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(A free translation of the original in Portuguese)

Parent company and consolidated financial statements

at March 31, 2023

and independent auditor's report

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
São Martinho S.A.

Opinion

We have audited the accompanying parent company financial statements of São Martinho S.A. (the "Company"), which comprise the balance sheet as at March 31, 2023 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of São Martinho S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at March 31, 2023 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

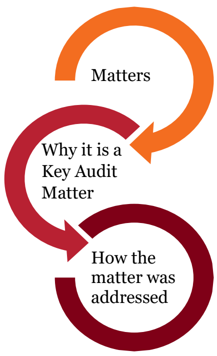
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of São Martinho S.A. and of São Martinho S.A. and its subsidiaries as at March 31, 2023, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as 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 Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Why it is a Key Audit Matter	How the matter was addressed in the audit
Measurement of the fair value of biological assets (Note 7)	
The Company's biological assets (sugarcane) are measured at fair value less costs to sell, calculated based on the discounted cash flows for the harvest in formation, since there is no active market for these assets. As disclosed in Note 7 to the financial statements, the fair value measurement of these biological assets is determined using valuation techniques because of the inexistence of an observable and liquid market (treated as Level 3 assets for valuation purposes). The assumptions include internal and external inputs, mainly for expected productivity, Total Sugar Recoverable (ATR), projected average prices and cash flow discount rates. This matter was selected for attention in our audit, particularly because of the risks inherent from the subjective nature of certain assumptions that require management to exercise its judgment which may significantly affect the determination of the fair value of biological assets and, consequently, the statement of income for the year and the financial position of the Parent company and Consolidated.	Our procedures included, among others, understanding the main internal controls used for measuring the biological asset, as well as for analyzing the model used to estimate the fair value of biological asset, net of selling expenses. We tested the consistency of the information and main assumptions used to project the cash flows by comparing them with the Company's information and internal data and to public and/or market restricted information, as well as the calculation methodologies used by management. Additionally, we compared the data used with management's key indicators for monitoring external data appropriate to the Company's core industry. Finally, we compared the data from these assessments to the related disclosures, including the description of the main factors influencing the determination and changes in the fair value less costs to sell of biological assets. Our audit procedures indicated that the judgments applied and assumptions used by management were reasonable, and that the disclosures were consistent with the data and information obtained.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended March 31, 2023, prepared under the responsibility of the Company's executive board and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

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

The Company's executive board is responsible for the other information that comprises the Management Report.

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

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

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

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

In preparing the parent company and consolidated financial statements, executive board 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 executive board 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 financial reporting process of the Company and its subsidiaries.

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

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

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by executive board.

- Conclude on the appropriateness of executive board'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 ability of the Company 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 parent company 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate 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 determine those matters that were of most significance in the audit of the financial statements of the current period 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.

Ribeirão Preto, June 19, 2023

PricewaterhouseCoopers

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Auditores Independentes Ltda.
CRC 2SP000160/O-5

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Maurício Cardoso de Moraes
Signed By: MAURICIO CARDOSO DE MORAES:79500838915
CPF: 79500838915
Signing Time: 19 June 2023 | 17:48 BRT
ICP Brasil

Maurício Cardoso de Moraes
Contador CRC 1PR035795/O-1 "T" SP

Contents

Balance sheet
March 31, 2023 and 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
ASSETS	Note	2023	2022	2023	2022
CURRENT ASSETS					
Cash and cash equivalents	4	272,342	114,874	273,408	114,903
Financial investments	4	2,643,193	2,663,681	2,804,873	2,857,864
Trade receivables	5	259,493	181,878	274,904	225,707
Derivative financial instruments	23	163,242	228,718	163,242	228,718
Inventories and advances to suppliers	6	687,944	758,732	694,118	764,576
Biological assets	7	1,160,568	1,219,281	1,160,568	1,219,281
Taxes recoverable	8	213,970	60,158	214,253	60,303
Income tax and social contribution	20	93,631	65,210	93,880	65,232
Other assets		6,530	16,501	8,229	16,958
TOTAL CURRENT ASSETS		5,500,913	5,309,033	5,687,475	5,553,542
NON-CURRENT ASSETS					
Long-term receivables					
Financial investments	4	38,497	11,374	38,497	11,374
Inventories and advances to suppliers	6	224,678	146,986	224,678	146,986
Derivative financial instruments	23	225,568	169,679	225,568	169,679
Taxes recoverable	8	228,308	176,716	230,676	177,844
Income tax and social contribution	20	8,983	8,617	8,983	8,617
Judicial deposits	22	1,088,972	749,120	1,088,976	749,361
Trade receivables	5	-	-	40,692	26,872
Other assets	9/16/17	234,287	156,471	234,425	156,471
Total long-term receivables		2,049,293	1,418,963	2,092,495	1,447,204
Investments	10	1,720,098	1,751,559	47,798	45,565
Property, plant and equipment	11	5,774,273	4,956,635	7,606,567	6,771,209
Intangible assets	12	439,135	423,888	464,125	457,313
Right-of-use assets	13	2,925,325	3,084,312	2,925,325	3,084,312
TOTAL NON-CURRENT ASSETS		12,908,124	11,635,357	13,136,310	11,805,603
TOTAL ASSETS		18,409,037	16,944,390	18,823,785	17,359,145

		Parent company		Consolidated	
LIABILITIES AND EQUITY	Note	2023	2022	2023	2022
CURRENT LIABILITIES					
Borrowings	14	1,028,224	581,507	1,028,509	581,515
Leases payable	13	115,855	82,475	115,855	82,475
Agricultural partnership payable	13	569,854	500,376	569,854	500,376
Derivative financial instruments	23	328,695	245,145	328,695	245,145
Trade payables	15	294,679	412,656	281,311	415,082
Payables to Copersucar	16	13,539	12,753	13,539	12,753
Salaries and social charges		193,597	190,737	195,162	191,786
Taxes payable		19,916	33,396	21,094	34,871
Income tax and social contribution	20	-	-	8,490	7,597
Dividend payable	18	5,963	5,971	5,963	5,971
Advances from customers		5,066	27,226	5,173	27,269
Acquisition of ownership interests	9/17	11,571	3,669	11,571	3,669
Other liabilities		18,558	52,498	30,565	66,546
TOTAL CURRENT LIABILITIES		2,605,517	2,148,409	2,615,781	2,175,055
NON-CURRENT LIABILITIES					
Borrowings	14	5,556,109	5,286,808	5,595,374	5,306,834
Leases payable	13	586,228	539,057	586,228	539,057
Agricultural partnership payable	13	1,769,834	1,884,943	1,769,834	1,884,943
Derivative financial instruments	23	7,250	34,585	7,250	34,585
Payables to Copersucar	16	162,986	161,277	162,986	161,277
Deferred income tax and social contribution	20	632,750	743,797	997,134	1,111,225
Provision for contingencies	22	110,706	86,351	111,541	87,006
Taxes with suspended payment	16(b)	1,063,378	725,834	1,063,378	725,834
Other liabilities		1,916	14,904	1,916	14,904
TOTAL NON-CURRENT LIABILITIES		9,891,157	9,477,556	10,295,641	9,865,665
EQUITY	18				
Share capital		3,161,384	2,681,571	3,161,384	2,681,571
Treasury shares		(139,997)	(139,997)	(139,997)	(139,997)
Carrying value adjustments		1,062,480	1,100,474	1,062,480	1,100,474
Revenue reserves		1,828,496	1,676,377	1,828,496	1,676,377
TOTAL EQUITY		5,912,363	5,318,425	5,912,363	5,318,425
TOTAL LIABILITIES AND EQUITY		18,409,037	16,944,390	18,823,785	17,359,145

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

Statement of income
Years ended March 31, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Revenue	27	6,494,335	5,527,316	6,627,566	5,719,953
Cost of goods sold	28	(4,689,845)	(3,362,718)	(4,589,655)	(3,299,689)
Gross profit		1,804,490	2,164,598	2,037,911	2,420,264
Operating income (expenses)					
Selling expenses	28	(209,680)	(148,843)	(221,597)	(160,167)
General and administrative expenses	28	(250,241)	(284,818)	(264,367)	(293,576)
Equity in the results of investees	10	206,044	255,219	5,033	7,358
Other revenue, net	29	517,710	435,044	519,569	438,823
		263,833	256,602	38,638	(7,562)
Operating profit		2,068,323	2,421,200	2,076,549	2,412,702
Finance income (costs)	30				
Finance income		287,753	132,277	314,882	155,135
Finance costs		(895,891)	(486,127)	(898,220)	(486,302)
Monetary and foreign exchange variations, net		(174,942)	(84,657)	(174,942)	(84,657)
Derivatives		(124,657)	(57,639)	(124,657)	(57,637)
		(907,737)	(496,146)	(882,937)	(473,461)
Profit before income taxation		1,160,586	1,925,054	1,193,612	1,939,241
Income tax and social contribution	20(a)				
Current		(240,691)	(214,715)	(273,804)	(229,327)
Deferred		95,849	(229,471)	95,936	(229,046)
Profit for the year		1,015,744	1,480,868	1,015,744	1,480,868
Basic and diluted earnings per share - R$	31	2.9325	4.2753	2.9325	4.2753

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

Statement of comprehensive income
Years ended March 31, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

Parent company and Consolidated	2023	2022
Profit for the year	1,015,744	1,480,868
Items that will be subsequently reclassified to profit or loss		
Changes in the year:		
Changes in fair value		
Commodity derivatives - Futures, options and forward contracts	(38,879)	(56,775)
Foreign exchange derivatives - Options / NDF	58,616	336,708
Foreign exchange differences on borrowings (Trade Finance)	89,269	261,683
	109,006	541,616
Recognition in operating income		
Commodity derivatives - Futures, options and forward contracts	8,519	123,616
Foreign exchange derivatives - Options / NDF	(175,492)	(72,025)
Foreign exchange differences on borrowings (Trade Finance)	5,322	29,205
	(161,651)	80,796
Write-off due to ineffectiveness		
Commodity derivatives - Futures, options and forward contracts	(676)	(9,504)
Foreign exchange derivatives - Options / NDF	8,620	(478)
	7,944	(9,982)
Total changes in the year		
Commodity derivatives - Futures, options and forward contracts	(31,036)	57,337
Foreign exchange derivatives - Options / NDF	(108,256)	264,205
Foreign exchange differences on borrowings (Trade Finance)	94,591	290,888
Deferred taxes on the items above	15,198	(208,226)
	(29,503)	404,204
Comprehensive income for the year	986,241	1,885,072

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

Statements of changes in equity Years ended March 31, 2023 and 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

				Carrying value adjustments										
				Deemed cost				Revenue reserves						
	Note	Share capital	Treasury shares	Parent	Investees	Hedge accounting	Others	Legal	Capital budget reserve	Unrealized profit reserve	Tax incentive reserve	Additional dividends	Retained earnings	Total
At March 31, 2021		**2,071,819**	**(139,997)**	**116,187**	**1,029,113**	**(594,814)**	**564**	**188,733**	**885,731**	**27,960**	**203,834**	**197,459**	**-**	**3,986,589**
Capital increase with reserves		609,752	-	-	-	-	-	-	(487,851)	-	(121,901)	-	-	-
Carrying value adjustments of investees		-	-	-	-	-	80	-	-	-	-	-	-	80
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	(9,388)	(3,150)	-	-	-	-	-	-	-	12,538	-
Gain (loss) on derivate transactions - hedge accounting	18 (c. ii)	-	-	-	-	404,204	-	-	-	-	-	-	-	404,204
Adjustment of deferred taxes in subsidiaries		-	-	-	157,678	-	-	-	-	-	-	-	-	157,678
Recognition of unrealized revenue reserve, outstanding	18(d)	-	-	-	-	-	-	-	-	(5,971)	-	-	-	(5,971)
Transfer to tax incentive reserve	18(d)	-	-	-	-	-	-	-	-	-	147,954	-	(147,954)	-
Payment of prior year's additional dividends	18(e)	-	-	-	-	-	-	-	-	-	-	(197,459)	-	(197,459)
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	1,480,868	1,480,868
Allocation of profit:														
Transfer to reserves	18 (d)	-	-	-	-	-	-	74,043	632,380	-	-	-	(706,423)	-
Interest on capital paid	18 (e)	-	-	-	-	-	-	-	-	-	-	-	(135,000)	(135,000)
Minimum mandatory dividends, paid	18 (e)	-	-	-	-	-	-	-	-	-	-	-	(198,571)	(198,571)
Prepaid dividends	18 (e)	-	-	-	-	-	-	-	-	-	-	-	(173,993)	(173,993)
Additional dividends	18 (e)	-	-	-	-	-	-	-	-	-	-	131,465	(131,465)	-
At March 31, 2022		**2,681,571**	**(139,997)**	**106,799**	**1,183,641**	**(190,610)**	**644**	**262,776**	**1,030,260**	**21,989**	**229,887**	**131,465**	**-**	**5,318,425**
Capital increase with reserves	18(a)	479,813	-	-	-	-	-	-	(397,880)	-	(81,933)	-	-	-
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	(8,910)	325	-	-	-	-	-	-	-	8,585	-
Carrying value adjustments of investees		-	-	-	-	-	94	-	-	-	-	-	-	94
Gain (loss) on derivate transactions - hedge accounting	18 (c. ii)	-	-	-	-	(29,503)	-	-	-	-	-	-	-	(29,503)
Transfer to tax incentive reserve	18(d)	-	-	-	-	-	-	-	-	-	169,867	-	(169,867)	-
Recognition of unrealized revenue reserve, outstanding	18(d)	-	-	-	-	-	-	-	-	(5,932)	-	-	-	(5,932)
Payment of prior year's additional dividends	18(e)	-	-	-	-	-	-	-	-	-	-	(131,465)	-	(131,465)
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	1,015,744	1,015,744
Allocation of profit:														
Transfer to reserves	18 (d)	-	-	-	-	-	-	50,787	279,607	-	-	-	(330,394)	-
Interest on capital paid	18(e)	-	-	-	-	-	-	-	-	-	-	-	(255,000)	(255,000)
Additional dividends	18(e)	-	-	-	-	-	-	-	-	-	-	269,068	(269,068)	-
At March 31, 2023		**3,161,384**	**(139,997)**	**97,889**	**1,183,966**	**(220,113)**	**738**	**313,563**	**911,987**	**16,057**	**317,821**	**269,068**	**-**	**5,912,363**

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

Statement of cash flows
Years ended March 31, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2023	2022	2023	2022
Cash flows from operating activities					
Profit for the year		1,015,744	1,480,868	1,015,744	1,480,868
Adjustments					
Depreciation and amortization	28	1,071,191	775,759	1,075,457	779,652
Biological assets harvested	28	1,049,119	846,612	1,049,119	846,612
Changes in the fair value of biological assets, agricultural produce, and CBIOs	28	176,167	(24,004)	176,167	(24,004)
Amortization of electric power supply contracts		-	-	5,642	6,096
Equity in the results of investees	10	(206,044)	(255,219)	(5,033)	(7,358)
Gains (losses) on investments and PP&E written off	11	2,745	(2,686)	2,745	(1,186)
Interest, monetary and foreign exchange variations, net		419,766	224,003	398,746	213,832
Derivative financial instruments		(36,987)	129,966	(36,987)	130,048
Setup of provision for contingencies, net	22.1	34,336	13,003	34,392	13,004
Income tax and social contribution	20 b	144,842	444,186	177,868	458,373
Taxes with suspended payment		337,544	267,355	337,544	267,355
Adjustment to present value and other adjustments		245,394	131,334	249,377	137,666
		4,253,817	4,031,177	4,480,781	4,300,958
Changes in assets and liabilities					
Trade receivables		(112,142)	(58,794)	(100,124)	(151,597)
Inventories		(52,163)	(308,999)	(52,325)	(306,068)
Taxes recoverable		(224,989)	(123,102)	(226,678)	(123,371)
Derivative financial instruments		(31,179)	(16,602)	(31,179)	(16,602)
Other assets		(299,646)	(273,928)	(299,366)	(274,127)
Trade payables		(61,304)	226,542	(77,099)	324,746
Salaries and social charges		2,862	19,821	3,376	19,904
Taxes payable		(237,696)	(111,949)	(242,525)	(113,398)
Payables to Copersucar		(2,446)	(12,624)	(2,446)	(12,624)
Provision for contingencies - settlement	22.1	(22,801)	(26,261)	(22,801)	(26,261)
Other liabilities		(69,098)	54,332	(71,077)	54,687
Cash from operations		3,143,215	3,399,613	3,358,537	3,676,247
Payment of interest on borrowings and financing	14	(309,914)	(124,009)	(310,702)	(124,009)
Deferred income tax and social contribution		(32,734)	(91,608)	(60,467)	(105,430)
Net cash provided by operating activities		2,800,567	3,183,996	2,987,368	3,446,808
Cash flows from investing activities					
Investment of funds		(11,837)	(12,209)	(11,837)	(12,209)
Additions to property, plant and equipment and intangible assets	11 and 12	(1,175,257)	(1,240,570)	(1,197,351)	(1,274,813)
Additions to biological assets (planting and crop treatments)		(1,373,806)	(1,196,750)	(1,373,806)	(1,196,750)
Financial investments		264,732	(1,650,228)	319,078	(1,722,060)
Proceeds from sale of property, plant and equipment	11	5,652	10,929	5,652	10,237
Advance for future capital increase		-	-	(139)	-
Dividends received		237,600	178,143	1,723	1,394
Net cash used in investing activities		(2,052,916)	(3,910,685)	(2,256,680)	(4,194,201)
Cash flows from financing activities:					
Payments of lease agreements and partnerships	13	(577,319)	(525,413)	(577,319)	(525,413)
Proceeds from borrowings – third parties	14	857,242	3,497,764	875,242	3,517,764
Repayment of borrowings - third parties	14	(494,266)	(1,610,883)	(494,266)	(1,610,848)
Payment of dividends and interest on capital		(375,840)	(807,557)	(375,840)	(807,557)
Net cash provided by (used in) financing activities		(590,183)	553,911	(572,183)	573,946
Net increase (decrease) in cash and cash equivalents		157,468	(172,778)	158,505	(173,447)
Cash and cash equivalents at the beginning of the year	4	114,874	287,652	114,903	288,350
Cash and cash equivalents at the end of the year	4	272,342	114,874	273,408	114,903
Additional information					
Balance of financial investments (current assets)	4	2,643,193	2,663,681	2,804,873	2,857,864
Total available funds	4	2,915,535	2,778,555	3,078,281	2,972,767

