the estimated useful life of each component of a property, plant and equipment item, as this is the method that best reflects the pattern of consumption of the future economic benefits embedded in the asset.

The annual weighted average depreciation rates for the current and comparative years are as follows:

	Annual weighted average rate
Machinery and equipment	10%
Furniture and fixtures	10%
IT equipment	20%
Vehicles	10%
Buildings and improvements	5%
Leasehold improvements	8%

Depreciation methods, useful lives and residual values are reviewed at each year end and adjustments, if any, are recognized as a change in accounting estimates.

6. Significant accounting policies (Continued)

d) Intangible assets

i) *Research and development projects*

Development activities involve a plan or project aimed at producing new or substantially improved products. Development expenditures are capitalized only if development costs can be reliably measured, if the product or process is technically and commercially feasible, if future economic benefits are likely, and if the Company has the intention and sufficient resources to complete development and use or sell the asset. Capitalized expenditures include the cost of materials, direct labor, and manufacturing costs that are directly attributable to preparing the asset for its intended use.

ii) *Software*

Intangible assets that are acquired by the Company and that have defined useful lives are measured at cost, less accumulated amortization.

iii) *Amortization*

Amortization is calculated on the cost of an asset or any other cost replacement value, less the residual value.

Amortization is recognized in income (loss) based on future economic benefits in relation to the estimated useful lives of intangible assets, from the date they are available for use, as this method is the one that best reflects the pattern of consumption of future benefits economic embedded in the asset. Average estimated useful lives for the current and comparative years are as follows:

Software	5 years
Research and development projects	15–20 years

Amortization methods, useful lives, and residual values are reviewed at each year end and adjusted as necessary.

6. Significant accounting policies (Continued)

e) Impairment

i) *Financial assets (including receivables)*

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

Objective evidence of impairment of financial assets include:

- Debtor default or delays;
- Restructuring of an amount payable to the Company under terms that would not be accepted under normal conditions;
- Indication that the debtor or issuer will file for bankruptcy/in-court reorganization proceedings;
- Negative changes in the payment status of debtors or issuers;
- The extinction of an active market for the instrument due to financial difficulties; or
- Observable data indicating that there was a decrease in the measurement of expected cash flows for a group of financial assets.

For equity investments, objective evidence of impairment includes a significant or prolonged decline in fair value below cost. The Company considers a 20% decline as significant and the 12-month period as prolonged.

6. Significant accounting policies (Continued)

e) Impairment (Continued)

i) *Financial assets (including receivables)* (Continued)

Financial assets measured at amortized cost

The Company considers evidence of impairment of assets measured at amortized cost, both individually and collectively. All individually significant assets are tested for impairment. Assets that have not undergone loss individually are then assessed collectively for any loss of value that may have occurred, but has not yet been identified. Assets that are not individually significant are assessed collectively for impairment based on the grouping of assets with similar risk characteristics.

When assessing the impairment loss collectively, the Company uses historical trends in the recovery period and the loss amounts incurred, adjusted to reflect management's judgment as to whether the current economic and credit conditions are such that the actual losses are likely to be greater or lower than those suggested by historical trends.

Impairment s calculated as the difference between the book value and the present value of estimated future cash flows discounted at the original effective interest rate of the asset. Losses are recognized in income (loss) and reflected in a provision account. When the Company considers that there are no reasonable expectations of recovery, the amounts are written off. When a subsequent event indicates a reduction in the loss, the provision is reversed through profit or loss.

6. Significant accounting policies (Continued)

e) Impairment (Continued)

ii) *Nonfinancial assets*

The book values of nonfinancial assets of Company, deferred income and social contribution taxes, inventories and intangible assets are reviewed at each reporting date in order to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is determined.

The recoverable amount of an asset or cash-generating unit is the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market conditions as to the period of recoverability of capital and the risks specific to the asset.

f) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventory costs are based on the weighted moving average.

Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

g) Employee benefits

Obligations arising from short-term employee benefits are measured on an undiscounted basis and are incurred as expenses as the related service is provided.

h) Share-based payments

Company employees receive share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

6. Significant accounting policies (Continued)

h) Share-based payments (Continued)

In situations where equity securities are issued and some or all of the goods or services received by the Company in return cannot be specifically identified, the unidentified goods or services received (or to be received) are measured through the difference between the fair value of the share-based payment and the fair value of any goods or services received on the date of grant.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. To determine fair value, the Company uses a valuation method based on a discounted flow.

That cost is recognized in employee benefits expense (Note 21), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of income for a period represents the changes in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

6. Significant accounting policies (Continued)

h) Share-based payments (Continued)

Equity-settled transactions (Continued)

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified (for instance due to modifications to the plan), the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, except allowance for expected credit losses, which follows the Company's policy.

6. Significant accounting policies (Continued)

j) Operating revenue

i) *Royalty revenues*

Revenue arising from the use by third parties of the Company's assets, which produce interest and royalties, should be recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be reliably measured. Royalties should be recognized on an accrual basis in accordance with the substance of the agreement.

Revenue from royalties recognized by the Company refer to sugarcane varieties developed and is recognized in income (loss) for the year using the straight-line method from April to March, based on the planting area multiplied by an amount defined in the agreement signed between the parties. Most billing invoices are issued and received during the sugarcane harvest period from September to December. If the receipt of billings for period is greater than the portion already recognized in income (loss), the difference is recognized as “deferred revenues” in current liabilities.

ii) *Sale of goods and services*

Operating revenue from sales of goods and services in the ordinary course of business is measured at the fair value of the consideration received or receivable. Operating revenue is recognized when there is evidence that the most significant risks and rewards inherent in ownership of goods have been transferred to the buyer, that financial and economic benefits will flow to the entity, that related costs and possible return of goods can be estimated, that there is no continuing involvement with the goods sold, and that the operating revenue amount can be reliably measured. If it is probable that discounts will be granted and the amount can be measured, this is recognized in accordance with the respective sales.

k) Finance income and expenses

Finance income includes interest income and short-term investment yield. Finance income is recognized in income (loss) using the effective interest method. Finance expenses include bank charges with interest and discounts.

6. Significant accounting policies (Continued)

l) Income tax and social contribution

Current and deferred income taxes comprise both income and social contribution taxes. Income tax is calculated at a rate of 15%, plus 10% surtax on taxable profit exceeding R$240, whereas social contribution is computed at a rate of 9% on taxable profit. These consider offset of income and social contribution tax losses, limited to 30% of taxable profit for the year.

Income tax and social contribution expenses include current and deferred taxes.

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

Deferred tax is recognized with respect to temporary differences between the book value of assets and liabilities for accounting purposes and the corresponding value used for taxation purposes. Deferred tax is not recognized for the following temporary differences.

Deferred tax is measured at the tax rates to be applied to temporary differences when they reverse, based on laws in effect on the financial statements reporting date.

In determining current and deferred income tax, the Company takes into consideration the impact of uncertainties related to the tax position assumed and whether additional payment of income tax and interest will be required. The Company believes that the provision for income tax in liabilities is adequate in relation to all tax periods open to tax audit based on its evaluation of various factors, including interpretations of tax laws and experience. This evaluation is based on estimates and assumptions that may involve a series of judgments about future events. New information may be made available, leading the Company to change its judgment on the adequacy of existing provision; these changes may impact income tax expenses in the year in which they occur.

Deferred tax assets and liabilities may be offset if there is a legal right to offset current tax assets and liabilities, and they relate to taxes levied by the same tax authority on the same entity subject to taxation.

6. Significant accounting policies (Continued)

l) Income and social contribution taxes (Continued)

A deferred income and social contribution tax asset is recognized on tax losses, tax credits, and unused deductible temporary differences when it is probable that future taxable profits will be available to allow realization thereof.

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

m) Earnings per share

These are calculated by means of income for the year attributable to the Company's controlling and noncontrolling shareholders, using the weighted average number of common shares in the related year. Diluted earnings per share are calculated using the aforementioned average of outstanding shares, adjusted by the instruments potentially convertible into shares, with dilutive effect, in the periods presented, pursuant to CPC 41/IAS 33 - Earnings per share.

n) Leased assets

The Company assesses, on the commencement date, whether the agreement is or contains a lease. An agreement is or contains a lease if it transfers the right to control the use of an identified asset over a period of time in return for consideration. To assess whether an agreement transfers the right to control the use of an identified asset, the Company uses the definition of lease in CPC 06(R2).

