

(A free translation of the original in Portuguese)

Quarterly information (ITR)

at June 30, 2022 and independent auditor's
report on review of quarterly information





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Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of São Martinho S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2022, comprising the balance sheet as at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21 - "Interim Financial Reporting", of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



São Martinho S.A.

Other matters

Statements of value added

The parent company and consolidated quarterly information referred to above includes the parent company and consolidated statements of value added for the quarter ended June 30, 2022. These statements are the responsibility of the Company's management and are presented as supplementary information for the purposes of IAS 34. These statements have been submitted to the same review procedures carried out together with the review of the quarterly information, with the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been prepared, in all material respects, in accordance with the criteria established in CPC 09 and in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Ribeirão Preto, August 8, 2022

A handwritten signature in cursive script, reading 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

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

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Balance sheet

At June 30 and March 31, 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent company		Consolidated	
		June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
CURRENT ASSETS					
Cash and cash equivalents	4	174,963	114,874	175,087	114,903
Financial investments	4	2,412,960	2,663,681	2,654,310	2,857,864
Trade receivables	5	369,414	181,878	431,737	225,707
Derivative financial instruments	23	125,042	228,718	125,042	228,718
Inventories and advances to suppliers	6	1,115,226	758,732	1,108,231	764,576
Biological assets	7	1,123,103	1,219,281	1,123,103	1,219,281
Taxes recoverable	8	71,345	60,158	71,403	60,303
Income tax and social contribution	20	65,947	65,210	65,956	65,232
Dividends receivable		-	-	1,723	-
Other assets		15,847	16,501	16,419	16,958
TOTAL CURRENT ASSETS		5,473,847	5,309,033	5,773,011	5,553,542
NON-CURRENT ASSETS					
Long-term receivables					
Financial investments	4	12,199	11,374	12,199	11,374
Inventories and advances to suppliers	6	183,243	146,986	183,243	146,986
Derivative financial instruments	23	185,150	169,679	185,150	169,679
Trade receivables	5	-	-	28,085	26,872
Taxes recoverable	8	236,515	176,716	238,154	177,844
Income tax and social contribution	20	8,617	8,617	8,617	8,617
Judicial deposits	22	767,992	749,120	768,232	749,361
Other assets		156,471	156,471	156,471	156,471
Total long-term receivables		1,550,187	1,418,963	1,580,151	1,447,204
Investments					
Investments	10	1,801,765	1,751,559	45,074	45,565
Property, plant and equipment	11	5,073,833	4,956,635	6,898,625	6,771,209
Intangible assets	12	429,709	423,888	459,821	457,313
Right-of-use assets	13	3,207,780	3,084,312	3,207,780	3,084,312
TOTAL NON-CURRENT ASSETS		12,063,274	11,635,357	12,191,451	11,805,603
TOTAL ASSETS		17,537,121	16,944,390	17,964,462	17,359,145

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
CURRENT LIABILITIES					
Borrowings	14	1,109,945	581,507	1,110,132	581,515
Leases payable	13	99,472	82,475	99,472	82,475
Agricultural partnership payable	13	534,121	500,376	534,121	500,376
Derivative financial instruments	23	258,448	245,145	258,448	245,145
Trade payables	15	565,069	412,656	566,475	415,082
Payables to Copersucar	16	9,075	12,753	9,075	12,753
Salaries and social charges		234,219	190,737	235,760	191,786
Taxes payable		41,557	33,396	45,412	34,871
Income tax and social contribution	20	-	-	11,455	7,597
Dividend payable	18	104,377	5,971	104,377	5,971
Advances from customers		40,335	27,226	44,209	27,269
Acquisition of ownership interests	9 and 17	3,668	3,669	3,668	3,669
Other liabilities		21,022	52,498	38,664	66,546
TOTAL CURRENT LIABILITIES		3,021,308	2,148,409	3,061,268	2,175,055
NON-CURRENT LIABILITIES					
Borrowings	14	4,902,123	5,286,808	4,922,835	5,306,834
Leases payable	13	636,027	539,057	636,027	539,057
Agricultural partnership payable	13	1,882,319	1,884,943	1,882,319	1,884,943
Derivative financial instruments	23	12,832	34,585	12,832	34,585
Payables to Copersucar	16	159,156	161,277	159,156	161,277
Deferred income tax and social contribution	20	696,323	743,797	1,062,210	1,111,225
Provision for contingencies	22	95,259	86,351	96,041	87,006
Taxes with suspended payment	16 (b)	745,214	725,834	745,214	725,834
Other liabilities		3,971	14,904	3,971	14,904
TOTAL NON-CURRENT LIABILITIES		9,133,224	9,477,556	9,520,605	9,865,665
EQUITY					
Share capital	18	2,681,571	2,681,571	2,681,571	2,681,571
Treasury shares		(139,997)	(139,997)	(139,997)	(139,997)
Carrying value adjustments		1,055,086	1,100,474	1,055,086	1,100,474
Revenue reserves		1,716,274	1,676,377	1,716,274	1,676,377
Retained earnings		69,655	-	69,655	-
TOTAL EQUITY		5,382,589	5,318,425	5,382,589	5,318,425
TOTAL LIABILITIES AND EQUITY		17,537,121	16,944,390	17,964,462	17,359,145

The accompanying notes are an integral part of this quarterly information

Statement of income

Periods ended June 30, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue	27	1,655,272	1,230,656	1,697,459	1,287,779
Cost of goods sold	28	(1,128,846)	(804,550)	(1,116,397)	(796,654)
Gross profit		526,426	426,106	581,062	491,125
Operating income (expenses)					
Selling expenses	28	(43,315)	(41,164)	(46,171)	(43,450)
General and administrative expenses	28	(53,425)	(78,348)	(55,406)	(79,345)
Equity in the results of investees	10	50,143	66,447	1,169	1,675
Other revenue, net	29	34,258	2,162	35,166	2,163
		(12,339)	(50,903)	(65,242)	(118,957)
Operating profit		514,087	375,203	515,820	372,168
Finance income (costs)	30				
Finance income		74,082	8,974	83,404	14,749
Finance costs		(261,544)	(88,201)	(262,374)	(88,229)
Monetary and foreign exchange variations, net		(132,540)	(30,421)	(132,540)	(30,421)
Derivatives		12,705	(25,536)	12,705	(25,536)
		(307,297)	(135,184)	(298,805)	(129,437)
Profit before income tax and social contribution		206,790	240,019	217,015	242,731
Income tax and social contribution	20 (a)				
Current		(10,803)	(1,407)	(21,387)	(4,703)
Deferred		25,592	(48,521)	25,951	(47,937)
Profit for the period		221,579	190,091	221,579	190,091
Basic and diluted earnings per share - R\$	31	0.6397	0.5488	0.6397	0.5488

The accompanying notes are an integral part of this quarterly information

Statement of comprehensive income
Periods ended June 30, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

Parent company and Consolidated	June 30, 2022	June 30, 2021
Profit for the period	221,579	190,091
Items that will be subsequently reclassified to profit or loss		
Changes in the period:		
Changes in fair value		
Commodity derivatives - Futures, options and forward contracts	5,733	(39,022)
Foreign exchange derivatives - Options / NDF	(116,944)	215,344
Foreign exchange differences on borrowings (Trade Finance)	36,399	202,727
	(74,812)	379,049
Recognition in operating income		
Commodity derivatives - Futures, options and forward contracts	32,491	57,067
Foreign exchange derivatives - Options / NDF	(27,360)	(7,252)
Foreign exchange differences on borrowings (Trade Finance)	5,321	28,063
	10,452	77,878
Write-off due to ineffectiveness		
Commodity derivatives - Futures, options and forward contracts	-	(2,723)
	-	(2,723)
Total changes in the period		
Commodity derivatives - Futures, options and forward contracts	38,224	15,322
Foreign exchange derivatives - Options / NDF	(144,304)	208,092
Foreign exchange differences on borrowings (Trade Finance)	41,720	230,790
Deferred taxes on the items above	21,882	(154,429)
	(42,478)	299,775
Total comprehensive income for the period	179,101	489,866

The accompanying notes are an integral part of this quarterly information



Statements of changes in equity
Periods ended June 30, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

				Carrying value adjustments				Revenue reserves						
				Deemed cost		Hedge accounting	Others						Retained earnings	Total
	Note	Share capital	Treasury shares	Parent	Investees			Legal	Capital budget reserve	Unrealized reserve	Tax incentive reserve	Additional dividends		
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
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	(3,529)	(85)	-	-	-	-	-	-	-	3,614	-
Transfer to tax incentive reserve	18 (d)	-	-	-	-	-	-	-	-	-	25,862	-	(25,862)	-
Carrying value adjustments of investees		-	-	-	-	-	(583)	-	-	-	-	529	-	(54)
Gain (loss) on derivate transactions - hedge account	18 (c. ii)	-	-	-	-	299,775	-	-	-	-	-	-	-	299,775
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	190,091	190,091
At June 30, 2021		2,071,819	(139,997)	112,658	1,029,028	(295,039)	(19)	188,733	885,731	27,960	229,696	197,988	167,843	4,476,401
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
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	(3,014)	41	-	-	-	-	-	-	-	2,973	-
Transfer to tax incentive reserve	18 (d)	-	-	-	-	-	-	-	-	-	39,897	-	(39,897)	-
Carrying value adjustments of investees		-	-	-	-	-	63	-	-	-	-	-	-	63
Gain (loss) on derivate transactions - hedge account	18 (c. ii)	-	-	-	-	(42,478)	-	-	-	-	-	-	-	(42,478)
Interest on capital paid in advance	18 (e)	-	-	-	-	-	-	-	-	-	-	-	(115,000)	(115,000)
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	221,579	221,579
At June 30, 2022		2,681,571	(139,997)	103,785	1,183,682	(233,088)	707	262,776	1,030,260	21,989	269,784	131,465	69,655	5,382,589

The accompanying notes are an integral part of this quarterly information.