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

Statement of value added
Years ended March 31, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2023	2022	2023	2022
Revenue				
Gross sales of goods and products	6,668,261	5,892,125	6,814,471	6,100,700
Revenue from construction of own assets	1,684,543	1,365,635	1,684,768	1,365,635
Other income	8,802	14,623	8,705	12,817
	8,361,606	7,272,383	8,507,944	7,479,152
Inputs acquired from third parties				
Cost of products and goods sold	(1,701,565)	(1,312,409)	(1,567,513)	(1,189,790)
Material, electricity, third-party services, and other operating expenses	(1,993,983)	(1,472,561)	(2,040,986)	(1,545,975)
	(3,695,548)	(2,784,970)	(3,608,499)	(2,735,765)
Gross value added	4,666,058	4,487,413	4,899,445	4,743,387
Depreciation and amortization	(1,071,191)	(775,759)	(1,075,457)	(779,652)
Biological assets harvested	(1,049,119)	(846,612)	(1,049,119)	(846,612)
Net value added generated by the entity	2,545,748	2,865,042	2,774,869	3,117,123
Value added received in transfer				
Equity in the results of investees	206,044	255,219	5,033	7,358
Finance income	670,565	690,311	697,920	718,855
Others	563,198	473,403	565,155	476,187
Total value added to be distributed	3,985,555	4,283,975	4,042,977	4,319,523
Distribution of value added				
Personnel and payroll charges				
Direct compensation	715,280	625,649	716,628	625,762
Benefits	274,358	217,192	275,612	218,050
Government Severance Indemnity Fund for Employees (FGTS)	69,028	56,965	69,145	56,973
Management compensation	36	73,755	1,463	75,032
Taxes, charges and contributions				
Federal	284,467	569,184	334,269	596,186
State	40,051	64,925	40,418	65,247
Municipal	1,886	1,162	2,193	1,310
Financing entities				
Interest	874,223	473,195	876,750	478,361
Rentals	8,671	5,778	8,708	5,778
Foreign exchange variations	456,016	619,950	456,065	620,410
Others	245,795	95,352	245,982	95,546
Payment of dividends and interest on capital	255,000	507,564	255,000	507,564
Retained earnings in the year	760,744	973,304	760,744	973,304
Value added distributed	3,985,555	4,283,975	4,042,977	4,319,523

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

1. Operations

São Martinho S.A. (the "Company" or "Parent Company") is a listed corporation headquartered in Pradópolis, State of São Paulo. The Company and its subsidiaries (together referred to as "São Martinho") are primarily engaged in the cultivation of sugarcane, and production and sale of sugar, ethanol, and other sugarcane byproducts; co-generation of electric power; development of real estate ventures; agricultural production; import and export of goods, products, and raw materials, and investment in other companies.

Approximately 70% of the sugarcane used in the manufacture of products comes from plantations on land owned by either the Company, its stockholders, related companies, or agricultural partnerships. The remaining 30% is owned by third parties. The sugar-ethanol sector is subject to seasonal trends based on the sugarcane growth cycle in the Center-South region of Brazil, which typically begins in April and ends in December, resulting in fluctuations in the Company's inventories. Raw material supplies may also be affected by adverse climate conditions. Sugarcane crop takes up to 18 months to mature, and harvest begins, in general, from April to December, which is also the period when sugar and ethanol are produced, and electric power is co-generated.

In March 2023, the corn ethanol plant at Boa Vista Sugar Mill entered operations with an annual processing capacity of 495,000 metric tons of corn, 200,000 cubic meters of ethanol per harvest, in addition to the production of DDGS and corn oil.

São Martinho is a subsidiary of the holding company LJN Participações S.A. ("LJN"), which owns 53.74% interest in the Company`s voting capital.

The issue of this financial Information was authorized by the Board of Directors on June 19, 2023.

Effects of the Coronavirus pandemic on the financial statements

The effects of the Coronavirus pandemic (COVID-19) were taken into account for purposes of the estimates and assumptions used in the preparation of these financial statements.

In addition to affecting the wellbeing of the population, market interest and exchange rates were also affected, and consequently the measurement of assets, liabilities and profit or loss.

The Company has monitored these factors, and at March 31, 2023, no uncertainties were identified which could generate a material adverse effect on the financial position or its operations.

Armed conflict between Russia and Ukraine

The conflict between Russia and Ukraine has affected the global economy, including the sugar-energy sector, threatening supply disruptions and raising the price of inputs, mainly fertilizers, oil, and other commodities.

The Company is monitoring these events and is adopting measures to optimize its resources, protect revenues and ensure the availability of inputs for its production processes.

Climate risk management

In common with other rural producers and those in the agribusiness sector, São Martinho is subject to climate risks, including from prolonged droughts, frost and fire. Such risks are constantly monitored and mitigating measures taken to minimize their impact.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

The parent company and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), implemented in Brazil by the Accounting Pronouncements Committee (CPC) through its technical interpretations (ICPC) and guidelines (OCPC), as approved by the Brazilian Securities Commission (CVM).

These financial statements were prepared under the historical cost convention, as modified to reflect the deemed cost of property, plant and equipment items upon transition to IFRS/CPC, and certain derivative financial instruments and biological assets measured at fair value, and disclose all information of significance to the financial statements, which is consistent with that utilized by management in the performance of its duties.

The presentation of the parent company and consolidated statement of value added, which is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to publicly-held companies, was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. Under IFRS the presentation of this statement is not required, being considered supplemental information, and is not part of the IFRS financial statements.

The significant accounting practices are described in the corresponding notes; those affecting various aspects of the financial statements are described below.

The Company recognizes the dividends received from its subsidiaries as cash flows from investing activities, since it considers these dividends as returns on the investments made.

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

2.2 Changes to new accounting standards that are not yet effective

The following amendments to standards were issued by the IASB but were not effective for the year ended March 31, 2023. The early adoption of standards, although encouraged by the IASB, is not permitted by the CPC.

- **Amendments to IAS 1/CPC 26 - "Presentation of Financial Statements":** issued in May 2020, the amendments clarify that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date (e.g. receipt of a waiver or breach of covenant). The amendments also clarify the definition of "settlement" of a liability under IAS 1. Subsequently, in October 2022, a new amendment was issued to clarify that liabilities that include covenants with which an entity must comply only after the reporting date do not affect the classification as current or non-current. Only covenants that an entity is required to comply with on or before the reporting date affect this classification, even if compliance is only assessed after the reporting date. The amendments are effective from January 1, 2024, in the case of the Company, from April 1, 2024.

- **Amendment to IAS 1/CPC 26 and IFRS Practice Statement 2 - Disclosure of accounting policies:** in February 2021, the IASB issued a new amendment requiring disclosure of 'material' instead of 'significant' accounting policies. The amendment defines and explains how to identify "material accounting policy information". It also clarifies that immaterial accounting policy information need not be disclosed, and if disclosed, it should not obscure the relevant accounting information. As a support for this change, the IASB has also amended IFRS Practice Statement 2 Making Materiality Judgments, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is effective from January 1, 2024, in the case of the Company, from April 1, 2024.

- **Amendment to IAS 8/CPC23 - Accounting Policies, Changes in Accounting Estimates and Errors**: issued in February 2021, this amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, while changes in accounting policies are generally also applied retrospectively to past transactions and other past events, as well as to the current period. This amendment is effective from January 1, 2024, in the case of the Company, from April 1, 2024.

- **Amendment to IAS 12/CPC 32 - Income Taxes:** issued in May 2021, the amendment requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment will typically apply to transactions such as leases (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, for example, and will require the recognition of additional deferred tax assets and liabilities. This amendment is effective from January 1, 2024, in the case of the Company, from April 1, 2024.

There are no other IFRS or IFRIC interpretations that are not yet effective, which would be expected to have a material impact on the Group's financial statements.

2.3 Basis of consolidation and investments in subsidiaries

Subsidiaries are all entities over which the Company has control. They are fully consolidated from the date on which control is transferred to the Company, and are deconsolidated from the date that control ceases.

The consolidated balances reflect the equity interest in the following wholly owned companies:

Company	Core activity
São Martinho Terras Agrícolas S.A. ("SM Terras Agrícolas")	Exploitation of land through agricultural lease and partnership, rental and sale of real estate.
São Martinho Terras Imobiliárias S.A. ("SM Terras Imobiliárias") (i)	Sale and purchase of real estate, development and exploitation of real estate and mining enterprises.
Bioenergética São Martinho S.A. ("Bio SM")	Co-generation of electric power
Bioenergética Santa Cruz S.A. ("Bio SC")	Co-generation of electric power
Bioenegética Boa Vista S.A. ("Bio BV")	Co-generation of electric power
Bioenergia São Martinho ("Bioenergia SM")	Co-generation of electric power
São Martinho Logística e Participações S.A. ("SM Logística")	General product storage
São Martinho Inova S.A. ("SM Inova")	Investment in other companies

(i) SM Terras Imobiliárias and its subsidiaries, all Special-Purpose Entities (SPEs), are engaged in real estate development activities.

2.4 Functional and presentation currency

The financial statements are presented in Brazilian Real/Reais (R$), which is the currency of the primary economic environment in which the Company operates (the "functional currency"). All financial information presented in Brazilian Reais has been rounded off to the nearest thousand, unless otherwise stated.

2.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the statement of income, except when deferred in equity as qualifying cash flow hedges.

2.6 Financial instruments

The Company adopts IFRS 9 (CPC 48) Financial Instruments (except for items related to hedge accounting), and classifies its financial assets as: measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

Impairment of financial instruments is calculated based on a prospective model hybrid of expected and incurred losses, which requires significant judgment on how changes in economic factors affect expected credit losses. The corresponding provisions are determined for: (i) 12-month expected credit losses, (ii) lifetime expected credit losses, i.e. credit losses that result from all possible default events over the expected life of a financial instrument and (iii) credit losses incurred due to failure to fulfill the contractual obligations.

As permitted by IFRS 9, the Company applies IAS 39/CPC 38 for hedge accounting.

a) Financial assets

Financial assets are classified as: (i) measured at amortized cost; (ii) measured at fair value through other comprehensive income, and (iii) measured at fair value through profit or loss. The measurement of financial assets depends on their classification.

b) Financial liabilities

The Company's financial liabilities include trade payables, borrowings, leases, agricultural partnerships, payables to related parties, and other payables, which are measured at amortized cost. After initial recognition, borrowings are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized, and through amortization, under the effective interest rate method.

c) Derivative financial instruments

Derivatives are measured at fair value, with gains and losses recognized in the statement of income, unless the derivative has been designated as a hedging instrument and qualifies for hedge accounting.

At the inception of the transaction, the Company documents the relationship between the hedging instruments and hedged items, for the purpose of managing the risk and the strategy for undertaking hedging transactions.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is classified as "Carrying value adjustment" in equity. The ineffective portion is recorded as "Finance income (costs)" in the statement of income. The amounts accumulated in equity are reclassified to the statement of income for the year when the hedged item affects profit or loss, and the related effects are recognized as "Net sales revenue" to minimize changes in the hedged item.

2.7 Business combinations and goodwill

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is evaluated based on the acquisition-date fair value.

Goodwill is initially measured at cost for the amount that exceeds: (a) the consideration transferred in exchange for the acquiree's control; (b) the amount of any non-controlling interest in the acquiree; and (c) the fair value of the interest previously held by the acquirer in the acquiree (if any) that exceeds the net amount of identifiable assets acquired and liabilities assumed, measured at fair value on the acquisition date. If after remeasurement, the Company's interest in the fair value of net identifiable assets acquired exceeds (a), (b) and (c) above, the excess amount is immediately recognized in the statement of income as gain arising from a bargain purchase.

Goodwill corresponding to consolidated entities is recorded within "Intangible assets" in the parent company and consolidated balance sheet.

For business combinations, any non-controlling interest in the acquired entity is measured at the fair value of this ownership, or proportionally to the fair value of the identifiable net assets acquired.

Acquisition costs incurred accounted for as expenses

When acquiring a business, the Company assesses the financial assets acquired and liabilities assumed so as to correctly classify and designate them in accordance with the contractual terms, economic circumstances, and relevant conditions on the acquisition date. This procedure includes the segregation, by the acquiree, of embedded derivatives existing in host contracts.

For business combinations carried out in steps, the acquisition-date carrying amount of the ownership interest previously held by the acquirer in the acquiree is remeasured at fair value through profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, as from the acquisition date, allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are attributed to these units.

3. Significant accounting estimates and judgments

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

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Impairment losses

Goodwill is tested for impairment annually. The recoverable amounts of cash-generating units were determined based on value-in-use calculations. These calculations require the use of estimates and budget projections approved by management (Note 12).

b) Fair value of biological assets

This represents the present value of expected net cash flows from biological assets, which is determined through the use of assumptions established in discounted cash flow models (Note 7).

c) Income tax, social contribution and other taxes

The Company recognizes provisions when it is probable that additional taxes will be due. When the final outcome of these matters differs from the amounts initially estimated and recorded, such differences will affect current and deferred tax assets and liabilities in the year in which the ultimate amount is determined.

d) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, which include the discounted cash flow model. The assumptions underlying these valuation techniques are based primarily on market conditions existing at the balance sheet date, if available. When this is not possible, a certain level of judgment is required to determine the fair value with respect to data such as liquidity, credit risk, and volatility.

e) Provision for contingencies

São Martinho is a party to labor, civil and tax proceedings at different court levels. Provisions for contingencies are made to cover probable risks of losses arising from unfavorable outcome of ongoing lawsuits, determined and adjusted based on management's assessment, under the advice of legal consultants, which requires a high degree of judgment.

All amounts in thousands of reais unless otherwise stated

f) Incremental borrowing rate on leases and agricultural partnerships

Right-of-use assets, lease liabilities, and agricultural partnerships are measured at present value based on cash flows discounted using the incremental borrowing rates. This weighted average borrowing rate involves estimation, since it is the rate that the lessee would have to pay on a borrowing to raise the funds required to obtain an asset of similar value in a similar economic environment, and under equivalent terms and conditions, which also takes into consideration the lessee's credit risk, the term of the agreement, and the collateral offered.

4. Cash and cash equivalents and financial investments

Cash and cash equivalents comprise cash on hand, bank deposits, and highly liquid short-term investments with original maturities of three months or less, which are readily convertible into known amounts of cash, and are subject to immaterial risk of change in value.

	Parent company			Consolidated		
	Annual yield	2023	2022	Annual yield	2023	2022
Cash and banks in Brazil		1,520	142		2,586	171
Cash and banks abroad (US Dollar)	2.9%	21,454	114,732	2.9%	21,454	114,732
Financial investments						
. Investments in foreign currency (i)	4.4%	249,368	-	4.4%	249,368	-
Total cash and cash equivalents		**272,342**	**114,874**		**273,408**	**114,903**
Financial investments						
. Investment fund	102.7% of CDI	2,404,356	2,459,996	102.7% of CDI	2,566,036	2,653,534
. Bank Deposit Certificate (CDB)	103.5% of CDI	238,837	203,685	103.5% of CDI	238,837	204,330
. Other (ii)	96.2% of CDI	38,497	11,374	96.2% of CDI	38,497	11,374
Total financial investments		**2,681,690**	**2,675,055**		**2,843,370**	**2,869,238**
Total cash and cash equivalents and financial investments		**2,954,032**	**2,789,929**		**3,116,778**	**2,984,141**
In non-current assets		**38,497**	**11,374**		**38,497**	**11,374**
Total available funds		**2,915,535**	**2,778,555**		**3,078,281**	**2,972,767**

(i) *Time Deposits* (TD).
(ii) Resources pledged as collateral for borrowings obtained with BNDES and brokers, with redemption restriction until the maturity of the contracts.

5. Trade receivables

Trade receivables are initially stated at present value, less a provision for impairment, where applicable.

