

Earnings Release 1st Quarter

2023/24 HARVEST

AUGUST 14, 2023

Cash Net Income of R\$ 124.7 million in 1Q24

Adjusted EBITDA was **R\$ 557.3 million in 1Q24** (-36%) with Adjusted EBITDA margin of 41.2%, with this performance mainly reflecting the lower ethanol sales volume and price, which were partially neutralized by the better prices and higher volumes for sugar.

Adjusted EBIT was **R\$ 215.6 million** (-53.5%), with margin of 15.9%.

Net Income of **R\$ 220,3 million**, in line with last crop year (-0.6%), representing margin of 16.3%.

Leverage Ratio of **1.16x Net Debt/Adjusted EBITDA** on June 30, 2023 (+0.2x vs. 1Q23).

On June 30, 2023, **sugar prices hedged for the 2023/24 crop year** totaled **~630,000 tons** (~68% of own cane) at a price of **~R\$ 2,643/ton**. For the **24/25 crop year**, prices were hedge for **30,000 tons of sugar at ~R\$ 2,673/ton**.

Executive Summary

In R\$ '000

	1Q24	1Q23	Δ 1Q24/1Q23
Net Revenue ¹	1,353,309	1,707,416	-20.7%
Adjusted EBITDA	557,261	875,694	-36.4%
Adjusted EBITDA Margin	41.2%	51.3%	-10.1 p.p
Adjusted EBIT	215,578	464,016	-53.5%
Adjusted EBIT Margin	15.9%	27.2%	-11.2 p.p
Cash Income	124,710	226,798	-45.0%
Net Debt / EBITDA LTM	1.16 x	0.96 x	20.6%

1 - Excludes the Hedge Accounting effect of foreign-denominated debt and PPA USC and includes Financial Income from Real Estate Development. Data do not include the IFRS 16 impacts.

SMT03: R\$ 34,15 per share

Market Cap: R\$ 12,1 billion

*As of June 30, 2023

Conference Call

August 15, 2023 (Tuesday)

3:00 p.m. (Brazil) + 55 11 3181-8565

1:00 p.m. (New York) +1 412 717-9627

Access Code: São Martinho

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The section on adjustments was incorporated into the Company's Earnings Release to provide improve the understating of results by detailing the impacts from managerial account movements to transform the accounting data from a cash perspective and, also, adjustments in the equity account arising from the adoption of specific accounting standards.

Adjustments to Income for 1Q24

To simplifying the understanding of its recurring operating cash generation, the Company makes managerial adjustments to certain accounting data for determining the Adjusted EBITDA indicator, as shown in the following table:

In R\$ '000

	1Q24			
	Accounting	Impacts	Adjusted	
Net Revenue¹	1,342,587	10,722	1,353,309	Financial expenses related to <u>hedge accounting</u> exchange variation.
Hedge Accounting		6,573	→	
(+) PPA		2,834		
Real Estate Results		1,315	→	Financial income from <u>real estate development</u> was included in net revenue.
Cost of Goods Solds (COGS)	(831,598)	(177,521)	(1,009,119)	
Biological Assets		(145,136)		The effects of <u>biological assets</u> and IFRS 16 <u>adjustments</u> were excluded from cost.
(-) IFRS 16		(32,385)		
Gross Profit	510,989	(166,800)	344,189	
Operating Income (expenses)	(130,499)	1,887	(128,612)	
Stock Option - Non-vested		8,053	→	The effects of costs and revenues related to <u>stock options</u> and <u>equity income</u> were excluded.
Equity Income		(1,789)	→	
(-) PPA		(2,834)		
(-) IFRS 16		(1,543)		
EBIT	380,490	(164,912)	215,578	
Depreciation and Amortization	420,133	(78,449)	341,684	
EBITDA	800,623	(243,362)	557,261	
Maintenance Capex	(334,563)	-	(334,563)	
Cash EBIT	466,060	(243,362)	222,699	

Adjustments to Equity for 1Q24:

As of March 2010, inclusive, the Company began to adopt hedge accounting for derivatives designated as foreign-denominated liabilities.

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income tax and social contribution. In the period from April to June 2023, we recorded a reduction in shareholders' equity of R\$ 101.3 million.

Effects from Adoption of IFRS 16/CPC 06

As from the fiscal year ended March 31, 2020, the Company adopts the standard IFRS 16 – Leases, which introduced a single model for the balance-sheet recognition of leases and agricultural partnerships. The right to use such assets was recognized as an asset and the payment obligations as a liability.

The Company adopted the cumulative effect simplified approach and the following criteria:

1. **Liabilities:** outstanding balances of the agreements in force on the date of first-time adoption, net of advances and discounted by the average rate of future agreements of Interbank Deposits – DI (nominal coupon rate), with terms equivalent to those of partnership and lease agreements; and
2. **Assets:** amount equivalent to liabilities adjusted to present value.

There was no impact on the Company's Cash Flow or Adjusted EBITDA.

For more details, see the Financial Statements for the period.

Impacts from IFRS16 on Income for 1Q24:

In R\$ '000

Results	1Q24			
	Before IFRS 16	Impacts	After IFRS 16	
Net Revenue¹	1,353,309	-	1,353,309	
COGS	(863,983)	32,385	(831,598)	We no longer account for cash cost of agrarian contracts
(-) Leasing Payment	-	110,490	→	
(+) Right-of-Use Amortization	-	(78,105)	→	We now account for contract amortization
Gross Income	489,325	32,385	521,711	
Selling/General/Adm. Expenses	(134,876)	1,543	(133,333)	
(-) Leasing Payment	-	1,888		
(+) Right-of-Use Amortization	-	(345)		
Op. Income Before Financial Result	354,450	33,928	388,378	
Financial Result/Debt Hedge	(81,005)	(87,701)	(168,706)	Adjustment to Present Value (APV) of agrarian contracts is accounted for as net financial result
Lease APV	-	(87,701)	→	
Income before Taxes	273,445	(53,773)	219,672	
Income tax	(17,687)	18,283	596	
Net Income	255,758	(35,490)	220,268	
Book EBITDA	688,246	112,377	800,623	As we no longer account for cash cost of agrarian contracts, Book EBITDA increased, which effect has been adjusted for the Adjusted EBITDA
Leasing Payment	-	(112,377)	(112,377)	
Other adjustments	(130,984)	-	(130,984)	
Adjusted EBITDA	557,261	-	557,261	

Real Estate Development. Data do not include the IFRS 16 impacts, except net income before taxes and net income.