Statement of cash flows
Periods ended June 30, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cash flows from operating activities					
Profit for the period		221,579	190,091	221,579	190,091
Adjustments					
Depreciation and amortization	28	251,769	165,439	253,100	166,973
Biological assets harvested	28	259,819	199,011	259,819	199,011
Change in the fair value of biological assets and agricultural produce	28	(7,355)	(1,679)	(7,355)	(1,679)
Amortization of electric power contracts		-	-	2,262	2,395
Equity in the results of investees	10	(50,143)	(66,447)	(1,169)	(1,675)
Gains (losses) on investments and PP&E written off	11	(948)	(260)	(948)	(260)
Interest, monetary and foreign exchange variations, net		252,611	41,450	246,379	39,168
Derivative financial instruments		9,176	103,269	9,176	103,269
Setup of provision for contingencies, net	22.1	9,158	5,029	9,215	5,146
Income tax and social contribution	20 b	(14,789)	49,928	(4,564)	52,640
Taxes with suspended payment		19,380	-	19,380	-
Adjustment to present value and other adjustments		64,923	47,276	65,311	47,276
		1,015,180	733,107	1,072,185	802,355
Changes in assets and liabilities					
Trade receivables		(193,382)	(40,310)	(212,522)	(57,225)
Inventories		(234,580)	(314,596)	(221,741)	(297,961)
Taxes recoverable		(69,564)	(18,869)	(69,971)	(19,359)
Derivative financial instruments		(18,792)	(6,390)	(18,792)	(6,390)
Other assets		(27,159)	(8,228)	(27,273)	(8,281)
Trade payables		166,619	220,125	165,596	215,951
Salaries and social charges		43,483	54,468	43,974	54,739
Taxes payable		(19,383)	(4,823)	(18,285)	(3,794)
Payables to Copersucar		(6,999)	(3,128)	(6,999)	(3,128)
Provision for contingencies - settlement	22.1	(5,183)	(4,298)	(5,183)	(4,298)
Other liabilities		(29,308)	(2,101)	(21,886)	(3,327)
Cash from operations		620,932	604,957	679,103	669,282
Payment of interest on borrowings and financing	14	(108,488)	(45,654)	(108,488)	(45,654)
Deferred income tax and social contribution		-	-	(5,472)	(2,067)
Net cash provided by operating activities		512,444	559,303	565,143	621,561
Cash flow from investing activities					
Investment of funds		(91)	(111)	(91)	(111)
Additions to property, plant and equipment and intangible assets		(257,228)	(209,408)	(268,765)	(212,434)
Additions to biological assets (planting and crop treatments)	10 and 11	(304,736)	(239,791)	(304,736)	(239,791)
Financial investments		310,485	(153,811)	268,553	(211,438)
Proceeds from sale of property, plant and equipment	11	2,443	2,927	2,443	1,102
Net cash used in investing activities		(249,127)	(600,194)	(302,596)	(662,672)
Cash flows from financing activities					
Payments of lease agreements and partnerships	13	(164,620)	(128,376)	(164,620)	(128,376)
Proceeds from borrowings - third parties	14	70,000	500,000	70,000	500,000
Repayment of borrowings - third parties	14	(108,608)	(573,855)	(107,743)	(573,855)
Net cash used in financing activities		(203,228)	(202,231)	(202,363)	(202,231)
Net increase (decrease) in cash and cash equivalents		60,089	(243,122)	60,184	(243,342)
Cash and cash equivalents at the beginning of the period	4	114,874	287,652	114,903	288,350
Cash and cash equivalents at the end of the period	4	174,963	44,530	175,087	45,008
<u>Additional information</u>					
Balance of financial investments (current assets)	4	2,412,960	1,108,998	2,654,310	1,281,242
Total available funds	4	2,587,923	1,153,528	2,829,397	1,326,250

The accompanying notes are an integral part of this quarterly information.

Statement of value added
Periods ended June 30, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue				
Gross sales of goods and products	1,758,967	1,310,313	1,805,288	1,371,012
Revenue from construction of own assets	301,559	190,595	301,559	190,595
Other income	2,998	1,958	2,998	1,958
	<u>2,063,524</u>	<u>1,502,866</u>	<u>2,109,845</u>	<u>1,563,565</u>
Inputs acquired from third parties				
Cost of products and goods sold	(448,220)	(335,927)	(424,926)	(310,590)
Materials, electric power, third-party services, and other operating expenses	(375,478)	(252,190)	(392,011)	(272,407)
	<u>(823,698)</u>	<u>(588,117)</u>	<u>(816,937)</u>	<u>(582,997)</u>
Gross value added	1,239,826	914,749	1,292,908	980,568
Depreciation and amortization	(251,769)	(165,439)	(253,100)	(166,973)
Biological assets harvested	(259,819)	(199,011)	(259,819)	(199,011)
Net value added generated by the entity	<u>728,238</u>	<u>550,299</u>	<u>779,989</u>	<u>614,584</u>
Value added received in transfer				
Equity in the results of investees	50,143	66,447	1,169	1,675
Finance income	237,711	269,031	247,156	277,187
Others	31,980	538	32,886	538
Total value added to be distributed	<u>1,048,072</u>	<u>886,315</u>	<u>1,061,200</u>	<u>893,984</u>
Distribution of value added				
Personnel and payroll charges				
Direct compensation	158,922	118,791	159,267	118,853
Benefits	57,585	45,861	57,874	46,078
Government Severance Indemnity Fund for Employees (FGTS)	14,820	12,060	14,861	12,065
Management compensation	(4,860)	20,621	(4,541)	20,920
Taxes, charges and contributions				
Federal	33,452	79,253	44,424	83,829
State	19,280	13,158	19,327	13,259
Municipal	775	438	946	447
Financing entities				
Interest	255,694	84,610	256,559	86,652
Rentals	1,252	1,114	1,256	1,114
Foreign exchange variations	233,283	248,518	233,328	248,848
Others	56,290	71,800	56,320	71,828
Profits reinvested in the period	<u>221,579</u>	<u>190,091</u>	<u>221,579</u>	<u>190,091</u>
Value added distributed	<u>1,048,072</u>	<u>886,315</u>	<u>1,061,200</u>	<u>893,984</u>

The accompanying notes are an integral part of this quarterly information.

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

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 supplied 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 supply may 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.

São Martinho is a subsidiary of the holding company LJN Participações S.A. (“LJN”), which holds 53.74% interest in its voting capital.

The issue of this financial Information was authorized by the Board of Directors on August 08, 2022.

Effects of the Coronavirus pandemic on the quarterly information

The macroeconomic impacts of the Coronavirus pandemic (Covid-19) are reflected in the estimates and judgments used in the preparation of this quarterly information.

In addition to health related effects, the most significant impacts relate to interest and exchange rates, and consequently the measurement of assets, liabilities and results.

The Company has monitored these factors, and at June 30, 2022, no uncertainties were identified that could materially adversely affect its financial position or its operations.

Armed conflict between Russia and Ukraine

The conflict between Russia and Ukraine, has impacted the global economy, including the sugar-energy industry, posing a threat to the supply and pricings of inputs, mainly fertilizers, oil, and other commodities.

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

Financial risk management

In common with other companies in the agribusiness sector and rural producers, São Martinho is subject to climate risks, such as those associated with prolonged drought, frost and fire. These risks are constantly monitored, and mitigating measures are taken to minimize the impact of these phenomena, should they occur.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

This interim accounting information was prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Accounting Standard IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and is presented in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information. The parent company and consolidated quarterly information complies with both IFRS and accounting practices adopted in Brazil (BRGAAP).

The quarterly information has been prepared under the historical cost convention, as modified to reflect the deemed cost of property, plant and equipment on the date of transition to IFRS/CPC, and for certain derivative financial instruments and biological assets measured at fair value. It discloses all applicable significant information related to quarterly information, which is consistent with that utilized by management in the performance of its duties.

The significant accounting practices adopted by the Company are described in specific notes related to the items presented, and those affecting various aspects of the interim accounting information are described below.

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

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.

2.2 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 in this interim accounting information reflect the 100% equity interest held in the following companies:

Company	Core activity
São Martinho Terras Agrícolas S.A. ("SM Terras Agrícolas")	Development of land through agricultural lease and partnerships, 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
Bioenergética 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 includes its subsidiaries, established as Special-Purpose Entities (SPEs) and engaged in real estate development and exploitation.

2.3 Functional and presentation currency

The financial information is 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.

2.4 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.

2.5 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 forward-looking approach that covers both expected and incurred losses, and requires relevant 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 honor the contractual obligations.

As permitted by IFRS 9, the Company adopts the requirements of 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 the amortization process, 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 of such changes is recorded as "Finance income (costs)" in the statement

of income. The amounts accumulated in equity are reclassified to the statement of income when the hedged item affects profit or loss, and the related effects are recognized as “Net sales revenue” in order to minimize changes in the hedged item.

2.6 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.

In 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.

If the business combination is carried out in stages, 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 evaluated and are 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 for situations where 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 claims at different judicial levels. Provisions for contingencies are set up to cover probable 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.

f) ICMS tax benefits

As disclosed in Note 18(d), the Company has ICMS tax incentives granted by the State of Goiás. On August 7, and December 15, 2017, Complementary Law 160/2017 and ICMS Agreement 190/2017, respectively, were published, regulating the granting of tax benefits in disagreement with item "g", subsection XII, paragraph 2 of Art. 155 of the Federal Constitution.

The State of Goiás published a list of all the rulings that granted the tax benefits introduced under Decree 9,193/2018 and subsequent amendments, and Decree 9,358/2018, in addition to registering and filing the supporting documentation with the Executive Secretariat of the National Council of Fiscal Policy (CONFAZ), as provided for in Clause 4 of ICMS Agreement 190/2017.

The Company's management, together with its legal advisors, monitors the matter, through the Treasury Department of Goiás.

g) 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 to borrow 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.

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

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	June 30, 2022	March 31, 2022	Annual yield	June 30, 2022	March 31, 2022
Cash and banks (in Brazil)		617	142		741	171
Cash and banks abroad (US Dollar)	0.6% p.a.	174,346	114,732	0.6% p.a.	174,346	114,732
Total cash and cash equivalents		174,963	114,874		175,087	114,903
Financial investments						
. Investment fund	110.6% of 103.7% of	2,203,255	2,459,996	110.6% of 103.7% of	2,443,942	2,653,534
. Bank Deposit Certificate (CDB)	CDI	209,705	203,685	CDI	210,368	204,330
. Other (i)	100.5% of CDI	12,199	11,374	100.5% of CDI	12,199	11,374
Total financial investments		2,425,159	2,675,055		2,666,509	2,869,238
Total cash and cash equivalents and financial investments		2,600,122	2,789,929		2,841,596	2,984,141
In non-current assets		12,199	11,374		12,199	11,374
Total available funds		2,587,923	2,778,555		2,829,397	2,972,767

(i) 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.

The balance of trade receivables is as follows:

	Parent company		Consolidated	
	June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
Domestic market customers	126,141	56,901	217,266	128,355
Foreign market customers	243,355	125,059	243,355	125,059
(-) Expected impairment loss on trade receivables	(82)	(82)	(799)	(835)
	369,414	181,878	459,822	252,579
Current assets	369,414	181,878	431,737	225,707
Non-current assets	-	-	28,085	26,872

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
Falling due:	369,173	181,719	459,333	252,248
Overdue and not provisioned				
Up to 30 days	98	7	106	41
Over 31 days	143	152	383	290
	369,414	181,878	459,822	252,579

Of the amount receivable, R\$ 3,514 and R\$ 267 in the Parent company and Consolidated, respectively (R\$ 1,830 and R\$ 1,281, respectively, at March 31, 2022), refer to related parties (Note 9).