All amounts in thousands of reais unless otherwise stated

The balance of trade receivables is as follows:

	Parent company		Consolidated	
	2023	2022	2023	2022
Domestic market customers	92,808	56,901	149,628	128,355
Foreign market customers	166,711	125,059	166,711	125,059
(-) Expected credit losses	(26)	(82)	(743)	(835)
	259,493	181,878	315,596	252,579
Current assets	(259,493)	(181,878)	(274,904)	(225,707)
Non-current assets	**-**	**-**	**40,692**	**26,872**

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	2023	2022	2023	2022
Falling due:	259,458	181,719	315,177	252,248
Overdue and not provided for:				
For 30 days	1	7	92	41
Over 31 days	34	152	327	290
	259,493	**181,878**	**315,596**	**252,579**

Includes receivables from related parties of R$ 1,987 and R$ 397 in the Parent company and Consolidated, respectively (R$ 1,833 and R$ 1,284, respectively, at March 31, 2022) (Note 9).

6. Inventories and advances to suppliers

	Parent company		Consolidated	
	2023	2022	2023	2022
Current				
Finished products and work in progress	98,396	290,998	98,396	290,997
Raw material – Corn(i)	251,944	-	251,944	-
Raw material – Soybean	1,558	-	1,558	-
Advances - purchases of sugarcane	45,235	75,449	45,235	75,449
Advances - purchases of inputs and finished products	76,593	184,909	76,593	184,909
RenovaBio - CBIOs(ii)	4,209	16,603	4,209	16,603
Land subdivisions	-	-	6,174	5,845
Inputs, maintenance materials and other	210,009	190,773	210,009	190,773
	687,944	**758,732**	**694,118**	**764,576**
Non-current				
Advances - purchases of sugarcane	224,678	146,986	224,678	146,986
	224,678	**146,986**	**224,678**	**146,986**
	912,622	**905,718**	**918,796**	**911,562**

Inventories are carried at average acquisition or production cost, adjusted where necessary, by a provision for impairment. Inventories of land (land subdivisions) relate to real estate developments and are stated at acquisition cost, increased by the surplus on revaluation of the deemed cost.

All amounts in thousands of reais unless otherwise stated

(i) Refers to the raw material acquired for production at the corn ethanol plant, which began in March 2023 (Note 1)

(ii) At March 31, 2023, the Company had 60,000 registered decarbonization credits (Cbios) carried at fair value (249,000 Cbios at March 31, 2022).

7. Biological assets

Biological assets are agricultural products under cultivation (standing sugarcane) from bearer plants, which will be used as raw material in the manufacture of sugar and ethanol at the time of harvest. These assets are carried at fair value less costs to sell.

The measurement at fair value of biological assets is classified as Level 3 - Assets and liabilities, as there is little market activity, or prices or valuation techniques to support inputs in a thin, nonexistent, or illiquid market (non- observable inputs).

The fair value of biological assets was determined based on the discounted cash flow method, considering basically:

a) Cash inflows obtained by multiplying the: *i)* estimated production measured in kilograms of Total Recoverable Sugar (TRS) by *(ii)* sugarcane futures market price, which is projected based on publicly-available data and price estimates of sugar and ethanol; and

b) Cash outflows represented by the estimated (i) costs necessary for the biological transformation of sugarcane (crop treatments) up to the harvest; (ii) harvesting/cutting, loading, and transportation costs; (iii) capital costs (land and machinery and equipment); (iv) costs of leases and agricultural partnerships; and (v) taxes levied on positive cash flows.

The following key assumptions were used in determining the fair value:

Parent Company and Consolidated	2023	2022
Estimated total harvested area (ha)	244,695	242,241
Amount of TRS per hectare	11.45	11.50
Projected average price of TRS (in R$)	1.11	1.09

In these financial statements, a discount rate of 12.1% p.a. was used to calculate the fair value of biological assets (10.3% p.a. on March 31, 2022).

All amounts in thousands of reais unless otherwise stated

Based on estimates of revenue and costs, the Company determines the discounted cash flows to be generated, adjusting them to present value through the use of a discount rate compatible with the return on investment in the circumstances. Changes in the fair value are accounted for under "Biological assets", with a corresponding entry to the sub-account "Changes in the fair value of biological assets", within "Cost of sales" in the statement of income.

Changes in the fair value of biological assets were as follows:

Parent Company and Consolidated	2023	2022
Historical cost	1,263,787	1,040,629
Fair value	(44,506)	(51,089)
Biological assets - opening balance:	**1,219,281**	**989,540**
Increases arising from crop treatments	883,054	731,317
Transfer from property, plant and equipment	206,519	340,871
Changes in fair value	(146,677)	24,004
Decreases resulting from harvest	(1,001,609)	(866,451)
Biological assets - closing balance:	**1,160,568**	**1,219,281**
Comprised of:		
Historical cost	1,351,751	1,263,787
Fair value	(191,183)	(44,506)
Biological assets - closing balance:	**1,160,568**	**1,219,281**

Sugarcane cultivation is exposed to the risk of damage caused by climate changes, pests and diseases, forest fires, and other forces of nature, which may impact, either by increasing or reducing, future harvest results.

Fair value sensitivity analysis

For purposes of the sensitivity analysis, the Company assessed the impact on the fair value of its biological assets at March 31, 2023, considering an increase/decrease in the following variables: (i) price of the sugarcane metric ton; and (ii) sugarcane production volume. The other variables were held constant. Accordingly, a 5% increase or decrease in the price of sugarcane metric ton would result in an increase or decrease of R$ 104,523. Regarding the production volume, the same 5% variation (up or down) would result in an increase or decrease of R$ 98,212.

All amounts in thousands of reais unless otherwise stated

8. Taxes recoverable

Balances of taxes recoverable:

	Parent company		Consolidated	
	2023	2022	2023	2022
Current				
PIS and COFINS (i)	139,922	52,683	139,963	52,768
ICMS (ii)	69,950	6,252	69,969	6,282
Tax Refund Program for Exporters (Reintegra)	2,782	-	2,782	-
Others	1,316	1,223	1,539	1,253
	213,970	**60,158**	**214,253**	**60,303**
Non-current				
PIS and COFINS (i)	116,394	119,286	116,394	119,286
ICMS (ii)	94,783	38,763	97,151	39,891
Tax on Financial Transactions (IOF) on derivatives	9,701	9,076	9,701	9,076
INSS	7,430	6,923	7,430	6,923
Reintegra	-	1,991	-	1,991
Others	-	677	-	677
	228,308	**176,716**	**230,676**	**177,844**
	442,278	**236,874**	**444,929**	**238,147**

Changes in the year were due to:

(i) PIS and COFINS rates on ethanol sales were reduced to zero, in accordance with Complementary Law 194. The related credits will be partially used to offset other federal taxes.

(ii) Acquisition of fixed assets for the corn ethanol plant and UTE co-generation power plant phase II. In addition, ICMS credits were granted to ethanol producers, pursuant to Constitutional Amendment 123/22. The amount of R$ 56,609 was recorded under net revenue - reduction in ICMS expense (Note 27), and the same amount appropriated to Tax incentive reserve in equity (Note 18(d)).

The balances of taxes recoverable arise from commercial transactions and tax prepayments.

All amounts in thousands of reais unless otherwise stated

9. Related parties

a) Parent company and consolidated balances:

	Parent company		Consolidated	
	2023	2022	2023	2022
Current assets				
Trade receivables (i)				
Bio BV	1,188	105	-	-
Bio SM	303	222	-	-
Bio SC	16	10	-	-
SM Terras Imobiliárias	27	120	-	-
SM Terras Agrícolas	12	182	-	-
CTC - Centro de Tecnologia Canavieira S.A.	-	870	-	991
Others	441	324	397	293
	1,987	**1,833**	**397**	**1,284**
Non-current assets				
Other assets				
Luiz Ometto Participações S.A. (Note 17)	19,590	-	19,590	-
	19,590	**-**	**19,590**	**-**
Current liabilities				
Trade payables				
SM Terras Agrícolas	16,316	5,899	-	-
SM Terras Imobiliárias	1,782	296	-	-
Bio SC	140	191	-	-
CTC - Centro de Tecnologia Canavieira S.A.	210	477	210	477
Others	15	58	15	58
	18,463	**6,921**	**225**	**535**
Acquisition of ownership interest				
Luiz Ometto Participações S.A. (Note 17)	11,571	3,669	11,571	3,669
	11,571	**3,669**	**11,571**	**3,669**
Current and non-current liabilities				
Leases and agricultural partnerships payable from stockholders and related parties	612,986	515,136	508,779	515,136

(i) These are mostly for the apportionment of expenses with the Shared Services Center and sale of steam.

All amounts in thousands of reais unless otherwise stated

b) Significant parent company and consolidated transactions in the period:

	Parent company		Consolidated	
	2023	2022	2023	2022
Sales revenue				
Bio BV	11,366	10,184	-	-
Bio SM	7,862	7,385	-	-
Bio SC	5,932	6,411	-	-
	25,160	**23,980**	**-**	**-**
Reimbursed expenses / Lease revenue (purchase of products and services)				
SM Terras Agrícolas	(73,135)	(98,159)	-	-
CTC - Centro de Tecnologia Canavieira S.A.	(23,200)	(27,571)	(21,919)	(29,080)
SM Terras Imobiliárias	(34,863)	(3,957)	-	-
Bio SC	(877)	(1,154)	-	-
Bio BV	206	33	-	-
Bio SM	82	61	-	-
	(131,787)	**(130,747)**	**(21,919)**	**(29,080)**
Stockholders and related parties Sugarcane purchases / land leases / reimbursed expenses				
Agro Pecuária Boa Vista S/A	(60,003)	(59,349)	(60,003)	(59,349)
Others	(16,360)	(22,233)	(16,649)	(22,406)
	(76,363)	**(81,582)**	**(76,652)**	**(81,755)**

Sales revenue relates to the sale of steam. Purchases of products and services relate to purchase of sugarcane, electric power, steam production service and royalties. Expenses reimbursed by subsidiaries or related parties refer to the apportionment of administrative service costs calculated based on agreements signed by the parties. Transactions with related parties are supported by contracts and under conditions established between the parties.

c) Management compensation:

The compensation paid or payable for management's services is shown below:

	Parent company		Consolidated	
	2023	2022	2023	2022
Fixed and variable compensation, and benefits	35,643	44,160	37,919	46,263
Social security contributions	6,890	10,502	7,291	10,879
Total compensation and charges	**42,533**	**54,662**	**45,210**	**57,142**

São Martinho offers its executive officers, available also to managers, a virtual stock option plan, which provides for cash settlement of the positive difference between the market value on the day before the exercise and the price set in each program.

On December 12, 2022, the Board of Directors approved the granting of 1,463,211 new options, through the 14th Stock Option Plan, which is regulated by the same terms as those defined in previously approved plans.

All amounts in thousands of reais unless otherwise stated

The carrying amount of the liability relating to the new fair value calculation of the Virtual Stock Option Plan is R$ 12,556 (R$ 36,496 on March 31, 2022).

The balances of virtual stock options issued and their changes during the year are shown below:

Plan	8th Plan	9th Plan	10th Plan	11th Plan	12th Plan	13th Plan	14th Plan	Total
Plan issue date	12/12/2016	05/02/2018	12/10/2018	12/09/2019	12/14/2020	12/13/2021	12/12/2022	
Deadline for exercise	2023	2024	2025	2026	2027	2028	2029	
Number of virtual options granted	727,273	882,074	1,133,513	1,072,712	754,980	563,175	1,463,211	6,596,938
Number of virtual options exercised	(712,063)	(848,100)	(708,265)	(356,423)	(33,730)	-	-	(2,658,581)
Number of virtual options to be exercised	**15,210**	**33,974**	**425,248**	**716,289**	**721,250**	**563,175**	**1,463,211**	**3,938,357**
Exercise price (R$)	17.70	17.76	19.07	19.38	24.22	37.17	27.44	

Each plan's virtual options may be exercised after their respective grace periods, as follows: 1/3 after the second year of the grant, 1/3 after the third year of the grant, and 1/3 after the fourth year of the grant, always in compliance with each plan's deadline. The limit approved at the Annual General Meeting relates to the virtual options to be granted in that year.

10. Investments

The parent company and consolidated balance of investments in other companies is as follows:

				Parent company			
Company	Ownership interest %	Equity		Book value of investment		Equity in the results of investees	
		2023	2022	2023	2022	2023	2022
Classified as Investments							
SM Terras Agrícolas	100.00%	839,802	837,044	839,802	837,044	69,758	96,115
SM Terras Imobiliárias	100.00%	686,649	687,891	686,996	688,238	32,709	50,866
Bio SC	100.00%	47,593	62,059	58,726	78,933	27,692	50,573
SM Inova	100.00%	42,361	39,486	42,361	39,486	5,029	7,202
Bio BV	100.00%	32,123	42,415	32,123	42,415	43,459	36,964
Bioenergia SM	100.00%	31,189	31,070	31,189	31,070	119	837
Bio SM	100.00%	27,805	33,358	27,805	33,358	27,197	14,219
SM Logística	100.00%	1,097	1,015	1,096	1,015	81	(1,557)
Total classified as Investments		**1,708,619**	**1,734,338**	**1,720,098**	**1,751,559**	**206,044**	**255,219**

				Consolidated			
Company	Ownership interest %	Equity		Book value of investment		Equity in the results of investees	
		2023	2022	2023	2022	2023	2022
Classified as Investments							
CTC - Centro de Tecnologia Canavieira S.A. (i)	5.41%	862,600	822,949	46,705	44,558	4,950	7,256
Others		-	-	1,093	1,007	83	102
Total classified as Investments		**862,600**	**822,949**	**47,798**	**45,565**	**5,033**	**7,358**

(i) Pursuant to item 16 of CPC 18 (R2), the interest held by the Parent Company in CTC is accounted for under the equity method, since the Company has significant influence over the investee.

There are no cross-holdings between the parent company and the investees.

All amounts in thousands of reais unless otherwise stated

Changes in investments during the year were as follows:

	Parent company		Consolidated	
Changes in investments	2023	2022	2023	2022
Balance at the beginning of the year	**1,751,559**	**1,486,725**	**45,565**	**39,951**
Equity in the results of investees	206,044	255,219	5,033	7,358
Payment of capital	-	30,000	-	-
Dividends paid	(237,600)	(178,143)	(2,899)	(1,394)
Other effects of investments	95	157,758	99	(350)
Balance at the end of the year	**1,720,098**	**1,751,559**	**47,798**	**45,565**

11. Property, plant and equipment

The assets' net book values and useful lives, as well as the depreciation methods, are reviewed at year-end, and adjusted prospectively, where applicable. Depreciation is calculated using the straight-line method; for production equipment, the accelerated depreciation method is applied, taking into consideration the crushing season.

Maintenance costs that extend the useful lives of property, plant and equipment items are capitalized and items that replace others that suffer wear and tear during the crop period are recorded as assets and depreciated during the subsequent crop season. Maintenance costs that do not affect the useful lives of the assets are recognized as expenses when incurred. Replaced items are written off.

Sugarcane plantations correspond to the bearer plants for growing sugarcane. Sugarcane is classified as a permanent crop and its economically productive cycle lasts, on average, eight years after the first harvest. The costs of charges on borrowings taken to finance the construction of property, plant and equipment are capitalized during the period required to construct and prepare the asset for its intended use.