Upon commencement or modification of an agreement that contains a lease component, the Company allocates the consideration in the agreement to each lease component based on their individual prices. For property leases, however, the Company elected not to separate the non-lease components and accounts for the lease and non-lease components as a single component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability, adjusted for any lease payments made up to the commencement date, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the location in which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

6. Significant accounting policies (Continued)

n) Leased assets (Continued)

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement to the end of the lease term unless the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of lease payments that are not made on the commencement date, discounting the interest rate implicit in the lease, or, if this rate cannot be determined immediately, the Company's incremental borrowing rate. The Company usually uses the incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and making adjustments to reflect the terms of the agreement and the type of leased asset.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance payments;
- Variable lease payments that initially depend on an index or a rate;
- measured using the index or rate on the commencement date;
- Amounts expected to be paid by the lessee under residual value guarantees; and
- The exercise price of a purchase option reasonably certain to be exercised by the lessee and payments of penalties for terminating the lease, if the lease term reflects the option to terminate the lease.

6. Significant accounting policies (Continued)

n) Leased assets (Continued)

Lease liabilities are measured at amortized cost using the effective interest method. It is remeasured if there is a modification in the future lease payments resulting from a change in the index or rate, if there is a change in the amounts that are expected to be paid in accordance with the residual value guarantee, if the Company changes its assessment of whether it will exercise the option to purchase, extend or terminate the lease, or if there is a revised in-substance lease payment.

When the lease liability is remeasured in this way, an adjustment corresponding to the book value of the right-of-use asset is made or is recorded in profit or loss if the book value of the right-of-use asset has been reduced to zero.

i) *Lease of low-value assets*

The Company elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

o) Environment-related aspects

The Company considers that its facilities and activities are subject to environmental regulations. The Company manages the risks associated with environmental matters in all activities that may have an environmental impact. Management believes that no additional provision for losses relating to environmental matters is currently required, based on legislation and regulations in force.

7. Standards issued but not yet effective

The new and amended standards and interpretations issued but not yet in effect until the Group's financial statements issue date are described below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

7. Standards issued but not yet effective—Continued

IFRS 17: Insurance Contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts (CPC 50 - Insurance Contracts that replaced CPC 11 - Insurance Contracts), a new comprehensive accounting standard for insurance contracts that includes recognition and measurement, presentation and disclosure. Once it became effective, IFRS 17 (CPC 50) replaced IFRS 4 - Insurance Contracts (CPC 11) issued in 2005. IFRS 17 applies to all types of insurance contracts (such as life, property and casualty, direct insurance and reinsurance), regardless of the type of entity that issue them, and also certain guarantees and financial instruments with discretionary participation features. Some scope exceptions are applicable. The overall purpose of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Contrasting with the requirements of IFRS 4, which are largely based on local accounting policies in force in prior periods, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The focus of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (variable rate approach).
- A streamlined approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 and CPC 50 are effective for periods beginning on or after January 1, 2023, with the presentation of comparative amounts being required. Early adoption is permitted if the entity also adopts IFRS 9 and IFRS 15 on the same date or before the first-time adoption of IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of liabilities as current or noncurrent

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, correlated with CPC 26, to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

7. Standards issued but not yet effective—Continued

Amendments to IAS 1: Classification of liabilities as current or noncurrent (Continued)

Amendments are valid for periods started as of January 1, 2023 must be applied on a retrospective basis.
Amendments are not expected to have a significant impact on the Group's financial statements:

Amendments to IAS 8: Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 (standard related to CPC 23), in which it introduces the definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement and input techniques to develop accounting estimates.

The amendments will be effective for periods beginning on or after January 1, 2023, and will apply to changes in accounting policies and estimates that occur on or after the beginning of that period. Early adoption is allowed if disclosed.

Amendments are not expected to have a significant impact on the Group's financial statements:

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, the IASB issued amendments to IAS 1 (standard related to CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guides and examples to help entities apply materiality judgment to the disclosure of accounting policies. The amendments aim to assist entities in disclosing accounting policies that are most useful by replacing the requirement for disclosure of significant accounting policies with material accounting policies and adding guidance on how entities should apply the concept of materiality when making decisions about the disclosure of accounting policies.

The amendments to IAS 1 are applicable for periods beginning on or after January 1, 2023, with early adoption permitted. Since the amendments to Practice Statement 2 provide non-mandatory guidance in applying the material definition to accounting policy information, an adoption date for this amendment is not required.

The Group is currently evaluating the impacts of these changes in the accounting policies disclosed.

(In thousands of reais)

8. Cash, cash equivalents and financial investments

The Group classifies the balances of highly liquid short-term bank deposits with a maturity of three months or less as of the investment date and subject to an insignificant risk of change in value as cash equivalents. Any type of bank deposit that does not cumulatively meet these characteristics, or even meet the criteria, but are not held for the purpose of meeting short-term cash commitments, are classified as financial investments, in current or noncurrent assets.

	Accumulated average profitability of the portfolio for the year	**Consolidated**		**Parent Company**	
	CDI %	**2022**	**2021**	**2022**	**2021**
Cash					
In domestic currency		**4**	4	**4**	4
In foreign currency		**8**	6	**8**	6
		12	10	**12**	10
Banks					
In domestic currency		**171**	1,691	**171**	1,691
In foreign currency		**18,282**	1,168	**18,371**	-
		19,453	2,859	**18,542**	1,691
Investments					
Bank Deposit Certificate (CDB) (i)	101%	**332,200**	341,441	**332,200**	341,441
Total cash and cash equivalents and financial investments		**351,665**	344,310	**350,754**	343,142
Cash and cash equivalents		**205,365**	213,284	**204,454**	212,116
Financial investments		**146,300**	120,740	**146,300**	120,740
Financial investments not immediately redeemable		**-**	10,286	**-**	10,286

(i) CDB: Investments made in top-tier banks, and fixed yield based on the CDI rate.

The analysis of the exposure of these assets to interest rate risks, among others, is disclosed in Note 25f.

(In thousands of reais)

9. Accounts receivable

The balance of trade accounts receivable is represented substantially by balances related to the licensing of varieties, as follows:

	Parent Company and Consolidated 2022	Parent Company and Consolidated 2021
Trade accounts receivable - third parties	**46,888**	27,724
Trade accounts receivable - related parties (Note 26)	**67,749**	46,373
Total	**114,637**	74,097
(-) Allowance for expected credit losses - related parties	**(30,770)**	(24,014)
(-) Allowance for expected credit losses	**(19,873)**	(17,965)
Total (Note 25)	**(50,643)**	(41,979)
Current	**51,599**	17,805
Noncurrent	**12,395**	14,313

Changes in the allowance for estimate credit loss ECL are as follows:

	Parent Company and Consolidated 2022	Parent Company and Consolidated 2021
Opening balance at March 31, 2021	**(41,979)**	(45,862)
Reversals	**4,619**	3,883
Amounts recognized	**(13,283)**	-
Closing balance at March 31, 2022	**(50,643)**	(41,979)

(In thousands of reais)

9. Accounts receivable (Continued)

The reversals and/or recognition of allowances are recorded under “Other operating revenues (expenses).”

The analysis of the exposure of these assets to interest rate risks, among others, is disclosed in Note 25.

10. Other accounts receivable

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Prepaid expenses (i)	**6,427**	8,481	**6,427**	8,481
Initial public offering costs	**11,048**	5,944	**11,048**	5,944
Advances to suppliers	**3,632**	932	**3,632**	932
Other accounts receivable	**715**	344	**311**	57
	21,822	15,701	**21,418**	15,414
Current assets	**4,347**	3,669	**3,943**	3,382
Non-current assets	**17,475**	12,032	**17,475**	12,032

(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.

11. 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 income projections prepared and based on internal assumptions and future economic scenarios which may, therefore, be subject to changes.

