

(A free translation of the original in Portuguese)

Quarterly information (ITR)

at September 30, 2023 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 September 30, 2023, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes.

The Company's executive board 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 quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended September 30, 2023. These statements are the responsibility of the Company's executive board and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for 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 the accounting standard CPC 09 - "Statement of 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 properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Ribeirão Preto, November 9, 2023

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

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

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

Contents

Balance sheet.....	2
Statement of income.....	3
Statement of comprehensive income	5
Statement of changes in equity.....	6
Statement of cash flows	7
Statement of value added.....	8
1. Operations.....	9
2. Summary of significant accounting policies.....	10
3. Significant accounting estimates and judgments.....	14
4. Cash and cash equivalents and financial investments	15
5. Trade receivables	16
6. Inventories and advances to suppliers	16
7. Biological assets	17
8. Taxes recoverable	19
9. Related parties	20
10. Investments.....	22
11. Property, plant and equipment	23
12. Intangible assets.....	26
13. Right-of-use assets, and lease and agricultural partnerships payable.....	27
14. Borrowings.....	31
15. Trade payables	33
16. Obligations and rights with Copersucar	33
17. Acquisition and disposal of ownership interest - payables and receivables.....	35
18. Equity.....	36
19. Profit sharing.....	38
20. Income tax and social contribution.....	38
21. Commitments	43
22. Provision for contingencies	43
23. Risk management and derivative financial instruments.....	47
24. Classification and fair value of financial instruments.....	55
25. Fair value.....	56
26. Segment information (Consolidated).....	58
27. Revenue	60
28. Costs and expenses by nature	61
29. Other income, net.....	62
30. Finance income (costs)	63
31. Earnings per share	64
32. Insurance coverage	64
33. Subsequent Events	65

Balance sheet

At September 30, and March 31, 2023

All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent company		Consolidated		LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023			September 30, 2023	March 31, 2023		
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	4	111,755	272,342	111,878	273,408	Borrowings	14	648,500	1,028,224	649,778	1,028,509
Financial investments	4	1,321,750	2,643,193	1,501,126	2,804,873	Leases payable	13	88,011	115,855	88,011	115,855
Trade receivables	5	328,841	259,493	363,615	274,904	Agricultural partnership payable	13	698,873	569,854	698,873	569,854
Derivative financial instruments	23	186,233	163,242	186,233	163,242	Derivative financial instruments	23	308,504	328,695	308,504	328,695
Inventories and advances to suppliers	6	2,407,987	687,944	2,377,088	694,118	Trade payables	15	457,140	294,679	416,486	281,311
Biological assets	7	1,222,114	1,160,568	1,222,114	1,160,568	Payables to Copersucar	16	13,944	13,539	13,944	13,539
Taxes recoverable	8	241,290	213,970	241,395	214,253	Salaries and social charges		253,106	193,597	254,511	195,162
Income tax and social contribution	20	84,119	93,631	84,152	93,880	Taxes payable		30,607	19,916	33,338	21,094
Other assets		29,963	6,530	32,291	8,229	Income tax and social contribution payable	20	-	-	11,764	8,490
TOTAL CURRENT ASSETS		5,934,052	5,500,913	6,119,892	5,687,475	Dividend payable	18	35	5,963	32	5,963
NON-CURRENT ASSETS						NON-CURRENT LIABILITIES					
Long-term receivables						Advances from customers		93,677	5,066	97,402	5,173
Financial investments	4	40,639	38,497	40,639	38,497	Acquisition of ownership interests	9 and 17	11,582	11,571	11,582	11,571
Inventories and advances to suppliers	6	130,230	224,678	130,230	224,678	Other liabilities		24,452	18,558	32,037	30,565
Derivative financial instruments	23	213,689	225,568	213,689	225,568	TOTAL CURRENT LIABILITIES		2,628,431	2,605,517	2,616,262	2,615,781
Taxes recoverable	8	211,354	228,308	213,725	230,676	NON-CURRENT LIABILITIES					
Income tax and social contribution	20	8,983	8,983	8,983	8,983	Borrowings	14	5,353,244	5,556,109	5,392,640	5,595,374
Judicial deposits	22	1,427,829	1,088,972	1,427,846	1,088,976	Leases payable	13	613,197	586,228	613,197	586,228
Trade receivables	5	-	-	34,398	40,692	Agricultural partnership payable	13	1,697,582	1,769,834	1,697,582	1,769,834
Other assets	9, 16 and 17	295,965	234,287	296,104	234,425	Derivative financial instruments	23	8,902	7,250	8,902	7,250
Total long-term receivables		2,328,689	2,049,293	2,365,614	2,092,495	Payables to Copersucar	16	156,592	162,986	156,592	162,986
Investments	10	1,735,095	1,720,098	52,021	47,798	Deferred income tax and social contribution	20	609,231	632,750	968,719	997,134
Property, plant and equipment	11	5,400,189	5,774,273	7,234,026	7,606,567	Provision for contingencies	22	110,142	110,706	111,014	111,541
Intangible assets	12	444,657	439,135	458,716	464,125	Taxes with suspended payment	16(b)	1,404,155	1,063,378	1,404,155	1,063,378
Right-of-use assets	13	2,906,871	2,925,325	2,906,871	2,925,325	Other liabilities		734	1,916	734	1,916
TOTAL NON-CURRENT ASSETS		12,815,501	12,908,124	13,017,248	13,136,310	TOTAL NON-CURRENT LIABILITIES		9,953,779	9,891,157	10,353,535	10,295,641
TOTAL ASSETS						EQUITY					
		18,749,553	18,409,037	19,137,140	18,823,785	Share capital	18	3,941,717	3,161,384	3,941,717	3,161,384
						Treasury shares		(139,997)	(139,997)	(139,997)	(139,997)
						Carrying value adjustments		1,096,964	1,062,480	1,096,964	1,062,480
						Revenue reserves		820,179	1,828,496	820,179	1,828,496
						Retained earnings		448,480	-	448,480	-
						TOTAL EQUITY		6,167,343	5,912,363	6,167,343	5,912,363
						TOTAL LIABILITIES AND EQUITY		18,749,553	18,409,037	19,137,140	18,823,785

The accompanying notes are an integral part of this quarterly information

Statement of income

Periods ended September 30, 2023 and 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company			
		September 30, 2023		September 30, 2022	
		Quarter	Six-month period	Quarter	Six-month period
Revenue	27	1,489,760	2,788,000	1,529,634	3,184,906
Cost of goods sold	28	(1,070,858)	(1,913,155)	(1,066,221)	(2,195,067)
Gross profit		418,902	874,845	463,413	989,839
Operating income (expenses)					
Selling expenses	28	(42,958)	(85,828)	(48,663)	(91,978)
General and administrative expenses	28	(77,136)	(170,167)	(54,362)	(107,787)
Equity in the results of investees	10	52,738	105,421	61,227	111,370
Other revenue, net	29	504,711	513,960	8,995	43,253
		437,355	363,386	(32,803)	(45,142)
Operating profit		856,257	1,238,231	430,610	944,697
Finance income (costs)	30				
Finance income		63,280	149,219	65,766	139,848
Finance costs		(222,112)	(510,107)	(178,521)	(440,065)
Monetary and foreign exchange variations, net		(31,844)	(84,895)	(35,144)	(167,684)
Derivatives		(95,290)	(7,334)	(32,256)	(19,551)
		(285,966)	(453,117)	(180,155)	(487,452)
Profit before income tax and social contribution		570,291	785,114	250,455	457,245
Income tax and social contribution	20(c)				
Current		(189,543)	(191,079)	(66,486)	(77,289)
Deferred		37,346	44,327	28,627	54,219
Profit for the period		418,094	638,362	212,596	434,175
Basic and diluted earnings per share - R\$	31	1.2071	1.8430	0.6138	1.2535

Statement of income

Periods ended September 30, 2023 and 2022

All amounts in thousands of reais

(continued)

	Note	Consolidated			
		September 30, 2023		September 30, 2022	
		Quarter	Six-month period	Quarter	Six-month period
Revenue	27	1,534,989	2,877,576	1,581,795	3,279,254
Cost of goods sold	28	(1,052,999)	(1,884,597)	(1,048,244)	(2,164,641)
Gross profit		481,990	992,979	533,551	1,114,613
Operating income (expenses)					
Selling expenses	28	(46,097)	(92,424)	(51,394)	(97,565)
General and administrative expenses	28	(85,091)	(180,618)	(61,116)	(116,522)
Equity in the results of investees	10	2,121	3,910	1,458	2,627
Other revenue, net	29	504,921	514,487	16,586	51,752
		375,854	245,355	(94,466)	(159,708)
Operating profit		857,844	1,238,334	439,085	954,905
Finance income (costs)	30				
Finance income		67,474	161,151	72,541	155,945
Finance costs		(222,619)	(512,019)	(178,721)	(441,095)
Monetary and foreign exchange variations, net		(31,844)	(84,895)	(35,144)	(167,684)
Derivatives		(95,290)	(7,334)	(32,256)	(19,551)
		(282,279)	(443,097)	(173,580)	(472,385)
Profit before income tax and social contribution		575,565	795,237	265,505	482,520
Income tax and social contribution	20(c)				
Current		(195,583)	(202,344)	(82,279)	(103,666)
Deferred		38,112	45,469	29,370	55,321
Profit for the period		418,094	638,362	212,596	434,175
Basic and diluted earnings per share - R\$	31	1.2071	1.8430	0.6138	1.2535

The accompanying notes are an integral part of this quarterly information

Statement of comprehensive income
Periods ended September 30, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

Parent company and Consolidated	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Profit for the period	418,094	638,362	212,596	434,175
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	(23,468)	(39,983)	10,411	16,148
Foreign exchange derivatives - Options / NDF	(38,538)	38,356	10,765	(106,179)
Foreign exchange differences on borrowings (Trade Finance)	3,127	85,156	3,501	39,897
	(58,879)	83,529	24,677	(50,134)
Recognized in operating income				
Commodity derivatives - Futures, options and forward contracts	6,636	52,385	(20,173)	12,318
Foreign exchange derivatives - Options / NDF	(39,791)	(81,416)	(29,093)	(56,453)
Foreign exchange differences on borrowings (Trade Finance)	-	6,573	-	5,321
	(33,155)	(22,458)	(49,266)	(38,814)
Write-off due to ineffectiveness				
Commodity derivatives - Futures, options and forward contracts	(248)	128	-	-
Foreign exchange derivatives - Options / NDF	-	-	6,853	6,853
	(248)	128	6,853	6,853
Total changes in the period				
Commodity derivatives - Futures, options and forward contracts	(17,080)	12,530	(9,762)	28,466
Foreign exchange derivatives - Options / NDF	(78,329)	(43,060)	(11,475)	(155,779)
Foreign exchange differences on borrowings (Trade Finance)	3,127	91,729	3,501	45,218
Deferred taxes on the items above	31,376	(20,808)	6,030	27,912
	(60,906)	40,391	(11,706)	(54,183)
Total comprehensive income for the period	357,188	678,753	200,890	379,992

The accompanying notes are an integral part of this quarterly information

Statements of changes in equity

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Carrying value adjustments											Retained earnings	Total
		Share capital	Treasury shares	Deemed cost		Hedge accounting	Others	Revenue reserves						
				Parent	Investees			Legal reserve	Capital budget reserve	Unrealized revenue reserve	Tax incentive reserve	Additional dividends		
At March 31, 2022		2,681,571	(139,997)	106,799	1,183,641	(190,610)	644	262,776	1,030,260	21,989	229,887	131,465	-	5,318,425
Capital increase with reserves	18(a)	479,813	-	-	-	-	-	-	(397,880)	-	(81,933)	-	-	-
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	(6,996)	64	-	-	-	-	-	-	-	6,932	-
Gain (loss) on derivate transactions - hedge accounting	18 (c. ii)	-	-	-	-	(54,183)	-	-	-	-	-	-	-	(54,183)
Transfer to tax incentive reserve	18(d)	-	-	-	-	-	-	-	-	-	103,460	-	(103,460)	-
Interest on capital paid	18(e)	-	-	-	-	-	-	-	-	-	-	-	(115,000)	(115,000)
Payment of prior year's additional dividends	18(e)	-	-	-	-	-	-	-	-	-	-	(131,465)	-	(131,465)
Carrying value adjustments of investees		-	-	-	-	-	70	-	-	-	-	-	-	70
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	434,175	434,175
At September 30, 2022		3,161,384	(139,997)	99,803	1,183,705	(244,793)	714	262,776	632,380	21,989	251,414	-	222,647	5,452,022
At March 31, 2023		3,161,384	(139,997)	97,889	1,183,966	(220,113)	738	313,563	911,987	16,057	317,821	269,068	-	5,912,363
Capital increase with reserves	18(a)	780,333	-	-	-	-	-	-	(632,380)	-	(147,953)	-	-	-
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	(6,199)	(3)	-	-	-	-	-	-	-	6,202	-
Gain (loss) on derivate transactions - hedge accounting	18 (c. ii)	-	-	-	-	40,391	-	-	-	-	-	-	-	40,391
Transfer to tax incentive reserve	18(d)	-	-	-	-	-	-	-	-	-	41,084	-	(41,084)	-
Interest on capital paid	18(e)	-	-	-	-	-	-	-	-	-	-	-	(155,000)	(155,000)
Payment of prior year's additional dividends	18(e)	-	-	-	-	-	-	-	-	-	-	(269,068)	-	(269,068)
Carrying value adjustments of investees		-	-	-	-	-	295	-	-	-	-	-	-	295
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	638,362	638,362
At September 30, 2023		3,941,717	(139,997)	91,690	1,183,963	(179,722)	1,033	313,563	279,607	16,057	210,952	-	448,480	6,167,343

