

(A free translation of the original in Portuguese)

Quarterly information (ITR)

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

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

Scope of review

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

Conclusion on the interim accounting 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 form 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 Form, and presented in accordance with the standards issued by the CVM.



São Martinho S.A.

Other matters

Statements of value added

The parent company and consolidated quarterly information referred to above includes the parent company and consolidated statements of value added for the quarter ended June 30, 2023. These statements are the responsibility of the Company's management and are presented as supplementary information for the purposes of IAS 34. These statements have been submitted to the same review procedures carried out together with the review of the quarterly information, with the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been prepared, in all material respects, in accordance with the criteria established in CPC 09 and in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Ribeirão Preto, August 14, 2023

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

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

Maurício Cardoso de Moraes
Contador CRC 1PRO35795/O-1 "T" SP

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Balance sheet

At June 30 and March 31, 2023

All amounts in thousands of reais

(A free translation of the original in Portuguese)

| ASSETS | Note | Parent company | | Consolidated | |
|---------------------------------------|--------------|----------------|----------------|---------------|----------------|
| | | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 4 | 85,834 | 272,342 | 86,015 | 273,408 |
| Financial investments | 4 | 2,050,903 | 2,643,193 | 2,284,255 | 2,804,873 |
| Trade receivables | 5 | 293,183 | 259,493 | 325,020 | 274,904 |
| Derivative financial instruments | 23 | 169,835 | 163,242 | 169,835 | 163,242 |
| Inventories and advances to suppliers | 6 | 1,242,987 | 687,944 | 1,236,913 | 694,118 |
| Biological assets | 7 | 1,414,213 | 1,160,568 | 1,414,213 | 1,160,568 |
| Taxes recoverable | 8 | 197,884 | 213,970 | 198,270 | 214,253 |
| Income tax and social contribution | 20 | 123,451 | 93,631 | 123,483 | 93,880 |
| Other assets | | 40,278 | 6,530 | 42,008 | 8,229 |
| TOTAL CURRENT ASSETS | | 5,618,568 | 5,500,913 | 5,880,012 | 5,687,475 |
| NON-CURRENT ASSETS | | | | | |
| Long-term receivables | | | | | |
| Financial investments | 4 | 37,730 | 38,497 | 37,730 | 38,497 |
| Inventories and advances to suppliers | 6 | 228,544 | 224,678 | 228,544 | 224,678 |
| Derivative financial instruments | 23 | 341,153 | 225,568 | 341,153 | 225,568 |
| Taxes recoverable | 8 | 239,469 | 228,308 | 241,832 | 230,676 |
| Income tax and social contribution | 20 | 8,983 | 8,983 | 8,983 | 8,983 |
| Judicial deposits | 22 | 1,117,952 | 1,088,972 | 1,117,959 | 1,088,976 |
| Trade receivables | 5 | - | - | 37,948 | 40,692 |
| Other assets | 9, 16 and 17 | 234,287 | 234,287 | 234,425 | 234,425 |
| Total long-term receivables | | 2,208,118 | 2,049,293 | 2,248,574 | 2,092,495 |
| Investments | 10 | 1,772,790 | 1,720,098 | 49,596 | 47,798 |
| Property, plant and equipment | 11 | 5,507,469 | 5,774,273 | 7,339,654 | 7,606,567 |
| Intangible assets | 12 | 438,530 | 439,135 | 459,232 | 464,125 |
| Right-of-use assets | 13 | 2,993,916 | 2,925,325 | 2,993,916 | 2,925,325 |
| TOTAL NON-CURRENT ASSETS | | 12,920,823 | 12,908,124 | 13,090,972 | 13,136,310 |
| TOTAL ASSETS | | 18,539,391 | 18,409,037 | 18,970,984 | 18,823,785 |