(In thousands of reais)

11. Deferred tax assets (Continued)

	Consolidated and Parent Company				
	2020	**Recognized in income (loss)**	**2021**	**Recognized in income (loss)**	**2022**
Income and social contribution tax losses	21,711	(21,711)	-	**-**	**-**
Expected credit losses	15,593	(1,320)	14,273	**(2,226)**	**12,047**
Unearned revenue	8,560	3,672	12,232	**(1,586)**	**10,646**
Provision for profit sharing	4,975	1,290	6,265	**3,687**	**9,952**
Temporary differences	3,307	(345)	2,962	**(4,527)**	**(1,565)**
Deferred tax, net	54,146	(18,414)	35,732	**(4,652)**	**31,080**

(In thousands of reais)

11. 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 income (loss) is as follows:

	2022	2021
Income as per book before income and social contribution taxes	**200,853**	154,707
Combined tax rate	**34%**	34%
Income and social contribution taxes:		
Combined tax rate	**(68,291)**	(52,600)
Equity pickup	**2,493**	2,320
Other additions and exclusions	**(1,052)**	3,971
Income and social contribution taxes on income (loss) for the year	**(66,850)**	(46,309)
Effective rate	**33%**	30%
Deferred taxes	**(4,652)**	(18,414)
Current taxes	**(62,198)**	(27,895)

12. Investments (Parent Company)

				Investment		Equity pickup	
Book value	**Country**	**Business activity**	**Equity interest (%)**	**2022**	**2021**	**2022**	**2021**
CTC Gemonics	USA	R&D	100%	**5,497**	7,024	**(7,332)**	(6,823)
				5,497	7,024	**(7,332)**	(6,823)

(In thousands of reais)

12. Investments (Parent Company) (Continued)

Changes in investments in associates are as follows:

Balance at March 31, 2020	5,512
Contribution - investee – CTC Genomics	7,765
Equity pickup	(6,823)
Accumulated translation adjustment	570
Balance at March 31, 2021	7,024
Contribution - investee – CTC Genomics	**6,884**
Equity pickup	**(7,332)**
Accumulated translation adjustment	**(1,079)**
Balance at March 31, 2022	**5,497**

Significant accounts captions of the subsidiary are as follows:

	2022	**2021**
Assets	**8,548**	12,466
Liabilities	**3,051**	5,442
Shareholders' equity	**5,497**	7,024
Net loss for the year	**(7,332)**	(6,823)

(In thousands of reais)

13. Property, plant and equipment

Consolidated	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Buildings and improvements	Leasehold improvements	Construction in progress	Advances to suppliers	Sugarcane planting	Total
Cost:										
Balance at March 31, 2021	61,611	4,307	7,073	6,609	1,838	37,100	12,420	1,418	7,000	139,376
Additions	**9,114**	**544**	**1,516**	**1,648**	**330**	**-**	**9,833**	**480**	**294**	**23,759**
Currency translation	**(781)**	**(28)**	**(138)**	**-**	**-**	**(460)**	**-**	**-**	**-**	**(1,407)**
Write-offs	**(1,756)**	**(6)**	**(41)**	**(297)**	**-**	**-**	**(135)**	**(1,418)**	**-**	**(3,653)**
Transfers	**214**	**855**	**39**	**22**	**554**	**6,716**	**(8,400)**	**-**	**-**	**-**
Balance at March 31, 2022	**68,402**	**5,672**	**8,449**	**7,982**	**2,722**	**43,356**	**13,718**	**480**	**7,294**	**158,075**
Depreciation:										
Balance at March 31, 2021	(37,129)	(2,008)	(4,959)	(3,707)	(588)	(15,113)	-	-	(2,874)	(66,378)
Depreciation in the year	**(6,116)**	**(342)**	**(874)**	**(855)**	**(126)**	**(3,979)**	**-**	**-**	**(1,517)**	**(13,809)**
Write-off - depreciation	**1,075**	**-**	**27**	**46**	**-**	**-**	**-**	**-**	**-**	**1,148**
Currency translation	**236**	**8**	**44**	**-**	**-**	**190**	**-**	**-**	**-**	**478**
Balance at March 31, 2022	**(41,934)**	**(2,342)**	**(5,762)**	**(4,516)**	**(714)**	**(18,902)**	**-**	**-**	**(4,391)**	**(78,561)**
Balance at March 31, 2021	24,482	2,299	2,114	2,902	1,250	21,987	12,420	1,418	4,126	72,998
Balance at March 31, 2022	**26,468**	**3,330**	**2,687**	**3,466**	**2,008**	**24,454**	**13,718**	**480**	**2,903**	**79,514**
Depreciation rate	10%	10%	20%	10%	5%	8%			20%	

(In thousands of reais)

13. Property, plant and equipment (Continued)

Parent Company	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Buildings and improvements	Leasehold improvements	Construction in progress	Advances to suppliers	Sugarcane planting	Total
Cost:										
Balance at March 31, 2021	55,959	4,170	6,468	6,608	1,838	37,302	10,418	1,418	7,000	131,181
Additions	**9,034**	**346**	**1,465**	**1,648**	**330**	**-**	**9,833**	**480**	**294**	**23,430**
Write-offs	**(1,756)**	**(6)**	**(41)**	**(297)**	**-**	**-**	**(135)**	**(1,418)**	**-**	**(3,653)**
Transfers	**214**	**855**	**39**	**22**	**554**	**6,716**	**(8,400)**	**-**	**-**	**-**
Balance at March 31, 2022	**63,451**	**5,365**	**7,931**	**7,981**	**2,722**	**44,018**	**11,716**	**480**	**7,294**	**150,958**
Depreciation:										
Balance at March 31, 2021	(35,783)	(1,967)	(4,741)	(3,709)	(588)	(14,043)	-	-	(2,874)	(63,705)
Depreciation in the year	**(5,558)**	**(306)**	**(730)**	**(855)**	**(126)**	**(3,561)**	**-**	**-**	**(1,517)**	**(12,653)**
Write-off - depreciation	**1,075**	**-**	**27**	**46**	**-**	**-**	**-**	**-**	**-**	**1,148**
Balance at March 31, 2022	**(40,266)**	**(2,273)**	**(5,444)**	**(4,518)**	**(714)**	**(17,604)**	**-**	**-**	**(4,391)**	**(75,210)**
Balance at March 31, 2021	20,176	2,203	1,727	2,899	1,250	23,259	10,418	1,418	4,126	67,476
Balance at March 31, 2022	**23,185**	**3,092**	**2,487**	**3,463**	**2,008**	**26,414**	**11,716**	**480**	**2,903**	**75,748**
Depreciation rate	10%	10%	20%	10%	5%	8%			20%	

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Notes to the parent company and consolidated financial statements (Continued)
March 31, 2022
(In thousands of reais)

13. Property, plant and equipment (Continued)

Consolidated	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Buildings and improvements	Leasehold improvements	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	17,344	112	6,844	129,292
Additions	5,061	711	913	1,898	80	219	8,891	3,235	156	21,164
Write-offs	(122)	(7)	(32)	(858)	-	-	(2,001)	(1,929)		(4,949)
Transfers	2	44	-	-	-	5,637	(5,683)	-	-	-
Transfers to intangible assets		-	-	-	-	-	(6,131)	-	-	(6,131)
Balance at March 31, 2021	61,613	4,307	7,073	6,609	1,838	37,100	12,420	1,418	7,000	139,376
Depreciation:										
Balance at March 31, 2020	(30,191)	(1,749)	(4,349)	(3,705)	(445)	(12,124)	-	-	(1,409)	(53,972)
Depreciation in the year	(6,940)	(259)	(610)	(2)	(143)	(2,989)	-	-	(1,465)	(12,408)
Balance at March 31, 2021	(37,131)	(2,008)	(4,959)	(3,707)	(588)	(15,113)	-	-	(2,874)	(66,380)
Balance at March 31, 2020	26,481	1,810	1,843	1,864	1,313	19,120	17,344	112	5,435	75,320
Balance at March 31, 2021	24,482	2,299	2,114	2,902	1,250	21,987	12,420	1,418	4,126	72,998
Depreciation rate	10%	10%	20%	10%	5%	8%			20%	

(In thousands of reais)

13. Property, plant and equipment (Continued)

Parent Company	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Buildings and improvements	Leasehold improvements	Construction in progress	Advances to suppliers	Sugarcane planting	Total
Cost:										
Balance at March 31, 2020	51,557	3,439	5,686	5,568	1,758	31,665	15,342	112	6,844	121,971
Additions	4,522	694	814	1,898	80	-	8,891	3,235	156	20,290
Write-offs	(122)	(7)	(32)	(858)	-	-	(2,001)	(1,929)	-	(4,949)
Transfers	2	44	-	-	-	5,637	(5,683)	-	-	-
Transfers to intangible assets	-	-	-	-	-	-	(6,131)	-	-	(6,131)
Balance at March 31, 2021	55,959	4,170	6,468	6,608	1,838	37,302	10,418	1,418	7,000	131,181
Depreciation:										
Balance at March 31, 2020	(29,574)	(1,728)	(4,247)	(3,707)	(445)	(11,623)	-	-	(1,409)	(52,733)
Depreciation in the year	(6,209)	(239)	(494)	(2)	(143)	(2,420)	-	-	(1,465)	(10,972)
Balance at March 31, 2021	(35,783)	(1,967)	(4,741)	(3,709)	(588)	(14,043)	-	-	(2,874)	(63,705)
Balance at March 31, 2020	21,983	1,711	1,439	1,861	1,313	20,042	15,342	112	5,435	69,238
Balance at March 31, 2021	20,176	2,203	1,727	2,899	1,250	23,259	10,418	1,418	4,126	67,476
Depreciation rate	10%	10%	20%	10%	5%	8%			20%	

(In thousands of reais)

13. Property, plant and equipment (Continued)

The residual value and useful life of the assets and the depreciation methods are reviewed annually and adjusted prospectively, if necessary. This assessment was carried out based on a technical report issued by specialized professionals at March 31, 2022.