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

Statement of cash flows
Six-month periods ended September 30, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flows from operating activities					
Profit for the period		638,362	434,175	638,362	434,175
Adjustments					
Depreciation and amortization	28	376,287	463,161	378,770	466,315
Biological assets harvested	28	453,773	485,153	453,773	485,153
Changes in the fair value of biological assets, agricultural produce, and CBIOs	28	(157,021)	18,640	(157,021)	18,640
Amortization of electric power supply contracts		-	-	7,218	5,007
Equity in the results of investees	10	(105,421)	(111,370)	(3,910)	(2,627)
Losses (gains) on investments and PP&E written off	11	(2,519)	(1,375)	(2,519)	(1,375)
Interest, monetary and foreign exchange variations, net		174,353	293,433	166,369	279,801
Derivative financial instruments		(15,244)	(19,217)	(15,244)	(19,217)
Setup of provision for contingencies, net	22.1	19,154	17,952	19,154	18,009
Income tax and social contribution	20 b	146,752	23,070	156,875	48,345
Taxes with suspended payment		340,777	41,384	340,777	41,384
Adjustment to present value and other adjustments		175,283	136,956	177,345	138,504
		2,044,536	1,781,962	2,159,949	1,912,114
Changes in assets and liabilities					
Trade receivables		(83,755)	(232,387)	(102,215)	(247,902)
Inventories		(947,404)	(967,133)	(910,331)	(935,532)
Taxes recoverable		17,056	(151,483)	17,507	(152,297)
Derivative financial instruments		(38,364)	(28,022)	(38,364)	(28,022)
Other assets		(346,912)	(20,777)	(346,943)	(20,646)
Trade payables		208,597	275,509	181,310	242,549
Salaries and social charges		59,509	18,708	59,349	18,853
Taxes payable		(202,555)	(99,092)	(203,210)	(99,372)
Payables to Copersucar		(8,217)	(10,268)	(8,217)	(10,268)
Provision for contingencies - settlement	22.1	(24,701)	(12,313)	(24,701)	(12,313)
Other liabilities		94,740	10,220	93,138	(1,219)
Cash from operations		772,530	564,924	877,272	665,945
Payment of interest on borrowings and financing	14	(280,954)	(166,093)	(281,654)	(166,313)
Deferred income tax and social contribution		-	(6,335)	(5,603)	(22,295)
Net cash provided by operating activities		491,576	392,496	590,015	477,337
Cash flows from investing activities					
Financial investments		520	(223)	520	(223)
Additions to property, plant and equipment and intangible assets	11 and 12	(213,444)	(450,667)	(217,503)	(465,771)
Additions to biological assets (planting and crop treatments)		(656,865)	(651,953)	(656,865)	(651,953)
Financial investments		1,442,497	1,248,971	1,437,720	1,260,711
Proceeds from sale of property, plant and equipment	11	4,417	3,599	4,417	3,599
Advance for future capital increase		-	(14,000)	-	-
Dividends received		91,700	112,600	1,156	1,723
Net cash provided by investing activities		668,825	248,327	569,445	148,086
Cash flows from financing activities					
Payments of lease agreements and partnerships	13	(311,808)	(328,402)	(311,808)	(328,402)
Proceeds from borrowings - third parties	14	97,000	70,000	97,000	88,000
Repayment of borrowings - third parties	14	(698,727)	(133,515)	(698,727)	(133,515)
Other receipts		710	-	710	-
Payment of dividends and interest on capital		(408,163)	(235,841)	(408,165)	(235,841)
Net cash used in financing activities		(1,320,988)	(627,758)	(1,320,990)	(609,758)
Net increase (decrease) in cash and cash equivalents		(160,587)	13,065	(161,530)	15,665
Cash and cash equivalents at the beginning of the period	4	272,342	114,874	273,408	114,903
Cash and cash equivalents at the end of the period	4	111,755	127,939	111,878	130,568
<u>Additional information</u>					
Balance of financial investments (current assets)	4	1,321,750	1,548,657	1,501,126	1,744,590
Total available funds	4	1,433,505	1,676,596	1,613,004	1,875,158

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

Statement of value added
Six-month periods ended September 30, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue				
Gross sales of goods and products	2,902,292	3,286,187	2,998,102	3,389,890
Revenue from construction of own assets	659,945	643,974	659,956	644,152
Other income	7,849	5,245	7,851	5,139
	<u>3,570,086</u>	<u>3,935,406</u>	<u>3,665,909</u>	<u>4,039,181</u>
Inputs acquired from third parties				
Cost of products and goods sold	(980,044)	(891,789)	(931,400)	(838,925)
Material, electricity, third-party services, and other operating expenses	(577,769)	(755,914)	(605,604)	(785,779)
	<u>(1,557,813)</u>	<u>(1,647,703)</u>	<u>(1,537,004)</u>	<u>(1,624,704)</u>
Gross value added	2,012,273	2,287,703	2,128,905	2,414,477
Depreciation and amortization	(376,287)	(463,161)	(378,770)	(466,315)
Biological assets harvested	(453,773)	(485,153)	(453,773)	(485,153)
Net value added generated by the entity	1,182,213	1,339,389	1,296,362	1,463,009
Value added received in transfer				
Equity in the results of investees	105,421	111,370	3,910	2,627
Finance income	328,970	363,978	340,902	380,248
Others	570,252	32,989	570,776	41,593
Total value added to be distributed	<u>2,186,856</u>	<u>1,847,726</u>	<u>2,211,950</u>	<u>1,887,477</u>
Distribution of value added				
Personnel and payroll charges				
Direct compensation	338,391	308,047	339,271	308,743
Benefits	123,337	114,088	124,104	114,742
Government Severance Indemnity Fund for Employees (FGTS)	32,010	28,291	32,071	28,358
Management compensation	45,393	(15,743)	46,138	(15,030)
Taxes, charges and contributions				
Federal	207,910	99,200	228,255	134,970
State	17,453	24,236	17,630	24,400
Municipal	1,008	1,346	1,185	1,646
Financing entities				
Interest	500,301	429,544	502,135	430,780
Rentals	4,934	2,485	4,954	2,496
Foreign exchange variations	165,997	311,454	165,997	311,500
Others	111,760	110,603	111,848	110,697
Payment of interest on capital	155,000	115,000	155,000	115,000
Retained earnings in the period	483,362	319,175	483,362	319,175
Value added distributed	<u>2,186,856</u>	<u>1,847,726</u>	<u>2,211,950</u>	<u>1,887,477</u>

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

Notes to the quarterly information September 30, 2023

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 supplies may also be affected by adverse climate conditions. Sugarcane crop takes up to 18 months to mature, and is harvested, in general, from April to December, which is also the period when sugar and ethanol are produced, and electric power is co-generated.

In March 2023, the corn ethanol plant started operations at Boa Vista Mill, with a capacity to process 495,000 metric tons of corn, 200,000 cubic meters of ethanol per harvest, in addition to the production of Distiller's Dried Grains with Solubles (DDGS) and corn oil.

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

The issue of this quarterly information was authorized by the Board of Directors on November 9, 2023.

Armed conflict between Russia and Ukraine

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

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

Climate risk management

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

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

The 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, 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).

This quarterly information has been prepared under the historical cost convention, as modified to reflect the deemed cost of property, plant and equipment upon transition to IFRS/CPC, and certain derivative financial instruments and biological assets measured at fair value. Disclosures are limited to all information of significance to the financial statements, being consistent with that used by management in the performance of its duties.

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

The Company recognizes the dividends received from its subsidiaries as cash flows from investing activities, since these dividends are considered 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 equity interest in the following wholly-owned companies:

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Company	Core activity
São Martinho Terras Agrícolas S.A. ("SM Terras Agrícolas")	Agricultural lease and partnership, rental and sale of real estate.
São Martinho Terras Imobiliárias S.A. ("SM Terras Imobiliárias") (i)	Sale and purchase of real estate, development and exploitation of real estate and mining enterprises.
Bioenergética São Martinho S.A. ("Bio SM")	Co-generation of electric power
Bioenergética Santa Cruz S.A. ("Bio SC")	Co-generation of electric power
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 companies.

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

2.3 Functional and presentation currency

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

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

a) Financial assets

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

b) Financial liabilities

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

c) Derivative financial instruments

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

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

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

2.6 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.

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

Recording acquisition costs

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

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

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

3. Significant accounting estimates and judgments

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

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

a) Impairment losses

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

b) Fair value of biological assets

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

c) Income tax, social contribution and other taxes

The Company recognizes provisions when it is probable 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. Where this is not feasible, a certain level of judgment is required to determine fair value with respect to data such as liquidity, credit risk, and volatility.

e) Provision for contingencies

São Martinho is a party to labor, civil and tax proceedings at different court levels. Provisions for contingencies to cover probable risks of losses arising from unfavorable outcome of ongoing lawsuits are determined and adjusted based on

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

management's assessment, under the advice of legal consultants, which requires a high degree of judgment.

f) Incremental borrowing rate on leases and agricultural partnerships

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

4. Cash and cash equivalents and financial investments

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

	Parent company			Consolidated		
	Annual yield	September 30, 2023	March 31, 2023	Annual yield	September 30, 2023	March 31, 2023
Cash and banks in Brazil		861	1,520		984	2,586
Cash and banks abroad (US Dollar)	3.6%	110,894	21,454	3.6%	110,894	21,454
Financial investments						
· Investments in foreign currency (i)	4.4%	-	249,368	4.4%	-	249,368
Total cash and cash equivalents		111,755	272,342		111,878	273,408
Financial investments						
· Investment fund	102.3% of CDI	1,055,461	2,404,356	102.3% of CDI	1,234,413	2,566,036
· Bank Deposit Certificate (CDB)	103.2% of CDI	266,289	238,837	103.2% of CDI	266,713	238,837
· Other (ii)	96.2% of CDI	40,639	38,497	96.2% of CDI	40,639	38,497
Total financial investments		1,362,389	2,681,690		1,541,765	2,843,370
Total cash and cash equivalents and financial investments		1,474,144	2,954,032		1,653,643	3,116,778
In non-current assets		40,639	38,497		40,639	38,497
Total available funds		1,433,505	2,915,535		1,613,004	3,078,281

(i) Time Deposits.

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

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

5. Trade receivables

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

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Domestic market customers	234,704	92,808	304,593	149,628
Foreign market customers	94,163	166,711	94,163	166,711
(-) Expected credit losses	(26)	(26)	(743)	(743)
	<u>328,841</u>	<u>259,493</u>	<u>398,013</u>	<u>315,596</u>
Current assets	(328,841)	(259,493)	(363,615)	(274,904)
Non-current assets	-	-	34,398	40,692

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Falling due:	327,976	259,458	396,384	315,177
Overdue and not provided for:				
Up to 30 days	374	1	161	92
Over 30 days	491	34	1,468	327
	<u>328,841</u>	<u>259,493</u>	<u>398,013</u>	<u>315,596</u>

Receivables include R\$ 5,640 and R\$ 463 in the Parent company and Consolidated, respectively (R\$ 1,987 and R\$ 397, respectively, at March 31, 2023), due from related parties (Note 9).

6. Inventories and advances to suppliers

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Current				
Finished products and work-in-process	1,707,882	98,396	1,670,814	98,396
Raw material – Corn (i)	293,481	251,944	293,481	251,944
Raw - material – Soybeans	1,295	1,558	1,295	1,558
Advances - purchases of sugarcane	55,498	45,235	55,498	45,235
Advances - purchases of inputs and finished products	102,302	76,593	102,302	76,593
RenovaBio - CBI Os (ii)	21,164	4,209	21,164	4,209
Land subdivisions	-	-	6,170	6,174
Inputs, maintenance materials and other	226,365	210,009	226,364	210,009
	<u>2,407,987</u>	<u>687,944</u>	<u>2,377,088</u>	<u>694,118</u>
Non-current				
Advances - purchases of sugarcane	130,230	224,678	130,230	224,678
	<u>130,230</u>	<u>224,678</u>	<u>130,230</u>	<u>224,678</u>
	<u>2,538,217</u>	<u>912,622</u>	<u>2,507,318</u>	<u>918,796</u>

Inventories are carried at average acquisition or production cost, adjusted, where necessary, by a provision for impairment. Inventories of land (land subdivisions)

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

relate to real estate developments and are stated at acquisition cost plus the fair value increment to reflect a revaluation in forming the new deemed cost.

- (i) Relates to the raw material acquired for the production process at the corn ethanol plant, which started in March 2023 (Note 1).
- (ii) On September 30, 2023, the Company had 244,000 registered decarbonization credits (Cbios) carried at net realizable value (60,000 Cbios on March 31, 2023).