6. Inventories and advances to suppliers

	Parent company		Consolidated	
	June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
Current				
Finished products and work-in-process	665,852	290,998	652,971	290,997
Advances - purchases of sugarcane	87,835	75,449	87,835	75,449
Advances - purchases of inputs and finished products	142,199	184,909	142,199	184,909
RenovaBio - CBIOs(i)	5,220	16,603	5,220	16,603
Land subdivisions	-	-	5,882	5,845
Inputs, maintenance materials and other	214,120	190,773	214,124	190,773
	1,115,226	758,732	1,108,231	764,576
Non-current				
Advances - purchases of sugarcane	183,243	146,986	183,243	146,986
	183,243	146,986	183,243	146,986
	1,298,469	905,718	1,291,474	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.

- (i) At June 30, 2022, the Company had 36,000 decarbonization credits (Cbios) carried at fair value (249,000 Cbios at March 31, 2022).

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

7. Biological assets

Biological assets correspond to the agricultural products under development (standing sugarcane) produced 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 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).

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	June 30, 2022	March 31, 2022
Estimated total harvested area (ha)	242,515	242,241
Amount of TRS per hectare	11.78	11.50
Projected average price of TRS (in R\$)	1.08	1.09

In this quarterly information, the discount rate of 11.8% p.a. was used to calculate the fair value of biological assets. (10.3% p.a. at March 31, 2022).

Based on estimates of revenue and costs, the Company determines the discounted cash flows adjusting them to present value through a discount rate compatible with the return on its investment. Changes in the fair value are recorded within "Biological assets", with a corresponding entry to the sub-account "Changes in the fair value of biological assets", within "Cost of goods sold" in the statement of income.

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

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

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Historical cost	1,263,787	1,040,629	1,263,787	1,040,629
Fair value	(44,506)	(51,089)	(44,506)	(51,089)
Biological assets - opening balance:	1,219,281	989,540	1,219,281	989,540
Changes:				
Increases arising from crop treatments	205,010	159,509	205,010	159,509
Transfer from property, plant and equipment	24,794	106,969	24,794	106,969
Changes in fair value	8,166	10,002	8,166	10,002
Decreases resulting from harvest	(334,148)	(320,859)	(334,148)	(320,859)
Biological assets - closing balance:	1,123,103	945,161	1,123,103	945,161
Comprised of:				
Historical cost	1,159,444	986,248	1,159,444	986,248
Fair value	(36,341)	(41,087)	(36,341)	(41,087)
Biological assets - closing balance:	1,123,103	945,161	1,123,103	945,161

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 June 30, 2022 assuming 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\$ 94,809. Regarding the production volume, the same 5% variation (up or down) would result in an increase or decrease of R\$ 90.587.

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

8. Taxes recoverable

Balances of taxes recoverable:

	Parent company		Consolidated	
	June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
Current				
PIS and COFINS (i)	55,006	52,683	55,024	52,768
ICMS	15,167	6,252	15,206	6,282
Others	1,172	1,223	1,173	1,253
	71,345	60,158	71,403	60,303
Non-current				
PIS and COFINS (i)	167,975	119,286	167,975	119,286
ICMS	49,754	38,763	51,393	39,891
IOF on derivatives	9,220	9,076	9,220	9,076
INSS	7,040	6,923	7,040	6,923
Reintegra	2,526	1,991	2,526	1,991
Others	-	677	-	677
	236,515	176,716	238,154	177,844
	307,860	236,874	309,557	238,147

- (i) The increase relates substantially to the credit arising from the exclusion of ICMS from the PIS/COFINS tax base (Notes 29 and 30) and also the credit taken on the review of out-of-period charges over the past five years.

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

The expected realization of long-term tax credits is as follows:

	Parent company	Consolidated
From 7/1/2023 to 6/30/2024	180,880	181,989
From 7/1/2024 to 6/30/2025	14,501	14,678
From 7/1/2025 to 6/30/2026	12,607	12,783
From 7/1/2026 to 6/30/2027	11,832	12,009
From 7/1/2027 to 6/30/2028	1,914	1,914
From 7/1/2028 onwards	14,781	14,781
	236,515	238,154

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9. Related parties

a) Parent company and consolidated balances:

	Parent company		Consolidated	
	June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
Current assets				
Trade receivables (i)				
Bio BV	1,257	105	-	-
Bio SM	997	222	-	-
Bio SC	997	10	-	-
SM Terras Imobiliárias	42	120	-	-
Luiz Ometto Participações S.A.	31	169	31	169
SM Terras Agrícolas	12	182	-	-
CTC - Centro de Tecnologia Canavieira S.A.	-	870	122	991
Others	178	155	114	124
	3,514	1,833	267	1,284
Current liabilities				
Trade payables				
SM Terras Agrícolas	10,200	5,899	-	-
Bio SC	239	191	-	-
CTC - Centro de Tecnologia Canavieira S.A.	236	477	236	477
SM Terras Imobiliárias	-	296	-	-
Others	54	58	54	58
	10,729	6,921	290	535
Leases and agricultural partnerships payable				
From stockholders and related parties	656,648	515,136	518,840	515,136
Current and non-current liabilities (Acquisition of ownership interest)				
Luiz Ometto Participações S.A. (Note 17)	3,668	3,669	3,668	3,669

- (i) These relate substantially to the apportionment of expenses with the Shared Services Center and sale of steam.

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b) Significant Parent company and Consolidated transactions in the period:

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Sales revenue				
Bio BV	2,988	4,302	-	-
Bio SM	2,535	2,147	-	-
Bio SC	2,228	3,187	-	-
	7,751	9,636	-	-
Reimbursed expenses / Lease revenue (purchase of products and services)				
SM Terras Agrícolas	(21,018)	(29,803)	-	-
SM Terras Imobiliárias	(7,256)	(2,289)	-	-
CTC - Centro de Tecnologia Canavieira S.A.	(841)	(1,055)	(467)	-
Bio SC	(334)	(523)	-	-
Bio BV	23	-	-	-
Bio SM	12	11	-	-
	(29,414)	(33,659)	(467)	-
Shareholders and related parties				
Sugarcane purchases / land leases / reimbursed expenses				
Agro Pecuária Boa Vista S/A	(15,342)	(11,849)	(15,342)	(11,849)
Others	(2,628)	(3,966)	(2,714)	(3,966)
	(17,970)	(15,815)	(18,056)	(15,815)

Sales revenues are from 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, which is calculated based on agreements signed by the parties.

c) Management compensation:

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

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Fixed and variable compensation, and benefits	8,248	19,685	8,783	20,185
Social security contributions	1,575	3,910	1,671	4,000
Total compensation and charges	9,823	23,595	10,454	24,185

São Martinho offers its executive officers 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.

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On December 13, 2021, the Board of Directors approved the granting of 563,175 new options, through the 13th Stock Option Plan, which is regulated by the same terms as those defined in previously approved plans of the Company.

The carrying amount of the liability relating to the new fair value calculation of the Virtual Option Plan is R\$ 26,292 (R\$ 36,496 at March 31, 2022).

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

Plan	8th Plan	9th Plan	10th Plan	11th Plan	12th Plan	13th Plan	Total
Plan issue date	12/12/2016	02/05/2018	10/12/2018	09/12/2019	14/12/2020	13/12/2021	
Deadline for exercise (i)	2023	2024	2025	2026	2027	2028	
Number of virtual options granted	727,273	882,074	1,133,513	1,072,712	754,980	563,175	5,133,727
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	2,475,146
Exercise price (R\$)	17.70	17.76	19.07	19.38	24.22	37.17	

The virtual options for each plan 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	
		June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022	June 30, 2022	June 30, 2021
Classified as Investments							
SM Terras Agrícolas	100.00%	858,612	837,044	849,136	837,044	12,092	14,689
SM Terras Imobiliárias	100.00%	696,365	687,891	693,704	688,238	5,466	10,394
Bio SC	100.00%	74,490	62,059	89,066	78,933	10,132	15,335
Bio BV	100.00%	56,571	42,415	56,571	42,415	14,156	17,312
SM Inova	100.00%	40,731	39,486	40,731	39,486	1,183	1,655
Bio SM	100.00%	40,714	33,358	40,714	33,358	7,356	6,927
Bioenergia SM	100.00%	30,808	31,070	30,808	31,070	(262)	165
SM Logística	100.00%	1,035	1,015	1,035	1,015	20	(30)
Total classified as Investments		1,799,326	1,734,338	1,801,765	1,751,559	50,143	66,447

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All amounts in thousands of reais unless otherwise stated

				Consolidated			
Company	Ownership interest %	Equity		Book value of investment		Equity in the results of investees	
		June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022	June 30, 2022	June 30, 2021
Classified as Investments							
CTC - Centro de Tecnologia Canavieira S.A. (I)	5.41%	813,535	822,949	44,067	44,558	1,169	1,655
Others		-	-	1,007	1,007	-	20
Total classified as Investments		813,535	822,949	45,074	45,565	1,169	1,675

- (i) Pursuant to item 16 of CPC 18 (R2), the interest held by the 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.

11. Property, plant and equipment

The book values of assets and their 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 are depreciated over 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 are cultivated from bearer plants which are classified as a permanent crop as the economic productive cycle lasts, on average, eight years from 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.