All amounts in thousands of reais unless otherwise stated

Parent company	Land	Buildings and facilities	Manufacturing equipment and facilities	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Other PP&E	Total
At March 31, 2021	**96,099**	**416,133**	**1,340,871**	**297,824**	**438,676**	**1,375,872**	**160,366**	**46,955**	**4,172,796**
Total cost	96,099	529,604	2,099,416	476,299	795,858	1,375,872	160,366	185,050	5,718,564
Accumulated depreciation	-	(113,471)	(758,545)	(178,475)	(357,182)	-	-	(138,095)	(1,545,768)
Net book value	**96,099**	**416,133**	**1,340,871**	**297,824**	**438,676**	**1,375,872**	**160,366**	**46,955**	**4,172,796**
Acquisitions	-	39	8,044	55,743	56,095	469,308	652,729	4,205	1,246,163
Intercrop maintenance *(i)*	-	-	218,351	78,331	120,915	-	-	-	417,597
Transfer of PP&E/biological assets	-	-	-	-	-	(340,871)	-	-	(340,871)
Cost of sale	(53)	(42)	(18)	(2,429)	(5,701)	-	-	-	(8,243)
Transfer between groups	-	16,029	57,567	2,672	(8,238)	16,860	(88,368)	3,478	-
Depreciation	-	(13,431)	(260,017)	(96,540)	(149,592)	-	-	(11,227)	(530,807)
At March 31, 2022	**96,046**	**418,728**	**1,364,798**	**335,601**	**452,155**	**1,521,169**	**724,727**	**43,411**	**4,956,635**
Total cost	96,046	545,593	2,213,793	536,135	834,856	1,521,169	724,727	192,568	6,664,887
Accumulated depreciation	-	(126,865)	(848,994)	(200,535)	(382,701)	-	-	(149,157)	(1,708,252)
Net book value	**96,046**	**418,728**	**1,364,799**	**335,600**	**452,155**	**1,521,169**	**724,727**	**43,411**	**4,956,635**
Acquisitions	-	41	6,437	50,935	26,822	495,783	589,577	4,727	1,174,322
Intercrop maintenance *(i)*	-	-	275,457	82,987	102,220	-	-	-	460,664
Transfer of PP&E/biological assets	-	-	-	-	-	(206,519)	-	-	(206,519)
Cost of sale	-	(3)	(22)	(949)	(4,092)	(30)	-	(3,301)	(8,397)
Transfer between groups	-	145,234	555,920	910	(19,516)	24,863	(708,605)	1,194	-
Depreciation	-	(14,553)	(333,233)	(107,903)	(135,846)	-	-	(10,897)	(602,432)
At March 31, 2023	**96,046**	**549,447**	**1,869,358**	**361,580**	**421,743**	**1,835,266**	**605,699**	**35,134**	**5,774,273**
Total cost	96,046	690,946	2,808,247	590,024	840,405	1,835,266	605,699	193,762	7,660,395
Accumulated depreciation	-	(141,499)	(938,889)	(228,444)	(418,662)	-	-	(158,628)	(1,886,122)
Net book value	**96,046**	**549,447**	**1,869,358**	**361,580**	**421,743**	**1,835,266**	**605,699**	**35,134**	**5,774,273**
Residual value:									
Historical cost	24,759	491,206	1,708,364	346,264	406,565	1,835,266	605,699	35,134	5,453,257
Surplus on revaluation	71,287	58,241	160,994	15,316	15,178	-	-	-	321,016
Annual average depreciation rates/ Transfer of biological assets	-	3%	4%	7%	8%	14%	-	13%	

Notes to the financial statements
at March 31, 2023
All amounts in thousands of reais unless otherwise stated

Consolidated	Land	Buildings and facilities	Manufacturing equipment and facilities	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Improvements and other PPE	Total
At March 31, 2021	**1,814,977**	**419,482**	**1,408,491**	**297,823**	**438,678**	**1,375,871**	**160,364**	**46,958**	**5,962,644**
Total cost	1,814,977	535,840	2,201,628	476,300	795,859	1,375,871	160,364	185,062	7,545,901
Accumulated depreciation	-	(116,358)	(793,137)	(178,477)	(357,181)	-	-	(138,104)	(1,583,257)
Net book value	**1,814,977**	**419,482**	**1,408,491**	**297,823**	**438,678**	**1,375,871**	**160,364**	**46,958**	**5,962,644**
Acquisitions	5,764	39	8,044	55,743	56,095	469,308	680,522	4,205	1,279,720
Intercrop maintenance *(i)*	-	-	219,526	78,330	120,915	-	-	-	418,771
Cost of sale	(436)	(2,292)	(18)	(2,429)	(5,702)	-	-	-	(10,877)
Transfer from Inventories to Sales	(3,372)	-	-	-	-	-	-	-	(3,372)
Transfer of biological assets	-	-	-	-	-	(340,871)	-	-	(340,871)
Transfer between groups	-	16,029	57,567	2,672	(8,238)	16,860	(88,368)	3,478	-
Depreciation	-	(13,557)	(263,889)	(96,540)	(149,592)	-	-	(11,228)	(534,806)
At March 31, 2022	**1,816,933**	**419,701**	**1,429,721**	**335,599**	**452,156**	**1,521,168**	**752,518**	**43,413**	**6,771,209**
Total cost	1,816,933	548,648	2,315,800	536,135	834,857	1,521,168	752,518	192,579	8,518,638
Accumulated depreciation	-	(128,947)	(886,079)	(200,536)	(382,701)	-	-	(149,166)	(1,747,429)
Net book value	**1,816,933**	**419,701**	**1,429,721**	**335,599**	**452,156**	**1,521,168**	**752,518**	**43,413**	**6,771,209**
Acquisitions	-	41	6,437	50,935	26,822	495,783	610,667	4,727	1,195,412
Intercrop maintenance *(i)*	-	-	259,802	84,631	117,519	-	-	-	461,952
Cost of sale	(178)	5	(22)	(949)	(4,093)	(30)	-	(3,301)	(8,568)
Transfer of biological assets	-	-	-	-	-	(206,519)	-	-	(206,519)
Transfer between groups	-	145,234	555,920	910	(19,516)	24,863	(708,605)	1,193	(1)
Depreciation	-	(14,603)	(320,729)	(109,547)	(151,145)	-	-	(10,894)	(606,918)
At March 31, 2023	**1,816,755**	**550,378**	**1,931,129**	**361,579**	**421,743**	**1,835,265**	**654,580**	**35,138**	**7,606,567**
Total cost	1,816,755	694,006	2,909,759	590,024	840,407	1,835,265	654,580	193,775	9,534,571
Accumulated depreciation	-	(143,628)	(978,630)	(228,445)	(418,664)	-	-	(158,637)	(1,928,004)
Net book value	**1,816,755**	**550,378**	**1,931,129**	**361,579**	**421,743**	**1,835,265**	**654,580**	**35,138**	**7,606,567**
Residual value:									
Historical cost	167,067	491,298	1,756,694	346,263	406,565	1,835,265	654,580	35,138	5,692,870
Surplus on revaluation	1,649,688	59,080	174,435	15,316	15,178	-	-	-	1,913,697
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	7%	9%	14%	-	13%	

(i) Expenses related to offseason maintenance allocated between classes for better presentation of balances (2022 adjusted in the same manner for comparison purposes).

All amounts in thousands of reais unless otherwise stated

During the year ended March 31, 2023, the operations of the corn ethanol plant were initiated, and consequently, the balance of "Construction in Progress" was transferred to the respective asset classes (Note 1).

The amount recorded within "Construction in progress" refers primarily to the construction of the UTE power plant phase II.

Under the terms of certain borrowing agreements entered into by São Martinho, items of property, plant and equipment totaling R$ 867,188 were pledged as collateral, of which R$ 32,364 relates to rural properties (1,243 hectares of land).

Financial charges capitalized during the year amounted to R$ 11,574 (R$ 8,658 at March 31, 2022).

12. Intangible assets

Contractual relationships have finite lives, being amortized in proportion to the volume of sugarcane harvested during the term of the agreement with the partner or supplier.

Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment.

	Parent company		Consolidated	
	2023	2022	2023	2022
Goodwill based on future profitability (i)	374,632	374,632	374,632	374,632
Software	43,438	41,820	43,438	41,820
Accumulated amortization	(34,586)	(32,895)	(34,586)	(32,895)
Software under development - SAP S/4HANA	36,452	20,107	36,452	20,107
Rights on sugarcane contracts (ii)	42,443	42,443	42,443	42,443
Amortization of rights on sugarcane contracts (ii)	(24,610)	(23,545)	(24,610)	(23,545)
Cost of rights on electric power contracts (iii)	-	-	103,401	103,401
Amortization of rights on electric power contracts (iii)	-	-	(90,068)	(81,518)
Other assets	1,366	1,326	13,023	12,868
	439,135	**423,888**	**464,125**	**457,313**

(i) Goodwill related to prior years' business combination of companies merged into the Company.

(ii) Relates to the acquisition of rights on agreements for agricultural partnership and sugarcane supply.

(iii) Relates to the fair value of agreements for electric power supply entered into with Bio SC, effective up to 2025 (business combination).

All amounts in thousands of reais unless otherwise stated

Impairment of non-financial assets

In accordance with the provisions of CPC 01 (IAS 36) - Impairment of assets, goodwill, property, plant and equipment, and intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year, or more frequently, if evidence of impairment is identified. Annual impairment tests are performed at the end of March. In order to determine impairment loss, assets are grouped into Cash-Generating Units (CGU), which correspond to the smallest group of assets generating cash flows that are clearly independent from those generated by another CGU.

On March 31, 2023, the Company tested its non-current assets for impairment. The assessment was based on calculations of the value in use of each CGU, which use pre-tax cash flow projections, based on financial budgets approved by management. The growth rate does not exceed the long-term average growth rate of the industry in which the CGU operates.

The main assumptions and estimates relate to sugar and ethanol sales prices, electric power costs, and other macroeconomic data.

Main assumptions used by the Company (data from March 31, 2023):

Cash-generating Units	Nominal perpetuity growth rate	Nominal discount rate
São Martinho production unit	5.00%	12.33%
Santa Cruz production unit	5.00%	12.33%

The COVID-19 pandemic did not have a significant impact on the estimates used to assess impairment.

13. Right-of-use assets, and lease and agricultural partnerships payable

São Martinho adopts IFRS 16 (CPC 06 (R2)) - Leases, which introduces a single accounting model for leases and agricultural partnerships in the balance sheet. Right-of-use assets were recognized in assets and lease payment obligations in liabilities. Additionally, in compliance with CVM Resolution 859, the Company states that there have been no changes and/or reassessments in its lease agreements as a result of the COVID-19 pandemic.

All amounts in thousands of reais unless otherwise stated

Definitions used:

Lease

The Company and its subsidiaries consider as a lease any contract that conveys the right to control the use of an asset for a period, in exchange for consideration. Accordingly, agricultural partnership agreements, although having a different legal form, were accounted for as leases.

The Company as the Lessee

The Company adopted the simplified cumulative effect approach and the following criteria: (i) liabilities: comprised of remaining balances of the contracts in force on the date of initial adoption, net of advance payments, and discounted at the average rate of DI futures contracts (nominal interest coupon), with terms equivalent to those of partnership and lease agreements; and (ii) assets: comprised of the amount equivalent to the liabilities adjusted to present value. The right-of-use assets and balance payable are remeasured at the reporting date, based on the index disclosed by the Council of Sugarcane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA).

No assets or liabilities were recognized for low value (computers, telephones and IT equipment in general) and/or short-term lease agreements (up to 12 months). Payments associated with these agreements were recorded as expenses on a straight-line basis.

The Company as the Lessor

There were no changes in the accounting for lease agreements in which the Company is the lessor.

a) Changes in right-of-use assets

	Parent Company and Consolidated			
Right-of-use assets	Vehicles	Agricultural partnership	Agricultural lease	Total
At March 31, 2021	**16,498**	**1,415,829**	**437,069**	**1,869,396**
New agreements	-	397,710	18,979	416,689
Updated agreements	6,525	20,873	44	27,442
Write-offs	(3,757)	(21,473)	(4,749)	(29,979)
Depreciation	(14,827)	(248,715)	(45,739)	(309,281)
Annual remeasurement	-	888,240	221,805	1,110,045
At March 31, 2022	**4,439**	**2,452,464**	**627,409**	**3,084,312**
New agreements	34,001	229,302	148,235	411,538
Updated agreements	-	107,279	-	107,279
Write-offs	(9,421)	(65,383)	(552)	(75,356)
Depreciation	(7,925)	(420,366)	(98,577)	(526,868)
Annual remeasurement	-	(69,716)	(5,864)	(75,580)
At March 31, 2023	**21,094**	**2,233,580**	**670,651**	**2,925,325**
Useful lives (years)	1 to 2	2 to 29	2 to 20	

All amounts in thousands of reais unless otherwise stated

b) Changes in lease and agricultural partnership liabilities

Leases and agricultural partnerships payable	Parent Company and Consolidated		
	Leases payable	Agricultural partnerships	Total
At March 31, 2021	**473,950**	**1,438,682**	**1,912,632**
Offset of advances	-	(41,071)	(41,071)
Additions arising from new agreements	18,979	397,710	416,689
Updated agreements	6,569	20,873	27,442
Write-offs	(10,208)	(21,775)	(31,983)
Payments made	(127,754)	(397,657)	(525,411)
Financial charges	38,192	100,316	138,508
Remeasurement	221,805	888,240	1,110,045
At March 31, 2022	**621,533**	**2,385,318**	**3,006,851**
Offset of advances	-	(18,789)	(18,789)
New agreements	182,236	229,302	411,538
Updated agreements	-	107,279	107,279
Write-offs	(14,698)	(72,686)	(87,384)
Payments made	(152,322)	(424,997)	(577,319)
Financial charges	71,198	203,977	275,175
Remeasurement	(5,864)	(69,716)	(75,580)
At March 31, 2023	**702,083**	**2,339,688**	**3,041,771**
Total in current liabilities	115,855	569,854	685,709
Total in non-current liabilities	586,228	1,769,834	2,356,062
At March 31, 2023	**702,083**	**2,339,688**	**3,041,771**

The balance of long-term lease agreements and agricultural partnerships payable is as follows:

Maturity	Parent Company and Consolidated
From 4/1/2024 to 3/31/2025	600,752
From 4/1/2025 to 3/31/2026	556,892
From 4/1/2026 to 3/31/2027	495,859
From 4/1/2027 to 3/31/2028	389,623
From 4/1/2028 to 3/31/2029	309,465
From 4/1/2029 to 3/31/2030	232,765
From 4/1/2030 to 3/31/2031	204,025
From 4/1/2031 onwards	871,746
(-) Adjustment to present value	(1,305,065)
	2,356,062

The table below shows the potential rights to PIS/COFINS recoverable included in lease payments:

Parent Company and Consolidated	Agricultural lease	Adjustment to present value
Lease payment	1,086,568	363,245
Potentially recoverable PIS/COFINS (9.25%)	(75,785)	(24,723)
March 31, 2023	**1,010,783**	**338,522**

All amounts in thousands of reais unless otherwise stated

São Martinho's nominal incremental borrowing rates were based on the risk-free interest rates observed in the market for the terms of its contracts, adjusted based on its economic circumstances:

Parent Company and Consolidated	
Contract terms	Incremental rate
2 years	8.48%
3 years	8.75%
4 years	8.69%
5 years	8.71%
6 years	9.84%
7 years	10.22%
8 years	9.96%
9 years	9.34%
10 years	10.79%
11 years	9.23%
From 12 to 30 years	10.21%

Pursuant to IFRS 16, the Company measures and remeasures its lease liabilities and right-of-use assets using the discounted cash flow technique, without considering the projected future inflation in the flows to be discounted.

Additionally, in compliance with CVM Circular Letter 02/2019, comparative information on lease and agricultural partnership liabilities, right-of-use assets, deferred taxes, depreciation expense and finance costs for the year ended March 31, 2023 and future periods is presented below, using a discounted cash flow that considers future inflation projected in the payment flows, and discounted at the nominal rates presented above:

Parent Company and Consolidated	From 4/1/2024 to 3/31/2025	From 4/1/2025 to 3/31/2026	From 4/1/2026 to 3/31/2027	From 4/1/2027 to 3/31/2028	From 4/1/2028 to 3/31/2029	From 4/1/2029 to 3/31/2034	From 4/1/2034 to 3/31/2039	From 4/1/2039 to 3/31/2044
Right-of-use assets								
IFRS 16	2,366,393	1,944,742	1,549,676	1,202,730	939,805	281,534	67,764	-
CVM Official Letter	3,288,029	2,716,890	2,185,524	1,717,504	1,356,300	426,587	109,357	-
	38.95%	39.70%	41.03%	42.80%	44.32%	51.52%	61.38%	N/A
Lease liability and agricultural partnership								
IFRS 16	2,272,179	1,850,358	1,459,060	1,118,756	864,846	271,873	59,384	-
CVM Official Letter	3,172,440	2,625,727	2,114,408	1,663,078	1,314,493	520,879	147,476	-
	39.62%	41.90%	44.92%	48.65%	51.99%	91.59%	148.34%	N/A
Amortization expense								
IFRS 16	(537,836)	(421,652)	(395,066)	(346,946)	(262,925)	(658,271)	(213,770)	(67,764)
CVM Official Letter	(736,210)	(571,139)	(531,366)	(468,020)	(361,204)	(929,713)	(317,231)	(35,540)
	36.88%	35.45%	34.50%	34.90%	37.38%	41.24%	48.40%	-47.55%
Interest expenses								
IFRS 16	(173,023)	(168,273)	(164,856)	(155,812)	(136,899)	(486,213)	(187,321)	(96,573)
CVM Official Letter	(247,794)	(229,058)	(225,718)	(214,569)	(189,352)	(785,880)	(286,844)	(163,904)
	43.21%	36.12%	36.92%	37.71%	38.32%	61.63%	53.13%	69.72%

	IFRS 16/CPC 06	CVM Official Letter
Amortization expense	(2,904,230)	(3,950,423)
Interest expenses	(1,568,970)	(2,343,119)
	(4,473,200)	(6,293,542)

All amounts in thousands of reais unless otherwise stated

14. Borrowings

Borrowings are recognized net of the transaction costs incurred, and are carried at amortized cost on the respective maturity dates.