7. Biological assets

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

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

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

- a) Cash inflows obtained by multiplying the: *i)* estimated production measured in kilograms of Total Recoverable Sugar (TRS) by *ii)* sugarcane futures market price, which is projected based on publicly-available data and price estimates of sugar and ethanol; and
- b) Cash outflows represented by the estimated *(i)* costs necessary for the biological transformation of sugarcane (crop treatments) up to the harvest; *(ii)* harvesting/cutting, loading, and transportation costs; *(iii)* capital costs (land and machinery and equipment); *(iv)* costs of leases and agricultural partnerships; and *(v)* taxes levied on positive cash flows.

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

Parent Company and Consolidated	September 30, 2023	March 31, 2023
Estimated total harvested area (ha)	248,666	244,695
Amount of TRS per hectare	11.38	11.45
Projected average price of TRS (in R\$)	1.25	1.11

For the current quarter, a discount rate of 11.8% p.a. was used to calculate the fair value of biological assets. (12.1% p.a. on March 31, 2023).

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 investment.

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

Changes in the fair value are recorded within "Biological assets", with a corresponding entry to "Changes in the fair value of biological assets" within "Cost of goods sold" in the statement of income.

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

Parent Company and Consolidated	September 30, 2023	September 30, 2022
Historical cost	1,351,751	1,263,787
Fair value	(191,183)	(44,506)
Biological assets - opening balance	1,160,568	1,219,281
Increases arising from crop treatments	396,115	441,490
Transfer from property, plant and equipment	349,328	140,377
Changes in fair value	155,418	4,201
Decreases resulting from harvest	(839,315)	(777,176)
Biological assets - closing balance	1,222,114	1,028,173
Comprised of:		
Historical cost	1,257,879	1,068,478
Fair value	(35,765)	(40,305)
Biological assets - closing balance	1,222,114	1,028,173

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 September 30, 2023, considering an increase/decrease in the following variables: (i) price of the sugarcane metric ton; and (ii) sugarcane production volume. The other variables were held constant. Accordingly, a 5% increase or decrease in the price of sugarcane metric ton would result in an increase or decrease of R\$ 103,033. For production volumes, the same 5% variation (up or down) would result in an increase or decrease of R\$ 99.891.

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

8. Taxes recoverable

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Current				
PIS and COFINS	143,225	139,922	143,307	139,963
ICMS	94,201	69,950	94,224	69,969
Reintegra	1,258	2,782	1,258	2,782
Others	2,606	1,316	2,606	1,539
	241,290	213,970	241,395	214,253
Non-current				
PIS and COFINS	125,616	116,394	125,616	116,394
ICMS	67,908	94,783	70,279	97,151
IOF on derivatives	10,015	9,701	10,015	9,701
INSS	7,815	7,430	7,815	7,430
	211,354	228,308	213,725	230,676
	452,644	442,278	455,120	444,929

Taxes recoverable arise from commercial transactions and tax prepayments.

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

9. Related parties

a) Parent company and Consolidated balances:

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Current assets				
Trade receivables (i)				
Bio BV	2,110	1,188	-	-
Bio SM	879	303	-	-
Bio SC	1,999	16	-	-
SM Terras Imobiliárias	138	27	-	-
SM Terras Agrícolas	10	12	-	-
Others	504	441	463	397
	5,640	1,987	463	397
Non-current assets				
Other assets				
Luiz Ometto Participações S.A. (Note 17)	19,590	19,590	19,590	19,590
	19,590	19,590	19,590	19,590
Current liabilities				
Trade payables				
SM Terras Agrícolas	42,311	16,316	-	-
SM Terras Imobiliárias	-	1,782	-	-
Bio SM	-	-	-	-
Bio SC	1,101	140	-	-
CTC - Centro de Tecnologia Canavieira S.A.	8,746	210	8,746	210
Others	57	15	57	15
	52,215	18,463	8,803	225
Acquisition of ownership interest				
Luiz Ometto Participações S.A. (Note 17)	11,582	11,571	11,582	11,571
	11,582	11,571	11,582	11,571
Current and non-current liabilities				
Leases and agricultural partnerships payable from stockholders and related parties				
	625,362	612,986	518,443	508,779

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

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Sales revenue				
Bio BV	5,336	6,591	-	-
Bio SM	5,141	5,607	-	-
Bio SC	2,798	4,850	-	-
	13,275	17,048	-	-
Reimbursed expenses / Lease revenue (purchase of products and services)				
SM Terras Agrícolas	(57,449)	(55,171)	-	-
CTC - Centro de Tecnologia Canavieira S.A.	(15,811)	(16,896)	(15,121)	(16,172)
SM Terras Imobiliárias	(14,333)	(14,456)	-	-
Bio SC	(508)	(743)	-	-
Bio BV	258	59	-	-
Bio SM	95	52	-	-
	(87,748)	(87,155)	(15,121)	(16,172)
Stockholders and related parties				
Sugarcane purchases / land leases / agricultural partnership and land lease/ reimbursed expenses				
Agro Pecuária Boa Vista S/A	(29,178)	(30,586)	(29,178)	(30,586)
Others	(16,961)	(12,437)	(17,113)	(12,637)
	(46,139)	(43,023)	(46,291)	(43,223)

Sales revenue relates to 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 among the parties.

c) Management compensation:

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

	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Fixed and variable compensation, and benefits	19,871	28,296	21,092	29,363
Social security contributions	3,950	2,265	4,168	2,265
Total compensation and charges	23,821	30,561	25,260	31,628

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.

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

The carrying amount of the liability reflects the new fair value calculation of the Virtual Option Plan is R\$ 39,944 (R\$ 12,556 on March 31, 2023).

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

Plan	8th Plan	9th Plan	10th Plan	11th Plan	12th Plan	13th Plan	14th Plan	Total
Plan issue date	12/12/2016	02/05/2018	10/12/2018	09/12/2019	14/12/2020	13/12/2021	12/12/2022	
Deadline for exercise	2023	2024	2025	2026	2027	2028	2029	
Number of virtual options granted	727,273	882,074	1,133,513	1,072,712	754,980	563,175	1,463,211	6,596,938
Number of virtual options exercised/cancelled	(727,273)	(882,074)	(828,137)	(428,686)	(82,211)	(24,896)	(56,325)	(3,029,602)
Number of virtual options to be exercised	-	-	305,376	644,026	672,769	538,279	1,406,886	3,567,336
Exercise price (R\$)	17.70	17.76	19.07	19.38	24.22	37.17	27.44	

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

10. Investments

The Parent company and Consolidated balance of investments in other companies is as follows:

Company	Ownership interest %	Parent company					
		Equity		Book value of investment		Equity in the results of investees	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	September 30, 2022
Classified as Investments							
SM Terras Agrícolas	100.00%	847,033	839,802	818,450	839,802	25,398	25,581
SM Terras Imobiliárias	100.00%	678,275	686,649	670,932	686,996	7,593	7,297
Bio SC	100.00%	85,556	47,593	89,403	58,726	35,862	23,232
SM Inova	100.00%	46,176	42,361	46,176	42,361	3,927	2,597
Bio SM	100.00%	42,734	27,805	42,734	27,805	13,949	19,695
Bio BV	100.00%	36,057	32,123	36,057	32,123	19,634	32,922
Bioenergia SM	100.00%	30,196	31,189	30,196	31,189	(993)	10
SM Logística	100.00%	1,147	1,097	1,147	1,096	51	36
Total classified as Investments		1,767,174	1,708,619	1,735,095	1,720,098	105,421	111,370

Company	Ownership interest %	Consolidated					
		Equity		Book value of investment		Equity in the results of investees	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	September 30, 2022
Classified as Investments							
CTC - Centro de Tecnologia Canavieira S.A. (i)	5.41%	933,863	862,600	50,563	46,705	3,910	2,544
Others		-	-	1,458	1,093	-	83
Total classified as Investments		933,863	862,600	52,021	47,798	3,910	2,627

(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.



Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

Changes in investments during the period were as follows:

Changes in investments	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Balance at the beginning of the period	1,720,098	1,751,559	47,798	45,565
Equity in the results of investees	105,421	111,370	3,910	2,627
Dividends distributed	(90,720)	(112,600)	-	(1,723)
Other effects of investments	296	71	313	71
Balance at the end of the period	1,735,095	1,750,400	52,021	46,540

11. Property, plant and equipment

The assets' net book values and useful lives, as well as the depreciation methods, are reviewed at each 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 replaced items due to wear and tear during the crop period are recorded as assets, and depreciated during the subsequent crop season. Maintenance costs that do not affect the useful lives of the assets are recognized as expenses when incurred. The replaced items are written-off.

Sugarcane plantations are formed from the bearer plants. Sugarcane is classified as a permanent crop and its economically productive cycle lasts, on average, eight years from the first harvest. Interest 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 September 30, 2023

All amounts in thousands of reais unless otherwise stated

Parent company	Land	Buildings and facilities	Manufacturing equipment and facilities	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Other PP&E	Total
At March 31, 2022	96,046	418,728	1,364,798	335,601	452,155	1,521,169	724,727	43,411	4,956,635
Acquisitions	-	41	2,044	14,588	16,319	212,835	375,024	2,652	623,503
Off-season maintenance (i)	-	-	8,280	2,970	4,585	-	-	-	15,835
Transfer of PP&E/biological assets	-	-	-	-	-	(140,377)	-	-	(140,377)
Cost of sale	-	-	(13)	(377)	(1,804)	(30)	-	-	(2,224)
Transfer between groups	-	61,485	48,501	402	(3,886)	3,886	(111,277)	889	-
Depreciation	-	(8,866)	(243,828)	(80,830)	(128,443)	-	-	(6,430)	(468,397)
At September 30, 2022	96,046	471,388	1,179,782	272,354	338,926	1,597,483	988,474	40,522	4,984,975
Total cost	96,046	607,119	2,272,838	553,079	846,627	1,597,483	988,474	195,751	7,157,417
Accumulated depreciation	-	(135,731)	(1,092,732)	(280,852)	(507,895)	-	-	(155,232)	(2,172,442)
Net book value	96,046	471,388	1,180,106	272,227	338,732	1,597,483	988,474	40,519	4,984,975
At March 31, 2023	96,046	549,447	1,869,358	361,580	421,743	1,835,266	605,699	35,134	5,774,273
Acquisitions	-	3,101	2,364	984	16,633	262,925	129,171	549	415,727
Off-season maintenance (i)	-	-	12,210	3,994	5,524	-	-	-	21,728
Transfer of PP&E/biological assets	-	-	-	-	-	(349,328)	-	-	(349,328)
Cost of sale	-	-	(45)	(965)	(888)	-	-	-	(1,898)
Transfer between groups	-	18,103	3,329	9,058	17,856	4,598	(54,597)	1,653	-
Depreciation	-	(10,116)	(255,004)	(79,570)	(110,442)	-	-	(5,181)	(460,313)
At September 30, 2023	96,046	560,535	1,632,212	295,081	350,426	1,753,461	680,273	32,155	5,400,189
Total cost	96,046	712,150	2,825,946	601,337	864,545	1,753,461	680,273	195,964	7,729,722
Accumulated depreciation	-	(151,615)	(1,193,734)	(306,256)	(514,119)	-	-	(163,809)	(2,329,533)
Net book value	96,046	560,535	1,632,212	295,081	350,426	1,753,461	680,273	32,155	5,400,189
Residual value:									
Historical cost	24,759	504,375	1,482,615	281,455	338,976	1,753,461	680,273	32,155	5,098,069
Surplus on revaluation	71,287	56,160	149,597	13,626	11,450	-	-	-	302,120
Annual average depreciation rates/ Transfer of biological assets	-	3%	4%	7%	8%	14%	-	13%	

Notes to the quarterly information at September 30, 2023

All amounts in thousands of reais unless otherwise stated

Consolidated	Land	Buildings and facilities	Manufacturing equipment and facilities	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Improvements and other PPE	Total
At March 31, 2022	1,816,933	419,701	1,429,721	335,599	452,156	1,521,169	752,518	43,412	6,771,209
Acquisitions	-	41	2,044	14,588	16,319	212,835	390,134	2,652	638,613
Off-season maintenance (i)	-	-	8,418	2,970	4,585	-	-	-	15,973
Transfer of biological assets	-	-	-	-	-	(140,377)	-	-	(140,377)
Cost of sale	(178)	-	(13)	(377)	(1,804)	(30)	-	-	(2,402)
Transfer between groups	-	61,485	48,501	402	(3,886)	3,886	(111,277)	889	-
Depreciation	-	(8,903)	(247,061)	(80,831)	(128,443)	-	-	(6,430)	(471,668)
At September 30, 2022	1,816,755	472,324	1,241,610	272,351	338,927	1,597,483	1,031,375	40,523	6,811,348
Total cost	167,067	412,253	1,064,024	238,551	321,111	1,597,483	1,031,375	40,523	4,872,387
Accumulated depreciation	1,649,688	60,070	177,909	33,674	17,620	-	-	-	1,938,961
Net book value	1,816,755	472,323	1,241,933	272,225	338,731	1,597,483	1,031,375	40,523	6,811,348
At March 31, 2023	1,816,755	550,378	1,931,129	361,579	421,743	1,835,266	654,580	35,137	7,606,567
Acquisitions	2,250	3,101	2,386	984	16,633	262,925	130,961	549	419,789
Off-season maintenance (i)	-	-	12,210	3,994	5,524	-	-	-	21,728
Transfer of biological assets	-	-	-	-	-	(349,328)	-	-	(349,328)
Cost of sale	(2)	-	(45)	(965)	(886)	-	-	-	(1,898)
Transfer between groups	-	18,103	3,329	9,058	17,856	4,598	(54,597)	1,653	-
Depreciation	-	(10,147)	(257,491)	(79,570)	(110,443)	-	-	(5,181)	(462,832)
At September 30, 2023	1,819,003	561,435	1,691,518	295,080	350,427	1,753,461	730,944	32,158	7,234,026
Total cost	1,819,003	715,212	2,927,480	601,336	864,546	1,753,461	730,944	195,976	9,607,958
Accumulated depreciation	-	(153,777)	(1,235,962)	(306,256)	(514,119)	-	-	(163,818)	(2,373,932)
Net book value	1,819,003	561,435	1,691,518	295,080	350,427	1,753,461	730,944	32,158	7,234,026
Residual value:									
Historical cost	169,315	504,465	1,528,937	281,454	338,977	1,753,461	730,944	32,158	5,339,711
Surplus on revaluation	1,649,688	56,970	162,581	13,626	11,450	-	-	-	1,894,315
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	7%	9%	14%	-	13%	

(i) For better presentation of the balances, off-season maintenance costs are distributed across the PP&E categories (also adjusted in 2022, for comparison purposes).