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

Parent company	Land	Buildings and facilities	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Other PP&E	Total
At March 31, 2021	96,099	416,133	1,172,051	354,100	227,003	324,217	1,375,872	160,366	46,955	4,172,796
Acquisitions	-	-	2,683	681	24,044	8,734	80,691	145,458	1,762	264,053
Transfer of PP&E/biological assets	-	-	-	-	-	-	(106,969)	-	-	(106,969)
Cost of sale	-	-	(1)	-	(934)	(1,732)	-	-	-	(2,667)
Transfer between groups	-	775	12,251	-	99	(2,440)	2,753	(13,837)	399	-
Depreciation	-	(4,184)	(34,100)	(134,456)	(7,482)	(15,203)	-	-	(3,357)	(198,782)
At June 30, 2021	96,099	412,724	1,152,884	220,325	242,730	313,576	1,352,347	291,987	45,759	4,128,431
Total cost	96,099	530,379	1,945,500	354,781	427,164	679,430	1,352,347	291,987	187,212	5,864,899
Accumulated depreciation	-	(117,655)	(792,616)	(134,456)	(184,434)	(365,854)	-	-	(141,453)	(1,736,468)
Net book value	96,099	412,724	1,152,884	220,325	242,730	313,576	1,352,347	291,987	45,759	4,128,431
At March 31, 2022	96,046	418,728	1,147,128	416,916	257,270	331,240	1,521,169	724,727	43,411	4,956,635
Acquisitions	-	-	902	15,836	10,405	10,642	100,869	203,867	1,162	343,683
Transfer of PP&E/biological assets	-	-	-	-	-	-	(24,794)	-	-	(24,794)
Cost of sale	-	-	(13)	-	(155)	(1,326)	-	-	(1)	(1,495)
Transfer between groups	-	-	15	-	20	(1,640)	1,640	(47)	12	-
Depreciation	-	(3,999)	(28,683)	(142,814)	(8,022)	(13,785)	-	-	(2,893)	(200,196)
At June 30, 2022	96,046	414,729	1,119,349	289,938	259,518	325,131	1,598,884	928,547	41,691	5,073,833
Total cost	96,046	545,593	1,996,995	432,752	467,791	718,670	1,598,884	928,547	193,386	6,978,664
Accumulated depreciation	-	(130,864)	(877,646)	(142,814)	(208,273)	(393,539)	-	-	(151,695)	(1,904,831)
Net book value	96,046	414,729	1,119,349	289,938	259,518	325,131	1,598,884	928,547	41,691	5,073,833
Residual value:										
Historical cost	24,759	354,286	947,646	289,938	243,128	305,497	1,598,884	928,547	41,691	4,734,376
Surplus on revaluation	71,287	60,443	171,703	-	16,390	19,634	-	-	-	339,457
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	13%	

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All amounts in thousands of reais unless otherwise stated

Consolidated	Land	Buildings and facilities	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Improvements and other PPE	Total
At March 31, 2021	1,814,977	419,482	1,238,940	354,831	227,002	324,219	1,375,871	160,364	46,958	5,962,644
Acquisitions	-	-	2,683	681	24,044	8,734	80,691	148,912	1,762	267,507
Cost of sale	-	-	(1)	-	(934)	(1,733)	-	-	-	(2,668)
Transfer of biological assets	-	-	-	-	-	-	(106,969)	-	-	(106,969)
Transfer between groups	-	775	12,251	-	99	(2,440)	2,753	(13,837)	399	-
Depreciation	-	(4,236)	(35,335)	(134,724)	(7,481)	(15,202)	-	-	(3,357)	(200,335)
At June 30, 2021	1,814,977	416,021	1,218,538	220,788	242,730	313,578	1,352,346	295,439	45,762	5,920,179
At March 31, 2022	1,816,933	419,701	1,210,856	418,110	257,269	331,241	1,521,168	752,518	43,413	6,771,209
Acquisitions	-	-	902	15,973	10,405	10,642	100,869	215,372	1,162	355,325
Cost of sale	-	-	(13)	-	(155)	(1,326)	-	-	(1)	(1,495)
Transfer of biological assets	-	-	-	-	-	-	(24,794)	-	-	(24,794)
Transfer between groups	-	-	15	-	20	(1,640)	1,640	(47)	12	-
Depreciation	-	(4,016)	(29,684)	(143,220)	(8,022)	(13,786)	-	-	(2,892)	(201,620)
At June 30, 2022	1,816,933	415,685	1,182,076	290,863	259,517	325,131	1,598,883	967,843	41,694	6,898,625
Total cost	1,816,933	548,648	2,097,358	434,083	467,791	718,671	1,598,883	967,843	193,399	8,843,609
Accumulated depreciation	-	(132,963)	(915,282)	(143,220)	(208,274)	(393,540)	-	-	(151,705)	(1,944,984)
Net book value	1,816,933	415,685	1,182,076	290,863	259,517	325,131	1,598,883	967,843	41,694	6,898,625
Residual value:										
Historical cost	167,245	354,376	996,502	290,863	243,127	305,497	1,598,883	967,843	41,694	4,966,030
Surplus on revaluation	1,649,688	61,309	185,574	-	16,390	19,634	-	-	-	1,932,595
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	13%	

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

The amount recorded under "Construction in progress" relates primarily to the construction of the corn ethanol plant and the UTE power plant phase II.

Under the terms of certain borrowing agreements entered, items of property, plant and equipment totaling R\$ 930,755 were pledged as collateral, of which R\$ 32,693 relates to rural properties (1,243 hectares of land).

Financial charges capitalized during the period amounted to R\$ 3,840 (R\$ 8,645 at March 31, 2022).

12. Intangible assets

Contractual relationships have a finite useful life, and their amortization is calculated based on the quantity 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	
	June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
Goodwill based on future profitability (i)	374,632	374,632	374,632	374,632
Software	41,820	41,820	41,820	41,820
Accumulated amortization	(33,352)	(32,895)	(33,352)	(32,895)
Rights on sugarcane contracts (ii)	42,443	42,443	42,443	42,443
Amortization of rights on sugarcane contracts (ii)	(23,944)	(23,545)	(23,944)	(23,545)
Cost of rights on electric power contracts (iii)	-	-	103,401	103,401
Amortization of rights on electric power contracts (iii)	-	-	(84,945)	(81,518)
Other assets	28,110	21,433	39,766	32,975
	429,709	423,888	459,821	457,313

- (i) Goodwill related to prior years' business combination of companies merged into the Company;
- (ii) Relate to the acquisition of rights on agreements for agricultural partnership and sugarcane supply;
- (iii) Relate to the fair value of agreements for electric power supply entered into with Bio SC, effective up to 2025 (business combination).

Notes to the quarterly information at June 30, 2022

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 found. 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.

At March 3, 2022, 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 involved relate to sugar and ethanol sales prices, electric power costs, and other macroeconomic data.

Main assumptions used by the Company (data from March 31, 2022):

Cash-generating Units	Nominal perpetuity growth rate	Nominal discount rate
São Martinho production unit	5.00%	11.33%
Santa Cruz production unit	5.00%	11.33%

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

a) Leases

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.

b) Lease - definition provided by IFRS 16 (CPC 06 (R2))

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

c) 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 asset 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 items (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.

d) The Company as the Lessor

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

Changes in right-of-use assets during the period were as follows:

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

Right-of-use assets	Parent Company and Consolidated			
	Vehicles	Agricultural partnership	Agricultural lease	Total
At March 31, 2021	16,498	1,415,829	437,069	1,869,396
New contracts	1,947	67,904	9,501	79,352
Updated contracts	-	21,337	44	21,381
Write-offs	(1,430)	(19,162)	(1,544)	(22,136)
Depreciation	(3,653)	(59,543)	(11,658)	(74,854)
At June 30, 2021	13,362	1,426,365	433,412	1,873,139
At March 31, 2022	4,439	2,452,464	627,409	3,084,312
New contracts	998	126,712	136,535	264,245
Write-offs	(32)	-	-	(32)
Depreciation	(2,878)	(113,486)	(24,381)	(140,745)
At June 30, 2022	2,527	2,465,690	739,563	3,207,780
Useful lives (years)	1 to 2	2 to 29	2 to 20	

Changes in lease and agricultural partnership liabilities during the period were as follows:

Leases and agricultural partnerships payable	Parent Company and Consolidated		
	Leases payable	Agricultural partnership	Total
At March 31, 2021	473,950	1,438,682	1,912,632
Offset of advances	-	(19,211)	(19,211)
Additions arising from new agreements	11,447	67,905	79,352
Updated contracts	44	21,337	21,381
Write-offs	(3,256)	(19,438)	(22,694)
Payments made	(31,678)	(96,698)	(128,376)
Financial charges	10,465	38,721	49,186
At June 30, 2021	460,972	1,431,298	1,892,270
At March 31, 2022	613,097	2,393,753	3,006,850
Offset of advances	-	(20,801)	(20,801)
New contracts	137,533	126,712	264,245
Write-offs	(44)	-	(44)
Payments made	(31,949)	(132,671)	(164,620)
Financial charges	16,862	49,447	66,309
At June 30, 2022	735,499	2,416,440	3,151,939
Balance in current liabilities	99,472	534,121	633,593
Balance in non-current liabilities	636,027	1,882,319	2,518,346
At June 30, 2022	735,499	2,416,440	3,151,939

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All amounts in thousands of reais unless otherwise stated

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

Maturity	Parent Company and Consolidated
From 7/1/2023 to 06/30/2024	600,289
From 7/1/2024 to 06/30/2025	560,705
From 7/1/2025 to 06/30/2026	526,687
From 7/1/2026 to 06/30/2027	450,284
From 7/1/2027 to 06/30/2028	358,271
From 7/1/2028 to 06/30/2029	273,400
From 7/1/2029 to 06/30/2030	208,339
From 7/1/2030	903,392
(-) Adjustment to present value	(1,363,021)
	2,518,346

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

Parent Company and Consolidated	Agricultural leases	Adjustment to present value
Lease payment	1,200,557	416,613
Potentially recoverable PIS/COFINS (9.25%)	(82,953)	(28,099)
June 30, 2022	1,117,604	388,514

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 for its economic circumstances:

Parent Company and Consolidated	
Contract terms	Incremental rate
2 years	8.10%
3 years	8.67%
4 years	8.79%
5 years	8.62%
6 years	8.70%
7 years	9.54%
8 years	9.52%
9 years	9.64%
10 years	9.24%
11 years	9.53%
From 12 to 30 years	9.30%

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Pursuant to IFRS 16, the Company measured its lease liabilities and right-of-use assets based on discounted cash flows, using a real interest rate as per the standard.

To conform with CVM Circular Letter 02/2019, comparative information is presented for lease and agricultural partnership liabilities, right-of-use assets, deferred taxes, depreciation expense and finance costs for the period ended June 30, 2022; future periods are presented below, using a nominal interest rate for the discounted cash flows:

Parent Company and Consolidated	From 7/1/2022 to 6/30/2023	From 7/1/2023 to 6/30/2024	From 7/1/2024 to 6/30/2025	From 7/1/2025 to 6/30/2026	From 7/1/2026 to 6/30/2027	From 7/1/2027 to 6/30/2031	From 7/1/2031 to 6/30/2036	From 7/1/2036 to 6/30/2041
Right-of-use assets								
IFRS 16	2,677,702	2,220,324	1,801,413	1,411,775	1,086,640	314,468	62,843	-
CVM Official Letter	3,494,465	2,922,092	2,392,580	1,899,037	1,480,898	449,961	95,976	-
	30.50%	31.61%	32.82%	34.51%	36.28%	43.09%	52.72%	N/A
Liabilities of leases and agricultural partnerships								
IFRS 16	2,479,767	2,051,261	1,656,430	1,290,301	985,935	302,495	56,161	-
CVM Official Letter	3,373,767	2,825,927	2,316,608	1,840,747	1,437,741	536,218	122,651	-
	36.05%	37.77%	39.86%	42.66%	45.83%	77.27%	118.39%	N/A
Amortization expense								
IFRS 16	(173,484)	(171,217)	(167,635)	(163,202)	(148,730)	(504,989)	(193,083)	(77,751)
CVM Official Letter	(232,617)	(230,395)	(226,651)	(221,909)	(202,266)	(777,075)	(268,429)	(129,701)
	34.09%	34.56%	35.21%	35.97%	36.00%	53.88%	39.02%	66.82%
Interest expenses								
IFRS 16	(527,551)	(457,379)	(418,910)	(389,639)	(325,135)	(772,173)	(251,625)	(62,843)
CVM Official Letter	(657,587)	(572,372)	(529,513)	(493,543)	(418,138)	(1,030,937)	(353,985)	(95,976)
	24.65%	25.14%	26.40%	26.67%	28.60%	33.51%	40.68%	52.72%
	IFRS 16/CPC 06	CVM Official Letter						
Amortization expense	(1,600,091)	(2,289,043)						
Interest expenses	(3,205,255)	(4,152,051)						
	(4,805,346)	(6,441,094)						