| LIABILITIES AND EQUITY | Note | Parent company | | Consolidated | |
|---|----------|----------------|----------------|---------------|----------------|
| | | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| CURRENT LIABILITIES | | | | | |
| Borrowings | 14 | 396,968 | 1,028,224 | 397,989 | 1,028,509 |
| Leases payable | 13 | 93,911 | 115,855 | 93,911 | 115,855 |
| Agricultural partnership payable | 13 | 593,133 | 569,854 | 593,133 | 569,854 |
| Derivative financial instruments | 23 | 279,601 | 328,695 | 279,601 | 328,695 |
| Trade payables | 15 | 545,957 | 294,679 | 538,328 | 281,311 |
| Payables to Copersucar | 16 | 13,739 | 13,539 | 13,739 | 13,539 |
| Salaries and social charges | | 265,240 | 193,597 | 267,187 | 195,162 |
| Taxes payable | | 48,340 | 19,916 | 50,419 | 21,094 |
| Income tax and social contribution payable | 20 | - | - | 8,902 | 8,490 |
| Dividend payable | 18 | 139,131 | 5,963 | 139,131 | 5,963 |
| Advances from customers | | 38,198 | 5,066 | 42,080 | 5,173 |
| Acquisition of ownership interests | 9 and 17 | 11,575 | 11,571 | 11,575 | 11,571 |
| Other liabilities | | 25,215 | 18,558 | 43,332 | 30,565 |
| TOTAL CURRENT LIABILITIES | | 2,451,008 | 2,605,517 | 2,479,327 | 2,615,781 |
| NON-CURRENT LIABILITIES | | | | | |
| Borrowings | 14 | 5,484,930 | 5,556,109 | 5,524,812 | 5,595,374 |
| Leases payable | 13 | 613,648 | 586,228 | 613,648 | 586,228 |
| Agricultural partnership payable | 13 | 1,832,205 | 1,769,834 | 1,832,205 | 1,769,834 |
| Derivative financial instruments | 23 | 29,649 | 7,250 | 29,649 | 7,250 |
| Payables to Copersucar | 16 | 163,437 | 162,986 | 163,437 | 162,986 |
| Deferred income tax and social contribution | 20 | 677,953 | 632,750 | 1,040,485 | 997,134 |
| Provision for contingencies | 22 | 111,174 | 110,706 | 112,034 | 111,541 |
| Taxes with suspended payment | 16(b) | 1,094,563 | 1,063,378 | 1,094,563 | 1,063,378 |
| Other liabilities | | 1,888 | 1,916 | 1,888 | 1,916 |
| TOTAL NON-CURRENT LIABILITIES | | 10,009,447 | 9,891,157 | 10,412,721 | 10,295,641 |
| EQUITY | | | | | |
| Share capital | 18 | 3,161,384 | 3,161,384 | 3,161,384 | 3,161,384 |
| Treasury shares | | (139,997) | (139,997) | (139,997) | (139,997) |
| Carrying value adjustments | | 1,161,054 | 1,062,480 | 1,161,054 | 1,062,480 |
| Revenue reserves | | 1,848,563 | 1,828,496 | 1,848,563 | 1,828,496 |
| Retained earnings | | 47,932 | - | 47,932 | - |
| TOTAL EQUITY | | 6,078,936 | 5,912,363 | 6,078,936 | 5,912,363 |
| TOTAL LIABILITIES AND EQUITY | | 18,539,391 | 18,409,037 | 18,970,984 | 18,823,785 |

The accompanying notes are an integral part of this quarterly information

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

(A free translation of the original in Portuguese)

| | Note | Parent company | | Consolidated | |
|--|-------|----------------|---------------|---------------|---------------|
| | | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Revenue | 27 | 1,298,240 | 1,655,272 | 1,342,587 | 1,697,459 |
| Cost of goods sold | 28 | (842,297) | (1,128,846) | (831,598) | (1,116,397) |
| Gross profit | | 455,943 | 526,426 | 510,989 | 581,062 |
| Operating income (expenses) | | | | | |
| Selling expenses | 28 | (42,870) | (43,315) | (46,327) | (46,171) |
| General and administrative expenses | 28 | (93,031) | (53,425) | (95,527) | (55,406) |
| Equity in the results of investees | 10 | 52,683 | 50,143 | 1,789 | 1,169 |
| Other revenue, net | 29 | 9,249 | 34,258 | 9,566 | 35,166 |
| | | (73,969) | (12,339) | (130,499) | (65,242) |
| Operating profit | | 381,974 | 514,087 | 380,490 | 515,820 |
| Finance income (costs) | 30 | | | | |
| Finance income | | 85,939 | 74,082 | 93,677 | 83,404 |
| Finance costs | | (287,995) | (261,544) | (289,400) | (262,374) |
| Monetary and foreign exchange variations, net | | (53,051) | (132,540) | (53,051) | (132,540) |
| Derivatives | | 87,956 | 12,705 | 87,956 | 12,705 |
| | | (167,151) | (307,297) | (160,818) | (298,805) |
| Profit before income tax and social contribution | | 214,823 | 206,790 | 219,672 | 217,015 |
| Income tax and social contribution | 20(c) | | | | |
| Current | | (1,536) | (10,803) | (6,761) | (21,387) |
| Deferred | | 6,981 | 25,592 | 7,357 | 25,951 |
| Profit for the period | | 220,268 | 221,579 | 220,268 | 221,579 |
| Basic and diluted earnings per share - R\$ | 31 | 0.6359 | 0.6397 | 0.6359 | 0.6397 |