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

The amount recorded within "Construction in progress" refers primarily to the construction of the cogeneration thermoelectric power plant (UTE) phase II, expected to conclude by the end of the harvest season.

Under the terms of certain borrowing agreements entered into by São Martinho, property, plant and equipment items totaling R\$ 821,106 were pledged as collateral, of which R\$ 32,364 relates to rural properties (1,243 hectares of land).

Financial charges capitalized by the Company during the period amounted to R\$ 3,890 (R\$ 6,915 at September 30, 2022).

12. Intangible assets

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

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

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Goodwill based on future profitability (i)	374,632	374,632	374,632	374,632
Software	88,514	43,438	88,514	43,438
Accumulated amortization	(37,047)	(34,586)	(37,047)	(34,586)
Software under development - SAP S/4HANA	-	36,452	-	36,452
Rights on sugarcane contracts (ii)	42,443	42,443	42,443	42,443
Amortization of rights on sugarcane contracts (ii)	(25,408)	(24,610)	(25,408)	(24,610)
Cost of rights on electric power contracts (iii)	-	-	103,401	103,401
Amortization of rights on electric power contracts (iii)	-	-	(101,005)	(90,068)
Other assets	1,523	1,366	13,186	13,023
	444,657	439,135	458,716	464,125

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



Impairment of non-financial assets

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

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

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

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

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

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

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

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

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Definitions used:

Lease

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, in exchange for consideration. Accordingly, agricultural partnership agreements, although having a different legal form, were accounted for as leases.

The Company as the Lessee

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

The Company as the Lessor

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

a) Changes in right-of-use assets

Right-of-use assets	Parent Company and Consolidated			
	Vehicles	Agricultural partnership	Agricultural lease	Total
At March 31, 2022	4,439	2,452,464	627,409	3,084,312
New contracts	6,546	146,589	244,395	397,530
Write-offs	(32)	-	-	(32)
Depreciation	(3,847)	(227,455)	(50,871)	(282,173)
At September 30, 2022	7,106	2,371,598	820,933	3,199,637
At March 31, 2023	21,094	2,233,580	670,651	2,925,325
New contracts	5,075	234,068	1,805	240,948
Write-offs	(884)	-	-	(884)
Depreciation	(7,903)	(202,272)	(48,343)	(258,518)
At September 30, 2023	17,382	2,265,376	624,113	2,906,871
Useful lives (years)	1 to 2	2 to 29	2 to 20	

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

b) Changes in lease and agricultural partnership liabilities

	Parent Company and Consolidated		
	Leases payable	Agricultural partnership	Total
At March 31, 2022	621,532	2,385,319	3,006,851
Offset of advances	-	(11,796)	(11,796)
New contracts	250,941	146,589	397,530
Write-offs	(43)	-	(43)
Payments made	(78,008)	(250,394)	(328,402)
Financial charges	32,577	106,982	139,559
At September 30, 2022	826,999	2,376,700	3,203,699
At March 31, 2023	702,083	2,339,688	3,041,771
Offset of advances	-	(53,006)	(53,006)
New contracts	6,880	234,068	240,948
Write-offs	(1,079)	-	(1,079)
Payments made	(80,618)	(231,190)	(311,808)
Financial charges	73,942	106,895	180,837
At September 30, 2023	701,208	2,396,455	3,097,663
Total in current liabilities	88,011	698,873	786,884
Total in non-current liabilities	613,197	1,697,582	2,310,779
At September 30, 2023	701,208	2,396,455	3,097,663

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

Maturity	Parent Company and Consolidated
From 10/1/2024 to 9/30/2025	590,394
From 10/1/2025 to 9/30/2026	549,328
From 10/1/2026 to 9/30/2027	463,836
From 10/1/2027 to 9/30/2028	377,878
From 10/1/2028 to 9/30/2029	293,593
From 10/1/2029 to 9/30/2030	251,613
From 10/1/2030 to 9/30/2031	212,100
From 10/1/2031 onwards	834,461
(-) Adjustment to present value	(1,262,424)
	2,310,779

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

Parent Company and Consolidated	Agricultural lease	Adjustment to present value
Lease payment	864,988	292,352
Potentially recoverable PIS/COFINS (9.25%)	(60,136)	(19,875)
September 30, 2023	804,852	272,477

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

Parent Company and Consolidated	
Contract terms	Incremental rate
2 years	8.61%
3 years	9.12%
4 years	9.09%
5 years	9.85%
6 years	10.28%
7 years	10.21%
8 years	9.29%
9 years	10.79%
10 years	8.73%
11 years	9.52%
From 12 to 30 years	10.46%

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

Additionally, in compliance with CVM Circular Letter 02/2019, comparative information on lease and agricultural partnership liabilities, right-of-use assets, deferred taxes, depreciation expense and finance costs for the six-month period ended September 30, 2023 and future periods is presented below, using a discounted cash flow that considers future inflation projected in the payment flows, and discounted at the nominal rates presented above:

Parent Company and Consolidated	From 10/1/2024 to 9/30/2025	From 10/1/2025 to 9/30/2026	From 10/1/2026 to 9/30/2027	From 10/1/2027 to 9/30/2028	From 10/1/2028 to 9/30/2029	From 10/1/2029 to 9/30/2034	From 10/1/2034 to 9/30/2039	From 10/1/2039 onwards
Right-of-use assets								
IFRS 16	2,358,958	1,920,366	1,511,375	1,181,835	925,793	256,488	60,015	-
CVM Official Letter	3,408,971	2,804,423	2,245,992	1,779,266	1,408,407	406,538	96,923	-
	44.51%	46.04%	48.61%	50.55%	52.13%	58.50%	61.50%	N/A
Lease liability and agricultural partnership								
IFRS 16	2,252,157	1,832,685	1,447,018	1,131,701	885,238	248,949	52,841	-
CVM Official Letter	3,261,592	2,691,875	2,162,431	1,717,930	1,362,660	497,169	133,722	-
	44.82%	46.88%	49.44%	51.80%	53.93%	99.71%	153.06%	N/A
Amortization expense								
IFRS 16	(530,530)	(438,592)	(408,992)	(329,539)	(256,042)	(669,305)	(196,474)	(60,015)
CVM Official Letter	(746,842)	(604,547)	(558,432)	(466,726)	(370,858)	(1,001,869)	(309,615)	(96,923)
	40.77%	37.84%	36.54%	41.63%	44.84%	49.69%	57.59%	61.50%
Interest expenses								
IFRS 16	(167,793)	(165,602)	(161,793)	(149,660)	(134,472)	(478,374)	(176,175)	(83,601)
CVM Official Letter	(226,603)	(217,524)	(213,888)	(200,142)	(183,375)	(765,080)	(257,716)	(136,125)
	35.05%	31.35%	32.20%	33.73%	36.37%	59.93%	46.28%	62.83%
	IFRS 16/CPC 06	CVM Official Letter						
Amortization expense	(2,889,489)	(4,155,812)						
Interest expenses	(1,517,470)	(2,200,453)						
	(4,406,959)	(6,356,265)						



Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

14. Borrowings

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

Type	Annual charges		Parent company		Consolidated	
	Rate	Index	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
In local currency						
BNDES credit facility	2.1%	+TJLP	98,116	105,197	98,116	105,197
BNDES credit facility	4.0%	+IPCA	897,936	815,861	938,610	855,411
BNDES credit facilities (ii)	5.4%	Fixed rate	142,418	164,777	142,418	164,777
FINEP	3.4%	Fixed rate	63,578	23,641	63,578	23,641
Agro Export	0.6%	+CDI	98,976	92,286	98,976	92,286
Rural credit (ii)	8.0%	Fixed rate	177,981	339,355	177,981	339,355
Agribusiness Receivable Certificate (CRA)	98.5%	CDI	876,039	929,719	876,039	929,719
Agribusiness Receivable Certificate (CRA)	4.7%	+IPCA	293,028	551,500	293,028	551,500
Debentures (iv)	6.0%	+IPCA	2,274,373	2,197,001	2,274,373	2,197,001
International Finance Corporation (IFC)	1.5%	+CDI	310,686	312,571	310,686	312,571
Other securitized credits	3.0%	+IGP-M/ Fixed rate	29	29	29	29
Total in local currency	102.9%	CDI	5,233,160	5,531,937	5,273,834	5,571,487
In foreign currency						
Export prepayment (PPE) (V)	1.7%	6M Sofr	350,970	590,090	350,970	590,090
International Finance Corporation (IFC) (vii)	1.9%	6M Sofr	417,614	462,306	417,614	462,306
Total in foreign currency	5.6%		768,584	1,052,396	768,584	1,052,396
TOTAL (i)			6,001,744	6,584,333	6,042,418	6,623,883
Total in current liabilities			648,500	1,028,224	649,778	1,028,509
Total in non-current liabilities			5,353,244	5,556,109	5,392,640	5,595,374
			6,001,744	6,584,333	6,042,418	6,623,883

- (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 SOFR yield curves.
- (ii) 72.5% of the BNDES credit facilities at fixed rate is linked to 53.5% of the DI rate, through a swap contract.
- (iii) 100% of the rural credit amount is linked to 72.95% of the DI rate, through a swap contract.
- (iv) 25.3% debentures are linked to the DI rate +1.1% p.a., 23.5% to the DI rate + 1.4% p.a., and the remaining 51.2%, to 108.2% of the DI rate, through a swap contract.
- (v) 70.7% of the Export Credit Note (PPE) amount indexed to SOFR is linked to the DI rate + +0.83% p.a., through a swap contract.
- (vi) 55% of the borrowing with *International Finance Corporation* (IFC) is linked to the DI rate +1.15% p.a., and 45% is linked to a fixed rate of 5.0%, through a swap contract.

Long-term derivative swap contracts are highly sensitive to any variations in future inflation curves, notably the IPCA, which can significantly impact their mark-to-market valuation over time. However, it is essential to emphasize that, at the end of the contracts, the effective cost will be firmly anchored in CDI plus a fixed percentage, thus offering a clear and stable financial perspective.

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Changes in borrowings during the period were as follows:

Changes in debt	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Balance at the beginning of the period	6,584,333	5,868,315	6,623,883	5,888,349
Proceeds from borrowings	97,000	70,000	97,000	70,000
Repayment of principal	(698,727)	(108,608)	(698,727)	(107,743)
Payment of interest	(280,954)	(108,488)	(281,654)	(108,488)
Provision for interest/indexation accruals	315,410	177,964	317,234	177,964
Foreign exchange variation	(15,318)	112,885	(15,318)	112,885
Balance at the end of the period	6,001,744	6,012,068	6,042,418	6,032,967

Long-term borrowings mature as follows:

	Parent company	Consolidated
From 10/1/2024 to 9/30/2025	1,096,895	1,103,236
From 10/1/2025 to 9/30/2026	636,331	640,919
From 10/1/2026 to 9/30/2027	259,396	261,327
From 10/1/2027 to 9/30/2028	408,018	410,018
From 10/1/2028 to 9/30/2029	405,310	406,176
From 10/1/2029 to 9/30/2030	395,139	396,079
From 10/1/2030 to 9/30/2031	387,907	388,923
From 10/1/2031 to 9/30/2032	725,813	728,112
From 10/1/2032 to 9/30/2033	102,183	104,564
From 10/1/2033 onwards	936,252	953,286
	5,353,244	5,392,640

São Martinho's debt, of R\$ 821,106, is collateralized as follows: 96% by liens on equipment, vehicles, 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, which is based on discounted cash flows using a borrowing rate of 10.9% p.a. (12,3% p.a. on March 31, 2023) and classified within Level 2 of the fair value hierarchy.

Covenants

Borrowings of R\$ 4,395,320 include financial covenants that are determined and measured annually. The Company was in compliance with these covenants for the periods presented.



Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

15. Trade payables

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Sugarcane	173,560	37,120	131,783	19,022
Corn	26,380	-	26,380	-
Materials, services, and other	257,200	257,559	258,323	262,289
	457,140	294,679	416,486	281,311

Of the total amount of trade payables, R\$ 52,215 in the Parent company, and R\$ 8,803 in the Consolidated (R\$ 18,463 and R\$ 225, respectively, on March 31, 2023) refer to related parties (Note 9).

16. Obligations and rights with Copersucar

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

a) Obligations:

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

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



Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Parent Company and Consolidated	September 30, 2023	March 31, 2023
REFIS - Copersucar - Interest accruals based on the SELIC rate	15,023	21,341
Exchange Bill (LC) - Interest accruals based on the SELIC rate	78,250	76,591
Exchange Bill (LC) - Transfer of funds without imposition of charges	52,356	52,356
Expenses with tax proceedings	22,607	23,937
Others	2,300	2,300
	170,536	176,525
Current liabilities	(13,944)	(13,539)
Non-current liabilities	156,592	162,986

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

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

b) Rights:

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

The lawsuits in which Copersucar is the plaintiff include a claim against the Federal Government seeking compensation for damages arising from a mandatory freeze of sugar and ethanol prices in the 1980s. In June 2017, the first court-ordered debt security of R\$ 5.6 billion was issued (of which R\$ 730.5 million is due to the Company), and in June 2018, a supplementary court-ordered debt payment 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 below.

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

	2019	2020	2021	2022	2023	2024
	March 2019	December 2019	September 2020	October 2021	October 2022	July 2023
Copersucar rights						
1st Court-ordered debt security	906,287	1,059,956	1,083,223	1,174,400	1,346,041	1,418,483
Supplementary court-ordered debt security	-	1,724,797	1,974,578	2,138,858	2,450,167	2,595,166
Court-ordered debt securities - Copersucar	906,287	2,784,753	3,057,801	3,313,258	3,796,208	4,013,649
SMSA portion	150,563	462,634	507,996	550,436	630,668	666,792
PIS/COFINS withheld - Copersucar	(13,927)	(42,794)	(46,990)	(50,915)	(58,337)	(61,678)
Transfer to Luiz Ometto Participações S.A.	(3,313)	(24,119)	(26,700)	(28,697)	(33,226)	(35,296)
Other withholdings and expenses	(26,824)	(46,665)	(51,266)	(55,348)	(63,489)	(66,984)
Other net revenue - SMSA	106,499	349,056	383,040	415,476	475,616	502,834

Upon transferring the funds, Copersucar withheld a portion to cover legal costs related to the disputed PIS and COFINS on the compensation received, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. At September 30, 2023, the balance receivable from Copersucar, of R\$ 274,641 (R\$ 212,963 at March 31, 2023) was recognized within "Other non-current assets". The Company, in line with the measures taken by Copersucar, also filed a lawsuit, supported by a judicial deposit, claiming the suspension of the enforceability of IRPJ/CSLL/PIS/COFINS payment. The judicial deposit was provisioned within "Taxes with suspended payment"

As established in the Agreement for Purchase and Sale of Shares of Santa Cruz S.A. Açúcar e Álcool ("USC"), the Company transferred R\$ 151,351 to Luiz Ometto Participações S.A.

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

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

Parent Company and Consolidated	Acquisitions	Disposals	Net balance
	Usina Santa Cruz	Agro Pecuária Boa Vista	
At March 31, 2022	(62,745)	59,076	(3,669)
Inflation adjustment	(3,841)	3,617	(224)
Repayment of interest	3,817	(3,594)	223
At September 30, 2022	(62,769)	59,099	(3,670)
At March 31, 2023	(31,400)	39,419	8,019
Inflation adjustment	(1,967)	2,476	509
Repayment of interest	2,007	(2,527)	(520)
At September 30, 2023	(31,360)	39,368	8,008
Classified as:			
Acquisition of ownership interests - current liabilities			(11,582)
Other non-current assets			19,590
			8,008



Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

	(Acquisition) / Disposal
Jan/2024	(11,582)
Jan/2025	19,590
	<u>8,008</u>

18. Equity

a) Share capital

At the reporting date, share capital amounted to R\$ 3,161,384 (R\$ 3,161,384 on March 31, 2023), represented by 354,011,329 registered common shares without par value.

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

At the Extraordinary General Meeting held on July 28, 2023, the stockholders approved a capital increase of R\$ 780,333, through the capitalization of R\$ 632,380 from the Capital Budget Reserve and R\$ 147,953 from the Tax Incentive Reserve.

b) Treasury shares

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

c) Carrying value adjustments

Deemed cost

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



Hedge accounting fair value

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

d) Revenue reserves

Legal reserve

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

Capital budget reserve

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

Unrealized profit reserve

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

Tax incentive reserve

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

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

The amount of the 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 may not be allocated as dividends, a tax incentive reserve is set up at the amount determined for the grant, with a corresponding entry to "Retained earnings".

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

At the reporting date, the incentive benefit amounted to R\$ 41,084 in the Parent company and Consolidated (R\$ 103,460 on September 30, 2022 of which R\$ 59,138 related to ICMS Produzir and R\$ 44,322 to the credit granted).

e) Dividends and interest on capital

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

The Board of Directors' meeting held on June 20, 2022 approved the prepayment of stockholders' compensation, in the gross amount of R\$ 115,000, paid as interest on capital; furthermore, the Board of Directors' meeting held on June 19, 2023, approved the prepayment of stockholders' compensation, in the gross amount of R\$ 155,000, paid as interest on capital.

At the Annual General Meeting held on July 28, 2023, the stockholders approved the payment of additional dividends of R\$ 269,068, as proposed by management for the year ended March 31, 2023. This amount, increased by R\$5,932 transferred from the unrealized profit reserve, totaled R\$275,000, which was paid to the stockholders on August 15, 2023.

19. Profit sharing

As part of its policy, the Company manages a profit-sharing program for its employees, linked to a pre-agreed plan of operating and financial targets. Profit sharing in the period ended September 30, 2023 totaled R\$ 37,977 in the Parent company and R\$ 38,031 in the Consolidated (R\$ 34,659 and R\$ 34,710 in the Parent company and Consolidated, respectively, at September 30, 2022).

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 this interim accounting information.

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.

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

a) Balances

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Current assets				
. Income tax and social contribution recoverable	84,119	93,631	84,152	93,880
Debits in current liabilities				
. Income tax and social contribution payable	-	-	11,764	8,490

b) Changes in deferred income tax and social contribution

Parent company	June 30, 2023	Quarter		September 30, 2023
		Recognized in the statement of income	Recognized in other comprehensive income	
Income tax and social contribution losses	48,433	57,872	-	106,305
Exclusion of IRPJ/CSLL on tax overpayments (20.1)	6,937	-	-	6,937
Derivative financial instruments	22,044	(58,427)	31,376	(5,007)
Provision for contingencies	109,571	20,613	-	130,184
Foreign exchange gains	(935)	7,659	-	6,724
Other assets	112,200	(3,407)	-	108,793
Total deferred income and social contribution tax assets	298,250	24,310	31,376	353,936
Surplus on revaluation of PP&E (deemed cost)	(106,131)	3,220	-	(102,911)
Accelerated depreciation incentive	(609,572)	13,349	-	(596,223)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(50,628)	-	-	(50,628)
Other liabilities	(11,913)	(3,533)	-	(15,446)
Total deferred income and social contribution tax liabilities	(976,203)	13,036	-	(963,167)
Deferred income tax and social contribution	(677,953)	37,346	31,376	(609,231)

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

Consolidated	June 30, 2023	Quarter			September 30, 2023
		Recognized in the statement of income	Recognized in other comprehensive income	Consolidation adjustment - Rights on electric power contracts	
Income tax and social contribution losses	48,433	57,872	-	-	106,305
Exclusion of IRPJ/CSLL on tax overpayments (20.1)	6,937	-	-	-	6,937
Derivative financial instruments	22,044	(58,427)	31,376	-	(5,007)
Provision for contingencies and other liabilities	109,571	20,613	-	-	130,184
Foreign exchange gains	(935)	7,659	-	-	6,724
Other assets	112,205	(3,406)	-	-	108,799
Total deferred income and social contribution tax assets	298,255	24,311	31,376	-	353,942
Surplus on revaluation of PP&E (deemed cost)	(459,019)	3,220	-	-	(455,799)
Accelerated depreciation incentive	(609,572)	13,349	-	-	(596,223)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(4,260)	-	-	2,278	(1,982)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange losses	(50,628)	-	-	-	(50,628)
Other liabilities	(12,234)	(2,768)	-	-	(15,002)
Total deferred income and social contribution tax liabilities	(1,338,740)	13,801	-	2,278	(1,322,661)
Deferred income tax and social contribution	(1,040,485)	38,112	31,376	2,278	(968,719)

Parent company	March 31, 2023	Six-month period		September 30, 2023
		Recognized in the statement of income	Recognized in other comprehensive income	
Income tax and social contribution losses	3,617	102,688	-	106,305
Exclusion of IRPJ/CSLL on tax overpayments (i)	6,937	-	-	6,937
Derivative financial instruments	111,885	(96,084)	(20,808)	(5,007)
Provision for contingencies	109,416	20,768	-	130,184
Foreign exchange gains	5,250	1,474	-	6,724
Other assets	136,317	(27,524)	-	108,793
Total deferred income and social contribution tax assets	373,422	1,322	(20,808)	353,936
Surplus on revaluation of PP&E (deemed cost)	(109,333)	6,422	-	(102,911)
Accelerated depreciation incentive	(616,564)	20,341	-	(596,223)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(72,635)	22,007	-	(50,628)
Other liabilities	(9,681)	(5,765)	-	(15,446)
Total deferred income and social contribution tax liabilities	(1,006,172)	43,005	-	(963,167)
Deferred income tax and social contribution	(632,750)	44,327	(20,808)	(609,231)

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Consolidated	March 31, 2023	Six-month period		Consolidation adjustment - Rights on electric power contracts	September 30, 2023
		Recognized in the statement of income	Recognized in other comprehensive income		
Income tax and social contribution losses	3,617	102,688	-	-	106,305
Exclusion of IRPJ/CSLL on tax overpayments (20.1)	6,937	-	-	-	6,937
Derivative financial instruments	111,884	(96,083)	(20,808)	-	(5,007)
Provision for contingencies and other liabilities	109,416	20,768	-	-	130,184
Foreign exchange gains	5,250	1,474	-	-	6,724
Other assets	136,322	(27,523)	-	-	108,799
Total deferred income and social contribution tax assets	373,426	1,324	(20,808)	-	353,942
Surplus on revaluation of PP&E (deemed cost)	(462,221)	6,422	-	-	(455,799)
Accelerated depreciation incentive	(616,564)	20,341	-	-	(596,223)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(5,736)	-	-	3,754	(1,982)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange losses	(72,635)	22,007	-	-	(50,628)
Other liabilities	(10,377)	(4,625)	-	-	(15,002)
Total deferred income and social contribution tax liabilities	(1,370,560)	44,145	-	3,754	(1,322,661)
Deferred income tax and social contribution	(997,134)	45,469	(20,808)	3,754	(968,719)
	(997,134)	45,469	(20,808)	3,754	(968,719)

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 against current taxes, and when related to the same tax authority.

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

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

(i) Income tax/social contribution (IRPJ/CSLL) levied on overpayments of tax due for refund adjusted by the SELIC rate declared to be unconstitutional

On September 24, 2021, the Supreme Court ("STF") judgment of RE No. 1.063.187, through general repercussion (Topic 962) and by unanimous vote, ruled as unconstitutional the levy of income taxes on indexation/interest accruals (SELIC rate) received by taxpayers applied to refunds for tax overpayments.