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14. Borrowings

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

Type	Annual charges		Parent company		Consolidated	
	Rate	Index	June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
In local currency						
BNDES credit facility	2.1%	+TJLP	118,607	123,886	118,607	123,886
BNDES credit facility	3.6%	+IPCA	628,677	534,084	649,576	554,118
BNDES credit facility	5.0%	Fixed rate	169,993	177,352	169,993	177,352
FINEP	4.0%	Fixed rate	38,835	43,905	38,835	43,905
Rural credit	8.0%	Fixed rate	315,160	307,986	315,160	307,986
Agribusiness Receivable Certificate (CRA)	98.6%	CDI	1,137,542	1,160,354	1,137,542	1,160,354
Agribusiness Receivable Certificate (CRA) (iii)	4.9%	+IPCA	535,905	526,839	535,905	526,839
Debentures (iii)	5.6%	+IPCA	1,653,925	1,596,996	1,653,925	1,596,996
International Finance Corporation (IFC)	1.5%	CDI	300,828	306,672	300,828	306,672
Other securitized credits	3.0%	+IGP-M/ Fixed rate	32	31	32	31
Total in local currency	100.2%	CDI	4,899,504	4,778,105	4,920,403	4,798,139
In foreign currency						
Export prepayment (PPE) (V)	1.7%	6M Libor	446,417	402,323	446,417	402,323
Export prepayment (PPE)	1.6%	6M Sofr	157,882	190,395	157,882	190,395
International Finance Corporation (IFC) (v)	1.5%	6M Libor	505,306	493,455	505,306	493,455
FINEM	2.7%	Currency Basket	2,959	4,037	2,959	4,037
Total in foreign currency	3.8%		1,112,564	1,090,210	1,112,564	1,090,210
TOTAL (i)			6,012,068	5,868,315	6,032,967	5,888,349
Current			1,109,945	581,507	1,110,132	581,515
Non-current			4,902,123	5,286,808	4,922,835	5,306,834

- (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 interest curves.
- (ii) 100% of the Agribusiness Receivable Certificates (CRAs): bears 117.77% of the DI rate, through a swap contract.
- (iii) 33% of the amount of debentures is linked to the DI rate + 1.10% p.a., and the remaining 67%, to 108.15% of the DI rate, through a swap contract.
- (iv) International Finance Corporation (IFC): 29% linked to the DI rate + 1.15% p.a., and 34% to a fixed rate of 4.99%, through a swap contract.
- (v) 100% of the Export Credit Note (PPE): LIBOR linked to the DI rate + 1.33% p.a., through a swap contract.

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Changes in borrowings during the period were as follows:

Changes in debt	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Balance at the beginning of the period	5,868,315	4,050,963	6,032,967	4,050,963
Proceeds from borrowings	70,000	500,000	70,000	500,000
Repayment of principal	(108,608)	(573,855)	(107,743)	(573,855)
Payment of interest	(108,488)	(45,654)	(108,488)	(45,654)
Inflation adjustment	177,964	32,964	33,346	32,964
Foreign exchange variation	112,885	(213,916)	112,885	(213,916)
Balance at the end of the period	6,012,068	3,750,502	6,032,967	3,750,502

Long-term borrowings mature as follows:

Parent Company and Consolidated	Parent company	Consolidated
From 7/1/2023 to 06/30/2024	292,785	292,785
From 7/1/2024 to 06/30/2025	1,128,443	1,128,443
From 7/1/2025 to 06/30/2026	676,443	676,443
From 7/1/2026 to 06/30/2027	220,627	220,627
From 7/1/2027 to 06/30/2028	385,372	385,372
From 7/1/2028 to 06/30/2029	204,497	204,497
From 7/1/2029 to 06/30/2030	200,052	200,052
From 7/1/2030	1,793,904	1,814,616
	4,902,123	4,922,835

São Martinho's debt, of R\$ 930,755, is collateralized as follows: 96% by liens on equipment, properties, and buildings, 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 cash flows discounted using the borrowing rate of 13.1% (11.6% at March 31, 2022), and are classified in the Level 2 fair value hierarchy.

Covenants

Borrowings of R\$ 4,005,493 include financial covenants determined and measured annually. All covenants had been complied with for the periods presented.

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15. Trade payables

	Parent company		Consolidated	
	June 30, 2022	March 31, 2022	June 30, 2022	March 31, 2022
Sugarcane	234,580	55,931	224,487	49,736
Materials, services, and others	330,489	356,725	341,988	365,346
	565,069	412,656	566,475	415,082

Of the total amount of trade payables, R\$ 10,729 in the parent company, and R\$ 290 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 that established obligations and rights that have not expired yet. 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 could be required to reimburse the amount within 120 days. The main amounts included in these liabilities arise from Excise Tax (IPI), of which the constitutionality and basis under law was challenged in court by the Cooperative, and from tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

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Parent Company and Consolidated	June 30, 2022	March 31, 2022
REFIS - Copersucar - Accrued based on the to SELIC rate	30,052	32,867
Exchange Bill (LC) - Accrued based on the to SELIC rate	74,448	73,754
Exchange Bill (LC) - Transfer of funds without imposition of charges	52,356	52,356
Expenses with tax proceedings	9,075	12,753
Others	2,300	2,300
Total	168,231	174,030
Current liabilities	9,075	12,753
Non-current	159,156	161,277

All the Company's liabilities to Copersucar are backed by bank sureties. In addition, in accordance with the terms negotiated at the withdrawal from Copersucar, the Company remains liable for the payment of any obligations, in proportion to its interest in Copersucar in previous harvests, resulting from tax assessments that may arise in relation to 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 to December 31, 2008, of which the amount attributed to the Company is approximately R\$ 250 million. Copersucar is confident that its position will prevail and that it will successfully defend against fines; under the advice of legal counsel, the risk of loss is considered to be possible.

b) Rights:

Copersucar is also a plaintiff in legal proceedings claiming the refund/overpayment of various 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.

Included among the lawsuits to which Copersucar is an active party is a claim against the Federal Government to compensate for damages arising from a mandatory freeze of prices of sugar and ethanol 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, the 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 alleged 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.

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	2019	2020	2021	2022
Copersucar rights	March 2019	December 2019	September 2020	October 2021
1st Court-ordered debt security	906,287	1,059,956	1,083,223	1,174,400
Supplementary court-ordered debt security	-	1,724,797	1,974,578	2,138,858
Court-ordered debt securities - Copersucar	906,287	2,784,753	3,057,801	3,313,258
PIS/COFINS withheld - Copersucar	(13,927)	(42,794)	(46,990)	(50,915)
Transfer to Luiz Ometto Participações S.A.	(3,313)	(24,119)	(26,700)	(28,697)
Other withholdings and expenses	(26,824)	(46,665)	(51,266)	(55,348)
Other net revenue SMSA	106,499	349,056	383,040	415,476

Upon transferring the funds, Copersucar withheld a portion to cover legal costs and the levy of PIS and COFINS taxes, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. At March 31, 2022, the balance receivable from Copersucar was R\$ 154,626, recognized within "Other non-current assets". The Company, in coordination 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 Alcool ("USC"), the Company transferred R\$ 82,829 to Luiz Ometto Participações S.A.

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

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

Parent Company and Consolidated	Acquisitions	Disposals	Net balance
	Usina Santa Cruz	Agro Pecuária Boa Vista	
At March 31, 2021	(93,739)	78,451	(15,288)
Inflation adjustment	(730)	611	(119)
Repayment of interest	678	(567)	111
At June 30, 2021	(93,791)	78,495	(15,296)
At March 31, 2022	(62,745)	59,076	(3,669)
Inflation adjustment	(1,797)	1,707	(90)
Repayment of interest	1,815	(1,724)	91
At June 30, 2022	(62,727)	59,059	(3,668)
		Current liabilities	(3,668)
			(3,668)

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

Maturity dates	(Acquisition) / Disposal
From 7/1/2023 to 06/30/2024	(11,620)
From 7/1/2024 to 06/30/2025	(11,620)
From 7/1/2025 to 06/30/2026	19,572
	<u>(3,668)</u>

18. Equity

a) Share capital

Share capital at the reporting date and at June 30, 2022 totaled R\$ 2,681,571 (R\$ 2,681,571 at March 31, 2022), represented by 354,011,329 registered common shares with no par value.

The Company is authorized to increase capital up to the limit of 372,000,000 common shares, without requiring prior amendments to its bylaws, upon resolution by the Board of Directors, which will determine 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 the transfer of R\$ 397,880 from the Capital Budget Reserve, and R\$ 81,933 from the Tax Incentive Reserve.

b) Treasury shares

As repurchased equity instruments, treasury shares are recognized at acquisition cost in an account 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 correspond to past revaluation increments on adopting the deemed cost for land, buildings and industrial facilities, vehicles and machinery, and agricultural implements. The amounts are recorded net of tax effects and their realization is based on the depreciation, write-off, or sale of the related assets. The realized amounts are transferred to the "Retained earnings".

Hedge accounting fair value

This relates to the results of unrealized/settled transactions with derivative financial instruments, classified as hedge accounting. The balance is reversed over time from equity, as the related transactions mature/are shipped.

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 legal reserve has the purpose of preserving capital, and can only be used to offset losses and increase capital.

Capital budget reserve

This reserve is intended to fund investments to increase the production capacity and other improvement process and working capital projects.

Unrealized revenue reserve

This reserve arises from unearned income and comprises the sale of ownership interest held in Agro Pecuária Boa Vista S/A, sale of properties in real estate developments, and earnings resulting from changes in shareholding.

Tax incentive reserve

The Company benefits from a tax incentive program introduced by the State of Goiás, effectively a deferral of ICMS payment, the "Goiás Industrial Development Program - Produzir", providing for a partial reduction on such tax. The use of this benefit is conditional upon compliance with all the obligations set forth in the program, which are 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 computed for the period was recorded in the statement of income within "Deductions from gross revenue", reducing the "ICMS payable" account. Since this amount cannot be distributed as dividends, a tax incentive reserve is set up at the amount of the benefit received, by an appropriation from "Retained earnings".