Type	Annual charges		Parent company		Consolidated	
	Rate	Index	2023	2022	2023	2022
In local currency						
BNDES credit facility	1.8%	+TJLP	105,197	123,886	105,197	123,886
BNDES credit facility	3.5%	+IPCA	815,861	534,084	855,411	554,118
BNDES credit facilities (ii)	6.2%	Fixed rate	164,777	177,352	164,777	177,352
FINEP	4.0%	Fixed rate	23,641	43,905	23,641	43,905
Rural credit (iii)	8.0%	Fixed rate	431,641	307,986	431,641	307,986
Agribusiness Receivable Certificate (CRA)	98.5%	CDI	929,719	1,160,354	929,719	1,160,354
Agribusiness Receivable Certificate (CRA) (iv)	4.9%	+IPCA	551,500	526,839	551,500	526,839
Debentures (V)	6.0%	+IPCA	2,197,001	1,596,996	2,197,001	1,596,996
International Finance Corporation (IFC)	1.5%	+CDI	312,571	306,672	312,571	306,672
Other securitized credits	3.0%	+IGP-M/ Fixed rate	29	31	29	31
Total in local currency	**102.4%**	**CDI**	**5,531,937**	**4,778,105**	**5,571,487**	**4,798,139**
In foreign currency						
Export prepayment (PPE) (vi)	1.7%	6M Libor	433,951	402,323	433,951	402,323
Export prepayment (PPE)	1.6%	6M Sofr	156,139	190,395	156,139	190,395
International Finance Corporation (IFC) (vii)	1.5%	6M Libor	462,306	493,455	462,306	493,455
FINEM	2.5%	Currency Basket	-	4,037	-	4,037
Total in foreign currency	**5.5%**		**1,052,396**	**1,090,210**	**1,052,396**	**1,090,210**
TOTAL (i)			**6,584,333**	**5,868,315**	**6,623,883**	**5,888,349**
Total in current liabilities			1,028,224	581,507	1,028,509	581,515
Total in non-current liabilities			5,556,109	5,286,808	5,595,374	5,306,834
			6,584,333	**5,868,315**	**6,623,883**	**5,888,349**

(i) Total costs of liabilities in local and foreign currency were calculated based on the terms of the portfolios, and on Interbank Deposit (DI) and LIBOR yield curves.

(ii) 66% of the BNDES credit facilities at fixed rate is linked to 53.5% of the DI rate, through a swap contract.

(iii) 100% of the rural credit amount is linked to 72.95% of the DI rate, through a swap contract.

(iv) 100% of the Agribusiness Receivable Certificates (CRAs) indexed to IPCA+ is linked to 117.8% of the DI rate, through a swap contract.

(v) 25% of the debentures is linked to the DI rate +1.1% p.a., 23% to the DI rate + 1.4% p.a., and the remaining 52%, to 108.2% of the DI rate, through a swap contract.

(vi) 100% of the Export Credit Note (PPE) amount indexed to LIBOR is linked to the DI rate +1.1% p.a., through a swap contract.

(vii) 50% of the borrowing with International Finance Corporation (IFC) is linked to the DI rate +1.15% p.a., and 50% is linked to a fixed rate of 5.0%, through a swap contract.

All amounts in thousands of reais unless otherwise stated

The table below shows the changes in borrowings during the year:

Changes in debt	Parent company		Consolidated	
	2023	2022	2023	2022
Balance at the beginning of the year	5,868,315	4,050,963	5,888,349	4,050,963
Proceeds from borrowings	857,242	3,497,764	875,242	3,517,764
Repayment of principal	(494,266)	(1,610,883)	(494,266)	(1,610,848)
Payment of interest	(309,914)	(124,009)	(310,702)	(124,009)
Provision for interest/indexation accruals	581,857	301,570	584,161	301,569
Foreign exchange variation	81,099	(247,090)	81,099	(247,090)
Balance at the end of the year	**6,584,333**	**5,868,315**	**6,623,883**	**5,888,349**

Long-term borrowings mature as follows:

Parent Company and Consolidated	Parent company	Consolidated
From 4/1/2024 to 3/31/2025	846,483	848,204
From 4/1/2025 to 3/31/2026	733,774	735,556
From 4/1/2026 to 3/31/2027	538,132	539,977
From 4/1/2027 to 3/31/2028	243,733	245,643
From 4/1/2028 to 3/31/2029	544,479	546,458
From 4/1/2029 to 3/31/2030	388,840	390,889
From 4/1/2030 to 3/31/2031	372,464	374,586
From 4/1/2031 to 3/31/2032	838,519	840,717
From 4/1/2032 to 3/31/2033	92,655	94,931
From 4/1/2033 onwards	957,030	978,413
	5,556,109	**5,595,374**

São Martinho's debt, of R$ 867,188, is collateralized as follows: 96% by liens on equipment, vehicles, buildings and premises, approximately 3% by land, and less than 1% by receivables from electric power trading and stockholders' sureties.

At the reporting date, the carrying amounts of borrowings approximate their fair value. The fair values are based on discounted cash flows using a borrowing rate of 12.3% p.a. (11.6% p.a. on March 31, 2022) and are classified within Level 2 of the fair value hierarchy.

Covenants

Borrowings of R$ 4,687,353 include financial covenants determined and measured annually, which at March 31, 2023, were all being complied with.

15. Trade payables

	Parent company		Consolidated	
	2023	2022	2023	2022
Sugarcane	37,120	55,931	19,022	49,736
Materials, services, and other	257,559	356,725	262,289	365,346
	294,679	**412,656**	**281,311**	**415,082**

All amounts in thousands of reais unless otherwise stated

Of the total amount of trade payables, R$ 18,463 in the parent company, and R$ 225 in the consolidated (R$ 6,921 and R$ 535, respectively, at March 31, 2022) refer to related parties (Note 9).

16. Obligations and rights with Copersucar

As part of the withdrawal process from Copersucar, the Company entered into an agreement for obligations and rights that have not yet prescribed. The main obligations and rights are described below.

a) Obligations:

Copersucar provided funds, through bills of exchange, to its members, including the Company during the period of its association, for the purpose of financing their operations. The funds were obtained by the Cooperative and relate to temporary cash surpluses arising from preliminary injunctions in lawsuits claiming suspension of the enforceability of taxes. These cash surpluses relate to provisions for contingencies recorded by the Cooperative as non-current liabilities. However, in the event of unfavorable outcomes in the lawsuits, the Company may be required to reimburse the amount within 120 days.

The liabilities include Excise Taxes (IPI), the constitutionality of which is being challenged in court by the Cooperative, and tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

Parent Company and Consolidated	2023	2022
REFIS - Copersucar - Interest accruals based on the SELIC rate	21,341	32,867
Exchange Bill (LC) - Interest accruals based on the SELIC rate	76,591	73,754
Exchange Bill (LC) - Transfer of funds without imposition of charges	52,356	52,356
Expenses with tax proceedings	23,937	12,753
Others	2,300	2,300
	176,525	174,030
Current liabilities	(13,539)	(12,753)
Non-current liabilities	**162,986**	**161,277**

All the Company's liabilities to Copersucar are backed by bank sureties. In addition, in accordance with the terms negotiated upon withdrawal from Copersucar, the Company remains liable for any obligations in proportion to its interest in Copersucar from previous harvests, resulting from tax assessments that may arise for periods when the Company was a cooperative member.

Copersucar has been served tax assessment notices with respect to State Value-Added Tax (ICMS) levied on sales of fuel and industrial ethanol up to December 31, 2008, of which the amount attributed on March 31, 2023 to the Company would be approximately R$ 192 million. Copersucar is confident that its position will prevail and it will successfully defend against fines; according to its legal counsel, the causes involve a possible risk of loss.

All amounts in thousands of reais unless otherwise stated

b) **Rights:**

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

The lawsuits in which Copersucar is the plaintiff include a claim against the Federal Government seeking compensation for damages arising from a mandatory freeze of sugar and ethanol prices in the 1980s.

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

Copersucar transferred to the Company the amounts received from the Federal Government in connection with this lawsuit, as shown below.

	2019	2020	2021	2022	2023
Copersucar rights	March 2019	December 2019	September 2020	October 2021	October 2022
1st Court-ordered debt security	906,287	1,059,956	1,083,223	1,174,400	1,346,041
Supplementary 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 - Copersucar	(13,927)	(42,794)	(46,990)	(50,915)	(58,337)
Transfer to Luiz Ometto Participações S.A.	(3,313)	(24,119)	(26,700)	(28,697)	(33,226)
Other withholdings and expenses	(26,824)	(46,665)	(51,266)	(55,348)	(63,489)
Other net revenue - SMSA	**106,499**	**349,056**	**383,040**	**415,476**	**475,616**

Upon transferring the funds, Copersucar withheld a portion to cover legal costs about the incidence of PIS and COFINS taxes, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. At March 31, 2023, the balance receivable from Copersucar, of R$ 212,963 (R$ 154,626 at March 31, 2022) was recognized within "Other non-current assets". The Company, in line with the measures taken by Copersucar, also filed a lawsuit, supported by a judicial deposit, claiming the suspension of the enforceability of IRPJ/CSLL/PIS/COFINS payment. The judicial deposit was provided for within "Taxes with suspended payment"

As established in the Agreement for Purchase and Sale of Shares of Santa Cruz S.A. Açúcar e Álcool ("USC"), the Company transferred R$ 116,055 to Luiz Ometto Participações S.A.

All amounts in thousands of reais unless otherwise stated

17. Acquisition and disposal of ownership interest - payables and receivables

The balance relates to the acquisition and disposal of ownership interest, as follows:

Parent Company and Consolidated	Acquisitions Usina Santa Cruz	Disposals Agro Pecuária Boa Vista	Net balance
At March 31, 2021	**(93,739)**	**78,451**	**(15,288)**
Repayment of principal	31,210	(19,590)	11,620
Interest/indexation accruals	(4,988)	4,398	(590)
Repayment of interest	4,772	(4,183)	589
At March 31, 2022	**(62,745)**	**59,076**	**(3,669)**
Repayment of principal	31,210	(19,590)	11,620
Interest/indexation accruals	(6,996)	6,847	(149)
Repayment of interest	7,131	(6,914)	217
At March 31, 2023	**(31,400)**	**39,419**	**8,019**
Classified as:			
Acquisition of ownership interests - current liabilities			(11,571)
Other non-current assets			19,590
			8,019

The amounts, adjusted based on the CDI rate, are paid annually and mature as follows:

Maturities	(Acquisition) / Disposal
Jan/2024	(11,571)
Jan/2025	19,590
	8,019

18. Equity

a) Share capital

Share capital at the balance sheet date amounted to R$ 3,161,384 (R$ 2,681,571 at March 31, 2022), represented by 354,011,329 registered common shares without par value.

The Company is authorized to increase capital up to the limit of 372,000,000 common shares, without requiring prior amendment to its bylaws, upon a resolution of the Board of Directors determining the share issue conditions, including price and payment term.

At the Extraordinary General Meeting held on July 29, 2022, the stockholders approved a capital increase of R$ 479,813, through capitalization of R$ 397,880 from the Capital Budget Reserve and R$ 81,933 from the Tax Incentive Reserve.

At the Extraordinary General Meeting to be held on July 28, 2023, a capital increase of R$ 780,334 will be proposed, through the capitalization of R$ 632,380 from the Capital Budget Reserve, and R$ 147,954 from the Tax Incentive Reserve.

b) Treasury shares

Being repurchased equity instruments, treasury shares are recognized at acquisition cost, reducing equity. No gain or loss is recognized in the statement of income on purchase, sale, issue, or cancellation of the Company's equity instruments.

c) Carrying value adjustments

Deemed cost

These adjustments arose from the surplus on revaluation of the deemed cost of land, buildings and premises, industrial facilities, vehicles and machinery, and agricultural implements. The amounts are recorded net of tax effects and their realization made through depreciation, write-off, or sale of the related assets. The realized amounts are transferred to "Retained earnings".

Hedge accounting fair value

This relates to the results of unrealized/settled transactions with derivative financial instruments, classified as hedge accounting. This balance is reversed from equity to the results of operations, over time, as the related transactions mature, or the shipments take place.

d) Revenue reserves

Legal reserve

The legal reserve is credited annually with 5% of the profit for the year and cannot exceed 20% of the capital. The purpose of the legal reserve is to preserve capital. The reserve can only be used to offset losses and/or increase capital.

Capital budget reserve

This reserve is intended for funding future investments to increase the production capacity and other improvement processes, and for working capital purposes.

At March 31, 2023, the amount of R$ 632,380 relates to completed projects, the capitalization of which will be proposed by the Board of Directors at the next Annual General Meeting.

Unrealized profit reserve

This reserve reflects unearned income from gains on the sale of an interest in Agro Pecuária Boa Vista S/A, sale of properties in real estate development, and the effects of changes in the shareholding structure.

Tax incentive reserve

The Company benefits from a tax incentive program introduced by the State of Goiás, in the form of deferral of ICMS payment, the "Goiás Industrial Development Program - Produzir", which provides for a partial reduction in the tax. The use of this benefit is conditional upon compliance with all the obligations set forth in the program, which relate to factors under the Company's control.

The benefit related to ICMS reduction is calculated on the debt balance determined for each computation period, by applying the discount percentage granted under the tax incentive program.

The amount of this tax incentive for the year was recorded in the statement of income within "Deductions from gross revenue", reducing the "ICMS payable" account. Since this amount may not be allocated as dividends, a tax incentive reserve is set up at the amount determined for the grant, with a corresponding entry to "Retained earnings".

At the reporting date, the incentive benefit amounted to R$ 169,867 in the parent company and consolidated (R$ 147,954 on March 31, 2022), of which R$ 113,258 refers to ICMS Produzir and R$ 56,609 to the credit granted (Note 8).

e) Dividends and interest on capital

At the Annual General Meeting held on July 30, 2021, the stockholders approved the payment of additional dividends of R$ 197,459, as proposed by management for the year ended March 31, 2021.

At the Annual General Meeting held on November 8, 2021, the prepayment of stockholder compensation was approved, in the gross amount of R$ 507,564, of which R$ 135,000 was paid as interest on capital, and R$ 372,564 as advance payment of dividends; furthermore, the Board of Directors' meeting held on June 20, 2022, approved the advance payment of stockholders' compensation in the gross amount of R$ 115,000, paid as interest on capital.

At the Annual General Meeting held on July 29, 2022, the stockholders approved the payment of additional dividends of R$ 131,465, as proposed by the Board of Directors for the year ended March 31, 2022.

All amounts in thousands of reais unless otherwise stated

The Board of Directors' meeting held on December 12, 2022 approved the prepayment of stockholders' compensation, in the gross amount of R$ 140,000, paid as interest on capital.

In accordance with the Compensation Policy (Dividends), the stockholders are entitled to a dividend and/or interest on capital of at least 40% of the annual cash profit, calculated as per the framework disclosed by the Company, or 25% of the profit for the year, after deduction of the accumulated deficit and appropriations to the legal reserve, whichever is greater.

The minimum distribution of 40% of the cash profit depends on a recommendation of the Board of Directors, and may be denied in the following hypotheses:

- funds required for the business operations, share buyback program, and/or mergers and acquisitions;
- leverage indicators, such as net debt to adjusted EBITDA ratio of over 2x at year-end, thereby seeking to maintain the S&P investment grade rating;
- changes in tax legislation; and
- mandatory appropriations to reserves, or restrictions on the allocation of a portion of these reserves, which could affect profit distribution.

The table below reflects the dividend distribution compensation policy:

Cash Profit Calculation	2023	2022
EBT	1,193,612	1,939,241
IR/CS - book value	(177,868)	(458,373)
Profit for the year	1,015,744	1,480,868
Non-cash effect of IFRS on EBT	174,484	(113,339)
IR/CS - book value	177,868	458,373
IR/CS paid	(60,467)	(105,430)
Judicial deposit (IR/CS IAA)	(192,400)	(167,893)
Adjustment of biological assets	176,167	(24,004)
Cash profit	**1,291,396**	**1,528,575**
Dividend policy	**524,068**	**639,029**
Unrealized profit reserve	5,932	5,971
Total profit to be distributed	**530,000**	**645,000**

The table below shows the proposed allocation of profit for the year. The Board of Directors' meeting held on June 19, 2023, approved the proposal for additional distribution of dividends in the amount of R$ 288,406 (R$ 0.8326 per share), to be ratified at the Annual General Meeting.

All amounts in thousands of reais unless otherwise stated

	2023	2022
Profit for the year	1,015,744	1,480,868
Transfer to legal reserve - 5%	(50,787)	(74,043)
Transfer to tax incentive reserve	(169,867)	(147,954)
Minimum mandatory dividend calculation basis	795,090	1,258,871
Minimum mandatory dividend - 25%	198,773	314,718
Interest on capital paid	255,000	135,000
IRRF on interest on capital	(36,889)	(18,853)
Minimum mandatory dividends, paid	-	198,571
Prepaid dividends	19,338	173,993
Recognition of unrealized revenue reserve, outstanding	5,932	5,971
Additional dividends	269,068	131,465
Total	493,111	626,147
Dividends per share	1.4236	1.8077
Quantity of shares, net of treasury shares - March 31	346,375	346,375

19. Profit sharing

As part of its policy, the Company manages a profit-sharing program for its employees, linked to a pre-agreed plan of operating and financial targets. The amounts of profit sharing for the year totaled R$ 75,560 in the Parent company, and R$ 75,682 in the Consolidated (R$ 67,578 and R$ 67,681 in the Parent company and Consolidated, respectively, at March 31, 2022).

20. Income tax and social contribution

Deferred income tax and social contribution are calculated on income tax and social contribution losses, and corresponding temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future profitability based on internal assumptions and future economic scenarios, which may, therefore, suffer changes.