Based on this decision, and in accordance with ICPC 22 / IFRIC 23 - Uncertainty over Tax Treatments, the Company recognized in the financial statements for the year ended March 31, 2022, the amount of R\$ 15,920 as current and deferred income tax assets for the year, as follows: R\$ 8,983 in non-current assets, as income tax and social contribution recoverable related to periods in which the Company



Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

recorded taxable profit; and R\$ 6,937 in non-current liabilities, as deferred income tax and social contribution, due to the adjustment of tax loss carryforwards related to periods in which the Company recorded tax losses and the use of tax loss carryforwards increased by the SELIC rate.

c) Reconciliation of the income tax and social contribution expense

Parent company	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Profit before taxation	570,291	785,114	250,455	457,245
Income tax and social contribution at nominal rates (34%)	(193,899)	(266,939)	(85,155)	(155,463)
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	17,931	35,843	20,817	37,866
. Permanent (additions) exclusions, net	(658)	(1,163)	(875)	(1,474)
. Cbios	2,202	3,763	1,802	17,527
. Interest on capital	-	52,700	-	39,100
. State subsidy / Credit granted (Note 27)	7,146	13,963	21,612	35,177
. Tax incentives	-	-	1,365	1,617
. Recognition of income tax and social contribution credits from prior years	15,081	15,081	-	-
. Adjustment to the calculation relating to subsidiary taxed based on deemed	-	-	2,569	2,569
. Others	-	-	6	11
Income tax and social contribution expenses	(152,197)	(146,752)	(37,859)	(23,070)
Income tax and social contribution at the effective rate	26.7%	18.7%	15.1%	5.0%
Current income tax and social contribution	(189,543)	(191,079)	(66,486)	(77,289)
Deferred income tax and social contribution	37,346	44,327	28,627	54,219

Consolidated	September 30, 2023		September 30, 2022	
	Quarter	Year-to-date	Quarter	Year-to-date
Profit before taxes	575,565	795,237	265,505	482,520
Income tax and social contribution at nominal rates (34%)	(195,692)	(270,381)	(90,272)	(164,057)
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	721	1,329	496	893
. Permanent (additions) exclusions, net	(658)	(1,163)	(881)	(1,491)
. Cbios	2,202	3,763	1,802	17,527
. Interest on capital	-	52,700	-	39,100
. State subsidy / Credit granted (Note 27)	7,146	13,963	21,612	35,177
. Tax incentives	-	-	1,367	1,622
. Adjustment to the calculation relating to subsidiary taxed based on deemed profit	13,726	27,829	10,379	20,273
. Recognition of income tax and social contribution credits from prior years (i)	15,081	15,081	2,569	2,569
. Others	3	4	19	42
Income tax and social contribution expenses	(157,471)	(156,875)	(52,909)	(48,345)
Income tax and social contribution at the effective rate	27.4%	19.7%	19.9%	10.0%
Current income tax and social contribution	(195,583)	(202,344)	(82,279)	(103,666)
Deferred income tax and social contribution	38,112	45,469	29,370	55,321

21. Commitments

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

Riparian forests and Legal Reserve areas

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

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

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

Sales commitments

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

	Up to one year	From 2 to 3 years	More than 3 years
Ethanol (m³)	243,553	96,000	576,000
Sugar (metric tons)	1,323,384	1,918,210	3,000,000
Electric power (Mwh)	914,973	1,095,986	5,605,978

Purchases of inputs and corn

The Company regularly enters into purchase agreements for the acquisition inputs intended for crop maintenance throughout the crop season, and also to purchase corn at fixed prices to be used in its production of ethanol. These transactions are usually carried out on an annual basis.

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.

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

22.1 Probable losses

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

	Parent company			
	Tax claims	Civil and environmental claims	labor claims	Total
At March 31, 2022	14,779	3,983	67,589	86,351
Additions	431	2,381	18,999	21,811
Reversals	(13)	(134)	(3,712)	(3,859)
Utilization	(20)	(460)	(11,833)	(12,313)
Interest/indexation accruals	959	2,398	4,777	8,134
At September 30, 2022	16,136	8,168	75,820	100,124
At March 31, 2023	16,247	7,681	86,778	110,706
Additions	398	863	25,112	26,373
Reversals	(354)	(45)	(6,820)	(7,219)
Utilization	(407)	(1,922)	(22,372)	(24,701)
Interest/indexation accruals	(354)	(336)	5,673	4,983
At September 30, 2023	15,530	6,241	88,371	110,142

	Consolidated			
	Tax claims	Civil and environmental claims	labor claims	Total
At March 31, 2022	14,779	4,638	67,589	87,006
Additions	431	2,438	18,999	21,868
Reversals	(13)	(134)	(3,712)	(3,859)
Utilization	(20)	(460)	(11,833)	(12,313)
Interest/indexation accruals	959	2,478	4,777	8,214
At September 30, 2022	16,136	8,960	75,820	100,916
At March 31, 2023	16,247	8,516	86,778	111,541
Additions	398	865	25,111	26,374
Reversals	(354)	(46)	(6,820)	(7,220)
Utilization	(407)	(1,923)	(22,371)	(24,701)
Interest/indexation accruals	(353)	(300)	5,673	5,020
At September 30, 2023	15,531	7,112	88,371	111,014

The nature of the main lawsuits were as follows (Parent company and Consolidated):

Tax lawsuits:

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



Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

Civil and environmental lawsuits:

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

Labor lawsuits:

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

22.2 Judicial deposits

	Parent company			Consolidated		
	IAA (i)	Others	Total	IAA (i)	Others	Total
At March 31, 2022	715,277	33,843	749,120	715,277	34,084	749,361
Additions	-	1,927	1,927	-	3,346	3,346
Utilization	-	(3,720)	(3,720)	-	(5,377)	(5,377)
Interest/indexation accruals	40,768	1,273	42,041	40,768	1,283	42,051
At September 30, 2022	756,045	33,323	789,368	756,045	33,336	789,381
At March 31, 2023	1,051,683	37,289	1,088,972	1,051,683	37,293	1,088,976
Additions	266,640	3,352	269,992	266,640	3,356	269,996
Utilization	-	(5,992)	(5,992)	-	(5,992)	(5,992)
Interest/indexation accruals	73,409	1,448	74,857	73,409	1,457	74,866
At September 30, 2023	1,391,732	36,097	1,427,829	1,391,732	36,114	1,427,846

(i) Note 16 (b))

Judicial deposits relate to contingent assets and liabilities, accruing interest, and are recorded as non-current assets.

22.3 Possible risk of losses

São Martinho is a party to a number of litigation proceedings of a tax, environmental, civil and labor nature, for which the risk of loss is classified as possible. The nature and estimated amounts are:

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

Nature	Parent company				Consolidated				
	September 30, 2023		March 31, 2023		September 30, 2023		March 31, 2023		
	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	
Environmental claims	94	8,413	94	8,353	94	8,413	94	8,353	
Civil claims	69	25,095	63	21,293	138	33,637	125	28,871	
Labor claims	91	16,104	80	14,898	92	16,124	81	14,917	
Tax claims									
Social security contribution	(i)	12	134,680	11	119,819	12	134,680	11	119,819
Computation of IRPJ/CSLL	(ii)	5	282,052	5	264,420	5	282,052	5	264,420
Offset of federal taxes	(iii)	126	243,573	108	213,225	135	249,401	114	213,812
ICMS	(iv)	18	620,289	17	87,441	18	620,289	17	87,441
Federal taxes	(v)	1	1,391,732	1	1,051,683	1	1,391,732	1	1,051,683
Other lawsuits	(vi)	10	15,695	30	553,171	12	32,247	35	566,743
Total		426	2,737,633	409	2,334,303	507	2,768,575	483	2,356,059

Tax lawsuits:

- (i) The lawsuits relate to the levy of the Social Security Contribution (INSS) on export revenue, under the allegation that the exports carried out through the intermediation of a cooperative are eligible for the exemptions set out in Article 149, paragraph 2, of the Brazilian Federal Constitution.
- (ii) The lawsuits relate to deductibility from the income tax and social contribution tax base, of expenses related to securitized financing, as well as those arising from incentivized accelerated depreciation, as provided for in Article 325 of the Income Tax Regulations (RIR)/2018.
- (iii) The lawsuits relate to requests to offset and refund of IRPJ, CSLL, PIS, COFINS, and other federal taxes for overpayments and/or tax losses, and tax credits proportional to the export revenue, which have been rejected by the Brazilian Federal Revenue Service (RFB), in addition of a fine for non-approval of offsetting requests.
- (iv) a) Public Civil Action disputing the legality of the decrees of the State of Goiás that granted ICMS credits under the PRODUZIR Program; (b) challenge of ICMS credits based on the Control of ICMS Credit on Permanent Assets (CIAP); (c) allegedly undue ICMS credits granted under the "PRODUZIR" Program; (d) ICMS-ST levied on interstate sales of ethanol; (e) ICMS improperly levied on sales of yeast intended for animal feed, which are exempt from this tax.
- (v) The lawsuit relates to the levy of IRPJ/CSLL/PIS/COFINS on court-ordered debt payment received pursuant to the Sugar Pricing Lawsuit filed against the Sugar and Alcohol Institute (IAA) (Note 16).
- (vi) Other tax disputes: a) contribution to the Social Service for Industry (SESI) and National Service for Industrial Training (SENAI); b) fee payable to the National Department of Mineral Research (DNPM); c) levy of Property Transfer Tax (ITBI) on merger transaction; d) Municipal Real Estate Tax (IPTU) collection claims; e) Supplementary collection of Rural Property Tax (ITR); f) improper deduction of goodwill (joint and several liability).

Other proceedings:

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



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

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

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

The Company does not benefit nor has it benefited from favorable final decisions on tax matters that have subsequently lost their effects following a Federal Supreme Court's decision to the contrary, handed down through constitutional measures or with general repercussion. That is, the Company will not be affected by the STF decision in RE 955227 ("Topic 885") and RE 949297 ("Topic 881").

22.5 Income tax and social contribution levied on ICMS tax benefits (Topic 1.182 of the Superior Court of Justice (STJ))

The ICMS tax benefits received by the Company under the State of Goiás Produzir Program are recognized and accounted for as an investment grant in accordance with the requirements set forth in Supplementary Law 160/2017, Law 12.973/2014 and STJ decision (Topic 1.182).

23 Risk management and derivative financial instruments

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

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

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

23.1 Market risks

a) Foreign exchange risk

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

The Company manages its foreign exchange risk through currency non-deliverable forward contracts ("NDFs"), options strategies, swaps, and natural hedges (such as debt or purchases in foreign currency). The Company's financial risk management policy defines guidelines that establish 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 on the balance sheet:

Consolidated	September 30, 2023	Equivalent to thousands of US\$
Current and non-current assets		
Cash and cash equivalents (banks - demand deposits and financial investments)	110,894	22,148
Trade receivables	94,163	18,806
Derivative financial instruments	399,922	79,873
(+) Total assets	604,979	120,827
Current and non-current liabilities:		
Borrowings	768,584	153,484
Derivative financial instruments	317,406	63,385
(-) Total liabilities	1,085,990	216,869
Subtotal assets (liabilities)	(481,011)	(96,042)
Borrowings in foreign currency	768,584	153,484
Assets - net exposure	287,573	57,442

Borrowings in foreign currency are not included in the calculation of net exposure, since these will be settled with resources from future export revenue and are, therefore, covered by the Company's hedging policy.

These assets and liabilities were adjusted and recorded at the exchange rate in effect at the reporting date: R\$ 5.0070 per US\$ 1.00 for assets, and R\$ 5.0076 per US\$ 1.00 for liabilities.

b) Commodity price volatility risk

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

c) Cash flow and fair value interest rate risk

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

d) Market risk sensitivity analysis

The following table provides a sensitivity analysis of the effects of changes in the significant risk factors to which the Company is exposed. The analysis considers only instruments that have not been 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\$	(5,545)	(27,727)	(55,453)
Trade receivables	Decrease in exchange rate - R\$/US\$	(5,154)	(25,772)	(51,544)
Borrowings	Increase in exchange rate - R\$/US\$	(376)	(1,878)	(3,757)
Derivative financial instruments				
Currency forward contracts	Increase in exchange rate - R\$/US\$	(149)	(744)	(1,488)
Futures price (sugar and ethanol)	Increase in commodity futures prices	(268)	(1,339)	(2,677)
Swap contracts	Decrease in exchange rate - R\$/US\$ and increase in the yield curve	(7,647)	(19,303)	(39,473)
Net exposure		(19,139)	(76,763)	(154,392)

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

e) Financial instruments

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

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

At the reporting date and on March 31, 2023, 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	September 30, 2023			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current assets - Gain</u>				
Margin deposit				18,254
Commodity futures contracts - Sugar # 11 - Commodities Exchange				
. Sale commitment	1,829	27.04	5,460	113
. Purchase commitment	183,498	23.02	466,337	62,951
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	101,960	5.58	568,937	47,209
. Purchase commitment	17,921	5.02	89,963	1,810
Commodity futures contracts - Sugar # 11 - Commodities Exchange				
. Bidding position in call options	48,262	23.86	127,127	14,076
. Bidding position in put options	272,555	22.15	666,486	23,336
Flex option contracts - US dollar - OTC				
. Bidding position in call options	22,000	6.06	133,320	12,441
Interest rate swap contracts - OTC				6,043
Total derivative financial instruments in current assets				186,233
<u>In non-current assets - Gain</u>				
Currency forward contracts (NDF) - US dollar - OTC				
. Purchase commitment	2,233	5.11	11,411	294
Interest rate swap contracts - OTC				213,395
Total derivative financial instruments in non-current assets				213,689



Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Parent Company and Consolidated	September 30, 2023			
	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	57,559	18.55	117,875	48,674
. Purchase commitment	36,730	25.42	103,077	655
Commodity forward contracts - Sugar #11				
. Sale commitment	24,233	22.05	58,990	7,412
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	201,264	5.02	1,010,345	22,737
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	299,582	25.14	831,466	73,325
Flex option contracts - US dollar - OTC				
. Bidding position in put options	22,000	5.68	124,960	374
Interest rate swap contracts - OTC				155,327
Total derivative financial instruments in current liabilities				308,504
<u>In non-current liabilities - Loss</u>				
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	24,940	5.14	128,182	2,656
Interest rate swap contracts - OTC				6,246
Total derivative financial instruments in non-current liabilities				8,902