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The incentive benefit balance at the reporting date amounted to R\$ 39,899 in the parent and consolidated (R\$ 25,862 at March 31, 2022).

e) Dividends and interest on capital

The Company has a shareholder remuneration policy (Dividends) whereby a dividend and/or equity of at least the Company, or 25% of the net income for the year, after the employees appointed and deducted by the largest company, is guaranteed, among them whatever is booked by the largest company.

The stockholders are entitled to a minimum dividend of 25% of net profit for the year, after the deduction of any accumulated losses and appropriations to the legal reserve.

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 stockholders' 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 interim dividends; furthermore, the Board of Directors' meeting held on June 20, 2022, approved an interim distribution 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 management for the year ended March 31, 2022.

19. Profit sharing

As part of its policy, the Company manages a profit-sharing program for its employees, linked to pre-agreed operating and financial targets. The amounts of profit sharing for the reporting period totaled R\$ 14,473 in the Parent company and R\$ 14,499 in the Consolidated (R\$ 67,578 and R\$ 67,681 in the Parent company and Consolidated, respectively, at March 31, 2022).

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

20. Income tax and social contribution

Deferred income and social contribution taxes 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, following the approach that best predicts the resolution of uncertainties.

The Company did not identify any impacts from the adoption of this interpretation.

a) Changes in deferred income tax and social contribution

Parent company	March 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	June 30, 2022
Income tax and social contribution losses	16,111	(4,740)	-	11,371
Exclusion of IRPJ/CSLL on tax overpayments (20.1)	6,903	-	-	6,903
Derivative financial instruments	128,519	(19,495)	21,882	130,906
Provision for contingencies	81,319	3,024	-	84,343
Foreign exchange gains	(8,088)	13,792	-	5,704
Other assets	24,359	(46)	-	24,313
Total deferred income tax and social contribution assets	249,123	(7,465)	21,882	263,540
Surplus on revaluation of PP&E (deemed cost)	(118,544)	2,939	-	(115,605)
Accelerated depreciation incentive	(540,756)	(2,600)	-	(543,356)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(108,345)	27,242	-	(81,103)
Other liabilities	(27,316)	5,476	-	(21,840)
Total deferred income tax and social contribution liabilities	(992,920)	33,057	-	(959,863)
Deferred income tax and social contribution	(743,797)	25,592	21,882	(696,323)

Notes to the quarterly information at June 30, 2022

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Consolidated	March 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Consolidation adjustment - Rights on electric power contracts	June 30, 2022
Income tax and social contribution losses	16,218	(4,850)	-	-	11,368
Exclusion of IRPJ/CSLL on tax overpayments (20.1)	6,903	-	-	-	6,903
Derivative financial instruments	128,520	(19,494)	21,882	-	130,908
Provision for contingencies	75,634	3,024	-	-	78,658
Provision for other obligations	13,881	-	-	-	13,881
Foreign exchange gains	(8,088)	13,792	-	-	5,704
Other assets	16,010	353	-	-	16,363
Total deferred income and social contribution tax assets	249,078	(7,175)	21,882	-	243,785
Surplus on revaluation of PP&E (deemed cost)	(471,264)	3,006	-	-	(468,258)
Accelerated depreciation incentive	(540,756)	(2,599)	-	-	(543,355)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(8,693)	-	-	1,182	(7,511)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange losses	(108,345)	27,242	-	-	(81,103)
Other liabilities	(28,218)	5,477	-	-	(22,741)
Total deferred income and social contribution tax liabilities	(1,360,303)	33,126	-	1,182	(1,325,995)
Deferred income tax and social contribution	(1,111,225)	25,951	21,882	1,182	(1,062,210)

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.

The Company recognizes deferred tax assets based on projections of taxable profit for the following years. These projections, which do not exceed ten years, 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, according to 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 levied on interest (SELIC) receivable on overpaid tax declared unconstitutional

On September 24, 2021, the Supreme Court ("STF") judgment of RE No. 1.063.187, recognized with general repercussion (Topic 962), through a unanimous vote, ruled that charging Income tax/social contribution on interest (SELIC) receivable on overpaid tax balances was unconstitutional.

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Based on this decision, and in accordance with ICPC 22 / IFRIC 23 - Uncertainty over Tax Treatments, the Company recognized in the period, the amount of R\$ 15,520 as current and deferred income tax assets, as follows:

R\$ 8,617 in non-current assets, as income tax and social contribution recoverable related to periods in which the Company recorded taxable profit; and R\$ 6,903 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 losses increased by the SELIC rate.

b) Reconciliation of the income tax and social contribution expense

Parent company	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit before taxation	206,790	240,019	217,015	242,731
Income tax and social contribution at nominal rates (34%)	(70,309)	(81,606)	(73,785)	(82,529)
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	17,049	22,592	397	570
. Permanent (additions) exclusions, net	(599)	(3,974)	(610)	(3,974)
. Cbrios	15,725	4,112	15,725	4,112
. Interest on capital	39,100	-	39,100	-
. State subsidy	13,565	8,793	13,565	8,793
. Tax incentives	252	144	255	144
. Adjustment to the calculation relating to subsidiary taxed based on deemed	-	-	9,894	20,232
. Others	6	11	23	12
Income tax and social contribution expenses	14,789	(49,928)	4,564	(52,640)
Income tax and social contribution at the effective rate	-7.2%	20.8%	-2.1%	21.7%
Current income tax and social contribution	(10,803)	(1,407)	(21,387)	(4,703)
Deferred income tax and social contribution	25,592	(48,521)	25,951	(47,937)

21 Commitments

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

Riparian forests and Legal Reserve areas

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

The Company is committed to adopting the best environmental practices and sustainable actions as evidenced by its compliance with the Forest Code and other environmental legislation for the Permanent Preservation (PPA) and Legal Reserve (LR) areas. It 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.

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

Sale commitment

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

	Up to one year	From two to three years	More than three years
Ethanol (m³)	474,210	136,156	624,000
Sugar (metric tons)	1,031,316	963,663	2,450,000
Electric power (Mwh)	719,521	1,125,846	6,055,646

Purchases of inputs

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

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, São Martinho management has provisions for contingencies (include interest/indexation accruals):

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	Parent company			
	Tax claims	Civil and environmental claims	Labor claims	Total
At March 31, 2022	14,779	3,983	67,589	86,351
Additions	418	2,212	8,342	10,972
Reversals	(2)	(108)	(1,704)	(1,814)
Utilization	(6)	(400)	(4,777)	(5,183)
Interest/indexation accruals	537	2,316	2,080	4,933
At June 30, 2022	15,726	8,003	71,530	95,259

	Consolidated			
	Tax claims	environmental claims	Labor claims	Total
At March 31, 2022	14,779	4,638	67,589	87,006
Additions	418	2,269	8,342	11,029
Reversals	(2)	(108)	(1,704)	(1,814)
Utilization	(6)	(400)	(4,777)	(5,183)
Interest/indexation accruals	537	2,386	2,080	5,003
At June 30, 2022	15,726	8,785	71,530	96,041

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 hired to defend the Company in the respective 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 supported by judicial deposits; and (iii) success fees payable to the legal counsel for defenses in the related lawsuits.

Labor lawsuits

Relate mainly to claims for: (i) overtime; (ii) indemnity for elimination of breaks between shifts; (iii) hazardous duty and health hazard premiums; (iv) refund of payroll deductions, such as union dues.

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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	-	1,675	1,675	-	1,675	1,675
Utilization	-	(1,561)	(1,561)	-	(1,563)	(1,563)
Interest/indexation accruals	-	173	173	-	173	173
At June 30, 2021	458,480	26,586	485,066	458,480	26,834	485,314
At March 31, 2022	715,277	33,843	749,120	715,277	34,084	749,361
Additions	-	1,061	1,061	-	1,061	1,061
Utilization	-	(1,832)	(1,832)	-	(1,832)	(1,832)
Interest/indexation accruals	19,091	552	19,643	19,091	551	19,642
At June 30, 2022	734,368	33,624	767,992	734,368	33,864	768,232

(i) Note 16 (b)

Judicial deposits relate to contingent assets and liabilities, including interest/indexation accruals, and are recorded as non-current assets.

22.3 Possible risk of losses

São Martinho is a party to various litigations claims involving tax, environmental, civil and labor matters that were assessed by management, under the advice of legal counsel, as involving possible risk of losses for which no provisions are made. The nature and amounts are as follows:

Nature		Parent company				Consolidated			
		June 30, 2022		March 31, 2022		June 30, 2022		March 31, 2022	
		Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount
Environmental		97	8,538	98	8,470	97	8,538	98	8,470
Civil		60	17,287	65	21,025	112	24,065	110	26,697
Labor		28	4,674	31	4,532	28	4,674	31	4,532
Tax									
Social security contribution	(i)	11	109,030	11	106,044	11	109,030	11	106,044
Computation of IRPJ/CSLL	(iii)	5	240,602	5	234,012	5	240,602	5	234,012
Offset of federal taxes	(iii)	107	196,181	107	191,853	113	196,726	113	192,385
ICMS	(iv)	16	70,587	14	68,620	16	70,587	14	68,620
Federal taxes	(v)	1	662,891	1	662,891	1	662,891	1	662,891
Other lawsuits	(vi)	27	556,140	27	548,016	32	569,661	32	561,522
Total		352	1,865,930	359	1,845,463	415	1,886,774	415	1,865,173

Tax lawsuits:

- (i) These lawsuits relate to 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) These 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.

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- (iii) These 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 were not accepted by the Brazilian Federal Revenue Service (RFB), and are currently pending judgment of protest letters/voluntary appeals.
- (iv) These lawsuits challenge the ICMS credits, based on the Control of ICMS Credit on Permanent Assets (CIAP).
- (v) This 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) The proceedings deal with other tax disputes such as: a) Public Civil Action contesting the legality of the decrees of the State of Goiás that granted ICMS credits under the PRODUIR Program; (b) tax assessment notices related to a 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 damage, in general arising from (i) traffic accidents; (ii) review of contracts; and (iii) fires.

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

Labor claims relate mainly to assessment notices served 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 filed three lawsuits challenging the inclusion of ICMS in the Social Integration Program (PIS) and COFINS tax base, two of which have already been ruled as 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, since, at the reporting date, this was the understanding of the Brazilian Federal Revenue Service; there are motions for clarification filed by the Federal Government still pending judgment.

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On May 13, 2021, the Federal Supreme Court (STF) rendered a final decision on these motions for clarification, confirming that the ICMS 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 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.

The Company hired tax specialists who supported the assessment of the impacts of the STF decision and also in the measurement of the recorded credits and as of June 30, 2022 the amount recorded in the asset is R\$49,792 (R\$49,109 as of March 31, 2022).

	Consolidated
Accrued credits (main)	21,931
Currency updates	31,650
Credits cleared	(4,472)
At March 31, 2022	49,109
Interest/indexation accruals	683
At June 30, 2022	49,792

Credits related to the special ethanol regime ("ad rem") still are being calculated, and no accounting adjustment has been made as the Company is discussing in court the right to recognize the respective credits.