Operating Highlights

	3M24	3M23	Δ 3M24/3M23
Operational Data			
TRS Produced ('000 tons)	1,015.9	990.6	2.6%
Sugarcane	952.5	990.6	-3.8%
Corn	63.4	-	n.m.
Agricultural - Sugarcane			
Crushed Sugarcane ('000 tons)	7,595.1	7,810.6	-2.8%
Own	5,009.1	5,210.0	-3.9%
Third Parties	2,586.0	2,600.6	-0.6%
Agricultural Yield (ton/ha)	82.3	71.1	15.8%
Average TRS (kg/ton)	125.4	126.9	-1.2%
Corn Processing ('000 tons)	103.9	-	n.m.
Production Data			
Sugar ('000 tons)	423.4	415.7	1.9%
Ethanol ('000 m³)	335.8	325.4	3.2%
Sugarcane	298.8	325.4	-8.2%
Corn	37.0	-	n.m.
Cogeneration ('000 MWh)	203.0	264.4	-23.2%
DDGS ('000 tons)	25.8	-	n.m.
Mix Sugar - Ethanol (Sugarcane)	46% - 54%	44% - 56%	
Mix Sugar - Ethanol (Consolidated)	44% - 56%		

In the first three months of the 23/24 crop year, the Company processed around 7.6 million tons of sugarcane, down 2.8% from 3M23, reflecting the fewer working days during the harvest due to isolated rain during Jun/23. Yield in the period was 15.8% higher than the TCH registered in 3M23, due to: i) normalization of weather conditions during the inter-crop period; ii) advanced agricultural processes and use of higher-yielding genetic varieties; and iii) investments made in previous crop years, especially in crop treatments.

Additionally, in April 2023, the Company began the commercial operations of its corn ethanol at the Boa Vista unit, located in the state of Goiás. The corn operation, still in commissioning, processed 104 thousand tons of corn.

In 3M24, sugar production came to 423,000 tons (+1.9% vs. 3M23) while ethanol production was 335,800 cubic meters (+3.2% vs. 3M23). Corn contributed with 37,000 m³ of this ethanol and an additional 25,800 tons of DDGS, a new product recently added to the Company's portfolio.

1Q24 EARNINGS

CONSOLIDATED

NET REVENUE

SMTO
B3 LISTED NM

Net Revenue Breakdown

In R\$ '000

	1Q24	4Q23	1Q23	Δ 1Q24/4Q23	Δ 1Q24/1Q23
Domestic Market	581,916	589,292	945,980	-1.3%	-38.5%
Sugar	51,379	64,173	48,571	-19.9%	5.8%
Ethanol	382,101	431,510	749,846	-11.5%	-49.0%
Sugarcane	313,438	431,510	749,846	-27.4%	-58.2%
Corn	68,663	-	-	n.m.	n.m.
Energy	58,664	3,710	64,673	n.m.	-9.3%
Yeast	15,344	2,003	11,609	n.m.	32.2%
DDGS	26,083	-	-	n.m.	n.m.
CBIOs	3,939	27,614	39,666	-85.7%	-90.1%
Others	44,406	60,282	31,615	-26.3%	40.5%
Export Market	771,392	1,227,427	761,436	-37.2%	1.3%
Sugar	715,125	889,412	465,135	-19.6%	53.7%
Ethanol	52,494	336,358	294,427	-84.4%	-82.2%
Yeast	3,773	1,657	1,874	127.7%	101.3%
Net Revenue¹	1,353,309	1,816,719	1,707,416	-25.5%	-20.7%
Sugar	766,504	953,585	513,706	-19.6%	49.2%
Ethanol	434,595	767,868	1,044,273	-43.4%	-58.4%
Sugarcane	365,932	767,868	1,044,273	-52.3%	-65.0%
Corn	68,663	-	-	n.m.	n.m.
Energy	58,664	3,710	64,673	n.m.	-9.3%
Yeast	19,117	3,660	13,483	n.m.	41.8%
DDGS	26,083	-	-	n.m.	n.m.
CBIOs	3,939	27,614	39,666	-85.7%	-90.1%
Others	44,406	60,282	31,615	-26.3%	40.5%
Net Revenue - Sugarcane	1,255,945	1,816,719	1,707,416	-30.9%	-26.4%
Net Revenue - Corn	97,364	-	-	n.m.	n.m.

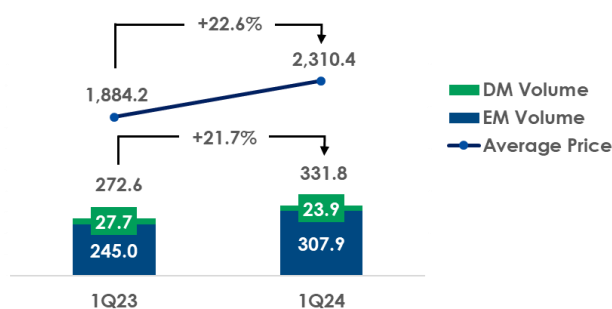
1 - Excludes the Hedge Accounting effect of foreign-denominated debt and PPA USC and includes Financial Income from Real Estate Development.

Net Revenue

São Martinho's net revenue came to R\$ 1,353.3 million in 1Q24, down 20.7% from 1Q23, explained by the lower sales volumes and prices for ethanol, which were partially neutralized by the better prices and higher volumes for sugar in the period. It is important to note that the magnitude of the variation was adversely affected by the comparison base (1Q23), which was leveraged by the sale of inventories of approximately 113,500 m³ of ethanol (produced during 21/22).

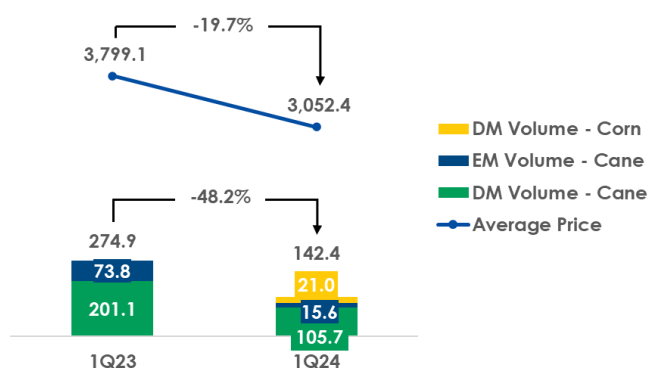
The following charts present a breakdown of the net revenue by product in 1Q24 compared to 1Q23.

Sugar - Volume ('000 tons) and Average Price (R\$/ton)



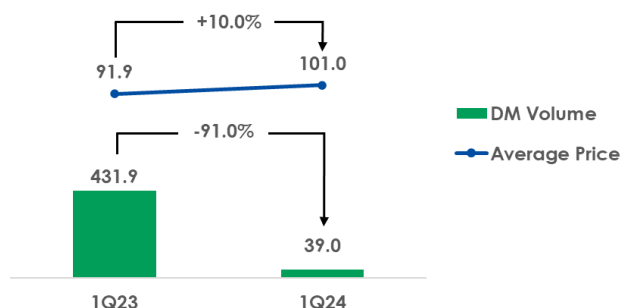
Net revenue from sugar sales amounted to R\$ 766.5 million in 1Q24, increasing 49.2% compared to 1Q23, due to the combination of better prices (+22.6%) and higher volume (+21.7%) in the period.