Parent Company and Consolidated	March 31, 2023			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current assets - Gain</u>				
Margin deposit				22,265
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	102	21.80	249	1
. Purchase commitment	151,086	19.74	334,044	36,220
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	307,472	5.44	1,672,648	74,404
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	40,032	20.50	91,916	8,116
. Bidding position in put options	88,041	18.26	180,060	4,062
Flex option contracts - US dollar - OTC				
. Bidding position in put options	22,000	5.68	124,960	11,142
Interest rate swap contracts - OTC				7,032
Total derivative financial instruments in current assets				163,242
<u>In non-current assets - Gain</u>				
Interest rate swap contracts - OTC				225,568
Total derivative financial instruments in non-current assets				225,568

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Parent Company and Consolidated	March 31, 2023			
	Contracted amount/volume	Average price/rate	Notional value R\$	Fair value - R\$
In current liabilities - Loss				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	143,517	18.58	298,663	53,636
Commodity forward contracts - Sugar #11				
. Sale commitment	28,500	19.42	61,991	7,364
Currency forward contracts (NDF) - US dollar - OTC				
. Purchase commitment	15,000	5.25	78,750	2,213
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	128,073	20.63	295,930	27,420
Flex option contracts - US dollar - OTC				
. Bidding position in call options	22,000	6.06	133,320	3,403
Interest rate swap contracts - OTC				234,659
Total derivative financial instruments in current liabilities				328,695
In non-current liabilities - Loss				
Interest rate swap contracts - OTC				7,250
Total derivative financial instruments in non-current liabilities				7,250

Margin deposit balances relate to funds maintained in current accounts with brokers to cover the initial and variation margins established by the Commodities Exchange 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	63,621	94,425	(30,804)
Foreign exchange derivatives - Options / NDF	58,591	22,964	35,627
Foreign exchange differences on borrowings (Trade Finance)	15,257	292,387	(277,130)
	137,469	409,776	(272,307)
Deferred taxes on the items above	(46,739)	(139,324)	92,585
	90,730	270,452	(179,722)

f) Estimated realization

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

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	23/24 crop season	24/25 crop season	25/26 crop season	Total
Derivative financial instruments:				
Commodity derivatives - Futures, options and forward contracts	(17,860)	(12,944)	-	(30,804)
Foreign exchange derivatives - Options / NDF	48,985	(13,358)	-	35,627
Foreign exchange differences on borrowings (Trade Finance)	(35,774)	(124,376)	(116,980)	(277,130)
	(4,649)	(150,678)	(116,980)	(272,307)
Deferred taxes on the items above	1,581	51,231	39,773	92,585
	(3,068)	(99,447)	(77,207)	(179,722)

23.2 Credit risk

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

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

23.3 Liquidity risk

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

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

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

The table below presents the financial liabilities by maturity groupings based on undiscounted future cash flows:

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

Parent company	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At September 30, 2023				
Borrowings	286,014	2,385,605	5,498,328	8,169,947
Leases payable	125,642	243,776	627,371	996,789
Agricultural partnership payable	917,309	895,946	1,806,110	3,619,365
Derivative financial instruments	308,504	8,902	-	317,406
Trade payables	457,140	-	-	457,140
Acquisition of ownership interest	11,553	-	-	11,553
Other liabilities	24,452	734	-	25,186
	2,130,614	3,534,963	7,931,809	13,597,386

At March 31, 2023				
Borrowings	1,266,140	2,381,684	5,384,080	9,031,904
Leases payable	164,570	263,694	635,176	1,063,440
Agricultural partnership payable	787,098	886,562	1,868,307	3,541,967
Derivative financial instruments	328,695	7,250	-	335,945
Trade payables	294,679	-	-	294,679
Acquisition of ownership interest	10,354	-	-	10,354
Other liabilities	18,558	1,916	-	20,474
	2,870,094	3,541,106	7,887,563	14,298,763

Consolidated	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At September 30, 2023				
Borrowings	286,715	2,391,957	5,545,893	8,224,565
Leases payable	125,642	243,776	627,371	996,789
Agricultural partnership payable	917,309	895,946	1,806,110	3,619,365
Derivative financial instruments	308,504	8,902	-	317,406
Trade payables	416,486	-	-	416,486
Acquisition of ownership interest	11,553	-	-	11,553
Other liabilities	32,037	734	-	32,771
	2,098,246	3,541,315	7,979,374	13,618,935

At March 31, 2023				
Borrowings	1,267,504	2,387,882	5,430,403	9,085,789
Leases payable	164,570	263,694	635,176	1,063,440
Agricultural partnership payable	787,098	886,562	1,868,307	3,541,967
Derivative financial instruments	328,695	7,250	-	335,945
Trade payables	281,311	-	-	281,311
Acquisition of ownership interest	10,354	-	-	10,354
Other liabilities	30,565	1,916	-	32,481
	2,870,097	3,547,304	7,933,886	14,351,287



Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

23.4 Capital management

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

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

24 Classification and fair value of financial instruments

24.1 Classification

Financial assets and liabilities are classified as follows:

	Classification	Parent company	
		September 30, 2023	March 31, 2023
Financial assets			
Cash and cash equivalents	Amortized cost	111,755	272,342
Financial investments	Fair value through profit or loss	1,362,389	2,681,690
Trade receivables	Amortized cost	328,841	259,493
	Fair value through other		
Derivative financial instruments	comprehensive income	180,484	156,210
Derivative financial instruments	Fair value through profit or loss	219,438	232,600
Judicial deposits	Amortized cost	1,427,829	1,088,972
Other assets, except prepayments	Amortized cost	303,581	236,233
		3,934,317	4,927,540
Financial liabilities			
Borrowings	Fair value through profit or loss	29	29
Borrowings	Amortized cost	6,001,715	6,584,304
	Fair value through other		
Derivative financial instruments	comprehensive income	155,833	94,036
Derivative financial instruments	Fair value through profit or loss	161,573	241,909
Leases and agricultural partnerships payable	Amortized cost	3,097,663	3,041,771
Trade payables	Amortized cost	457,140	294,679
Acquisition of ownership interests	Amortized cost	11,582	11,571
Other liabilities	Amortized cost	25,186	20,474
		9,910,721	10,288,773



Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

		Consolidated	
	Classification	September 30, 2023	March 31, 2023
Financial assets			
Cash and cash equivalents	Amortized cost	111,878	273,408
Financial investments	Fair value through profit or loss	1,541,765	2,843,370
Trade receivables	Amortized cost	398,013	315,596
	Fair value through other		
Derivative financial instruments	comprehensive income	180,484	156,210
Derivative financial instruments	Fair value through profit or loss	219,438	232,600
Judicial deposits	Amortized cost	1,427,846	1,088,976
Other assets, except prepayments	Amortized cost	305,718	237,690
		4,185,142	5,147,850
Financial liabilities			
Borrowings	Fair value through profit or loss	29	29
Borrowings	Amortized cost	6,042,389	6,623,854
	Fair value through other		
Derivative financial instruments	comprehensive income	155,833	94,036
Derivative financial instruments	Fair value through profit or loss	161,573	241,909
Trade payables	Amortized cost	416,486	281,311
Leases and agricultural partnerships payable	Amortized cost	3,097,663	3,041,771
Acquisition of ownership interests	Amortized cost	11,582	11,571
Other liabilities	Amortized cost	32,771	32,481
		9,918,326	10,326,962

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

25 Fair value

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

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

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

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

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

Parent company	September 30, 2023			March 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	1,362,389	-	-	2,681,690	-
Derivative financial instruments	100,476	299,446	-	48,399	340,411	-
Biological assets	-	-	1,222,114	-	-	1,160,568
	100,476	1,661,835	1,222,114	48,399	3,022,101	1,160,568
Liabilities						
Derivative financial instruments	122,654	194,752	-	81,056	254,889	-
Borrowings	-	29	-	-	29	-
	122,654	194,781	-	81,056	254,918	-

Consolidated	September 30, 2023			March 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	1,541,765	-	-	2,843,370	-
Derivative financial instruments	100,476	299,446	-	48,399	340,411	-
Biological assets	-	-	1,222,114	-	-	1,160,568
	100,476	1,841,211	1,222,114	48,399	3,183,781	1,160,568
Liabilities						
Derivative financial instruments	122,654	194,752	-	81,056	254,889	-
Borrowings	-	29	-	-	29	-
	122,654	194,781	-	81,056	254,918	-

Futures and Options - ICE

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

Currency options

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

Forward contracts

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

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

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

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

- (i) Sugar;
- (ii) Ethanol;
- (iii) Corn ethanol;
- (iv) Electric power;
- (v) Real estate businesses;
- (vi) Yeast;
- (vii) DDGs; and
- (viii) 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

	September 30, 2023									
Consolidated	Sugar	Ethanol	Corn ethanol	Electric power	Real estate businesses	Yeast	DDGs	Other products	Not by segment	Total
Gross revenue										
Domestic market	152,429	787,501	143,954	134,514	11,284	39,091	63,200	130,201	-	1,462,174
Foreign market	1,436,636	79,503	-	-	-	8,322	-	-	-	1,524,461
Gain/loss on derivatives	20,932	1,526	-	-	-	-	-	-	-	22,458
Amortization of electricity supply contract	-	-	-	-	-	-	-	-	(7,219)	(7,219)
(-) Taxes, contributions, and deductions on sales	(9,815)	(72,274)	(887)	(7,232)	(2,729)	(5,111)	(8,978)	(17,272)	-	(124,298)
Net revenue	1,600,182	796,256	143,067	127,282	8,555	42,302	54,222	112,929	(7,219)	2,877,576
Cost of goods sold	(917,144)	(791,147)	(124,410)	(33,119)	(3)	(14,357)	(75,469)	(85,969)	-	(2,041,618)
Change in the market value of biological assets, agricultural produce, and CBIOS	117,638	22,751	-	-	-	-	-	16,632	-	157,021
Gross profit	800,676	27,860	18,657	94,163	8,552	27,945	(21,247)	43,592	(7,219)	992,979
Gross margin	50.0%	3.5%	13.0%	74.0%	100.0%	66.1%	-39.2%	38.6%	-	34.5%
Selling expenses	(73,149)	(10,735)	(188)	(7,723)	-	-	-	(629)	-	(92,424)
Other operating income, net	-	-	-	-	-	-	-	-	337,779	337,779
Operating profit	727,527	17,125	18,469	86,440	8,552	27,945	(21,247)	42,963	330,560	1,238,334
Operating margin	45.5%	2.2%	12.9%	67.9%	100.0%	66.1%	-39.2%	38.0%	-	43.0%
Other income and expenses not by segment	-	-	-	-	-	-	-	-	(599,972)	(599,972)
Profit for the period	-	-	-	-	-	-	-	-	-	638,362



Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Consolidated	September 30, 2022							
	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Other products	Not by segment	Total
Gross revenue								
Domestic market	108,742	1,264,253	153,920	3,474	38,953	169,013	-	1,738,355
Foreign market	933,460	677,142	-	-	7,370	-	-	1,617,972
Gain/loss on derivatives	41,897	(3,871)	-	-	788	-	-	38,814
Amortization of electricity supply contract	-	-	-	-	-	-	(5,008)	(5,008)
(-) Taxes, contributions, and deductions on sales	(7,513)	(56,834)	(11,096)	(2,735)	(4,910)	(27,791)	-	(110,879)
Net revenue	1,076,586	1,880,690	142,824	739	42,201	141,222	(5,008)	3,279,254
Cost of goods sold	(794,658)	(1,231,775)	(35,816)	62	(17,072)	(66,742)	-	(2,146,001)
Changes in the market value of biological assets, and agricultural produce	-	-	-	-	-	(25,329)	6,689	(18,640)
Gross profit	281,928	648,915	107,008	801	25,129	49,151	1,681	1,114,613
Gross margin	26.2%	34.5%	74.9%	108.4%	59.5%	34.8%	-	34.0%
Selling expenses	(54,204)	(35,951)	(7,406)	-	-	(4)	-	(97,565)
Other operating expenses, net	-	-	-	-	-	-	(62,143)	(62,143)
Operating profit	227,724	612,964	99,602	801	25,129	49,147	(60,462)	954,905
Operating margin	21.2%	32.6%	69.7%	108.4%	59.5%	34.8%	-	29.1%
Other income and expenses not by segment	-	-	-	-	-	-	(520,730)	(520,730)
Profit for the period	-	-	-	-	-	-	-	434,175

At September 30, 2023, net revenue from Cbios (decarbonization credits), amounting to R\$ 9,493, (R\$ 44,213 at September 30, 2022). is recorded within "Other products"

Consolidated operating assets by segment

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

	September 30, 2023								
	Sugar	Ethanol	Corn ethanol	Electric power	Real estate businesses	Yeast	DDGs	Not by segment	Total
Trade receivables	143,562	87,805	16,725	30,102	44,602	9,620	11,256	54,341	398,013
Inventories and advances to suppliers	1,002,267	1,125,087	339,373	-	6,170	2,961	7,055	24,405	2,507,318
Biological assets	800,168	421,946	-	-	-	-	-	-	1,222,114
Property, plant and equipment	3,343,066	3,163,527	537,668	143,029	-	34,852	10,839	1,045	7,234,026
Intangible assets	282,994	172,143	1,182	2,397	-	-	-	-	458,716
Right-of-use assets	1,579,732	1,327,139	-	-	-	-	-	-	2,906,871
Total assets allocated	7,151,789	6,297,647	894,948	175,528	50,772	47,433	29,150	79,791	14,727,058
Other unallocated assets	-	-	-	-	-	-	-	4,410,082	4,410,082
Total	7,151,789	6,297,647	894,948	175,528	50,772	47,433	29,150	4,489,873	19,137,140

	March 31, 2023								
	Sugar	Ethanol	Corn ethanol	Electric power	Real estate businesses	Yeast	DDGs	Not by segment	Total
Trade receivables	135,185	67,393	-	10,688	52,021	-	-	50,309	315,596
Inventories and advances to suppliers	364,995	260,099	262,301	-	6,173	53	4,597	20,578	918,796
Biological assets	717,735	442,833	-	-	-	-	-	-	1,160,568
Property, plant and equipment	3,346,635	3,522,861	543,309	154,631	-	39,131	-	-	7,606,567
Intangible assets	277,816	171,481	1,494	13,334	-	-	-	-	464,125
Right-of-use assets	1,481,610	1,443,715	-	-	-	-	-	-	2,925,325
Total assets allocated	6,323,976	5,908,382	807,104	178,653	58,194	39,184	4,597	70,887	13,390,977
Other unallocated assets	-	-	-	-	-	-	-	5,432,808	5,432,808
Total	6,323,976	5,908,382	807,104	178,653	58,194	39,184	4,597	5,503,695	18,823,785

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



27 Revenue

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

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

For the real estate development segment, the Company adopts the provisions of Technical Interpretation 02 (OCPC 04), in accordance with CVM guidance, recognizing revenue over time (Percentage of Completion (PoC)).