Sugarcane crops correspond to bearer plants that are used exclusively to grow sugar cane. Sugarcane is classified as a permanent crop, whose economically viable production cycle has an average term of five harvests.

The amount allocated to construction in progress refers mainly to improvements in research laboratories, including systemic improvements.

The Group assesses whether there are asset impairment indicators annually. If these indicators are identified, the Company estimates the asset's recoverable amount. For the year ended March 31, 2022, the Group did not identify the need to set up a provision for asset impairment.

14. Leases and right of use

a) Right of use

Changes in the right of use in the year ended March 31 are shown below:

Consolidated	Properties - related parties	Properties	Vehicles	Agricultural lease - related parties (Note 26)	Agricultural lease	Total
March 31, 2020	22,142	2,937	2,471	-	-	27,550
Addition/remeasurement	1,729	-	1,572	5,654	1,211	10,166
Amortization	(4,282)	(537)	(1,344)	(1,560)	(304)	(8,027)
March 31, 2021	19,589	2,400	2,699	4,094	907	29,689
Addition/remeasurement	**1,794**	**-**	**3,076**	**2,148**	**1,138**	**8,156**
Currency translation	**-**	**(346)**	**-**	**-**	**-**	**(346)**
Amortization	**(2,551)**	**(762)**	**(1,779)**	**(1,480)**	**(497)**	**(7,069)**
March 31, 2022	**18,832**	**1,292**	**3,996**	**4,762**	**1,548**	**30,430**
Amortization rate	**9%**	**9%**	**33%**	**10%**	**10%**	

(In thousands of reais)

14. Leases and right of use (Continued)

a) <u>Right of use</u> (Continued)

Parent Company	Properties - related parties (Note 26)	Vehicles	Agricultural lease - related parties (Note 26)	Agricultural lease	Total
March 31, 2020	22,142	2,471	-	-	24,613
Addition/remeasurement	1,729	1,572	5,654	1,211	10,166
Amortization	(4,282)	(1,344)	(1,560)	(304)	(7,490)
March 31, 2021	19,589	2,699	4,094	907	27,289
Addition/remeasurement	**1,794**	**3,076**	**2,148**	**1,138**	**8,156**
Amortization	**(2,551)**	**(1,779)**	**(1,480)**	**(497)**	**(6,307)**
March 31, 2022	**18,832**	**3,996**	**4,762**	**1,548**	**29,138**
Amortization rate	**9%**	**33%**	**10%**	**10%**	

b) <u>Lease liability</u>

Changes in lease liabilities in the year ended March 31 are as follows:

Leases - Consolidated	Properties - related parties (Note 26)	Properties	Vehicles	Agricultural lease - related parties (Note 26)	Agricultural lease	Total
March 31, 2020	21,610	3,561	2,929	-	-	28,100
Addition/remeasurement	2,208	-	1,753	5,779	1,237	10,977
Allocation of financial charges	(504)	(62)	(218)	(110)	(22)	(916)
Payment	(1,885)	(586)	(1,665)	(1,421)	(262)	(5,819)
March 31, 2021	21,429	2,913	2,799	4,248	953	32,342
Addition/remeasurement	**1,794**	**-**	**3,146**	**2,306**	**1,242**	**8,488**
Currency translation	**-**	**(490)**	**-**	**-**	**-**	**(490)**
Allocation of financial charges	**1,517**	**56**	**309**	**415**	**136**	**2,433**
Payment	**(4,211)**	**(926)**	**(3,220)**	**(1,874)**	**(666)**	**(10,897)**
March 31, 2022	**20,529**	**1,553**	**3,034**	**5,095**	**1,665**	**31,876**
Current	2,567	918	2,151	2,336	447	8,419
Noncurrent	17,962	635	883	2,759	1,218	23,457

(In thousands of reais)

14. Leases and right of use (Continued)

b) Lease liability (Continued)

Leases - parent company	Real estate - Related parties (Note 29)	Vehicles	Agricultural lease – related parties (Note 24)	Agricultural lease	Total
March 31, 2020	21,610	2,929	-	-	24,539
Addition/remeasurement	2,208	1,753	5,779	1,237	10,977
Allocation of financial charges	(504)	(218)	(110)	(22)	(854)
Payment	(1,885)	(1,665)	(1,421)	(262)	(5,233)
March 31, 2021	21,429	2,799	4,248	953	29,429
Addition/remeasurement	**1,794**	**3,146**	**2,306**	**1,242**	**8,488**
Allocation of financial charges	**1,517**	**309**	**415**	**136**	**2,377**
Payment	**(4,211)**	**(3,220)**	**(1,874)**	**(666)**	**(9,971)**
March 31, 2022	**20,529**	**3,034**	**5,095**	**1,665**	**30,323**
Current	2,567	2,151	2,336	447	7,501
Noncurrent	17,962	883	2,759	1,218	22,822

At March 31, 2022, lease liabilities from third parties and related parties (Note 26), consolidated, mature as follows:

Months:	Present value	Future amount
01–12	7,501	8,926
13–24	5,577	6,434
25–36	3,529	4,087
37–48	3,722	4,037
>49	9,994	10,158
Total gross	**30,323**	**33,642**
Potential right of recoverable PIS and COFINS (i)	(2,805)	(3,112)
Net total	**27,518**	**30,530**

(i) Refers to the potential right to PIS/COFINS credits on lease payments calculated based on the theoretical rate of 9.25%. This disclosure aims to comply with Circular Letter/CVM/SNC/SEP No. 02/2019 and represents only an estimate. Thus, it does not actually represent the credits that may be taken in the future, and when such fact occurs, said credits may be materially different due to the possibility of the effective rate being different from the theoretical rate or the payment not being subject to credit taking; for example, on account of subsequent changes in tax legislation.

(In thousands of reais)

15. Intangible assets

Consolidated

	Software	Development costs	Total
Cost:			
Balance at March 31, 2020	18,500	278,389	296,889
Additions	7,317	31,664	38,981
Write-offs	-	(4,072)	(4,072)
Balance at March 31, 2021	25,817	305,981	331,798
Additions	**1,610**	**31,403**	**33,013**
Write-offs	**-**	**-**	**-**
Transfers of property, plant and equipment	**-**	**-**	**-**
Currency translation	**(244)**	**(236)**	**(480)**
Balance at March 31, 2022	**27,183**	**337,148**	**364,331**
Amortization:			
Balance at March 31, 2020	(12,515)	(6,050)	(18,565)
Amortization	(2,291)	(5,485)	(7,776)
Balance at March 31, 2021	(14,806)	(11,535)	(26,341)
Amortization	**(2,839)**	**(6,407)**	**(9,246)**
Currency translation	**86**	**25**	**111**
Balance at March 31, 2022	**(17,559)**	**(17,917)**	**(35,476)**
Balance at March 31, 2021	**11,011**	**294,446**	**305,457**
Balance at March 31, 2022	**9,624**	**319,231**	**328,855**

Parent Company

	Software	Development costs	Total
Cost:			
Balance at March 31, 2020	17,781	277,572	295,353
Additions	6,196	31,664	37,860
Write-offs	-	(4,072)	(4,072)
Balance at March 31, 2021	23,977	305,164	329,141
Additions	1,610	31,403	33,013
Write-offs	-	-	-
Transfers of property, plant and equipment	-	-	-
Balance at March 31, 2022	**25,587**	**336,567**	**362,154**
Balance at March 31, 2020	**(12,371)**	**(6,050)**	**(18,421)**
Amortization for the year	(2,055)	(5,396)	(7,451)
Balance at March 31, 2021	**(14,426)**	**(11,446)**	**(25,872)**
Amortization for the year	(2,496)	(6,044)	(8,540)
Balance at March 31, 2022	**(16,922)**	**(17,490)**	**(34,412)**
Balance at March 31, 2021	**9,551**	**293,718**	**303,269**
Balance at March 31, 2022	**8,665**	**319,077**	**327,742**

(In thousands of reais)

15. Intangible assets (Continued)

Parent Company (Continued)

Development costs refer to expenditures incurred with new technologies for the sugar-energy sector, segregated as follows:

	2021	Additions	2022
Conventional Improvement Projects (a)	140,964	**21,080**	**162,044**
Transgenic Improvement Projects (b)	165,017	**10,323**	**175,340**
Total	305,981	**31,403**	**337,384**

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, the potential for application in the market, definition of protocols and laboratory prototype.