Ethanol - Volume ('000 m3) and Average Price (R\$/m3)



Net revenue from ethanol sales contracted by 58.4% in the first three months of the 23/24 crop year (vs. 1Q23), to R\$ 434.6 million, reflecting the lower sales prices (-19.7%) and volumes (-48.2%) in the period.

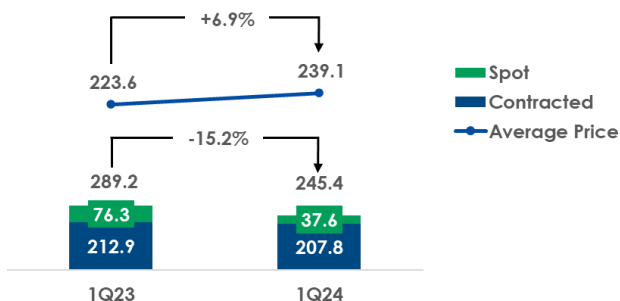
CBIOs - Volume ('000 CBIOs) and Average Price (R\$/CBIO)



In 1Q24, we sold around 39,000 CBIOs (decarbonization credits) at an average net price of R\$ 101.0/CBIO (net of PIS/Cofins and income tax withheld at source of 15%).

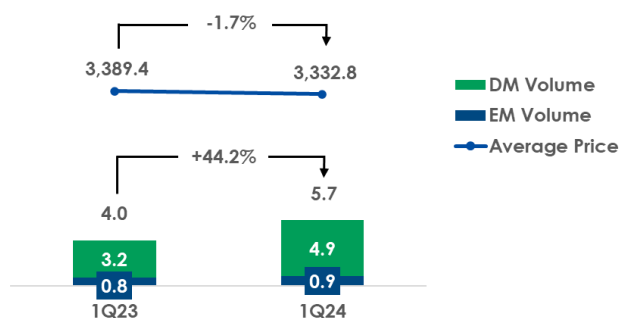
Moreover, as described in the notes to the financial statements ("Inventories and advances to suppliers"), on June 30, 2023, São Martinho had approximately 126,000 CBIOs issued but not sold

Cogeneration - Volume ('000 MWh) and Average Price (R\$/MWh)



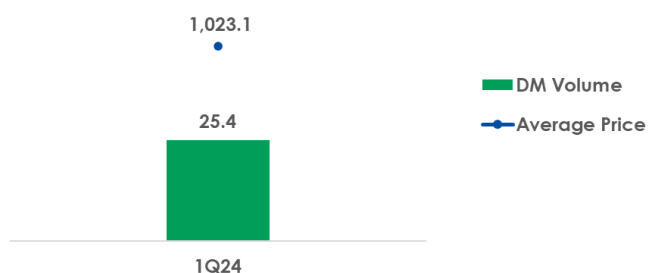
Net revenue from cogeneration sales totaled R\$ 58.7 million in 1Q24, down 9.3% from 1Q23, reflecting the lower sales volume (-15.2%), which was partially offset by the higher sales price (+6.9%).

Yeast - Volume ('000 tons) and Average Price (R\$/ton)



Net revenue from yeast sales totaled R\$ 19.1 million in 1Q24, increasing 41.8% compared to 1Q23, supported by the higher sales volume (+44.2%) in the period.

DDGS - Volume ('000 tons) and Average Price (R\$/ton)



Net revenue from DDGS sales totaled R\$ 26.1 million in the first quarter of the crop year, with an average price of R\$ 1,023/ton. Because this is the first accounting period after the startup of the corn ethanol plant, there is no base for comparison.

1Q24 EARNINGS

CONSOLIDATED

COSTS

SMTO
B3 LISTED NM

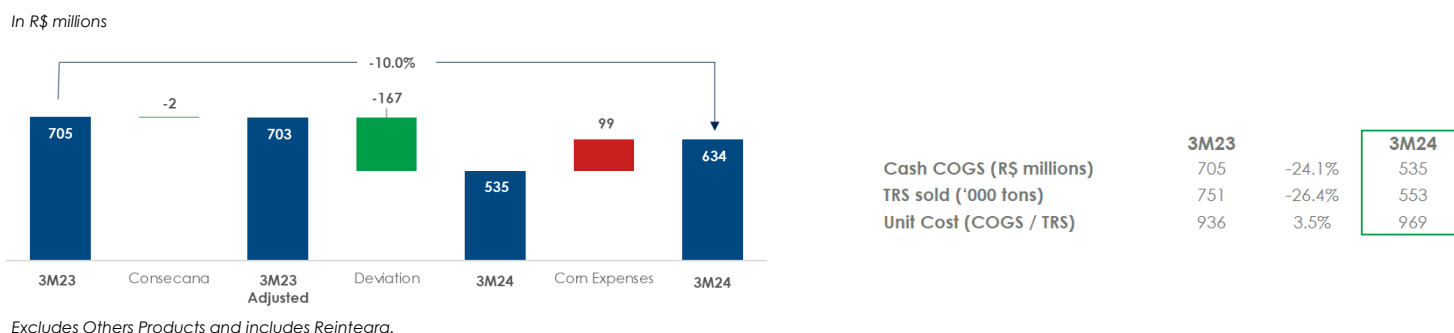
Cash COGS

In R\$ '000

	1Q24	4Q23	1Q23	Δ 1Q24/4Q23	Δ 1Q24/1Q23
Operation - Sugarcane	536,228	725,905	705,761	-26.1%	-24.0%
Agricultural Costs	474,102	640,796	623,884	-26.0%	-24.0%
Suppliers	295,301	301,063	352,973	-1.9%	-16.3%
Partnerships	116,552	210,846	153,930	-44.7%	-24.3%
Own Sugarcane	62,249	128,888	116,981	-51.7%	-46.8%
Industrial	62,126	85,109	81,877	-27.0%	-24.1%
Corn Processing	98,825	-	-	n.m.	n.m.
Corn Purchase	57,455	-	-	n.m.	n.m.
Industrial	6,091	-	-	n.m.	n.m.
Co-produtos	35,279	-	-	-	-
Other Products	39,412	57,090	54,767	-31.0%	-28.0%
Reintegra	(761)	(4,309)	(763)	-82.3%	-0.3%
Cash Cost	673,704	778,687	759,765	-13.5%	-11.3%
(-) Ethanol Resale	(2,875)	(14,653)	(12,666)	-80.4%	-77.3%
Cost of Goods Sold (COGS) ex- Resale	670,830	764,034	747,099	-12.2%	-10.2%
Var. Fair Value of Biological Assets	(145,136)	113,229	(7,355)	n.m.	n.m.
(-) Depreciation and Amortization	335,414	451,212	406,254	-25.7%	-17.4%
Cost of Goods Sold (COGS)	863,983	1,343,128	1,158,663	-35.7%	-25.4%
Non-cash effect of IFRS 16	(32,385)	13,905	(42,266)	n.m.	-23.4%
Cost of Goods Sold (COGS) after IFRS16	831,598	1,357,033	1,116,397	-38.7%	-25.5%

Cash COGS in 1Q24 amounted to R\$ 673.7 million, down 11.3% from the same period last crop year, reflecting the lower sales volume in the period (-26.4% vs. 1Q23) and the improvement in input prices (especially diesel, fertilizers and agricultural defensives).