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

a) Sale of goods and rendering of services

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

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

At the reporting date, the Company's largest customer represented approximately 22% of net revenue.

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

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

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

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Sales revenues were as follows:

Parent company	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Gross sales revenue				
Domestic market	780,386	1,356,107	623,051	1,627,485
Foreign market	759,427	1,524,461	856,213	1,617,972
Gain/loss on derivatives	33,155	22,458	49,266	38,814
	<u>1,572,968</u>	<u>2,903,026</u>	<u>1,528,530</u>	<u>3,284,271</u>
Taxes (iii), contributions, and deductions on sales	(83,208)	(115,026)	1,104	(99,365)
	<u>1,489,760</u>	<u>2,788,000</u>	<u>1,529,634</u>	<u>3,184,906</u>

Consolidated	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Gross sales revenue				
Domestic market	835,309	1,462,174	683,932	1,738,355
Foreign market	759,427	1,524,461	856,213	1,617,972
Gain/loss on derivatives	33,155	22,458	49,266	38,814
	<u>1,627,891</u>	<u>3,009,093</u>	<u>1,589,411</u>	<u>3,395,141</u>
Amortization of electric power supply contract (i)	(4,384)	(7,219)	(2,745)	(5,008)
	<u>1,623,507</u>	<u>3,001,874</u>	<u>1,586,666</u>	<u>3,390,133</u>
Taxes (iii), contributions, and deductions on sales	(88,518)	(124,298)	(4,871)	(110,879)
	<u>1,534,989</u>	<u>2,877,576</u>	<u>1,581,795</u>	<u>3,279,254</u>

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

(ii) Amount in 2022 includes R\$ 44,322 for credits granted.

28 Costs and expenses by nature

The presentation of expenses by nature is as follows:

Parent company	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Depreciation and amortization (including biological assets harvested)	(413,866)	(830,060)	(436,729)	(948,314)
Raw materials and consumables	(455,980)	(868,264)	(380,149)	(777,386)
Personnel expenses	(127,735)	(257,559)	(109,354)	(239,381)
Material for resale (mainly ethanol in 2022)	-	(2,875)	(77,559)	(111,482)
Maintenance parts and services	(52,110)	(86,797)	(36,455)	(81,476)
Changes in the fair value of biological assets, agricultural produce, and CBIOS	11,885	157,021	(18,087)	(18,640)
Freight on sales	(40,215)	(80,532)	(38,346)	(74,442)
Third-party services	(27,782)	(48,961)	(22,139)	(42,731)
Litigation	(8,036)	(17,708)	(8,630)	(17,719)
Other expenses	(77,113)	(133,415)	(41,798)	(83,261)
	<u>(1,190,952)</u>	<u>(2,169,150)</u>	<u>(1,169,246)</u>	<u>(2,394,832)</u>
Classified as:				
Cost of goods sold	(1,070,858)	(1,913,155)	(1,066,221)	(2,195,067)
Selling expenses	(42,958)	(85,828)	(48,663)	(91,978)
General and administrative expenses	(77,136)	(170,167)	(54,362)	(107,787)
	<u>(1,190,952)</u>	<u>(2,169,150)</u>	<u>(1,169,246)</u>	<u>(2,394,832)</u>



Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Consolidated	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Depreciation and amortization (including biological assets harvested)	(415,246)	(832,543)	(438,552)	(951,468)
Raw materials and consumables	(435,540)	(833,454)	(360,045)	(741,844)
Personnel expenses	(129,769)	(261,337)	(111,183)	(242,747)
Material for resale (mainly ethanol in 2022)	-	(2,875)	(78,361)	(113,688)
Maintenance parts and services	(52,197)	(86,984)	(36,540)	(81,644)
Changes in the fair value of biological assets, agricultural produce, and CBIOs	11,885	157,021	(18,087)	(18,640)
Freight on sales	(40,215)	(80,532)	(38,346)	(74,442)
Third-party services	(28,916)	(50,664)	(22,659)	(43,630)
Litigation	(8,034)	(17,706)	(8,629)	(17,775)
Cost of land sales	28	59	23	62
Other expenses	(86,183)	(148,624)	(48,375)	(92,912)
	(1,184,187)	(2,157,639)	(1,160,754)	(2,378,728)
Classified as:				
Cost of goods sold	(1,052,999)	(1,884,597)	(1,048,244)	(2,164,641)
Selling expenses	(46,097)	(92,424)	(51,394)	(97,565)
General and administrative expenses	(85,091)	(180,618)	(61,116)	(116,522)
	(1,184,187)	(2,157,639)	(1,160,754)	(2,378,728)

29 Other income, net

In the current quarter, consolidated Other income includes R\$ 502,834 relating to the indemnity received by Copersucar and transferred to the Company (Note 16 (b)). On September 30, 2022, consolidated Other income included R\$ 32,844 of out-of-period tax credits for expenses now treated as being essential to the production process (based on legal understanding).

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

30 Finance income (costs)

Parent company	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Finance income				
Interest received and earned	61,671	140,840	64,180	139,951
Other income	4,872	16,351	4,778	6,686
PIS/COFINS on finance income	(3,263)	(7,972)	(3,192)	(6,789)
	63,280	149,219	65,766	139,848
Finance costs				
Interest on borrowings	(126,527)	(315,218)	(92,595)	(270,604)
Adjustment to present value (i)	(87,582)	(175,283)	(71,817)	(136,740)
Interest paid	(2,060)	(6,348)	(6,627)	(15,768)
Bank guarantee commission	(2,695)	(4,850)	(2,073)	(4,268)
Payables to Copersucar	(1,663)	(3,100)	(1,728)	(3,463)
Other expenses	(1,585)	(5,308)	(3,681)	(9,222)
	(222,112)	(510,107)	(178,521)	(440,065)
Exchange and monetary variation, net				
Trade receivables and payables	(3,865)	(9,041)	3,152	7,147
Available funds	5,903	(6,016)	1,020	13,768
Borrowings	(33,882)	(69,838)	(39,316)	(188,599)
	(31,844)	(84,895)	(35,144)	(167,684)
Derivatives - not designated for hedge accounting				
Gain/loss on swap transactions	(81,240)	(17,997)	(36,555)	(32,730)
Gain (loss) on ethanol transactions	(43)	(43)	(312)	(521)
Foreign exchange gain (loss), net	924	(603)	579	2,689
Gain (loss) on sugar transactions	(7,407)	(3,020)	4,035	5,947
Gain (loss) on foreign exchange transactions	(7,241)	14,914	197	5,516
Cost of stock exchange transactions	(283)	(585)	(200)	(452)
	(95,290)	(7,334)	(32,256)	(19,551)
	(285,966)	(453,117)	(180,155)	(487,452)

Notes to the quarterly information September 30, 2023

All amounts in thousands of reais unless otherwise stated

Consolidated	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Finance income				
Interest received and earned	69,149	155,917	71,478	155,186
Other revenue	1,463	13,086	4,320	7,731
PIS/COFINS on finance income	(3,138)	(7,852)	(3,257)	(6,972)
	67,474	161,151	72,541	155,945
Finance costs				
Interest on borrowings	(126,997)	(317,042)	(71,817)	(271,664)
Adjustment to present value (i)	(87,582)	(175,283)	(92,790)	(136,740)
Interest paid	(2,056)	(6,343)	(6,592)	(15,595)
Bank guarantee commission	(2,695)	(4,850)	(2,075)	(4,272)
Payables to Copersucar	(1,663)	(3,100)	(1,728)	(3,463)
Other expenses	(1,626)	(5,401)	(3,719)	(9,361)
	(222,619)	(512,019)	(178,721)	(441,095)
Exchange and monetary variation, net				
Trade receivables and payables	(3,865)	(9,041)	3,152	7,147
Available funds	5,903	(6,016)	1,020	13,768
Borrowings	(33,882)	(69,838)	(39,316)	(188,599)
	(31,844)	(84,895)	(35,144)	(167,684)
Derivatives - not designated for hedge accounting				
Gain/loss on swap transactions	(81,240)	(17,997)	(36,555)	(32,730)
Gain (loss) on ethanol transactions	(43)	(43)	(312)	(521)
Foreign exchange gain (loss), net	924	(603)	579	2,689
Gain (loss) on sugar transactions	(7,407)	(3,020)	4,035	5,947
Gain (loss) on foreign exchange transactions	(7,241)	14,914	197	5,516
Cost of stock exchange transactions	(283)	(585)	(200)	(452)
	(95,290)	(7,334)	(32,256)	(19,551)
	(282,279)	(443,097)	(173,580)	(472,385)

(i) Mainly leases and agricultural partnerships payable.

31 Earnings per share

	September 30, 2023		September 30, 2022	
	Quarter	Six-month period	Quarter	Six-month period
Profit for the period attributed to owners of the parent	418,094	638,362	212,596	434,175
Weighted average number of common shares in the year - in thousands	346,375	346,375	346,375	346,375
Basic and diluted earnings per share - R\$	1.2071	1.8430	0.6138	1.2535

32 Insurance coverage

São Martinho maintains a standard safety, training and quality program for all units, which aims at reducing the risks of accidents, among other purposes. Insurance policies are taken out at amounts considered sufficient to cover potential losses, if any, on its assets and liabilities. The amounts covered by the insurance policies in effect at the reporting date are as follows:

Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

Parent Company and Consolidated Item	Insured risks	Maximum coverage (i)
Loss of Profit and Operational Risks (ii)	Loss of income due to material damages to facilities, buildings, industrial machinery and equipment, and electric power generation. Any material damage to buildings, facilities, inventories, agricultural and industrial machinery and equipment.	2,278,165
Civil Liability	Damages caused to third parties as a result of professional errors or omissions (E&O insurance).	2,604,000
Environmental Responsibility	Environmental accidents that may lead to breaches of environmental laws.	30,000

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

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

33 Subsequent Events

(i) As disclosed in Material Fact released on October 30, 2023, the Board of Directors approved the construction of a biomethane production unit ("Project") in the city of Américo Brasiliense, São Paulo.

The production unit, attached to the Santa Cruz Unit ("USC"), will have capacity to produce approximately 15.6 million Nm³ of biomethane (Normal cubic meter, a standard established by the Brazilian Oil, Natural Gas and Biofuels Agency - ANP) during the crushing period, besides generating decarbonization credits (Cbios) related to the production of renewable fuels linked to best sustainability practices. The main input used in biomethane production will be vinasse (100% produced at USC), derived from the production of sugarcane ethanol, as well as other chemical inputs and renewable energy generated by the unit.

Operational start of the unit is scheduled for the second half of 2025, initially at around 40% capacity during the 2025/26 crop year and 100% starting from the 2026/27 crop year. The schedule of disbursements for the project will be 30% in the current crop year (23/24), 60% in the 2024/25 crop year and the balance in the 2025/26 crop year.

Capex is estimated at around R\$250 million and includes the biodigester (lagoons), equipment for purifying and desulfurizing biogas into biomethane, and investments in compression and interconnection with the distribution network. The project will receive financing from the Brazilian Development Bank (BNDES) and the Brazilian government's project financing program (FINEP), with an average term of about eight years.

(ii) As disclosed in Material Fact released on November 6, 2023, the company informed its shareholders and the market that it signed an agreement with Compass Comercialização S.A. to sell biomethane.



Notes to the quarterly information

September 30, 2023

All amounts in thousands of reais unless otherwise stated

The agreement has an initial term of 5 years (extendable for an additional 5 years, based on previously established conditions) and supply expected to start in the second half of 2025, with production of around 15.6 million Nm³ (Normal Cubic Meter, the ANP standard) of biomethane, equivalent to 63 thousand m³/day, during the crushing period.

The effectiveness of the contract is subject to the fulfillment of certain conditions specified therein.

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