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 changes.

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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 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 the 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 at the reporting date:

Consolidated	June 30, 2022	Equivalent in thousands of US\$
Current and non-current assets		
Cash and cash equivalents (banks - demand deposits)	174,346	33,289
Trade receivables	243,355	46,465
Derivative financial instruments	310,192	59,226
Total assets	727,893	138,980
Current and non-current liabilities		
Borrowings	1,112,564	212,402
Derivative financial instruments	271,280	51,791
Total liabilities	1,383,844	264,193
Subtotal assets (liabilities)	(655,951)	(125,213)
(-) Borrowings in foreign currency	1,112,564	212,402
Assets - net exposure	456,613	87,189

Net exposure excluding borrowings in foreign currency, since these will be settled with resources from future export revenue and are, therefore, effectively covered by a natural hedge.

These assets and liabilities were adjusted and recorded at the exchange rate in effect at the reporting date: R\$ 5.2374 per US\$ 1.00 for assets, and R\$ 5.2380 per US\$ 1.00 for liabilities.

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b) Commodity price volatility risk

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

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 are not designated for hedge accounting.

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\$	(9,087)	(45,437)	(90,875)
Trade receivables	Decrease in exchange rate - R\$/US\$	(10,815)	(54,077)	(108,154)
Borrowings	Increase in exchange rate - R\$/US\$	(37)	(185)	(371)
Derivative financial instruments				
Currency forward contracts	Increase in exchange rate - R\$/US\$	(139)	(696)	(1,392)
Futures price (sugar and ethanol)	Increase in commodity futures prices	(156)	(782)	(1,564)
Swap contracts	Decrease in exchange rate - R\$/US\$ and increase in the yield curve	(8,374)	(21,157)	(43,069)
Net exposure		(28,608)	(122,334)	(245,425)

The sensitivity analysis for changes in interest rates considers the effects of an increase or decrease of 5bps, 25bps and 50bps (basis points) in the pricing 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 the 5%, 25% and 50% variation 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 2020/2019 to 2025/2026 crops and were classified as cash flow hedges of highly probable expected transactions (future sales).

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Prospective and retrospective tests carried out to verify the hedge accounting effectiveness showed 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 hedge, 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, always in compliance with Risk Management (Note 23.2).

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

Parent Company and Consolidated	June 30, 2022			
	Contracted amount/volume	Average price/rate	Notional value R\$	Fair value - R\$
<u>In current assets - Gain</u>				
Margin deposit				9,289
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	15,139	19.07	33,339	606
. Purchase commitment	3,963	18.40	8,421	46
Commodity futures contracts - Ethanol				
. Purchase commitment	600	3,200.00	1,920	-
Commodity forward contracts - Sugar #11				
. Sale commitment	12,497	18.59	26,828	770
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	240,206	5.78	1,388,391	89,166
. Purchase commitment	3,740	5.05	18,887	1,005
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	20,321	20.00	46,933	1,901
. Bidding position in put options	158,097	17.62	321,684	11,552
Interest rate swap contracts - OTC				10,707
Total derivative financial instruments in current assets				125,042
<u>In non-current assets - Gain</u>				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	152	18.35	322	8
Commodity forward contracts - Sugar #11				
. Sale commitment	4,267	18.25	8,993	170
Interest rate swap contracts - OTC				184,972
Total derivative financial instruments in non-current assets				185,150

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Parent Company and Consolidated	June 30, 2022			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current liabilities - Loss</u>				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	711	18.35	1,507	13
. Purchase commitment	15,292	19.11	33,746	755
Commodity futures contracts - Ethanol				
. Purchase commitment	-	-	-	30
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	163,006	5.24	854,151	33,333
. Purchase commitment	23,004	5.33	122,611	1,313
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	149,664	22.92	396,124	7,137
Interest rate swap contracts - OTC				215,867
Total derivative financial instruments in current liabilities				258,448
<u>In non-current liabilities - Loss</u>				
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	40,233	5.59	224,794	8,820
Interest rate swap contracts - OTC				4,012
Total derivative financial instruments in non-current liabilities				12,832

Parent Company and Consolidated	March 31, 2022			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current assets - Gain</u>				
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
<u>In non-current assets - Gain</u>				
Interest rate swap contracts - OTC				169,679
Total derivative financial instruments in non-current assets				169,679

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Parent Company and Consolidated	March 31, 2022			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current liabilities - Loss</u>				
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
<u>In non-current liabilities - Loss</u>				
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 Commodity Exchanges on which the contracts are signed, and also to secure outstanding contracts and net remittances in relation to daily adjustments resulting from 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.

At the reporting date, 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	26,698	767	25,931
Foreign exchange derivatives - Options / NDF	86,515	43,877	42,638
Foreign exchange differences on borrowings (Trade Finance)	15,895	437,625	(421,730)
	129,108	482,269	(353,161)
Deferred taxes on the items above	(43,898)	(163,971)	120,073
	85,210	318,298	(233,088)

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f) Estimated realization

The impacts recorded in the Company's equity at the reporting date, and the estimated realization through income are shown below:

Parent company and Consolidated	22/23 crop season	23/24 crop season	24/25 crop season	25/26 crop season	Total
Derivative financial instruments:					
Commodity derivatives - Futures, options and forward contracts	24,977	954	-	-	25,931
Foreign exchange derivatives - Options / NDF	59,377	(16,739)	-	-	42,638
Foreign exchange differences on borrowings (Trade Finance)	(41,052)	(127,802)	(130,136)	(122,740)	(421,730)
	43,302	(143,587)	(130,136)	(122,740)	(353,161)
Deferred taxes on the items above	(14,725)	48,820	44,246	41,732	120,073
	28,577	(94,767)	(85,890)	(81,008)	(233,088)

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 monitors, on a monthly basis, its exposure in derivatives and financial investments, using maximum concentration criteria, based on the financial institution's rating.

With respect to customers' default risk, the credit risk associated with each individual customer is assessed annually, and whenever a new customer is included in the Company's customer base, when 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.

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

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

The table below analyzes the financial liabilities into relevant maturity groupings, which correspond to the remaining period from the balance sheet date to the contractual maturity date, based on undiscounted future cash flows.

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Parent company	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At June 30, 2022				
Borrowings	576,633	2,267,706	5,335,828	8,180,167
Leases payable	134,300	265,333	604,636	1,004,269
Agricultural partnership payable	465,989	822,059	1,589,050	2,877,098
Derivative financial instruments	258,448	12,832	-	271,280
Trade payables	565,069	-	-	565,069
Acquisition of ownership interest	11,620	11,620	(19,572)	3,668
Other liabilities	21,022	3,971	-	24,993
	2,033,081	3,383,521	7,509,942	12,926,544

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	(21,315)	1,069
Other liabilities	52,498	14,904	-	67,402
	2,051,450	4,597,006	5,821,101	12,469,557

Consolidated	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At June 30, 2022				
Borrowings	576,633	2,267,706	5,335,828	8,180,167
Leases payable	134,300	265,333	604,636	1,004,269
Agricultural partnership payable	465,989	822,059	1,589,050	2,877,098
Derivative financial instruments	258,448	12,832	-	271,280
Trade payables	566,475	-	-	566,475
Acquisition of ownership interest	11,620	11,620	(19,572)	3,668
Other liabilities	38,664	3,971	-	42,635
	2,052,129	3,383,521	7,509,942	12,945,592

At March 31, 2021				
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	(21,315)	1,069
Other liabilities	66,546	14,904	-	81,450
	2,067,924	4,597,006	5,821,101	12,486,031

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23.4 Capital management

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

In order to maintain or adjust its capital structure, the Company may take actions to attain its objectives, as permitted by the Brazilian Corporation Law.

24 Classification and fair value of financial instruments

24.1 Classification

Financial assets and liabilities are classified as follows:

		Parent company	
	Classification	June 30, 2022	March 31, 2022
Financial assets			
Cash and cash equivalents	Amortized cost	174,963	114,874
Financial investments	Fair value through profit or loss	2,425,159	2,675,055
Trade receivables	Amortized cost	369,414	181,878
	Fair value through other		
Derivative financial instruments	comprehensive income	125,220	228,718
Derivative financial instruments	Fair value through profit or loss	184,972	169,679
Judicial deposits	Amortized cost	767,992	749,120
Other assets, except prepayments	Amortized cost	155,893	162,186
		4,203,613	4,281,510
Financial liabilities			
Borrowings	Fair value through profit or loss	32	31
Borrowings	Amortized cost	6,012,036	5,868,284
	Fair value through other		
Derivative financial instruments	comprehensive income	51,401	37,737
Derivative financial instruments	Fair value through profit or loss	219,879	241,993
Leases and agricultural partnerships payable	Amortized cost	3,151,939	3,006,851
Trade payables	Amortized cost	565,069	412,656
Acquisition of ownership interests	Amortized cost	3,668	3,669
Other liabilities	Amortized cost	24,993	67,402
		10,029,017	9,638,623

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		Consolidated	
	Classification	June 30, 2022	March 31, 2022
Financial assets			
Cash and cash equivalents	Amortized cost	175,087	114,903
Financial investments	Fair value through profit or loss	2,666,509	2,869,238
Trade receivables	Amortized cost	459,822	252,579
	Fair value through other		
Derivative financial instruments	comprehensive income	125,220	228,718
Derivative financial instruments	Fair value through profit or loss	184,972	169,679
Judicial deposits	Amortized cost	768,232	749,361
Other assets, except prepayments	Amortized cost	156,102	162,254
		4,535,944	4,546,732
Financial liabilities			
Borrowings	Fair value through profit or loss	32	31
Borrowings	Amortized cost	6,032,935	5,888,318
	Fair value through other		
Derivative financial instruments	comprehensive income	51,401	37,737
Derivative financial instruments	Fair value through profit or loss	219,879	241,993
Trade payables	Amortized cost	566,475	415,082
Leases and agricultural partnerships payable	Amortized cost	3,151,939	3,006,851
Acquisition of ownership interests	Amortized cost	3,668	3,669
Other liabilities	Amortized cost	42,635	81,450
		10,068,964	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 counterparties' default rates. The Company has no records of significant default.

25 Fair value

For measuring and determining fair value, the Company uses 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).

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

Parent company	June 30, 2022			March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	2,425,159	-	-	2,675,055	-
Derivative financial instruments	14,113	296,079	-	26,975	371,422	-
Biological assets	-	-	1,123,103	-	-	1,219,281
	14,113	2,721,238	1,123,103	26,975	3,046,477	1,219,281
Liabilities						
Derivative financial instruments	798	270,482	-	25,235	254,495	-
Borrowings	-	32	-	-	31	-
	798	270,514	-	25,235	254,526	-

Consolidated	June 30, 2022			March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	2,666,509	-	-	2,869,238	-
Derivative financial instruments	14,113	296,079	-	26,975	371,422	-
Biological assets	-	-	1,123,103	-	-	1,219,281
	14,113	2,962,588	1,123,103	26,975	3,240,660	1,219,281
Liabilities						
Derivative financial instruments	798	270,482	-	25,235	254,495	-
Borrowings	-	32	-	-	31	-
	798	270,514	-	25,235	254,526	-

Futures and Options - ICE

The fair value of futures contracts 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, and exchange coupon interest curves published by the B3, PTAX 800 published by the Brazilian Central Bank, and ICE sugar futures prices.