The following chart shows the variation in Cash COGS, considering only own sugar and ethanol. In the period from 1Q23 to 1Q24, this indicator (in R\$ million) declined by 10.0%. Considering only the Sugarcane operation, the indicator declined by 24.1%, which corresponds to unit variation of positive 3.5% (in COGS/Kg TRS).



Cash Cost Breakdown

This section details the composition of **Cash Cost** for products resulting from the **sugarcane** operation, which is as follows:

Cash Cost = COGS – Depreciation/Amortization + Var. in Fair Value of Biological Assets + Selling Expenses + General and Administrative Expenses + Maintenance Capex

The composition of Cash Cost from the perspectives of product, sugar + ethanol and total from agricultural operations is detailed below.

In R\$ '000

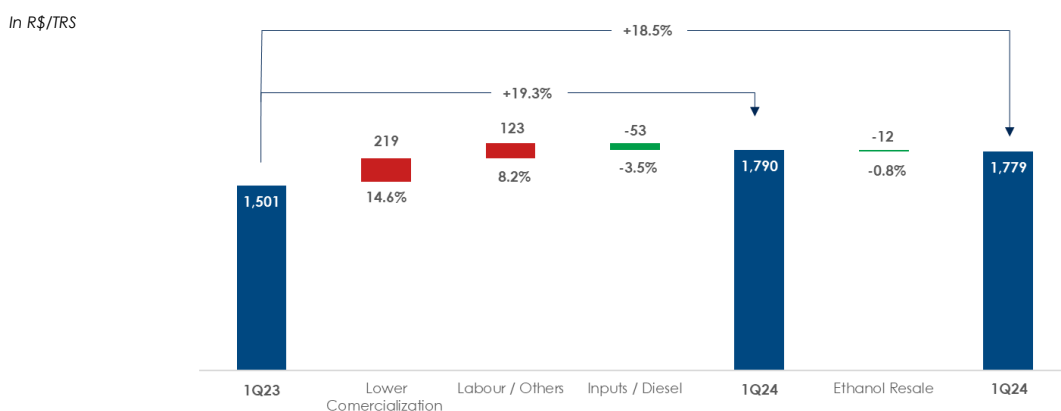
	3M24							3M23						
	Sugar	Ethanol	Sugar + Ethanol	Cogen.	Yeast	Others	Total	Sugar	Ethanol	Sugar + Ethanol	Cogen.	Yeast	Others	Total
Cost of Goods Sold (COGS)	522,591	199,350	721,941	15,205	5,785	19,464	762,395	440,340	666,093	1,106,433	17,139	6,875	28,216	1,158,663
(-) Depreciation and Amortization	(206,278)	(116,215)	(322,493)	(3,667)	(1,926)	(4,565)	(332,651)	(151,656)	(239,711)	(391,367)	(4,240)	(2,106)	(8,541)	(406,254)
Var. Fair Value of Biological Assets	36,598	102,297	138,895	-	-	6,241	145,136	(6,078)	8,676	2,598	-	-	4,757	7,355
Cash Cost	352,911	185,432	538,343	11,538	3,859	21,140	574,879	282,606	435,058	717,663	12,899	4,769	24,432	759,765
Selling Expenses	38,376	4,476	42,852	3,510	-	(34)	46,328	27,244	15,249	42,493	3,678	-	-	46,171
General and Administrative Expenses	46,062	27,357	73,418	9,216	-	1,508	84,143	21,488	35,169	56,657	6,166	-	1,292	64,115
(-) Depreciation and Amortization	(1,808)	(1,074)	(2,882)	(362)	-	-	(3,244)	(1,082)	(1,771)	(2,853)	(311)	-	-	(3,164)
Operational Cash COGS	435,540	216,190	651,731	23,902	3,859	22,614	702,106	330,256	483,705	813,960	22,433	4,769	25,724	866,886
(+) Maintenance Capex	191,414	143,149	334,563	-	-	-	334,563	119,518	203,562	323,080	-	-	-	323,080
Total Cash COGS	626,954	359,339	986,294	23,902	3,859	22,614	1,036,669	449,774	687,266	1,137,040	22,433	4,769	25,724	1,189,967
Sold Volume ¹	332	121	555	245	6	-	-	273	275	758	289	4	-	-
Average Cash Cost (R\$/Unit ¹)	1,890	2,962	1,779	97	673	-	-	1,650	2,500	1,501	78	1,199	-	-
Operational Margin (%)	18.2%	1.8%	-	59.3%	79.8%	-	-	12.4%	34.2%	-	65.3%	64.6%	-	-

Data does not include the IFRS 16 impacts

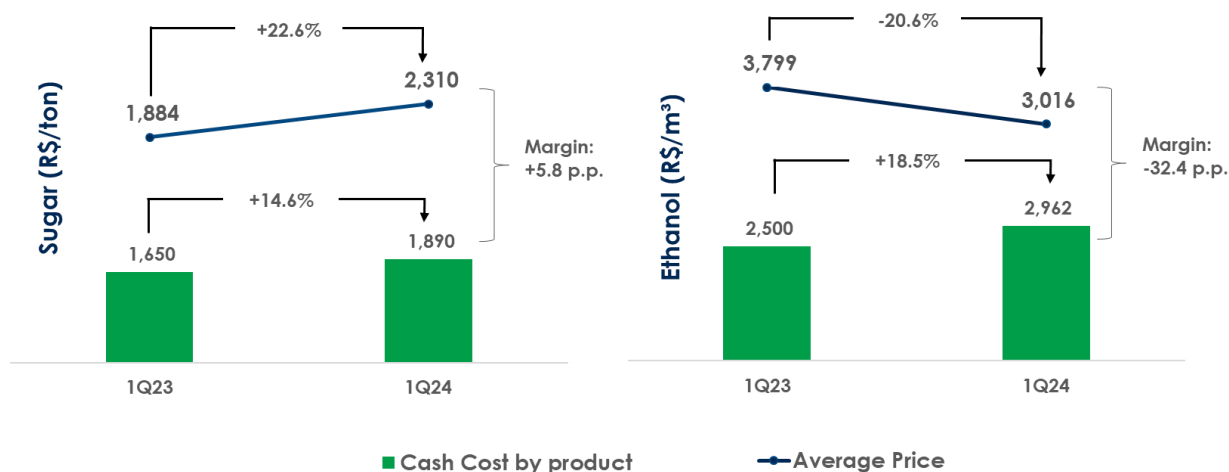
1 - Sugar/Yeast In ton; Ethanol In m³; Cogen. In Mwh; Sugar + Ethanol In TRS Sold

The table also compiles the unit values of Cash Cost, based on the division of Total Cash Cost by Sales Volume, and the respective operating margin. All information is broken down by the product and sugar + ethanol perspectives.