The Company has adopted IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments, which addresses the accounting for income taxes in cases where the tax treatments involve uncertainty that affects the application of IAS 12 (CPC 32). The Company determines whether it considers each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that best predicts the resolution of uncertainties is followed. The Company did not identify any impacts from the adoption of this interpretation.

All amounts in thousands of reais unless otherwise stated

a) Balances

	Parent company		Consolidated	
	2023	2022	2023	2022
Current assets				
. Prepaid income tax and social contribution	-	21,605	-	21,604
. Income tax and social contribution recoverable	93,631	43,605	93,880	43,628
	93,631	**65,210**	**93,880**	**65,232**
Current liabilities - debts				
. Income tax and social contribution payable	-	-	8,490	7,597

b) Changes in deferred income tax and social contribution

Parent company	2022	Recognized in the statement of income	Recognized in other comprehensive income	2023
Income tax and social contribution losses	16,111	(12,494)	-	3,617
Exclusion of IRPJ/CSLL on tax overpayments *(20.1)*	6,903	34	-	6,937
Derivative financial instruments	128,519	(31,832)	15,198	111,885
Provision for contingencies	81,319	28,097	-	109,416
Foreign exchange gains	(8,088)	13,338	-	5,250
Other assets	24,359	111,958	-	136,317
Total deferred income and social contribution tax assets	**249,123**	**109,101**	**15,198**	**373,422**
Surplus on revaluation of PP&E (deemed cost)	(118,544)	9,211	-	(109,333)
Accelerated depreciation incentive	(540,756)	(75,808)	-	(616,564)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(108,345)	35,710	-	(72,635)
Other liabilities	(27,316)	17,635	-	(9,681)
Total deferred income and social contribution tax liabilities	**(992,920)**	**(13,252)**	**-**	**(1,006,172)**
Deferred income tax and social contribution	**(743,797)**	**95,849**	**15,198**	**(632,750)**

Consolidated	2022	Recognized in the statement of income	Recognized in other comprehensive income	Consolidation adjustment - Rights on electric power contracts	2023
Income tax and social contribution losses	16,218	(12,601)	-	-	3,617
Exclusion of IRPJ/CSLL on tax overpayments *(20.1)*	6,903	34	-	-	6,937
Derivative financial instruments	128,520	(31,834)	15,198	-	111,884
Provision for contingencies	81,319	28,097	-	-	109,416
Foreign exchange gains	(8,088)	13,338	-	-	5,250
Other assets	24,206	112,116	-	-	136,322
Total deferred income and social contribution tax assets	**249,078**	**109,150**	**15,198**	**-**	**373,426**
Surplus on revaluation of PP&E (deemed cost)	(471,264)	9,043	-	-	(462,221)
Accelerated depreciation incentive	(540,756)	(75,808)	-	-	(616,564)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(8,693)	-	-	2,957	(5,736)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange losses	(108,345)	35,710	-	-	(72,635)
Other liabilities	(28,218)	17,841	-	-	(10,377)
Total deferred income and social contribution tax liabilities	**(1,360,303)**	**(13,214)**	**-**	**2,957**	**(1,370,560)**
Deferred income tax and social contribution	**(1,111,225)**	**95,936**	**15,198**	**2,957**	**(997,134)**

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

All amounts in thousands of reais unless otherwise stated

The Company recognizes deferred tax assets based on projections of taxable profit, which do not exceed a period of ten years, and are reviewed annually.

Deferred income tax and social contribution liabilities are realized mainly through the depreciation and disposal of the underlying property, plant and equipment items. The realization of this liability is estimated at the average rate of 15% per year, consistent with the depreciation rates of the respective property, plant and equipment items, except for the deferred tax liabilities on the surplus value of land, which will be realized if sold.

(i) **Income tax/social contribution (IRPJ/CSLL) levied on accrued Selic rate interest income on refunds of tax overpayments declared to be unconstitutional**

On September 24, 2021, the Supreme Court ("STF") judgment of RE No. 1,063,187, with general repercussion effects (Topic 962) and by unanimous vote, ruled that income taxes charged on interest income accruals (Selic rate) on amounts received or due as a refund for tax overpayments are unconstitutional.

Based on this decision and in accordance with ICPC 22 / IFRIC 23 - Uncertainty over Tax Treatments, the Company recognized R$ 15,920 as current and deferred income tax assets, as follows: R$ 8,983 in non-current assets, as income tax and social contribution recoverable related to periods in which the Company recorded taxable profit; and R$ 6,937 in non-current liabilities, as deferred income tax and social contribution, due to the adjustment of tax loss carryforwards related to periods in which the Company recorded tax losses and the use of tax loss carryforwards increased by the Selic rate accruals.

Based on the projections of taxable profit approved by management, including the expected realization of temporary differences, the recovery of all deferred tax credits is estimated as follows:

Parent company	Expected realization
23/24 crop season	121,192
24/25 crop season	89,695
25/26 crop season	97,951
26/27 crop season	75,219
27/28 crop season	4,782
From 28/29 crop season onwards	(15,417)
	373,422

All amounts in thousands of reais unless otherwise stated

c) Reconciliation of the income tax and social contribution expense

	Parent company		Consolidated	
	2023	2022	2023	2022
Profit before taxes	1,160,586	1,925,054	1,193,612	1,939,241
Income tax and social contribution at nominal rates (34%)	**(394,599)**	**(654,518)**	**(405,828)**	**(659,342)**
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	70,055	86,774	1,711	2,502
. Permanent (additions) exclusions, net	(1,676)	(7,260)	(1,837)	(7,260)
. Cbios	31,786	14,688	31,786	14,688
. Interest on capital	86,700	45,900	86,700	45,900
. State subsidy / Credit granted (Note 27)	57,760	50,304	57,760	50,304
. Tax incentives	2,145	1,567	2,577	1,567
. Adjustment to the calculation relating to subsidiary taxed based on deemed profit	-	-	46,234	74,932
. Recognition of income tax and social contribution credits from prior years	2,969	18,330	2,969	18,330
. Others	18	29	60	6
Income tax and social contribution expenses	**(144,842)**	**(444,186)**	**(177,868)**	**(458,373)**
Income tax and social contribution at the effective rate	12.5%	23.1%	14.9%	23.6%
Current income tax and social contribution	(240,691)	(214,715)	(273,804)	(229,327)
Deferred income tax and social contribution	95,849	(229,471)	95,936	(229,046)

21. Commitments

The Company assumes various commitments in the ordinary course of its business, among which:

Riparian forests and Legal Reserve areas

São Martinho has uncultivated areas, covered by preserved native vegetation, which are in the process of regeneration or enrichment, intended to protect biodiversity and ensure the sustainability of agricultural activities.

São Martinho's commitment to the best environmental practices and sustainable actions is evidenced by its compliance with the Forest Code and other environmental legislation regarding Permanent Preservation (PPA) and Legal Reserve (LR) areas. The Company has registered all its properties with the Rural Environmental Register (CAR) and adhered to the Environmental Regularization Program (PRA), which awaits legal regulation to be implemented.

Investments in Permanent Preservation Areas, Legal Reserve, and other activities in connection with environmental regularization are recorded within property, plant and equipment.

Sales commitments

At the reporting date, the Company's commitments for sale of sugar, ethanol and electric power, were as follows:

	Up to one year	From 2 to 3 years	More than 3 years
Ethanol (m³)	123,842	96,000	576,000
Sugar (metric tons)	1,197,493	721,895	2,100,000
Electric power (Mwh)	625,056	995,882	5,605,978

All amounts in thousands of reais unless otherwise stated

Purchases of inputs

The Company regularly enters into purchase agreements for the acquisition inputs intended for crop maintenance throughout the crop season. These transactions are generally carried out through annual negotiations.

22 Provision for contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are set up, reviewed, and adjusted to reflect management's best estimate at the reporting date.

22.1 Probable losses

Supported by its legal counsel's assessment of probable losses, the Company's management recorded the following provisions for contingencies classified as involving probable risk of loss (include interest/indexation accruals):

	Parent company			
	Tax claims	Civil and environmental claims	Labor claims	Total
At March 31, 2021	**14,514**	**22,452**	**64,734**	**101,700**
Additions	1,756	1,790	24,580	28,126
Reversals	(315)	(9,591)	(5,217)	(15,123)
Utilization	(1,449)	(3,610)	(21,202)	(26,261)
Interest/indexation accruals	273	(7,058)	4,694	(2,091)
At March 31, 2022	**14,779**	**3,983**	**67,589**	**86,351**
Additions	484	2,478	39,983	42,945
Reversals	(23)	(461)	(8,125)	(8,609)
Utilization	(23)	(513)	(22,265)	(22,801)
Interest/indexation accruals	1,030	2,194	9,596	12,820
At March 31, 2023	**16,247**	**7,681**	**86,778**	**110,706**

	Consolidated			
	Tax claims	Civil and environmental claims	Labor claims	Total
At March 31, 2021	**14,514**	**23,008**	**64,734**	**102,256**
Additions	1,874	1,790	24,580	28,244
Reversals	(432)	(9,591)	(5,217)	(15,240)
Utilization	(1,449)	(3,610)	(21,202)	(26,261)
Interest/indexation accruals	272	(6,959)	4,694	(1,993)
At March 31, 2022	**14,779**	**4,638**	**67,589**	**87,006**
Additions	484	2,535	39,983	43,002
Reversals	(23)	(462)	(8,125)	(8,610)
Utilization	(23)	(513)	(22,265)	(22,801)
Interest/indexation accruals	1,030	2,318	9,596	12,944
At March 31, 2023	**16,247**	**8,516**	**86,778**	**111,541**

All amounts in thousands of reais unless otherwise stated

At the reporting date, the nature of the main lawsuits included in the above provisions was as follows (Parent company and Consolidated):

Tax lawsuits:

Relate to success fees payable to lawyers defending the Company's interests in the related lawsuits.

Civil and environmental lawsuits:

Relate to: i) general indemnities; (ii) redress for environmental damages caused by the burning of sugarcane fields, which is being challenged by the Company; and (iii) success fees payable to the legal counsel for defending related lawsuits.

Labor lawsuits:

Relate mainly to claims for: (i) overtime; (ii) indemnity for elimination of breaks between shifts; (iii) hazardous work and health hazard premiums; (iv) refund of payroll deductions, such as union dues; (v) sundry indemnities, and (vi) other labor charges.

22.2 Judicial deposits

	Parent company			Consolidated		
	IAA (i)	Others	Total	IAA (i)	Others	Total
At March 31, 2021	**458,480**	**26,299**	**484,779**	**458,480**	**26,549**	**485,029**
Additions	218,808	15,963	234,771	218,808	15,963	234,771
Utilization	-	(9,752)	(9,752)	-	(9,762)	(9,762)
Interest/indexation accruals	37,989	1,333	39,322	37,989	1,334	39,323
At March 31, 2022	**715,277**	**33,843**	**749,120**	**715,277**	**34,084**	**749,361**
Additions	250,737	6,642	257,379	250,737	8,061	258,798
Utilization	-	(6,280)	(6,280)	-	(7,946)	(7,946)
Interest/indexation accruals	85,669	3,084	88,753	85,669	3,094	88,763
At March 31, 2023	**1,051,683**	**37,289**	**1,088,972**	**1,051,683**	**37,293**	**1,088,976**

(i) Note 16(b)

Judicial deposits relate to contingent assets and liabilities, are adjusted for inflation, and recorded as non-current assets.

22.3 Possible risk of losses

São Martinho has other passive contingencies of a tax, environmental, civil and labor nature, for which the risk of loss is classified as possible. The nature and estimated amounts are:

All amounts in thousands of reais unless otherwise stated

Nature		Parent company 2023 Number of proceedings	Parent company 2023 Amount	Parent company 2022 Number of proceedings	Parent company 2022 Amount	Consolidated 2023 Number of proceedings	Consolidated 2023 Amount	Consolidated 2022 Number of proceedings	Consolidated 2022 Amount
Environmental		94	8,353	98	8,470	94	8,353	98	8,470
Civil		63	21,293	65	21,025	125	28,871	110	26,697
Labor claims		80	14,898	31	4,532	81	14,917	31	4,532
Tax claims									
Social security contribution	(i)	11	119,819	11	106,044	11	119,819	11	106,044
Computation of IRPJ/CSLL	(ii)	5	264,420	5	234,012	5	264,420	5	234,012
Offset of federal taxes	(iii)	108	213,225	107	191,853	114	213,812	113	192,385
ICMS	(iv)	17	87,441	14	68,620	17	87,441	14	68,620
Federal taxes	(v)	1	1,051,683	1	662,891	1	1,051,683	1	662,891
Other lawsuits	(vi)	30	553,171	27	548,016	35	566,743	32	561,522
Total		**409**	**2,334,303**	**359**	**1,845,463**	**483**	**2,356,059**	**415**	**1,865,173**

Tax lawsuits:

(i) The lawsuits relate to the levy of the Social Security Contribution (INSS) on export revenue, under the allegation that the exports carried out through the intermediation of a cooperative are eligible for the exemptions set out in Article 149, paragraph 2, of the Brazilian Federal Constitution.

(ii) The lawsuits relate to deductibility from the income tax and social contribution tax base, of expenses related to securitized financing, as well as those arising from incentivized accelerated depreciation, as provided for in Article 325 of the Income Tax Regulations (RIR)/2018.

(iii) The lawsuits relate to requests to offset IRPJ, CSLL, PIS, COFINS, and other federal taxes as a result of overpayments and/or tax losses, and tax credits proportional to the export revenue, which have been rejected by the Brazilian Federal Revenue Service (RFB) and are currently pending judgment.

(iv) These lawsuits have challenged the ICMS credits, based on the Control of ICMS Credit on Permanent Assets (CIAP).

(v) The lawsuit relates to the levy of IRPJ/CSLL/PIS/COFINS on court-ordered debt payment received pursuant to the Sugar Pricing Lawsuit filed against the Sugar and Alcohol Institute (IAA) (Note 16).

(vi) Other tax-related disputes: a) Public Civil Action disputing the legality of the decrees enacted by the State of Goiás which granted ICMS credits under the PRODUZIR Program; (b) fine for lack of approval of offset; (c) contribution to the National Service for Industrial Training (SENAI); (d) fee payable to the National Department of Mineral Research (DNPM); (e) levy of Property Transfer Tax (ITBI) on merger transaction; and (f) Municipal Real Estate Tax (IPTU) collection claims.

Other proceedings:

Civil proceedings comprise lawsuits for damages, in general arising from *(i)* traffic accidents; *(ii)* review of contracts; and (iii) damage to third parties resulting from fires in sugarcane plantation areas (strict liability).

Environmental proceedings relate to assessment notices issued by the Environmental Company of São Paulo State (CETESB) and/or environmental authorities for fires caused when clearing sugarcane fields, as well as annulment actions to cancel the fines imposed by the aforementioned entities.

All amounts in thousands of reais unless otherwise stated

Labor claims relate mainly to assessment notices served up by the Ministry of Labor and/or annulment actions to cancel these notices.

22.4 Assets - Exclusion of ICMS from the PIS/ COFINS tax base

The Company has filed three lawsuits challenging the inclusion of ICMS in the PIS and COFINS tax base, two of which have already been ruled final and unappealable.

At March 31, 2021, the Company recognized credits of R$ 1,353, in connection with claims for which final and unappealable decisions were handed down, these credits were computed based on the ICMS paid in the accrual months.

At May 13, 2021, the Federal Supreme Court (STF) rendered a final decision, confirming that the ICMS amount to be excluded from the PIS/COFINS tax base is that displayed on the invoice and not the amount paid. The effects of this decision were modified to apply only as from March 15, 2017, the date of the judgment on the merits of the action, except for judicial and administrative measures that had been filed before that date.

São Martinho engaged tax experts to assist in the assessment of the impacts arising from STF's decision and to measure the credits to be accounted for. On March 31, 2023, the amount of R$ 19,747 was recognized in assets (R$ 49,109 on March 31, 2022). Changes in the balance are shown below:

	Consolidated
Computed credits (principal amount)	21,931
Interest/indexation accruals	31,650
Offset credits	(4,472)
At March 31, 2022	**49,109**
Computed credits (principal amount)	212
Interest/indexation accruals	1,153
Offset credits	(30,727)
At March 31, 2023	**19,747**

The Company's right to credits related to the special regime for ethanol ("*ad rem*") is still under dispute in court, and therefore, these credits have not yet been recognized.

22.5 STF Decision - effectiveness of "*res judicata*" in tax matters (Topics 881 and 885)

The Company does not benefit, nor has it benefited from favorable final decisions on tax matters that have subsequently lost their effects by having been overturned by a Federal Supreme Court decision, with respect to a direct constitution challenge or under general repercussion effects. Hence, it has not been affected by the STF decision in RE 955227 ("Topic 885") and RE 949297 ("Topic 881").

22.6 Incidence of Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) on ICMS tax benefits (Topic 1,182 of the STJ)

The ICMS tax benefits (PRODUZIR - GO) received by the Company are recognized and accounted for as investment subsidies according to the requirements provided in Supplementary Law No. 160/2017, Law No. 12,973/2014, and the decision of the STJ (Topic 1,182).