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.

a) Conventional improvement projects

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

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 the period of 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).

15. Intangible assets (Continued)

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.

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).

Research expenditures are recognized in income (loss). Research expenditures are recognized in income (loss). Development expenses are capitalized only as intangible assets generated internally if the recognition criteria of IAS 38/CPC 4 - Intangible assets are met. This includes sufficient certainty that the development activity will give rise to future financial cash flows that also cover the respective development expenses. In the case of the Group, this occurs according to the rules assigned to each technology, as follows:

- Conventional improvement: all expenses incurred on commercial varieties up to Phase 3;
- Transgenic improvement: all expenses incurred in commercial varieties of technology already known until its international deregulation and in cases of development of new technologies, only Phase 3 expenses.

Costs with Conventional and Transgenic Improvement projects incurred outside the aforementioned standards are recognized in income (loss) under “Cost of research and services rendered”.

The amortization of intangible assets for product development and registration is recognized under “Cost of development and services rendered” (Note 23).

(In thousands of reais)

15. Intangible assets (Continued)

b) Genetic improvement projects using biotechnology (transgenics) (Continued)

Impairment test

The Group evaluates on an annual basis whether there is indication of impairment loss of an asset. When such indication is found, the Group estimates the recoverable amount of the asset. For the year ended March 31, 2022, management did not identify any evidence of impairment.

16. Suppliers

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

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Domestic suppliers	**13,936**	16,556	**13,936**	16,556
Foreign suppliers	**714**	1,489	**9**	237
	14,650	18,045	**13,945**	16,793

17. Taxes and contributions payable

	Parent Company and Consolidated	Parent Company and Consolidated
	2022	**2021**
PIS/COFINS	**3,360**	2,518
Income tax and social contribution (IRPJ and CSLL)	**1,789**	-
Other taxes	**627**	511
	5,776	3,029

(In thousands of reais)

18. Salaries, vacation and charges payable

	Consolidated		Parent Company	
	2022	2021	2022	2021
Provision for vacation, 13th monthly salary and related charges	**9,068**	7,041	**9,068**	7,041
Provision for profit sharing goal management program (i)	**15,099**	12,779	**14,597**	12,054
Labor charges payable	**6,550**	5,637	**6,550**	5,637
Other	**18**	130	**18**	130
	30,735	25,587	**30,233**	24,862

(i) The Group recognizes a liability and an expense for profit sharing based on a methodology that takes into account previously defined goals for employees. The Group recognizes a provision when it is contractually obligated or when a past practice has created an obligation.

19. Loans and financing

Parent Company and Consolidated			Maturity			Debt balance	
Type	Currency	Charges	From	To	Guarantees	2022	2021
Finame	R$	2.5% p.a.	2013	2021	Lien	**-**	28
FINEP	R$	4% p.a.	2015	2022	Bank guarantee	**16,190**	51,401
						16,190	51,429
Current						**16,190**	29,400
Noncurrent						**-**	22,029

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

Maturity (months):	2022	2021
up to 12	**16,190**	29,400
13–24	**-**	22,029
	16,190	51,429

Covenants

As of March 31, 2022, the Group has no contractual obligations that require maintenance of certain financial, operational and financial performance ratios, therefore it is not required to comply with covenants.

(In thousands of reais)

19. Loans and financing (Continued)

Covenants (Continued)

Reconciliation of changes in shareholders' equity with cash flows from financing activities

			Cash flow				
	2021	Grant write-off	Interest incurred	Payments	Interest paid	Transfers	2022
Loans and financing	51,429	-	**1,453**	**(35,239)**	**(1,453)**	**-**	**16,190**
Current	29,400	-	**1,453**	**(35,239)**	**(1,453)**	**22,029**	**16,190**
Noncurrent	22,029	-	**-**	**-**	**-**	**(22,029)**	
Total	51,429		**1,453**	**(35,239)**	**(1,453)**	**-**	**16,190**

			Cash flow				
	2020	Grant write-off	Interest incurred	Payments	Interest paid	Transfers	2021
Loans and financing	116,705	**(8,978)**	**3,013**	**(56,461)**	**(2,850)**	**-**	**51,429**
Current	50,063	**(8,978)**	**3,013**	**(56,461)**	**(2,850)**	**44,613**	**29,400**
Noncurrent	66,642	**-**	**-**	**-**	**-**	**(44,613)**	**22,029**
Total	116,705	**(8,978)**	**3,013**	**(56,461)**	**(2,850)**	**-**	**51,429**

20. Provision for lawsuits

In the ordinary course of its business, the Group is subject to tax, labor, civil and other proceedings. Based on the opinion of its legal advisors and, when applicable, on specific opinions issued by experts, management assesses the expected outcome of proceedings in progress and determines whether or not a provision for contingencies is required.

At March 31, 2022, the amount of R$805 (R$805 at March 31, 2021) was recorded as provision, 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 administrative and sales expenses. The amount of R$10,898 at March 31, 2022 (R$1,079 at March 31, 2021) is recorded in the judicial deposits account, referring to these claims.

(In thousands of reais)

20. Provision for lawsuits—Continued

	Labor provisions	Judicial deposits
Balance at March 31, 2021	(805)	1,079
FINEP deposit (i)	**-**	**22,917**
FINEP Write-offs (i)	**-**	**(12,976)**
Write-offs	**-**	**(122)**
Balance at March 31, 2022	**(805)**	**10,898**

In the year ended March 31, 2021, the Company was notified by the Funding Agency for Studies and Projects (FINEP) for possible noncompliance with balance of project financing, for which it requires the return of the amount restated based on the Central Bank Benchmark rate (SELIC). The notification was analyzed by the Company, and its legal advisors filed a lawsuit for disagreeing with the content of said notification, making a judicial deposit in the amount of R$ 22,917 in April 2021, which in the current year was partially settled with the balance of loan in the amount of R$ 12,976 and currently presents the amount of R$ 9,941, related to interest, still in disputes in court.

In addition, the Group is subject to federal tax proceedings whose likelihood of loss is assessed as possible, in the amount of R$ 51,660 (R$ 59,530 at March 31, 2021), civil suits in the amount of R$ 21,381 (R$ 9,946 at March 31, 2021), and labor claims in the amount of R$ 1,343 (R$ 926 at March 31, 2021), at different procedural stages.

21. Shareholders' equity (Parent company)

a) Capital

The Company's capital totals R$562,203 (the same as at March 31, 2021), represented by 320,748,000 (the same as at March 31, 2021), fully subscribed and paid-in common registered shares, with no par value.

Allocation of net income:

b) Legal reserve

The legal reserve is set up at 5% of net income for the year, before any allocation, not exceeding 20% of the Company capital.

As of March 31, 2022, the Company allocated R$ 6,700 to the Legal reserve account (R$ 5,420 as of March 31, 2021).

21. Shareholders' equity (Parent company) (Continued)

c) Reserve of shareholders' equity

The Company's Articles of Incorporation provide for that remaining profit after legal allocations and provisioning of dividends may be allocated by the shareholders at the Annual General Meeting through a proposal of the Board of Directors, in compliance with the limit of capital, to a statutory reserve denominated reserve of shareholders' equity, the current amount of this reserve is R$ 202,818, which represents the full residual balance after legal allocations.

d) Capital reserve

Share-based payment

The Company has a share-based Compensation Plan, approved at the Special General Meeting held on January 14, 2016, whereby certain members of the Statutory and Non-Statutory Board of Executive Officers and management members are eligible to receive common shares, at the discretion of the Board of Directors (“Beneficiaries”).

The shares will be granted annually, according to the achievement of organizational and individual goals, in virtual form (without any relation with the phantom stock option), that is, they will represent a mere expectation of right, and will be delivered to the Beneficiaries only in the event of a liquidity event.

A Liquidity Event is the realization of an initial public offering for the distribution of securities issued by the Company (“IPO”) in the future, with the trading of Company shares on the listing segment called Novo Mercado of BM&FBOVESPA, as well as any other private liquidity event considered by the Board of Directors whose financial volume is equivalent to the IPO. If a Liquidity Event does not occur, the Beneficiary will lose the right to receive the shares, and will not be entitled to any right to indemnity under the terms of the Plan.

If the Company has its shares listed and traded on the stock exchange, the strike price will be equivalent to the number of shares distributed, multiplied by the value of the share measured on a market basis.

The 2016 Program grants the option of five lots, with no grace period. The last grant is linked to a possible liquidity event.

The exercise prices of each plan were determined based on the estimated fair value of the Company's shares on each grant date.