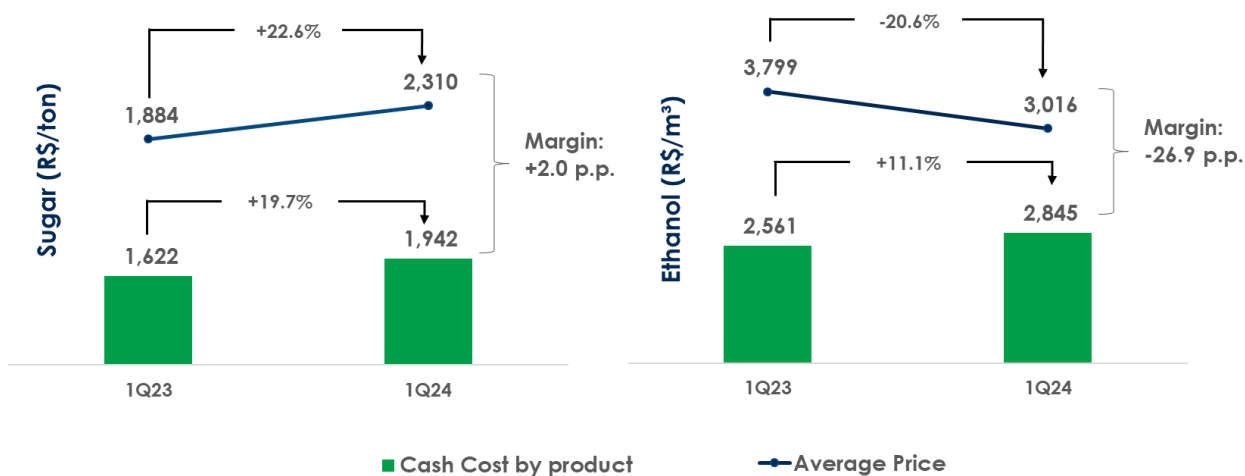
The chart below shows the variation in Cash Cost for sugar + ethanol, which increased 19.3% in the period (in R\$/TRS, excluding resales). Such behavior derives from the lower volume produced due to the reduction of working days for harvesting in June, ii) lower dilution of fixed expenses - mainly capex and administrative expenses and iii) inflation of labor and inputs in the comparison 1Q24 vs. 1Q23.



Compiling the information detailed in the previous sections, the variation in Operating Margin for sugar and ethanol produced from sugarcane processing is shown below:



Shown below is the adjusted operating margin. For managerial purposes, the impact of Consecana (from the price variation of each product) specific to sugar and ethanol was allocated to the respective costs.



Considering the crushing guidance of 21.5 million tons combined with lower agricultural costs in 1Q24, it is estimated that the unit cash cost of the company will converge to a value 7% lower (vis-à-vis 12M23) in the twelve months of the 23/24 harvest.

Corn Operation **Results**

In R\$ '000

	1Q24
Net Revenue	97,364
Ethanol	68,663
DDGS	26,083
Corn Oil	2,618
Cost of Goods Sold (COGS)	(101,588)
Corn Purchases	(57,455)
Industrial	(6,857)
Co-products	(37,276)
Operating Expenses (SG&A)	(4,874)
EBIT	(9,098)
EBIT Margin (%)	-9.3%
(-) D&A	2,954
EBITDA	(6,144)
EBITDA Margin (%)	-6.3%

The 23/24 crop year marks the start of operations of the corn-based ethanol processing plant at the unit in Boa Vista, Goiás. In the first three months of operation, 104,000 tons of corn were processed, which produced around 37,000 m³ of ethanol and 26,000 tons of DDGS – of which 21,000 m³ and 25,000 tons, respectively, were sold in the period.

In its first quarter of operation, the plant contributed 63,000 tons of product (in TRS produced) and R\$ 97 million in Net Revenue to the consolidated performance of São Martinho. These initial results are aligned with the operating timetable of the plant, which is still in the ramp-up phase, and the specifications projected for the ethanol and its co-products – reflecting the guidance announced in the Material Information notice of June 19, 2023.

Corn **Purchases**

	Corn Purchases (Tons)	Gross Price (R\$/Sc)	Net Price (R\$/Sc)
23/24 Harvest	316,830	82.50	74.58
	136,483	81.34	74.11
	180,347	83.37	74.94
24/25 Harvest	32,274	83.37	74.94
	32,274	83.37	74.94

In Jun/23, the company had purchased approximately 317,000 tons of corn at a net price of around R\$ 74.6/sc for the remainder of the 23/24 crop year and approximately 32,000 tons at R\$ 74.9/sc for the 24/25 crop year.

1Q24 EARNINGS

CONSOLIDATED

OPERATING EXPENSES & OTHER INCOME

SMTO
B3 LISTED NM

Selling, General and Administrative Expenses

In R\$ '000

	1Q24	4Q23	1Q23	Δ 1Q24/4Q23	Δ 1Q24/1Q23
General and Administratives Expenses - Cash	76,189	71,665	62,492	6.3%	21.9%
Labor	43,293	42,616	37,340	1.6%	15.9%
General Expenses	32,896	29,049	25,152	13.2%	30.8%
Stock Options/Others	17,446	1,296	(10,202)	n.m	n.m
Depreciation and Amortization	3,435	3,109	3,164	10.5%	8.6%
IFRS16	(1,543)	44	(48)	n.m	n.m
General and Administratives Expenses	95,527	76,113	55,406	25.5%	72.4%
Port Costs / Freight	42,620	59,070	42,457	-27.8%	0.4%
Other	3,706	4,188	3,714	-11.5%	-0.2%
Selling Expenses	46,327	63,258	46,171	-26.8%	0.3%
% of Net Revenue	3.4%	3.5%	2.7%	-4.2%	73.6%
Selling, General and Administrative Expenses	141,854	139,371	101,577	1.8%	39.7%
Others Revenues (Expenses)	(9,566)	723	(35,166)	n.m	-72.8%
Equity Result	(1,789)	(1,140)	(1,169)	56.9%	53.0%
Operating Income (expenses)	130,500	138,954	65,242	-6.1%	100.0%

In 1Q24, General and Administrative Expenses - Cash amounted to R\$ 76.2 million, increasing 21.9% from the same period last crop year. The variation is explained by wage and services inflation in the period.