23 Risk management and derivative financial instruments

The Company is exposed to market risks, including foreign exchange risk, commodity price volatility risk, interest rate risk, credit risk and liquidity risk. Management believes that risk management is fundamental to: (i) monitor, on a continuous basis, the exposure levels relating to the sales volumes contracted; (ii) estimate the value of each risk, based on established limits of foreign exchange exposure and sugar sales prices; and (iii) prepare future cash flow forecasts and define the approval authority levels for taking out financial instruments designed to protect product prices and hedge sales performance against foreign exchange fluctuation, price volatility and interest rate.

Derivative financial instruments are contracted exclusively for the purpose of pricing and hedging the Company's exports of sugar, ethanol and other products against foreign exchange risk, price fluctuation, and interest rate variations.

23.1 Market risks

a) Foreign exchange risk

Management's policy requires the Company to manage its foreign exchange risk to reduce the adverse effects of a possible currency mismatch.

The Company manages its foreign exchange risk through currency non-deliverable forward contracts ("NDFs"), options strategies, swaps, and natural hedges (such as debt or purchases in foreign currency). The Company's financial risk management policy defines guidelines that establish an adequate level of protection for expected cash flows, mainly those related to export sales.

Assets and liabilities exposed to exchange variation

The table below summarizes the assets and liabilities denominated in foreign currency (U.S. dollars), recorded in the balance sheet:

All amounts in thousands of reais unless otherwise stated

Consolidated	2023	Equivalent to thousands of US$
Current and non-current assets		
Cash and cash equivalents (banks - demand deposits and financial investments)	270,822	53,314
Trade receivables	166,711	32,818
Derivative financial instruments	388,810	76,540
(+) Total assets	**826,343**	**162,672**
Current and non-current liabilities:		
Borrowings	1,052,396	207,148
Derivative financial instruments	335,945	66,126
(-) Total liabilities	**1,388,341**	**273,274**
Subtotal assets (liabilities)	(561,998)	(110,602)
Borrowings in foreign currency	1,052,396	207,148
Net asset exposure	**490,398**	**96,546**

The net exposure is calculated with the exclusion of borrowings in foreign currency, since these will be settled with resources from future export revenue and are, therefore, effectively covered by the Company's hedging policy.

These assets and liabilities were adjusted and recorded at the exchange rate in effect at the reporting date: R$ 5.0798 per US$ 1.00 for assets, and R$ 5.0804 per US$ 1.00 for liabilities.

b) Commodity price volatility risk

São Martinho is exposed to the risk of fluctuations in commodity prices in its sugar and ethanol production processes and the acquisition of corn.

c) Cash flow and fair value interest rate risk

The Company's borrowings are contracted at floating rates. For borrowings in local currency, the risk of fluctuation in interest rates is mitigated naturally since all financial investments are linked to floating rates. For borrowings in foreign currency, the risk of interest rate and currency fluctuation is mitigated through offshore financial investments, exports, and derivative instruments such as swaps.

d) Market risk sensitivity analysis

The following table provides a sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed. The analysis considers only instruments that have not been designated for hedge accounting.

All amounts in thousands of reais unless otherwise stated

Consolidated	Risk factor	Impacts on P/L Probable scenarios 5%	Possible scenarios 25%	Possible scenarios 50%
Cash and cash equivalents	Decrease in exchange rate - R$/US$	(17,918)	(89,591)	(179,181)
Trade receivables	Decrease in exchange rate - R$/US$	(13,384)	(66,920)	(133,840)
Borrowings	Increase in exchange rate - R$/US$	(484)	(2,418)	(4,836)
Derivative financial instruments				
Currency forward contracts	Increase in exchange rate - R$/US$	(329)	(1,646)	(3,292)
Futures price (sugar and ethanol)	Increase in commodity futures prices	(314)	(1,569)	(3,139)
Swap contracts	Decrease in exchange rate - R$/US$ and increase in the yield curve	(3,294)	(8,319)	(16,918)
Net exposure		**(35,723)**	**(170,463)**	**(341,206)**

The sensitivity analysis of changes in interest rates considers the effects of an increase or decrease of 5bps, 25bps and 50bps (basis points) in the pricing yield curve of the derivative instrument. The exposure to rates relates exclusively to changes in the Interbank Deposit (DI) yield curve. The impact on the result for other risk factors corresponds to changes of 5%, 25% and 50% in the respective market curve of their associated risk, described above (foreign exchange and commodities prices).

e) Financial instruments

São Martinho elected to use hedge accounting to record the following derivative financial instruments: a) derivatives of sugar, ethanol and foreign currency - US dollar; and b) foreign currency debts - US dollar - that cover sales of the 2022/23 to 2025/26 crops and were classified as cash flow hedges of highly probable expected transactions (future sales).

Prospective and retrospective tests carried out to verify the hedge accounting effectiveness concluded that the hedge-designated instruments qualify as highly effective hedges against the effects of price fluctuations on the value of future sales.

Derivatives designated as cash flow hedges mitigate the effects of changes in future sales of sugar. These transactions are carried out on the New York - Intercontinental Exchange (ICE Futures US), with top-tier financial institutions through OTC contracts, or directly with the Company's customers.

For foreign exchange hedges, derivative and non-derivative financial instruments were designated as cash flow hedges in respect of future sales in foreign currency. These hedges are contracted through Non-Deliverable Forwards (NDFs), option strategies, swaps, and foreign currency borrowings from top-tier financial institutions, following the Risk Management criteria (Note 23.2).

At March 31, 2023 and 2022, the balances of assets and liabilities related to transactions involving derivative financial instruments and the respective maturity dates were as follows:

All amounts in thousands of reais unless otherwise stated

Parent Company and Consolidated	Contracted amount/ volume	Average price/rate	Notional value - R$	Fair value - R$
				2023
In current assets - Gain				
Margin deposit				22,265
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	102	21.80	249	1
. Purchase commitment	151,086	19.74	334,044	36,220
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	307,472	5.44	1,672,648	74,404
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	40,032	20.50	91,916	8,116
. Bidding position in put options	88,041	18.26	180,060	4,062
Flex option contracts - US dollar - OTC				
. Bidding position in put options	22,000	5.68	124,960	11,142
Interest rate swap contracts - OTC				7,032
Total derivative financial instruments in current assets				**163,242**
In non-current assets - Gain				
Interest rate swap contracts - OTC				225,568
Total derivative financial instruments in non-current assets				**225,568**

Parent Company and Consolidated	Contracted amount/ volume	Average price/rate	Notional value - R$	Fair value - R$
				2023
In current liabilities - Loss				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	143,517	18.58	298,663	53,636
Commodity forward contracts - Sugar #11				
. Sale commitment	28,500	19.42	61,991	7,364
Currency forward contracts (NDF) - US dollar - OTC				
. Purchase commitment	15,000	5.25	78,750	2,213
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	128,073	20.63	295,930	27,420
Flex option contracts - US dollar - OTC				
. Bidding position in call options	22,000	6.06	133,320	3,403
Interest rate swap contracts - OTC				234,659
Total derivative financial instruments in current liabilities				**328,695**
In non-current liabilities - Loss				
Interest rate swap contracts - OTC				7,250
Total derivative financial instruments in non-current liabilities				**7,250**

All amounts in thousands of reais unless otherwise stated

Parent Company and Consolidated				2022
	Contracted amount/ volume	Average price/rate	Notional value - R$	Fair value - R$
In current assets - Gain				
Margin deposit				3,943
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	14,123	19.55	28,839	90
. Purchase commitment	87,990	18.05	165,890	12,849
Commodity futures contracts - Ethanol				
. Purchase commitment	3,600	3,205.00	11,538	8
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	302,280	5.69	1,719,973	197,704
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	131,883	20.13	277,296	5,235
. Bidding position in put options	183,041	17.64	337,254	8,793
Flex option contracts - US dollar - OTC				
. Bidding position in put options	1,000	4.79	4,790	96
Total derivative financial instruments in current assets				**228,718**
In non-current assets - Gain				
Interest rate swap contracts - OTC				169,679
Total derivative financial instruments in non-current assets				**169,679**

Parent Company and Consolidated				2022
	Contracted amount/ volume	Average price/rate	Notional value - R$	Fair value - R$
In current liabilities - Loss				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	76,661	16.84	134,843	20,776
. Purchase commitment	2,693	19.59	5,510	31
Commodity forward contracts - Sugar #11				
. Sale commitment	8,789	14.66	13,458	4,428
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	3,268	4.88	15,948	14
. Purchase commitment	5,343	5.35	28,585	2,107
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	273,927	23.15	662,363	10,319
Flex option contracts - US dollar - OTC				
. Short position in call options	1,000	5.09	5,090	62
Interest rate swap contracts - OTC				207,408
Total derivative financial instruments in current liabilities				**245,145**
In non-current liabilities - Loss				
Interest rate swap contracts - OTC				34,585
Total derivative financial instruments in non-current liabilities				**34,585**

Margin deposit balances relate to funds maintained in current accounts with brokers to cover the initial and variation margins established by the Commodities Exchange, and to secure outstanding contracts and net remittances in relation to daily adjustments due to fluctuations in contract prices in the futures and options market.

The potential results of futures, options, and forward contracts relate to the cumulative positive (negative) effect of the fair value of derivative financial instruments, on the corresponding categories.

All amounts in thousands of reais unless otherwise stated

Financial instruments designated for hedge accounting were as follows:

Parent Company and Consolidated	Assets	Liabilities	Total in other comprehensive income
Financial instruments:			
Commodity derivatives - Futures, options and forward contracts	36,372	79,705	(43,333)
Foreign exchange derivatives - Options / NDF	78,687	-	78,687
Foreign exchange differences on borrowings (Trade Finance)	20,429	389,287	(368,858)
	135,488	468,992	(333,504)
Deferred taxes on the items above	(46,066)	(159,457)	113,391
	89,422	**309,535**	**(220,113)**

f) Estimated realization

The effects on the Company's equity at the reporting date, and the estimated realization in profit or loss are shown below:

Parent company and Consolidated	23/24 crop season	24/25 crop season	25/26 crop season	Total
Derivative financial instruments:				
Commodity derivatives - Futures, options and forward contracts	(43,333)	-	-	(43,333)
Foreign exchange derivatives - Options / NDF	78,687	-	-	78,687
Foreign exchange differences on borrowings (Trade Finance)	(123,862)	(126,196)	(118,800)	(368,858)
	(88,508)	(126,196)	(118,800)	(333,504)
Deferred taxes on the items above	30,093	42,907	40,391	113,391
	(58,415)	**(83,289)**	**(78,409)**	**(220,113)**

23.2 Credit risk

Credit risk is managed by contracting operations only with top-tier financial institutions, which meet the Company's risk assessment criteria. São Martinho controls, on a monthly basis, its exposure in derivatives and financial investments, using maximum concentration criteria, based on the financial institution's rating and equity.

For customers' default, the credit risk associated with each individual customer is assessed annually, and whenever a new customer is included in the Company's customer base, for which an individual credit limit is established, based on the risk identified.

23.3 Liquidity risk

The Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operating needs and short-term debt.

All amounts in thousands of reais unless otherwise stated

Cash surplus in local currency is invested in repurchase agreements backed by corporate bonds, Bank Deposit Certificates (CDBs) and investment funds pegged to the CDI interest rate, with high liquidity and actively traded in the market.

Cash surplus in foreign currency is invested with daily liquidity at fixed rates previously established.

The table below presents the financial liabilities by maturity groupings, corresponding to the remaining period from the balance sheet date to the contractual maturity date, based on undiscounted future cash flows basis.

Parent company	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At March 31, 2023				
Borrowings	1,266,140	2,381,684	5,384,080	9,031,904
Leases payable	164,570	263,694	635,176	1,063,440
Agricultural partnership payable	787,098	886,562	1,868,307	3,541,967
Derivative financial instruments	328,695	7,250	-	335,945
Trade payables	294,679	-	-	294,679
Acquisition of ownership interest	10,354	-	-	10,354
Other liabilities	18,558	1,916	-	20,474
	2,870,094	**3,541,106**	**7,887,563**	**14,298,763**
At March 31, 2022				
Borrowings	768,937	3,104,215	4,082,923	7,956,075
Leases payable	96,717	280,416	518,640	895,773
Agricultural partnership payable	463,671	1,152,328	1,240,853	2,856,852
Derivative financial instruments	245,145	34,585	-	279,730
Trade payables	412,656	-	-	412,656
Acquisition of ownership interest	11,826	10,558	-	22,384
Other liabilities	52,498	14,904	-	67,402
	2,051,450	**4,597,006**	**5,842,416**	**12,490,872**

Consolidated	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At March 31, 2023				
Borrowings	1,267,504	2,387,882	5,430,403	9,085,789
Leases payable	164,570	263,694	635,176	1,063,440
Agricultural partnership payable	787,098	886,562	1,868,307	3,541,967
Derivative financial instruments	328,695	7,250	-	335,945
Trade payables	281,311	-	-	281,311
Acquisition of ownership interest	10,354	-	-	10,354
Other liabilities	30,565	1,916	-	32,481
	2,870,097	**3,547,304**	**7,933,886**	**14,351,287**
At March 31, 2022				
Borrowings	768,937	3,104,215	4,082,923	7,956,075
Leases payable	96,717	280,416	518,640	895,773
Agricultural partnership payable	463,671	1,152,328	1,240,853	2,856,852
Derivative financial instruments	245,145	34,585	-	279,730
Trade payables	415,082	-	-	415,082
Acquisition of ownership interest	11,826	10,558	-	22,384
Other liabilities	66,546	14,904	-	81,450
	2,067,924	**4,597,006**	**5,842,416**	**12,507,346**

All amounts in thousands of reais unless otherwise stated

23.4 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to provide returns for stockholders and benefits for other stakeholders, and to maintain an optimal debt-equity structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company may take actions to ensure the achievement of the above-mentioned objectives, as permitted by the Brazilian Corporate Law.

24 Classification and fair value of financial instruments

24.1 Classification

Financial assets and liabilities are classified as follows:

		Parent company	
	Classification	2023	2022
Financial assets			
Cash and cash equivalents	Amortized cost	272,342	114,874
Financial investments	Fair value through profit or loss	2,681,690	2,675,055
Trade receivables	Amortized cost	259,493	181,878
Derivative financial instruments	Fair value through other comprehensive income	156,210	228,718
Derivative financial instruments	Fair value through profit or loss	232,600	169,679
Judicial deposits	Amortized cost	1,088,972	749,120
Other assets, except prepayments	Amortized cost	236,233	162,186
		4,927,540	**4,281,510**
Financial liabilities			
Borrowings	Fair value through profit or loss	29	31
Borrowings	Amortized cost	6,584,304	5,868,284
Derivative financial instruments	Fair value through other comprehensive income	94,036	37,737
Derivative financial instruments	Fair value through profit or loss	241,909	241,993
Leases and agricultural partnerships payable	Amortized cost	3,041,771	3,006,851
Trade payables	Amortized cost	294,679	412,656
Acquisition of ownership interests	Amortized cost	11,571	3,669
Other liabilities	Amortized cost	20,474	67,402
		10,288,773	**9,638,623**

All amounts in thousands of reais unless otherwise stated

		Consolidated	
	Classification	2023	2022
Financial assets			
Cash and cash equivalents	Amortized cost	273,408	114,903
Financial investments	Fair value through profit or loss	2,843,370	2,869,238
Trade receivables	Amortized cost	315,596	252,579
Derivative financial instruments	Fair value through other comprehensive income	156,210	228,718
Derivative financial instruments	Fair value through profit or loss	232,600	169,679
Judicial deposits	Amortized cost	1,088,976	749,361
Other assets, except prepayments	Amortized cost	237,690	162,254
		5,147,850	**4,546,732**
Financial liabilities			
Borrowings	Fair value through profit or loss	29	31
Borrowings	Amortized cost	6,623,854	5,888,318
Derivative financial instruments	Fair value through other comprehensive income	94,036	37,737
Derivative financial instruments	Fair value through profit or loss	241,909	241,993
Trade payables	Amortized cost	281,311	415,082
Leases and agricultural partnerships payable	Amortized cost	3,041,771	3,006,851
Acquisition of ownership interests	Amortized cost	11,571	3,669
Other liabilities	Amortized cost	32,481	81,450
		10,326,962	**9,675,131**

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There is no history of significant default in the Company.

25 Fair value

The Company measures and determines fair value using various methods, including market approaches of income or cost, in order to estimate the value that market participants would use to price the asset or liability. Financial assets and liabilities carried at fair value are classified and disclosed within the following fair value hierarchy levels:

Level 1 - Quoted prices (unadjusted) in active, liquid and visible markets, for identical assets and liabilities that are readily available at the measurement date;

Level 2 - Quoted prices (which may be adjusted or not) for similar assets or liabilities in active markets; and

Level 3 - Assets and liabilities for which there is little, if any, market activity, or whose prices or valuation techniques are supported by inputs from a thin, nonexistent, or illiquid market (non-observable inputs).

During the year, there was no reclassification of assets and liabilities at fair value to or from level 1, 2 or 3.