(In thousands of reais)

21. Shareholders' equity (Parent company) (Continued)

d) Capital reserve (Continued)

Share-based payment--(Continued)

Plan	1st grant	2nd grant	3rd grant	4th grant	5th grant	
Grant date	**07/20/2017**	**06/25/2018**	**07/19/2019**	**07/20/2020**	**07/13/2021**	**Total**
Shares granted	210,000	227,600	249,600	223,200	181,600	1,092,000
Shares canceled (i)	-	(17,200)	(27,200)	-	-	(44,400)
Shares effectively granted (ii)	210,000	210,400	222,400	223,200	181,600	1,047,600

(i) This refers to shares granted to former beneficiaries that are no longer part of the Company's staff.

(ii) According to the stock split defined at the Annual General Meeting held on January 4, 2021.

The Company recognized an administrative expense of R$ 1,383 with stock options (R$ 13,291 as of March 31, 2021) for the year.

As the granting of shares is linked to the occurrence of the Liquidity Event, they have not been exercised since the plan was created. The total number of shares granted at March 31, 2022 of 1,047,600 shares (866,000 at March 31, 2021) was recognized in shareholders' equity under Capital reserve.

Stock option plan

The long-term incentive Plan based on the Company's stock option was approved by the Board of Directors on September 21, 2020 and at the Special General Meeting held on October 21, 2020.

The program aims to reinforce retention of key executives and align their interests with those of shareholders, in creating sustainable and long-term value for the business.

When launching each Program, the Board of Directors will establish the terms and conditions of each option in a Stock Option Agreement ("Agreement"), to be entered into between the Company and each beneficiary. This agreement will define: (i) the number of shares that the beneficiary will be entitled to acquire or subscribe upon exercising the options, (ii) the price per share, in accordance with the Company's Stock Option Program, and (iii) any other additional terms and conditions, provided that they are not in disagreement with the provisions of the respective Company's Stock Option Plan or Program.

(In thousands of reais)

21. Shareholders' equity (Parent company) (Continued)

e) Dividends

In accordance with the Company's Articles of Incorporation, shareholders are entitled to mandatory minimum dividends of 25% on net income determined at the end of the fiscal year, adjusted in accordance with article 202 of the Brazilian Corporation Law.

Dividends payable were calculated as follows:

	2022	2021
Income (loss) for the year	**134,003**	108,398
(-) Legal reserve - 5%	**6,700**	5,420
Calculation base	**127,303**	102,978
% of mandatory minimum dividends	**31,826**	25,745
Minimum dividends proposed	**31,826**	25,745

f) Earnings per share

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

	Parent Company and Consolidated	
	2022	2021
Basic		
Net income for the year attributable to Company shareholders (a)	**134,003**	108,398
Weighted average number of outstanding shares (b)	**320,748,000**	320,748,000
Net income (loss) per common share (a) / (b) x 1000	**0.4178**	0.3380
Diluted		
Weighted average number of potentially dilutive outstanding shares (c)	**321,795,600**	321,614,000
Net income per common share (a)/(c) x 1000	**0.4164**	0.3370

22. Net operating revenue

	Parent Company and Consolidated	
	2022	2021
Royalty revenues - third parties	**138,256**	121,387
Royalty revenues - related parties (Note 26)	**303,699**	236,740
Other revenues	**20,376**	14,281
(-) Deductions from revenue	**(40,876)**	(34,455)
Net operating revenue	**421,455**	337,953

(In thousands of reais)

23. Operating expenses by nature

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Personnel expenses	**(99,453)**	(85,947)	**(98,461)**	(85,410)
Services acquired	**(50,505)**	(42,519)	**(49,831)**	(42,373)
Expenses with materials	**(32,611)**	(21,279)	**(31,172)**	(20,615)
Depreciation and amortization	**(30,124)**	(28,211)	**(27,500)**	(25,913)
Set-up/reversal of allowance for expected credit losses	**(8,665)**	3,883	**(8,665)**	3,883
Other general income (expenses)	**(20,200)**	(17,420)	**(18,471)**	(14,195)
Other revenues	**5,363**	3,733	**5,180**	3,624
	(236,195)	(187,760)	**(228,920)**	(180,999)
Reconciliation with operating expenses classified by function:				
Costs with R&D, products sold and services rendered	**(137,369)**	(114,392)	**(132,461)**	(107,885)
Administrative expenses	**(95,524)**	(80,984)	**(92,974)**	(80,621)
Other operating revenues (expenses)	**(3,302)**	7,616	**(3,485)**	7,507
	(236,195)	(187,760)	**(228,920)**	(180,999)

24. Net financial

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Financial investment yield	**18,275**	7,427	**18,275**	7,427
Interest and others	**3,663**	5,554	**3,663**	5,554
Finance income	**21,938**	12,981	**21,938**	12,981
Bank expenses	**(1,124)**	(2,762)	**(1,067)**	(2,762)
Interest on loans	**(1,170)**	(3,461)	**(1,170)**	(3,461)
Present value adjustment -	**(1,848)**	(1,198)	**(1,848)**	(1,198)
Other finance expenses	**(198)**	(1,001)	**(198)**	(938)
Finance expenses	**(4,340)**	(8,422)	**(4,283)**	(8,359)
Net exchange rate changes	**(2,005)**	(46)	**(2,005)**	(46)
Net financial	**15,593**	4,513	**15,650**	4,576

(In thousands of reais)

25. Financial instruments

a) Accounting classification and fair values

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

Consolidated		Book value		Fair value	
Financial instruments		**March 31, 2022**	**March 31, 2021**	**March 31, 2022**	**March 31, 2021**
Financial assets measured at fair value				**Level 2**	**Level 2**
Financial investments (Note 8)	Fair value through profit or loss	**332,200**	334,024	**332,200**	334,024
Financial assets not measured at fair value					
Short-term investments not immediately redeemable (Note 8)	Amortized cost	**-**	10,286	**-**	-
Demand deposits (Note 8)	Amortized cost	**12**	10	**-**	-
Checking account (Note 8)	Amortized cost	**19,453**	2,859	**-**	-
Accounts receivable (Note 9)	Amortized cost	**114,637**	74,097	**-**	-
Other accounts receivable (Note 10)	Amortized cost	**21,822**	15,701		
Financial liabilities measured at fair value					
Loans and financing (Note 19)	Fair value through profit or loss	**16,190**	51,429	**-**	-
Financial liabilities not measured at fair value					
Trade accounts payable (Note 16)	Amortized cost	**14,650**	18,045	**-**	-
Other accounts payable	Amortized cost	**2,778**	2,832	**-**	-

Parent Company		Book value		Fair value	
Financial instruments		**March 31, 2022**	**March 31, 2021**	**March 31, 2022**	**March 31, 2021**
Financial assets measured at fair value				**Level 2**	**Level 2**
Financial investments (Note 8)	Fair value through profit or loss	**332,200**	332,856	**332,200**	332,856
Financial assets not measured at fair value					
Short-term investments not immediately redeemable (Note 8)	Amortized cost	**-**	10,286	**-**	-
Demand deposits (Note 8)	Amortized cost	**12**	10	**-**	-
Checking account (Note 8)	Amortized cost	**18,542**	1,691		
Accounts receivable (Note 9)	Amortized cost	**114,637**	74,097	**-**	-
Other accounts receivable (Note 10)	Amortized cost	**21,418**	15,414	**-**	-
Financial liabilities measured at fair value					
Loans and financing (Note 19)	Fair value through profit or loss	**16,190**	51,429	**-**	-
Financial liabilities not measured at fair value				**-**	-
Trade accounts payable (Note 16)	Amortized cost	**13,945**	16,793	**-**	-
Other accounts payable	Amortized cost	**3,549**	3,181		

25. Financial instruments (Continued)

a) Accounting classification and fair values (Continued)

Fair value vs. book value

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 Group 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 Group's exposure to each of the foregoing risks, 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 Group's risk management framework. Management is responsible for developing and monitoring the risk management policies. Managers of each department regularly report their activities to management.

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

(In thousands of reais)

25. Financial instruments (Continued)

d) Exchange rate risk

The Group is exposed to foreign exchange risk operations deriving from differences between currencies in which transactions are denominated and the respective functional currency of the Group's entities. Group's functional currencies are mainly the Real (R$), and US Dollar (USD). The currencies in which the transactions of the Group are primarily denominated are: R$ and USD.