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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.

26 Segment information (Consolidated)

Management has identified its operating segments based on the reports used for strategic decisions and reviewed by the chief operating 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

	June 30, 2022							
Consolidated	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Other products	Not by segment	Total
Gross revenue								
Domestic market	57,932	823,390	69,673	1,379	13,519	88,529	-	1,054,422
Foreign market	466,930	292,950	-	-	1,879	-	-	761,759
Gain/loss on derivatives	(12,619)	2,167	-	-	-	-	-	(10,452)
Amortization of electric power supply contract	-	-	-	-	-	-	(2,262)	(2,262)
(-) Taxes, contributions, and deductions on sales	(3,857)	(74,235)	(5,000)	(1,662)	(1,915)	(19,339)	-	(106,008)
Net Revenue	508,386	1,044,272	64,673	(283)	13,483	69,190	(2,262)	1,697,459
Cost of goods sold	(401,122)	(665,548)	(17,241)	39	(6,875)	(33,005)	-	(1,123,752)
Change in the market value of biological assets	-	-	-	-	-	4,757	2,598	7,355
Gross profit	107,264	378,724	47,432	(244)	6,608	40,942	336	581,062
Gross margin	21.1%	36.3%	73.3%	86.2%	49.0%	59.2%	-	34.2%
Selling expenses	(27,244)	(15,249)	(3,678)	-	-	-	-	(46,171)
Other operating income, net	-	-	-	-	-	-	(19,071)	(19,071)
Operating profit	80,020	363,475	43,754	(244)	6,608	40,942	(18,735)	515,820
Operating margin	15.7%	34.8%	67.7%	86.2%	49.0%	59.2%	-	30.4%
Other income and expenses not by segment	-	-	-	-	-	-	(294,241)	(294,241)
Profit for the year	-	-	-	-	-	-	-	221,579

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at June 30, 2021							
Consolidated	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Other products	Not by segment
Gross revenue							
Domestic market	64,225	552,154	81,251	7,903	17,490	27,080	-
Foreign market	623,975	79,336	-	-	-	-	-
Gain/loss on derivatives	(81,046)	3,168	-	-	-	-	-
Amortization of electric power supply contract	-	-	-	-	-	-	(2,395)
(-) Taxes, contributions, and deductions on sales	(3,941)	(65,229)	(4,992)	(731)	(2,560)	(7,909)	-
Net revenue	603,213	569,429	76,259	7,172	14,930	19,171	(2,395)
Cost of goods sold	(413,695)	(346,555)	(23,697)	(87)	(7,211)	(7,088)	-
Change in the market value of biological assets	-	-	-	-	-	-	1,679
Gross profit	189,518	222,874	52,562	7,085	7,719	12,083	(716)
Gross margin	31.4%	39.1%	68.9%	98.8%	51.7%	63.0%	-
Selling expenses	(34,271)	(5,300)	(3,879)	-	-	-	-
Other operating income, net	-	-	-	-	-	-	(75,507)
Operating profit	155,247	217,574	48,683	7,085	7,719	12,083	(76,223)
Operating margin	25.7%	38.2%	63.8%	98.8%	51.7%	63.0%	-
Other income and expenses not by segment	-	-	-	-	-	-	(182,077)
Profit for the year	-	-	-	-	-	-	190,091

At June 30, 2022, net revenue from Cbios (decarbonization credits), amounting to R\$ 39,543, (R\$ 10,096 at June 30, 2021). 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. This allocation could, therefore, vary from one period to another.

June 30, 2022							
	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Not by segment	Total
Trade receivables	104,524	241,103	37,716	61,119	3,209	12,151	459,822
Inventories and advances to suppliers	554,641	620,372	-	5,883	1,656	108,922	1,291,474
Biological assets	434,802	688,301	-	-	-	-	1,123,103
Property, plant and equipment	3,017,152	3,691,389	150,311	-	39,773	-	6,898,625
Intangible assets	259,844	181,521	18,456	-	-	-	459,821
Right-of-use assets	1,544,740	1,663,040	-	-	-	-	3,207,780
Total assets allocated	5,915,703	7,085,726	206,483	67,002	44,638	121,073	13,440,625
Other unallocated assets	-	-	-	-	-	4,523,837	4,523,837
Total	5,915,703	7,085,726	206,483	67,002	44,638	4,644,910	17,964,462

March 31, 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

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

27 Revenue

São Martinho recognizes revenue for the consideration 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 all fulfilled at the time the final product is delivered, which is also the time when revenue is recognized.

For the real estate development segment, the Company adopts the provisions of the Technical Interpretation 02 (OCPC 04), in accordance with CVM guidance, recognizing revenue over time (Percentage of Completion (PoC) method). No revenue under the PoC method was recorded to June 30, 2022 (R\$ 7,171 at June 30, 2021).

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 had customers that represented over 10% of its net revenue. The Company's three largest customers of sugar sales accounting for about 18% of net revenue; for the ethanol sold, the three largest customers accounted for 35%.

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

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

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

For land sales in installments for 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	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Gross sales revenue				
Domestic market	1,004,434	686,704	1,054,422	750,103
Foreign market	761,759	703,311	761,759	703,311
Gain/loss on derivatives	(10,452)	(77,878)	(10,452)	(77,878)
	<u>1,755,741</u>	<u>1,312,137</u>	<u>1,805,729</u>	<u>1,375,536</u>
Amortization of electric power supply contract (i)	-	-	(2,262)	(2,395)
	<u>1,755,741</u>	<u>1,312,137</u>	<u>1,803,467</u>	<u>1,373,141</u>
Taxes, contributions, and deductions on sales	(100,469)	(81,481)	(106,008)	(85,362)
	<u>1,655,272</u>	<u>1,230,656</u>	<u>1,697,459</u>	<u>1,287,779</u>

(i) Amortization of the electric power supply contracts entered into with BIO SC.

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

28 Costs and expenses by nature

Reconciliation of expenses by nature:

Parent company	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Depreciation and amortization (including biological assets harvested)	(511,588)	(364,450)	(512,919)	(365,984)
Raw materials and consumables	(397,237)	(291,409)	(381,799)	(275,829)
Personnel expenses	(130,027)	(137,767)	(131,564)	(138,742)
Maintenance parts and services	(45,021)	(33,335)	(45,104)	(33,485)
Freight on sales	(36,096)	(36,890)	(36,096)	(36,890)
Material for resale	(33,923)	(3,300)	(35,327)	-
Third-party services	(20,592)	(16,529)	(20,971)	(16,650)
Litigation	(9,089)	(4,919)	(9,146)	(5,038)
Other expenses	(49,368)	(37,142)	(52,442)	(48,423)
Change in the fair value of biological assets and agricultural produce	7,355	1,679	7,355	1,679
Cost of land sales	-	-	39	(87)
	(1,225,586)	(924,062)	(1,217,974)	(919,449)
<u>Classified as:</u>				
Cost of goods sold	(1,128,846)	(804,550)	(1,116,397)	(796,654)
Selling expenses	(43,315)	(41,164)	(46,171)	(43,450)
General and administrative expenses	(53,425)	(78,348)	(55,406)	(79,345)
	(1,225,586)	(924,062)	(1,217,974)	(919,449)

29 Other income, net

In the financial information, of the total unconsolidated balance in other income, R\$32,844 refers to extemporaneous tax credits on expenses that are recognized as essential for production (jurisprudential understanding).

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

30 Finance income (costs)

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Finance income				
Interest received and earned	75,771	7,878	83,708	10,268
Other income	1,908	1,527	3,411	5,003
PIS/COFINS on finance income	(3,597)	(431)	(3,715)	(522)
	74,082	8,974	83,404	14,749
Finance costs				
Interest on borrowings	(178,009)	(32,033)	(178,874)	(32,033)
Adjustment to present value (i)	(64,923)	(47,276)	(64,923)	(47,276)
Interest paid	(9,141)	(5,533)	(9,003)	(5,535)
Bank guarantee commission	(2,195)	(359)	(2,197)	(359)
Payables to Copersucar	(1,735)	(2,030)	(1,735)	(2,030)
Other expenses	(5,541)	(970)	(5,642)	(996)
	(261,544)	(88,201)	(262,374)	(88,229)
Exchange and monetary variation, net				
Trade receivables and payables	12,748	(20,022)	12,748	(20,022)
Available funds	3,995	(21,588)	3,995	(21,588)
Borrowings	(149,283)	11,189	(149,283)	11,189
	(132,540)	(30,421)	(132,540)	(30,421)
Derivatives - not designated for hedge accounting				
Gain/loss on swap transactions	3,825	(45,860)	3,825	(45,860)
Gain (loss) on ethanol transactions	(209)	3,101	(209)	3,101
Foreign exchange variation, net	2,110	(8,120)	2,110	(8,120)
Gain (loss) on sugar transactions	1,912	5,148	1,912	5,148
Gain (loss) on foreign exchange transactions	5,319	20,821	5,319	20,821
Cost of stock exchange transactions	(252)	(626)	(252)	(626)
	12,705	(25,536)	12,705	(25,536)
Finance income (costs)	(307,297)	(135,184)	(298,805)	(129,437)

(i) Mainly leases and agricultural partnerships payable

Notes to the quarterly information at June 30, 2022

All amounts in thousands of reais unless otherwise stated

31 Earnings per share

	2022	2021
Profit for the period attributed to stockholders of the Company	221,579	190,091
Weighted average number of common shares in the period - in thousands	346,375	346,375
Basic and diluted earnings per share - R\$	0.6397	0.5488

32 Insurance coverage

São Martinho maintains a standard program of safety, training, and quality in its units, reducing the risks of accidents, among others. Insurance coverage is considered sufficient (unreviewed information) to cover potential losses, from its assets and liabilities. Covered amounts are summarized below:

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.	1,102,462
Loss of Income	Loss of income due to material damages to facilities, buildings, industrial machinery and equipment, and power generation.	1,023,706
Civil Liability	Damages caused to third parties as a result of professional errors or omissions (E&O insurance).	2,435,010
Environmental Responsibility	Environmental accidents that may lead to breaches of environmental laws.	30,000

(i) Maximum coverage amount for the various assets and locations insured.

(ii) Insurance coverage against material damages (operating risks) to vehicles are excluded, as the reference used is 100% of the Economic Research Institute (FIPE) table.

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