All amounts in thousands of reais unless otherwise stated

Parent company	2023 Level 1	2023 Level 2	2023 Level 3	2022 Level 1	2022 Level 2	2022 Level 3
Assets						
Financial investments	-	2,681,690	-	-	2,675,055	-
Derivative financial instruments	48,399	340,411	-	26,975	371,422	-
Biological assets	-	-	1,160,568	-	-	1,219,281
	48,399	**3,022,101**	**1,160,568**	**26,975**	**3,046,477**	**1,219,281**
Liabilities						
Derivative financial instruments	81,056	254,889	-	25,235	254,495	-
Borrowings	-	29	-	-	31	-
	81,056	**254,918**	**-**	**25,235**	**254,526**	**-**

Consolidated	2023 Level 1	2023 Level 2	2023 Level 3	2022 Level 1	2022 Level 2	2022 Level 3
Assets						
Financial investments	-	2,843,370	-	-	2,869,238	-
Derivative financial instruments	48,399	340,411	-	26,975	371,422	-
Biological assets	-	-	1,160,568	-	-	1,219,281
	48,399	**3,183,781**	**1,160,568**	**26,975**	**3,240,660**	**1,219,281**
Liabilities						
Derivative financial instruments	81,056	254,889	-	25,235	254,495	-
Borrowings	-	29	-	-	31	-
	81,056	**254,918**	**-**	**25,235**	**254,526**	**-**

Futures and Options - ICE

The fair value of futures traded on the New York - Intercontinental Exchange (ICE Futures US) and B3 - Brazil, Stock Exchange, OTC is calculated as the difference between the price of the derivative in the contract and the market closing price on the base date, which is obtained from quotations in an active market, and reconciled with creditor or debtor balances with the brokers. The fair value of options traded on the ICE platform is obtained from market quotations.

Currency options

The fair value of currency options is obtained through the use of the Garman & Kohlhagen model, which is based on public market data and characteristics thereof, specifically the underlying asset price, strike of options, volatility, yield curve, and the time remaining to the maturity of the contracts.

Forward contracts

The fair values of forward contracts, both for foreign exchange and sugar, contracted in the OTC market with leading banks, are calculated using discounted future cash flow methods, which are based on observable market data, specifically the DI, LIBOR, exchange coupon interest curves published by the B3, PTAX 800 published by the Brazilian Central Bank, and sugar futures prices disclosed by ICE Exchange.

Other financial assets and liabilities

The carrying amounts of trade receivables, notes receivable, trade payables and notes payable less impairment provision, or adjustment to present value, where applicable, are assumed to approximate their fair values.

All amounts in thousands of reais unless otherwise stated

26 Segment information (Consolidated)

Management has determined the Company's operating segments based on the reports used for strategic decisions and reviewed by the chief decision-makers, namely: the Executive Board, the CEO, and the Board of Directors.

The analyses are made by business segment, as described below, based on the products sold by the Company:

(i) Sugar;
(ii) Ethanol;
(iii) Electric power;
(iv) Real estate businesses;
(v) Yeast; and
(vi) Other less relevant products and by-products.

The analyses of operating segment performance are based on the results of operations of each product, focusing on profitability. The operating assets related to these segments are all located in Brazil.

Consolidated result by segment

								2023
Consolidated	**Sugar**	**Ethanol**	**Electric power**	**Real estate businesses**	**Yeast**	**Other products**	**Not by segment**	**Total**
Gross revenue								
Domestic market	220,673	2,298,486	210,857	7,081	50,499	287,219	-	3,074,815
Foreign market	2,264,548	1,309,712	-	-	11,931	-	-	3,586,191
Gain/loss on derivatives	139,115	20,756	-	-	1,780	-	-	161,651
Amortization of electricity supply contract	-	-	-	-	-	-	(5,643)	(5,643)
(-) Taxes, contributions, and deductions on sales	(16,394)	(98,578)	(14,402)	(4,688)	(6,275)	(49,111)	-	(189,448)
Net revenue	**2,607,942**	**3,530,376**	**196,455**	**2,393**	**57,935**	**238,108**	**(5,643)**	**6,627,566**
Cost of goods sold	(1,775,403)	(2,451,548)	(50,969)	329	(23,206)	(112,691)	-	(4,413,488)
Change in the market value of biological assets, agricultural produce, and CBIOs	(37,658)	(109,018)	-	-	-	(29,491)	-	(176,167)
Gross profit	**794,881**	**969,810**	**145,486**	**2,722**	**34,729**	**95,926**	**(5,643)**	**2,037,911**
Gross margin	30.5%	27.5%	74.1%	113.7%	59.9%	40.3%	-	30.7%
Selling expenses	(117,329)	(89,035)	(15,229)	-	-	(4)	-	(221,597)
Other operating expenses, net	-	-	-	-	-	-	260,235	260,235
Operating profit	**677,552**	**880,775**	**130,257**	**2,722**	**34,729**	**95,922**	**254,592**	**2,076,549**
Operating margin	26.0%	24.9%	66.3%	113.7%	59.9%	40.3%	-	31.3%
Other income and expenses not by segment	-	-	-	-	-	-	(1,060,805)	(1,060,805)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,015,744**

								2022
Consolidated	**Sugar**	**Ethanol**	**Electric power**	**Real estate businesses**	**Yeast**	**Other products**	**Not by segment**	**Total**
Gross revenue								
Domestic market	222,091	2,863,472	245,640	47,336	47,709	125,865	-	3,552,113
Foreign market	2,208,198	408,707	-	-	4,567	-	-	2,621,472
Gain/loss on derivatives	(98,266)	17,470	-	-	-	-	-	(80,796)
Amortization of electricity supply contract	-	-	-	-	-	-	(6,096)	(6,096)
(-) Taxes, contributions, and deductions on sales	(14,508)	(299,114)	(15,687)	(4,598)	(5,911)	(26,922)	-	(366,740)
Net revenue	**2,317,515**	**2,990,535**	**229,953**	**42,738**	**46,365**	**98,943**	**(6,096)**	**5,719,953**
Cost of goods sold	(1,525,440)	(1,663,964)	(76,437)	(2,930)	(21,503)	(33,419)	-	(3,323,693)
Changes in the market value of biological assets, and agricultural produce	37,993	(31,410)	-	-	-	17,421	-	24,004
Gross profit	**830,068**	**1,295,161**	**153,516**	**39,808**	**24,862**	**82,945**	**(6,096)**	**2,420,264**
Gross margin	35.8%	43.3%	66.8%	93.1%	53.6%	83.8%	-	42.3%
Selling expenses	(117,901)	(28,331)	(13,935)	-	-	-	-	(160,167)
Other operating income, net	-	-	-	3,430	-	-	149,175	152,605
Operating profit	**712,167**	**1,266,830**	**139,581**	**43,238**	**24,862**	**82,945**	**143,079**	**2,412,702**
Operating margin	30.7%	42.4%	60.7%	101.2%	53.6%	83.8%	-	42.2%
Other income and expenses not by segment	-	-	-	-	-	-	(931,834)	(931,834)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,480,868**

All amounts in thousands of reais unless otherwise stated

At March 31, 2023, net revenue from Cbios (decarbonization credits), amounting to R$ 80,181(R$ 36,503 at March 31, 2022) is recorded within "Other products".

Consolidated operating assets by segment

The main operating assets of São Martinho were segregated by segment based on the cost centers into which they are allocated and/or the apportionment criterion that takes into consideration the share of each product in relation to total production. Therefore, this allocation may vary from one period to another.

							2023
	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Not by segment	Total
Trade receivables	135,185	67,393	10,688	52,021	-	50,307	315,594
Inventories and advances to suppliers	364,995	522,400	-	6,173	53	25,175	918,796
Biological assets	717,735	442,833	-	-	-	-	1,160,568
Property, plant and equipment	3,346,635	4,066,170	154,631	-	39,131	-	7,606,567
Intangible assets	277,816	172,975	13,334	-	-	-	464,125
Right-of-use assets	1,481,610	1,443,715	-	-	-	-	2,925,325
Total assets allocated	**6,323,976**	**6,715,486**	**178,653**	**58,194**	**39,184**	**75,482**	**13,390,975**
Other unallocated assets	-	-	-	-	-	5,432,810	5,432,810
Total	**6,323,976**	**6,715,486**	**178,653**	**58,194**	**39,184**	**5,508,292**	**18,823,785**

							2022
	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Not by segment	Total
Trade receivables	93,956	64,414	6,015	63,320	-	24,874	252,579
Inventories and advances to suppliers	375,665	450,134	-	5,844	76	79,843	911,562
Biological assets	513,788	705,493	-	-	-	-	1,219,281
Property, plant and equipment	3,152,288	3,445,694	135,011	-	38,216	-	6,771,209
Intangible assets	257,226	178,203	21,884	-	-	-	457,313
Right-of-use assets	1,543,593	1,540,719	-	-	-	-	3,084,312
Total assets allocated	**5,936,516**	**6,384,657**	**162,910**	**69,164**	**38,292**	**104,717**	**12,696,256**
Other unallocated assets	-	-	-	-	-	-	4,662,889
Total	**5,936,516**	**6,384,657**	**162,910**	**69,164**	**38,292**	**104,717**	**17,359,145**

As the decision-makers analyze liabilities on a consolidated basis, the segment information relating to liabilities is not being disclosed.

27 Revenue

São Martinho recognizes the revenue it expects to receive in exchange for the control of goods and services.

There are no estimated losses in relation to sales of sugar and ethanol and other by-products, since all the performance obligations are fulfilled at the time the final product is delivered, which is also the time when revenue is recognized.

For its real estate development segment, the Company adopts the provisions of Technical Interpretation 02 (OCPC 04), in accordance with guidance from the Brazilian Securities Commission (CVM), recognizing revenue over time (Percentage of Completion (PoC) method). The amount of R$ 2,548 was recognized at March 31, 2023 (R$ 25,213 at March 31, 2022).

All amounts in thousands of reais unless otherwise stated

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

a) Sale of goods and rendering of services

São Martinho sells sugar, ethanol, electric power, and yeast, among other products. Sales are recognized when the products are delivered to the customer. In order for revenue to be recognized, the Company follows the conceptual framework of the standard, which comprises the following steps: identification of contracts with customers, identification of performance obligations under the contracts, determination of the transaction price, and allocation of the transaction price.

São Martinho renders planting, mechanization and logistics services. These services are priced based on the time incurred and the materials used, and are recognized as they are rendered.

At the reporting date, the Company's three largest customers of sugar sales account for about 28% of net revenue; for the ethanol sold, the three largest customers account for 26%.

b) Sale of plots of land and land subdivisions (Real Estate Developments)

Sales revenue and cost of land in real estate developments are recognized in profit or loss to the extent that the infrastructure work progresses, as directed by the CVM and detailed above.

For installment sales of land with completed infrastructure projects, revenue is recognized when the sale is made, regardless of the receipt of the contractual amount, and is measured at the fair value of the consideration received and receivable. The amounts receivable are adjusted to present value.

Sales revenue was as follows:

	Parent company		Consolidated	
	2023	2022	2023	2022
Gross sales revenue				
Domestic market	2,918,619	3,338,153	3,074,815	3,552,113
Foreign market	3,586,191	2,621,472	3,586,191	2,621,472
Gain/loss on derivatives	161,651	(80,796)	161,651	(80,796)
	6,666,461	5,878,829	6,822,657	6,092,789
Amortization of electric power supply contract (i)	-	-	(5,643)	(6,096)
	6,666,461	5,878,829	6,817,014	6,086,693
Taxes (ii), contributions, and deductions on sales	(172,126)	(351,513)	(189,448)	(366,740)
	6,494,335	**5,527,316**	**6,627,566**	**5,719,953**

(i) Amortization of the electric power supply contracts entered into with BIO SC.
(ii) Of the amount recorded for the year, R$ 56,609 relates to credit granted (Note 8).

All amounts in thousands of reais unless otherwise stated

28 Costs and expenses by nature

Expenses by nature are presented as follows:

	Parent company		Consolidated	
	2023	2022	2023	2022
Depreciation and amortization (including biological assets harvested)	(2,120,310)	(1,622,371)	(2,124,576)	(1,626,264)
Raw materials and consumables	(1,492,767)	(1,179,708)	(1,384,577)	(1,077,071)
Personnel expenses	(513,554)	(510,633)	(519,752)	(514,220)
Material for resale (mainly for resale of ethanol in 2023)	(206,302)	(29,502)	(209,148)	(59,869)
Maintenance parts and services	(177,093)	(127,427)	(177,302)	(127,825)
Changes in the fair value of biological assets, agricultural produce, and CBIOs	(176,167)	24,004	(176,167)	24,004
Freight on sales	(167,358)	(133,101)	(167,358)	(133,101)
Third-party services	(91,809)	(76,469)	(94,646)	(76,772)
Litigation	(32,940)	(11,524)	(32,996)	(11,522)
Cost of land sales	329	(725)	329	(2,930)
Other expenses	(171,795)	(128,923)	(189,426)	(147,862)
	(5,149,766)	**(3,796,379)**	**(5,075,619)**	**(3,753,432)**
Classified as:				
Cost of goods sold	(4,689,845)	(3,362,718)	(4,589,655)	(3,299,689)
Selling expenses	(209,680)	(148,843)	(221,597)	(160,167)
General and administrative expenses	(250,241)	(284,818)	(264,367)	(293,576)
	(5,149,766)	**(3,796,379)**	**(5,075,619)**	**(3,753,432)**

29 Other income, net

The consolidated balance of Other income includes R$ 475,761 (R$ 415,476 in 2022) relating to the compensation received by Copersucar and transferred to the Company (Note 16.b), and R$ 32,844 relating to out-of-period tax credits for expenses now being treated as an essential input to the production process (based on legal understanding).

30 Finance income (costs)

	Parent company		Consolidated	
	2023	2022	2023	2022
Finance income				
Interest received and earned	289,736	86,114	315,772	102,950
Other income	11,951	52,133	13,275	58,356
PIS/COFINS on finance income	(13,934)	(5,970)	(14,165)	(6,171)
	287,753	**132,277**	**314,882**	**155,135**
Finance costs				
Interest on borrowings	(589,244)	(302,833)	(591,548)	(302,867)
Adjustment to present value (i)	(245,394)	(130,966)	(245,394)	(130,966)
Interest paid	(30,527)	(31,688)	(30,310)	(31,682)
Bank guarantee commission	(8,711)	(6,898)	(8,717)	(6,898)
Payables to Copersucar	(6,733)	(6,092)	(6,733)	(6,092)
Other expenses	(15,282)	(7,650)	(15,518)	(7,797)
	(895,891)	**(486,127)**	**(898,220)**	**(486,302)**
Exchange and monetary variation, net				
Trade receivables and payables	(5,116)	(22,642)	(5,116)	(22,642)
Available funds	573	(47,420)	573	(47,420)
Borrowings	(170,399)	(14,595)	(170,399)	(14,595)
	(174,942)	**(84,657)**	**(174,942)**	**(84,657)**
Derivatives - not designated for hedge accounting				
Gain/loss on swap transactions	(163,362)	(119,231)	(163,362)	(119,229)
Gain (loss) on ethanol transactions	(500)	9,653	(500)	9,653
Foreign exchange variation, net	1,863	(6,509)	1,863	(6,509)
Gain (loss) on sugar transactions	(4,710)	7,043	(4,710)	7,043
Gain (loss) on foreign exchange transactions	43,011	53,329	43,011	53,329
Cost of stock exchange transactions	(959)	(1,924)	(959)	(1,924)
	(124,657)	**(57,639)**	**(124,657)**	**(57,637)**
Finance income (costs)	**(907,737)**	**(496,146)**	**(882,937)**	**(473,461)**

(i) Mainly leases and agricultural partnerships payable.

31 Earnings per share

	2023	2022
Profit for the year attributed to owners of the parent	1,015,744	1,480,868
Weighted average number of common shares in the year - in thousands	346,375	346,375
Basic and diluted earnings per share - R$	**2.9325**	**4.2753**

All amounts in thousands of reais unless otherwise stated

32 Insurance coverage

São Martinho maintains a standard safety, training and quality program for all units, which among other purposes, aims at reducing the risks of accidents. Insurance policies are taken out at amounts considered sufficient (information not audited) to cover significant losses, if any, on its assets and liabilities. The amounts covered by the insurance policies in effect at the reporting date are as follows:

Parent Company and Consolidated Item	Insured risks	Maximum coverage *(i)*
Operational Risks (ii)	Any material damage to buildings, facilities, inventories, agricultural and industrial machinery and equipment.	1,165,577
Loss of Income	Loss of income due to material damages to facilities, buildings, industrial machinery and equipment, and electric power generation.	1,037,031
Civil Liability	Damages caused to third parties as a result of professional errors or omissions (E&O insurance).	2,535,330
Environmental Responsibility	Environmental accidents that may lead to breaches of environmental laws.	30,000

(i) Corresponds to the maximum coverage amount for the various assets and locations insured.

(ii) Insurance coverage against material damages (operating risks) to vehicles are excluded, using instead the Economic Research Institute (FIPE) table.

33 Subsequent Event

The Board of Directors Meeting held on June 19, 2023, approved the payment of interest on equity ("IOE") in the gross amount of R$ 155,000,000.00 (one hundred and fifty-five million reais), equivalent to R$ 0.447491795 per share, with income tax withheld at source.

The IOE will be paid to shareholders on July 04, 2023, without monetary adjustment, and will be deducted from dividends for the fiscal year ending on March 31, 2024.

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