			Risk					
	Exposure in 2022		Probable		Decrease in rate by 25%		Decrease in rate by 50%	
Scenarios	**USD**	**Risk**	**Rate**	**Amount**		**Amount**	**%**	**Amount**
Financial assets								
Cash in foreign currency	2	Dollar	4.7375	8	3.55	6	2.37	4
Banks in foreign currency	4,070	Dollar	4.7375	19,282	3.55	14,462	2.37	9,641
Projected loans and financing				19,290		14,468		9,645
Impact on income (loss) and shareholders' equity				-		(4,823)		(9,645)

			Risk					
	Exposure in 2022		Probable		Increase in rate by 25%		Increase in rate by 50%	
Scenarios	**USD**	**Risk**	**Rate**	**Amount**		**Amount**	**%**	**Amount**
Financial assets								
Cash in foreign currency	2	Dollar	4.7375	8	5.92	10	7.11	12
Banks in foreign currency	4,070	Dollar	4.7375	19,282	5.92	24,103	7.11	28,923
Projected loans and financing				19,290		24,113		28,935
Impact on income (loss) and shareholders' equity				-		4,823		9,645

e) Credit risk

Credit risk is the risk of financial loss to the Group 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 value of financial assets represents maximum credit exposure.

25. Financial instruments (Continued)

e) Credit risk (Continued)

Credit risk

Credit risk is the risk that a counterparty to an arrangement will fail to comply with an obligation defined in a financial instrument or contract, which would cause financial losses. The Group is exposed to credit risk from its operating activities (primarily for trade accounts receivable), including deposits in banks and financial institutions, and other financial instruments. The maximum exposure to credit risk at the reporting date is the recorded amount of each class of contractual assets mentioned in Notes 8 and 9.

Financial instruments and bank deposits

The Group limits its exposure to credit risks associated with banks and financial investments by investing with large financial institutions.

Accounts receivable

As regards trade accounts receivable, the Group limits its exposure to credit risks through sales to a wide customer base and ongoing customer credit analyses and also by taking the necessary measures in accordance with the policy in force. At March 31, 2022, there was no significant concentration of credit risk associated with customers.

Trade accounts receivable and other receivables

Expense on setting up the allowance for doubtful accounts was recorded under “Other operating revenues (expenses)” in the statement of income. 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.

The aging list of receivables on the reporting date was as follows:

(In thousands of reais)

25. Financial instruments (Continued)

e) Credit risk (Continued)

Trade accounts receivable and other receivables--Continued

	Parent Company and Consolidated 2022	Parent Company and Consolidated 2021
Falling due (days):	**49,155**	24,881
01–30	**2,190**	863
31–60	**3,940**	1,478
61–180	**26,005**	7,616
181–360	**11,420**	7,914
>360	**21,927**	31,345
Total (note 9)	**114,637**	74,097
(-) Allowance for expected credit losses - related parties	**(30,770)**	(24,014)
(-) Allowance for expected credit losses	**(19,873)**	(17,965)
Total (note 9)	**(50,643)**	(41,979)
	63,994	32,118

f) Liquidity risk

The table below presents the contractual maturities of financial liabilities, including estimated payment of interest:

Debt amortization schedule

March 31, 2022	Book value	Contractual cash flow	12 months	13–24 months
Suppliers	**14,650**	**14,650**	**14,650**	**-**
Loans and financing	**16,190**	**17,404**	**17,404**	**-**

March 31, 2021	Book value	Contractual cash flow	12 months	13–24 months
Suppliers	18,045	18,045	18,045	-
Loans and financing	51,429	55,286	31,605	23,681

(In thousands of reais)

25. Financial instruments (Continued)

g) Market risk

Market risk refers to changes in market prices, such as interest rates that affect the gains of the Group, or the amount of its stake in financial instruments. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters and, at the same time, optimize return. For outstanding transactions and operations, interest rate risk is the most significant.

Interest rate risk

Interest rate risk is the risk of the Group 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 the local market. This exposure refers mainly to changes in market interest rates that affect the Group's assets and liabilities pegged to the Interbank Deposit Certificate (CDI) rate.

Profile

At the reporting date, the profile of the Group's variable interest-bearing financial instruments was:

		Book value	
Consolidated	**Risk**	**2022**	**2021**
Fixed rate instruments			
Suppliers		**14,650**	11,497
Loans and financing		**16,190**	107,727
Variable rate instruments			
Financial investments (immediately and not immediately redeemable)	CDI	**332,200**	344,310

Sensitivity analysis

The Company’s financial investments pegged to the CDI totals R$ 332,200. The table below presents three scenarios, taking into consideration their percentage variations for the CDI and TJLP, where the probable scenario is 11% greater than the average effective interest rate for 2021. The other scenarios consider CDI and TJLP appreciation by 25% and 50% on this rate and represent the impact of finance expenses on income (loss) for the year and shareholders’ equity.

(In thousands of reais)

25. Financial instruments (Continued)

g) Market risk (Continued)

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

			Risk					
	Exposure in		Probable		Decrease in rate by 25%		Decrease in rate by 50%	
Scenarios	**2022**	**Risk**	**%**	**Amount**		**Amount**	**%**	**Amount**
Financial assets								
Financial investments (immediately and not immediately redeemable)	332,200	CDI decrease (*)	11.48	38,137	8.61	28,602	5.74	19,068
Projected loans and financing				38,137		28,602		19,068
Impact on income (loss) and shareholders' equity				-		(9,534)		(19,068)

(*) Source: Brazilian Federal Revenue Service

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

			Risk					
	Exposure in		Probable		Increase in rate by 25%		Increase in rate by 50%	
Scenarios	**2022**	**Risk**	**%**	**Amount**		**Amount**	**%**	**Amount**
Financial assets								
Financial investments (immediately and not immediately redeemable)	332,200	CDI increase (*)	11.48	38,137	14.35	47,671	17.22	57,205
Projected loans and financing				38,137		47,671		57,205
Impact on income (loss) and shareholders' equity				-		9,534		19,068

(*) Source: Brazilian Federal Revenue Service

The Group'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.

h) Capital management

The Group'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 areas. These indicators correspond to the following ratios:

(In thousands of reais)

25. Financial instruments (Continued)

h) Capital management (Continued)

Current liquidity (current assets to current liabilities)	Above or equal to 1

The liquidity and leverage ratios are as follows:

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Current assets	**416,185**	367,573	**414,870**	366,118
Current liabilities	**114,126**	112,217	**112,772**	109,476
Liquidity ratio	**3.65**	3.28	**3.68**	3.34

26. Related parties

i) Parent Company and ultimate parent company

The group of ultimate parent companies 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.

ii) Key management personnel compensation

The compensation paid to management is defined at the Annual General Meeting and the amounts paid in the year as compensation totaled R$ 9,992 (R$ 9,343 at March 31, 2021).

In addition to the expenses mentioned above, the Company has a share-based compensation plan as disclosed in Note 21.

iii) Other transactions with related parties

Significant asset and liability balances, as well as transactions that influence income (loss) for the year, derive from transactions carried out at prices agreed by the parties, between the Group and its related parties, for the following types of transactions:

(In thousands of reais)

26. Related parties (Continued)

iii) Other transactions with related parties (Continued)

	Note	2022	2021
Assets			
Accounts receivable *(a)*	9	**67,749**	18,023
Liabilities			
Dividends payable *(b)*		**35,578**	26,622
Lease liabilities *(c)*	14	**25,624**	25,677
Other accounts payable		**1,062**	900

		2022	2021
Income (loss)			
Sales revenue *(e)*	22	**303,699**	236,740

(In thousands of reais)

26. Related parties (Continued)

iii) Other transactions with related parties (Continued)

(a) *Accounts receivable*

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

Accounts receivable (Note 9)	2022	2021
Bunge Group	**9,875**	-
Virgolino De Oliveira Group	**8,301**	12,895
Adecoagro Group	**8,218**	6,382
Eth Group	**4,973**	7,970
Usina Alvorada Açúcar e Álcool Ltda.	**4,108**	-
S.A. Usina Coruripe Açúcar E Alcool	**3,717**	39
Usina Uberaba S.A.	**2,549**	59
Tonon Bioenergia S.A.	**2,335**	2,759
Santa Vitória Açucar E Alcool Ltda.	**1,785**	558
Usina Santa Rosa S.A.	**1,728**	728
Jalles Machado S.A.	**1,649**	1,556
Usina Santo Antônio S.A	**1,635**	-
Usina São Francisco S.A	**1,510**	-
Unialco Group	**1,279**	259
Usj - Açucar E Alcool S.A.	**1,266**	-
Denusa - Destilaria Nova União S.A.	**1,101**	-
Usina Açucareira São Manoel S.A.	**1,039**	872
Biosev Group	**997**	313
Ferrari Agroindustrial S.A.	**994**	1,092
Usina Açucareira Furlan S.A.	**942**	1,578
Usina Ipiranga de Açúcar e Álcool S.A.	**813**	406
Usinas Itamarati S.A.	**735**	1,711
Dacalda Açúcar E Alcool Ltda.	**635**	-
Zilor	**626**	-
Usina Petribu S/A	**532**	547
Antonio Ruette Agroindustrial Ltda.	**521**	441
Usina São José da Estiva S.A. Açúcar e Álcool	**420**	-
Usina Açucareira Ester S.A.	**414**	-
Usina Santa Fé S.A.	**340**	204
Della Coletta Bioenergia S.A.	**310**	-
Cia Melhoramentos	**289**	-
J. Pilon Açucar E Alcool	**255**	148
Nova America Agricola Ltda	**239**	847
Usina Santa Adelia S.A.	**205**	476
Pedra Agroindustrial	**203**	106
Clealco Açúcar E Alcool S.A.	**197**	258
Naoum	**183**	566
Raízen Group	**170**	137
Alto Alegre Group	**169**	211
São Martinho Group	**98**	143