In 1Q24, selling expenses came to R\$ 46.3 million, in line with 1Q23 (+0.3%).

1Q24 EARNINGS

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FINANCIAL RESULT & DEBT

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Financial Result

In R\$ '000

	1Q24	4Q23	1Q23	Δ 1Q24/4Q23	Δ 1Q24/1Q23
Financial Revenues	92,362	89,922	81,031	2.7%	14.0%
Financial Expenses	(201,699)	(195,301)	(197,449)	3.3%	2.2%
Financial Revenues/Expenses	(109,337)	(105,379)	(116,418)	3.8%	-6.1%
Exchange Variation/Derivative/Others	34,905	981	(119,838)	n.m	-129.1%
IFRS16 Effects - APV	(87,701)	(35,271)	(64,923)	148.6%	35.1%
Real Estate Results	1,315	2,502	2,374	-47.4%	-44.6%
Financial Result	(160,818)	(137,167)	(298,805)	17.2%	-46.2%

The Financial Result in 1Q24 was an expense of R\$ 160.8 million (-46.2% vs. 1Q23). The variation in expenses over the crop year is mainly explained by the noncash effect from the mark-to-mark adjustment of derivatives that transformed (swapped) the indexer of the portion of USD and fixed-rate liabilities to the CDI rate.

Debt

In R\$ '000

	Jun/23	Mar/23	Chg.%
Agribusiness Certificate of Receivables (CRA)	1,136,221	1,481,219	-23.3%
BNDES / FINAME	1,168,692	1,148,999	1.7%
Working Capital/ NCE (Export Credit Note)	779,477	865,621	-10.0%
Debentures	2,266,869	2,197,001	3.2%
PPE (Export prepayment)	96,041	156,139	-38.5%
International Finance Corporation (IFC)	475,501	774,905	-38.6%
Gross Debt	5,922,801	6,623,883	-10.6%
Cash and Cash Equivalents	2,408,000	3,116,778	-22.7%
Net Debt	3,514,801	3,507,105	0.2%
% Net Debt in USD	5.7%	10.3%	-44.9%
LTM Adjusted EBITDA	3,037,108	3,355,541	-9.5%
Net Debt / LTM EBITDA - BRL	1.16 x	1.05 x	10.7%
Net Debt / LTM EBITDA - USD ¹	1.24 x	1.06 x	16.7%

1 - LTM EBITDA average daily PTAX: Mar/23: R\$ 5.16 and Jun/23: R\$ 5.20

At Jun/23, Net Debt stood at around R\$ 3.5 billion, in line with Mar/23, already considering the higher working capital employed in the period (especially in corn inventory) and the conclusion of most of the expenditures with the expansion projects.

The following charts show details of the debt position:

Changes in Net Debt

R\$ - Millions



Debt Amortization Schedule

R\$ - Millions



1Q24 EARNINGS

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EBITDA, EBIT & CASH NET INCOME

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EBITDA and EBIT Reconciliation

In R\$ '000

	1Q24	4Q23	1Q23	Δ 1Q24/4Q23	Δ 1Q24/1Q23
Operating Income	219,672	181,060	217,015	21.3%	1.2%
Depreciation and Amortization ¹	420,133	654,056	515,181	-35.8%	-18.4%
Financial Revenue (Expense), net	160,818	137,167	298,805	17.2%	-46.2%
Book EBITDA¹	800,623	972,283	1,031,001	-17.7%	-22.3%
Margin (%)	59.2%	53.5%	60.4%	5.6 p.p.	-1.2 p.p.
Non-cash effect of IFRS 16	(112,377)	(185,787)	(145,817)	-39.5%	-22.9%
Real Estate Results	1,315	2,502	2,374	-47.4%	-44.6%
Equity Income	(1,789)	(1,140)	(1,169)	56.9%	53.0%
Adjustment to Maturity of Hedge Accounting	6,573	-	5,321	n.m.	23.5%
Stock Option - Non-vested	8,053	16,053	(8,661)	-49.8%	-193.0%
Biological Assets	(145,136)	113,229	(7,355)	n.m.	n.m.
Adjusted EBITDA	557,261	917,140	875,694	-39.2%	-36.4%
Margin (%)	41.2%	50.5%	51.3%	-9.3 p.p.	-10.1 p.p.
(-) Depreciation and Amortization	(341,684)	(454,321)	(411,678)	-24.8%	-17.0%
Adjusted EBIT	215,578	462,819	464,016	-53.4%	-53.5%
Margin (%)	15.9%	25.5%	27.2%	-9.5 p.p.	-11.2 p.p.
Adjusted EBITDA	557,261	917,140	875,694	18.3%	-36.4%
(-) Maintenance Capex	(334,563)	(675,629)	(323,080)	-50.5%	3.6%
EBITDA - CAPEX	222,699	241,511	552,614	-7.8%	-59.7%
Margin (%)	16.5%	13.3%	32.4%	3.2 p.p.	-15.9 p.p.

¹ - Includes the IFRS 16 impacts

Adjusted EBITDA was R\$ 557.3 million in 1Q24 (-36.4%), with Adjusted EBITDA margin of 41.2%. Performance in the period mainly reflects the lower sales price (-19.7%) and sales volume (-48.2%) for ethanol.

Adjusted EBITDA excluding Maintenance Capex (EBITDA – CAPEX) in 1Q24 totaled R\$ 222.7 million (margin of 16.5%), representing contraction of 59.7% from 1Q23, explained by the lower ethanol sales price and volume, as well as the proportionately higher Maintenance Capex due to the postponement of planting during the intercrop season and the scheduled agroindustrial maintenance.

Cash Net Income

In R\$ '000

	1Q24	4Q23	1Q23	Δ 1Q24/4Q2	Δ 1Q24/1Q2
Net Income	220,268	151,877	221,579	45.0%	-0.6%
Non-cash effect of IFRS 16 on Net Income before taxes	53,773	49,219	22,610	9.3%	137.8%
Income Tax booked	(596)	29,183	(4,564)	-102.0%	-86.9%
Income Tax paid	(3,599)	(2,923)	(5,472)	23.1%	-34.2%
Biological Asset/Others	(145,136)	113,229	(7,355)	n.m.	n.m.
Cash Income	124,710	340,585	226,798	-63.4%	-45.0%
Total Shares ex-treasury (in thousand)	346,375	346,375	346,375	0.0%	0.0%
Cash Income per share	0.36	0.98	0.65	-63.4%	-45.0%

Hedge Position

In R\$ '000

	Sugar hedged (tons)	Avg. Price (USD c/p)	Avg. Price (R\$/ton)
23/24 Harvest	630,052	21.11	
	316,809	21.11	2,643
	313,243	21.11	not hedged
24/25 Harvest	30,431	23.92	
	30,825	23.92	2,673
	(394)	23.92	not hedged

The above table details our sugar hedge position for the 2023/24 crop year (base: Jun/30/23), considering the portion fixed in USD and open positions, which justifies this status for neutralizing the exposure to input purchases denominated in USD and other foreign-denominated obligations.

CAPEX Breakdown

In R\$ '000

	1Q24	4Q23	1Q23	Δ 1Q24/4Q23	Δ 1Q24/1Q23
Maintenance	334,563	675,629	323,080	-50.5%	3.6%
Sugarcane Planting - Renovation	129,275	168,171	100,868	-23.1%	28.2%
Off-Season Maintenance (Industrial/Agricultural)	25,656	324,307	17,813	-92.1%	44.0%
Crop Treatment	179,632	183,151	204,399	-1.9%	-12.1%
Operational Improvements	30,148	37,863	31,934	-20.4%	-5.6%
Equipment/Replacements	23,736	27,633	25,872	-14.1%	-8.3%
Environmental/Legal	6,412	10,230	6,062	-37.3%	5.8%
Upgrading/Expansion	48,923	75,103	209,553	-34.9%	-76.7%
Corn Ethanol Project	6,901	-	83,083	n.m.	-91.7%
UTE Phase II	4,554	-	86,943	n.m.	-94.8%
Other Projects	37,468	75,103	39,527	-50.1%	-5.2%
TOTAL	413,634	788,594	564,567	-47.5%	-26.7%

The Company's Maintenance CAPEX in 1Q24 came to R\$ 334.6 million, increasing 3.6% in relation to 1Q23. The variation, which is in line with inflation in the period, is explained by expenditures with the maintenance of industrial facilities and agricultural equipment for the four units, as well as the postponement of planting for the 22/23 crop year (as provided for in the capex guidance for the 23/24 crop year).

Capex dedicated to Operational Improvements totaled R\$ 30.1 million in 1Q24, down 5.6% from the prior-year period, explained by the lower needs for investments in agricultural equipment, which was offset by higher expenditures with environmental and legal initiatives.

Expansion capex was R\$ 48.9 million in the quarter, down 76.7% in relation to 1Q23, reflecting the evolution in the disbursement timetable for projects in the final phase.

Obligations

On June 30, 2023, São Martinho recognized on its Balance Sheet debt of R\$ 177.2 million with Copersucar. In accordance with the terms negotiated for the withdrawal from Copersucar, we will continue to book under "Obligations – Copersucar" all liabilities related to the contingencies currently in litigation conducted by the attorneys at Copersucar. The total amount of these obligations is secured by bank sureties.

Rights

Copersucar is also a plaintiff in lawsuits claiming the refund/overpayment of various taxes or indemnities. The Company, as a former cooperative member, has a proportional right to these credits and will inform the market when its clear legal right to these amounts is secured.

In one of the lawsuits in which Copersucar is the plaintiff, the Federal Government was ordered to pay damages arising from the setting of lagged prices for sugar and ethanol for sales made in the 1980s.

In June 2017, the first court-ordered debt security was issued, of R\$ 5.6 billion (R\$ 730.5 million proportional to the Company), in June 2018, the supplementary court-ordered debt security was issued in the amount of R\$ 10.6 billion (R\$ 1.4 billion proportional to the Company). The excess of R\$ 2.2 billion claimed by the Federal Government (R\$ 286.3 million proportional to the Company) is still in dispute.

Copersucar transferred to the Company the amounts received from the Federal Government related to this process, as shown in the following table.

Copersucar Rights

In R\$ '000

	2019	2020	2021	2022	2023
	March/2019	December/2019	Setemember/2020	October/2021	October/2022
First court-ordered debt security	906,287	1,059,956	1,083,223	1,174,400	1,346,041
Complementary court-ordered debt security	-	1,724,797	1,974,578	2,138,858	2,450,167
Court-ordered debt securities - Copersucar	906,287	2,784,753	3,057,801	3,313,258	3,796,208
SMSA Portion	150,563	462,634	507,996	550,436	630,668
PIS/COFINS withheld by Copersucar	(13,927)	(42,794)	(46,990)	(50,915)	(58,337)
Retentions and Expenses	(30,137)	(70,784)	(77,966)	(84,045)	(96,715)
Other Net Revenues SMSA	106,499	349,056	383,040	415,476	475,616

Upon transferring the funds, Copersucar withheld a portion to cover legal costs and the levy of PIS and COFINS taxes, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. On June 30, 2023, the balance receivable from Copersucar was R\$ 212,963 thousand (R\$ 212,963 thousand on March 31, 2022), booked under "Other long-term assets." The Company, in coordination with Copersucar's actions, also filed a lawsuit involving IRPJ/CSLL/PIS/COFINS taxes with a judicial deposit for suspending the enforceability of these taxes, which was provisioned under liabilities in the line: "Taxes with suspended payment."

1Q24 EARNINGS

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DISCLAIMER

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This document contains forward-looking statements related to the business outlook, operating and financial projections and growth prospects of São Martinho. These statements are merely projections and as such are based exclusively on Management's expectations for the future of the business. These forward-looking statements depend materially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets, and therefore are subject to change without prior notice.



The figures in the following tables consider the impacts from the adoption of IFRS 16 as of the 2019/20 crop year, in accordance with the consolidated and audited Financial Statements, including the effects detailed in section 'Adoption of IFRS 16/CPC 06 – Leases' on page 3 of this earnings release.