(In thousands of reais)

26. Related parties (Continued)

iii) Other transactions with related parties (Continued)

(a) *Accounts receivable (Continued)*

Accounts receivable (Note 9)	2022	2021
Agroterenas S.A.	**82**	-
Serranopolis	**78**	79
Wd Agroindustrial Ltda.	**73**	351
Usina Batatais S.A. Açúcar E Álcool	**55**	401
U.S.A. - Usina Santo Angelo Ltda.	**47**	-
Destilaria Nova Era LTDA.	**27**	28
Usina Açúcar Santa Terezinha	**22**	-
Agropeu - Agroindustrial de Pompeu S/A	**10**	97
Usina Melhoramentos	**-**	727
Baldin Group	**-**	424
Denusa - Destilaria Nova União S.A.	**-**	382
U.S.A. - Usina Santo Angelo Ltda.	**-**	332
Noble do Brasil S.A.	**-**	160
Lasa Linhares Agroindustrial S.A	**-**	117
Goiasa Goiatuba Álcool Ltda.	**-**	14
	67,749	46,373

(b) In accordance with the Company's Articles of Incorporation, shareholders are entitled to mandatory minimum dividends of 25% on the profit determined at the end of the fiscal year, adjusted in accordance with article 202 of the Brazilian Corporation Law. The Company recorded under Dividends payable the amount of R$ 35,578 (R$ 26,622 at March 31, 2021).

(c) At March 31, 2022 and 2021, the Company had lease agreements for transactions with related parties recorded in liabilities.

Property lease obligations (Note 14)	2022	2021
Copersucar S.A.	**20,529**	21,429
	20,529	21,429

Agricultural lease obligations (Note 14)	2022	2021
São Martinho S.A.	**2,496**	2,401
Usina Açúcar Santa Terezinha Ltda.	**1,500**	1,084
Raizen Energia S.A.	**550**	311
Pedra Agroindustrial S.A.	**148**	142
Nova America Agricola Ltda.	**94**	91
Cocal Com Ind Cana Açúcar e Alcool Ltda.	**65**	47
Jallles Machado S.A.	**240**	169
S.A. Usina Coruripe Açúcar Alcool	**2**	3
Total	**5,095**	4,248

(In thousands of reais)

26. Related parties (Continued)

iii) Other transactions with related parties (Continued)

(d) *Other accounts payable*

Other accounts payable	2022	2021
CTC Genomics LLC	**1,062**	900

(e) Royalty revenue

Royalty revenues (note 22)	2022	2021
Bunge Group	**33,342**	26,084
Raízen Group	**29,618**	19,571
São Martinho Group	**25,000**	22,224
Biosev Group	**22,277**	18,567
Adecoagro Group	**17,721**	13,446
Pedra Agroindustrial	**15,010**	12,732
Usina de Açucar Santa Terezinha Ltda.	**14,625**	8,940
Tereos Group	**12,702**	10,519
Noble do Brasil S.A.	**11,923**	-
Usina Ipiranga de Açúcar e Álcool S.A.	**11,908**	9,153
Cocal Comercio E Industria Canaã Açucar E Alcool S.A.	**11,687**	9,160
Eth Group	**9,517**	8,746
Jalles Machado S.A.	**6,973**	6,225
Cia Melhoramentos	**6,460**	-
Alto Alegre Group	**6,435**	6,127
Usina Santa Adelia S.A.	**6,430**	3,894
Agroterenas S.A.	**5,380**	-
S.A. Usina Coruripe Açúcar E Alcool	**5,323**	5,462
Zilor	**5,178**	3,584
Usina São José da Estiva S.A. Açúcar e Álcool	**4,310**	-
Ferrari Agroindustrial S.A.	**3,777**	2,862
Nova America Agricola Ltda	**3,629**	4,841
Santa Vitória Açucar E Alcool Ltda.	**3,339**	2,234
Usina Santa Fé S.A.	**3,082**	2,701
Usina Uberaba S.A.	**2,514**	2,081
Usina Açucareira São Manoel S.A.	**2,357**	1,651
Goiasa Goiatuba Álcool Ltda.	**2,287**	2,058
Usina Batatais S.A. Açúcar E Álcool	**2,191**	1,605
J. Pilon Açucar E Alcool	**2,123**	-
Antonio Ruette Agroindustrial Ltda.	**2,098**	1,762
Usina Santo Antônio S.A	**1,635**	1,598
Usina São Francisco S.A	**1,510**	1,542
Usina Açucareira Ester S.A.	**1,395**	365
U.S.A. - Usina Santo Angelo Ltda.	**1,305**	-
Usj - Açucar E Alcool S.A.	**1,271**	-
Unialco Group	**1,246**	982
Usinas Itamarati S.A.	**1,018**	2,000
Dacalda Açúcar E Alcool Ltda.	**925**	607
Denusa - Destilaria Nova União S.A.	**777**	-
Wd Agroindustrial Ltda.	**732**	554
Della Coletta Bioenergia S.A.	**658**	186
Usina Petribu S/A	**576**	349
Usina Açucareira Furlan S.A.	**461**	233
Naoum	**401**	-
Agropeu - Agroindustrial de Pompeu S/A	**300**	253

(In thousands of reais)

26. Related parties (Continued)

iii) Other transactions with related parties (Continued)

(d) Royalty *revenue* (*Continued)*

Royalty revenues (note 22)	2022	2021
Virgolino De Oliveira Group	**81**	627
Usina Trapiche S.A	**75**	71
Lasa Linhares Agroindustrial S.A	**62**	59
Serranopolis	**32**	-
Alcon - Cia de Álcool Conceição da Barra	**12**	12
Destilaria Nova Era LTDA.	**11**	8
Clealco Açúcar E Alcool S.A.	**-**	642
Companhia Muller de Bebidas	**-**	317
Usina Alvorada Açúcar e Álcool Ltda.	**-**	460
Noble do Brasil S.A.	**-**	9,298
Usina Melhoramentos	**-**	5,080
J. Pilon Açucar E Alcool	**-**	1,611
Usj - Açucar E Alcool S.A.	**-**	1,141
U.S.A. - Usina Santo Angelo Ltda.	**-**	1,137
Denusa - Destilaria Nova União S.A.	**-**	730
Usina Maringa	**-**	562
Baldin Group	**-**	87
	303,699	236,740

27. Insurance

The Group 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 Group's activities.

At March 31, 2022, the insurance coverage against operational risks included property damage in the amount of R$36,000 and civil liability in the amount of R$40,000.

28. Future revenue commitment

For a better understanding of the financial statements, this note illustrates the effects of future receipts already committed with the customers and conditioned to the existence, on the dates of future billings, related to the remaining cuts of areas that are already planted.

CTC enters into agreements without a fixed term for licensing of the right to use its varieties, receiving annual royalties from its customers over the period in which its varieties are being cultivated for approximately five years. This obligation remains until the end of the term of its intellectual property protection, which is 15 years for conventional varieties, and 20 years for genetically modified ones.

The Company estimates that the rights arising from future cuts of the current planting, at present value, total R$837 million as of March 31, 2022, as shown below:

Future rights from future crop (in millions of reais)	
Total commitment for receipt of future revenue	1,055
To be recognized within two years	501
To be recognized between 3 and 5 years	336
Net present value of flow	**837**

The Company used the following assumptions to calculate the present value of future revenue:

- Absence of eradication of crops;
- Five cuts (harvest years) for existing crops;
- Present value adjustment;
- Right to charge royalties over the variety protection term;

As disclosed in Note 6.j, CTC recognizes annual revenue in accordance with CPC 47 and IFRS 15, under which the amounts of the aforementioned rights are recognized as revenue in the Company's financial statements for future years.

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

Executive Board

CEO
José Gustavo Teixeira Leite

Officers
Viler Corrêa Janeiro
Rinaldo Pecchio Junior

Accountant in charge: Luis Ricardo Teixeira
CRC 1SP294147/O-2