Income Statement

São Martinho – Consolidated; In R\$ '000

	1Q24	1Q23	Δ 1Q24/1Q23
Gross Revenue	1,378,339	1,803,467	-23.6%
Deductions from Gross Revenue	(35,752)	(106,008)	-66.3%
Net Revenue	1,342,587	1,697,459	-20.9%
Cost of Goods Sold (COGS)	(831,598)	(1,116,397)	-25.5%
Gross Profit	510,989	581,062	-12.1%
Gross Margin (%)	38.1%	34.2%	3.8 p.p
Operating income (expenses)	(130,499)	(65,242)	100.0%
Selling Expenses	(46,327)	(46,171)	0.3%
General and Administrative Expenses	(95,527)	(55,406)	72.4%
Equity in the Results of Investees	1,789	1,169	53.0%
Other Income (Expenses), Net	9,566	35,166	-72.8%
Operating Profit	380,490	515,820	-26.2%
Finance Income (Costs)	(160,818)	(298,805)	-46.2%
Finance Income	93,677	83,404	12.3%
Finance Costs	(289,400)	(262,374)	10.3%
Monetary and Foreign Exchange Variations, net	(53,051)	(132,540)	-60.0%
Derivatives	87,956	12,705	592.3%
Profit before Taxation	219,672	217,015	1.2%
Income Tax and Social Contribution - Current	(6,761)	(21,387)	-68.4%
Income Tax and Social Contribution - Deferred	7,357	25,951	-71.7%
Net Income	220,268	221,579	-0.6%
Net Margin (%)	16.4%	13.1%	3.4 p.p

Balance Sheet (Assets)

São Martinho – Consolidated; In R\$ '000

	Jun-23	Mar-23
CURRENT ASSETS		
Cash and Cash Equivalents	86,015	273,408
Financial Investments	2,284,255	2,804,873
Trade Receivables	325,020	274,904
Derivative Financial Instruments	169,835	163,242
Inventories and Advance to Suppliers	1,236,913	694,118
Biological Assets	1,414,213	1,160,568
Taxes Recoverable	198,270	214,253
Income Tax and Social Contribution	123,483	93,880
Other Assets	42,008	8,229
TOTAL CURRENT ASSETS	5,880,012	5,687,475
NON-CURRENT ASSETS		
Long-term Receivables		
Financial Investments	37,730	38,497
Inventories and Advance to Suppliers	228,544	224,678
Derivative Financial Instruments	341,153	225,568
Trade Receivables	37,948	40,692
Taxes Recoverable	241,832	230,676
Income Tax and Social Contribution	8,983	8,983
Judicial Deposits	1,117,959	1,088,976
Other Assets	234,425	234,425
	2,248,574	2,092,495
Investments	49,596	47,798
Property, Plant and Equipment	7,339,654	7,606,567
Intangible Assets	459,232	464,125
Right-of-Use Assets	2,993,916	2,925,325
TOTAL NON-CURRENT ASSETS	13,090,972	13,136,310
TOTAL ASSETS	18,970,984	18,823,785

Balance Sheet (Liabilities)

São Martinho – Consolidated; In R\$ '000

	Jun-23	Mar-23
CURRENT LIABILITIES		
Borrowings	397,989	1,028,509
Leases Payable	93,911	115,855
Agricultural Partnership Payable	593,133	569,854
Derivative Financial Instruments	279,601	328,695
Trade Payables	538,328	281,311
Payables to Copersucar	13,739	13,539
Salaries and Social Charges	267,187	195,162
Taxes Recoverable	50,419	21,094
Income Tax and Social Contribution Payable	8,902	8,490
Dividends Payable	139,131	5,963
Advances from Customers	42,080	5,173
Acquisition of Ownership interests	11,575	11,571
Other Liabilities	43,332	30,565
TOTAL CURRENT LIABILITIES	2,479,327	2,615,781
NON-CURRENT LIABILITIES		
Borrowings	5,524,812	5,595,374
Leases Payable	613,648	586,228
Agricultural Partnership Payable	1,832,205	1,769,834
Derivative Financial Instruments	29,649	7,250
Payables to Copersucar	163,437	162,986
Deferred Income Tax and Social Contribution	1,040,485	997,134
Provision for Contingencies	112,034	111,541
Taxes with Suspended Payment	1,094,563	1,063,378
Other Liabilities	1,888	1,916
TOTAL NON-CURRENT LIABILITIES	10,412,721	10,295,641
EQUITY		
Share Capital	3,161,384	3,161,384
Treasury Shares	(139,997)	(139,997)
Carrying Value Adjustments	1,161,055	1,062,480
Revenue Reserves	1,896,494	1,828,496
TOTAL EQUITY	6,078,936	5,912,363
TOTAL LIABILITIES AND EQUITY	18,970,984	18,823,785

1Q24 EARNINGS

CONSOLIDATED

FINANCIAL STATEMENTS

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Consolidated Cash Flow

São Martinho – Consolidated; In R\$ '000

	1Q24	1Q23
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	220,268	221,579
Adjustments		
Depreciation and amortization	191,150	253,100
Biological assets harvested	226,149	259,819
Change in the fair value of biological assets and CBIOS	(145,136)	(7,355)
Amortization of electricity contracts	2,834	2,262
Equity in the results of investees	(1,789)	(1,169)
Gains (losses) on investments and PP&E written off	(1,616)	(948)
Interest, monetary and exchange variations, net	114,803	246,379
Derivative financial instruments	(77,766)	9,176
Setup of provision for contingences, net	9,883	9,215
Income tax and social contribution	(596)	(4,564)
Taxes with suspended payment	31,185	19,380
Adjustment to present value and other adjustments	88,987	65,311
	658,356	1,072,185
Changes in asset and liabilities		
Trade receivables	(58,009)	(212,522)
Inventories	(302,594)	(221,741)
Taxes recoverable	(11,855)	(69,971)
Derivative financial instruments	346	(18,792)
Other assets	(32,661)	(27,273)
Trade payables	303,007	165,596
Salaries and social charges	72,025	43,974
Taxes payable	4,555	(18,285)
Payables to Copersucar	(467)	(6,999)
Provision for contingencies - settlement	(13,276)	(5,183)
Other liabilities	49,645	(21,886)
Cash from operations	669,072	679,103
Payment of interest on borrowings	(208,379)	(108,488)
Income tax and social contribution paid	(3,599)	(5,472)
Net cash provided by operating activities	457,094	565,143
CASH FLOW FROM INVESTING ACTIVITIES		
Investment of funds	257	(91)
Purchases of property, plant and equipment and intangible assets	(141,372)	(268,765)
Additions to biological assets (planting and crop treatments)	(309,736)	(304,736)
Financial investments	594,571	268,553
Proceeds from sale of property, plant and equipment	3,004	2,443
Advance for future capital increase	-	-
Dividends received	-	-
Net cash provided by investing activities	146,724	(302,596)
CASH FLOW FROM FINANCING ACTIVITIES		
Amortization of lease and partnership agreements	(155,192)	(164,620)
Proceeds from borrowings - third parties	-	70,000
Repayment of borrowings - third parties	(636,019)	(107,743)
Payment of dividends and Interest on Equity	-	-
Net cash provided by financing activities	(791,211)	(202,363)
Increase (decrease) in cash and cash equivalents	(187,393)	60,184
Cash and cash equivalents at the beginning of the period	273,408	114,903
Cash and cash equivalents at the end of the period	86,015	175,087
Additional information		
Balance of financial investments (current assets)	2,284,255	2,654,310
Total available funds	2,370,270	2,829,397

INVESTOR RELATIONS

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