The accompanying notes are an integral part of this quarterly information



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

(A free translation of the original in Portuguese)

| Parent company and Consolidated | June 30, 2023 | June 30, 2022 |
|--|----------------|-----------------|
| Profit for the period | 220,268 | 221,579 |
| Items that will be subsequently reclassified to profit or loss | | |
| Changes in the year: | | |
| Changes in fair value | | |
| Commodity derivatives - Futures, options and forward contracts | (16,515) | 5,733 |
| Foreign exchange derivatives - Options / NDF | 76,894 | (116,944) |
| Foreign exchange gain (loss) on borrowings (Trade Finance) | 82,030 | 36,399 |
| | <u>142,409</u> | <u>(74,812)</u> |
| Recognition in operating income | | |
| Commodity derivatives - Futures, options and forward contracts | 45,749 | 32,491 |
| Foreign exchange derivatives - Options / NDF | (41,625) | (27,360) |
| Foreign exchange gain (loss) on borrowings (Trade Finance) | 6,572 | 5,321 |
| | <u>10,696</u> | <u>10,452</u> |
| Write-off due to ineffectiveness | | |
| Commodity derivatives - Futures, options and forward contracts | 376 | - |
| | <u>376</u> | <u>-</u> |
| Total changes in the year | | |
| Commodity derivatives - Futures, options and forward contracts | 29,610 | 38,224 |
| Foreign exchange derivatives - Options / NDF | 35,269 | (144,304) |
| Foreign exchange gain (loss) on borrowings (Trade Finance) | 88,602 | 41,720 |
| Deferred taxes on the items above | (52,184) | 21,882 |
| | <u>101,297</u> | <u>(42,478)</u> |
| Total comprehensive income for the period | <u>321,565</u> | <u>179,101</u> |

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)

| | | | | Carrying value adjustments | | | | | | | | | | |
|---|------------|---------------|-----------------|----------------------------|-----------|------------------|--------|------------------|---------------------|---------------------------|-----------------------|----------------------|-------------------|-----------|
| | | | | Deemed cost | | Hedge accounting | Others | Revenue reserves | | | | | | |
| | Note | Share capital | Treasury shares | Parent | Investees | | | Legal | Revaluation reserve | Unrealized profit reserve | Tax incentive reserve | Additional dividends | Retained earnings | Total |
| At March 31, 2022 | | 2,681,571 | (139,997) | 106,799 | 1,183,641 | (190,610) | 644 | 262,776 | 1,030,260 | 21,989 | 229,887 | 131,465 | - | 5,318,425 |
| Realization of surplus on revaluation of deemed cost | 18 (c. i) | - | - | (3,014) | 41 | - | - | - | - | - | - | - | 2,973 | - |
| Gain (loss) on derivative transactions - hedge accounting | 18 (c. ii) | - | - | - | - | (42,478) | - | - | - | - | - | - | - | (42,478) |
| Transfer to tax incentive reserve | 18(d) | - | - | - | - | - | - | - | - | - | 39,897 | - | (39,897) | - |
| Interest on capital paid | 18 (e) | - | - | - | - | - | - | - | - | - | - | - | (115,000) | (115,000) |
| Carrying value adjustments of investees | | - | - | - | - | - | 63 | - | - | - | - | - | - | 63 |
| Profit for the period | | - | - | - | - | - | - | - | - | - | - | - | 221,579 | 221,579 |
| At June 30, 2022 | | 2,681,571 | (139,997) | 103,785 | 1,183,682 | (233,088) | 707 | 262,776 | 1,030,260 | 21,989 | 269,784 | 131,465 | 69,655 | 5,382,589 |
| 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 |
| Realization of surplus on revaluation of deemed cost | 18 (c. i) | - | - | (2,700) | (31) | - | - | - | - | - | - | - | 2,731 | - |
| Gain (loss) on derivative transactions - hedge accounting | 18 (c. ii) | - | - | - | - | 101,297 | - | - | - | - | - | - | - | 101,297 |
| Transfer to tax incentive reserve | 18(d) | - | - | - | - | - | - | - | - | - | 20,067 | - | (20,067) | - |
| Interest on capital paid | 18 (e) | - | - | - | - | - | - | - | - | - | - | - | (155,000) | (155,000) |
| Carrying value adjustments of investees | | - | - | - | - | - | 8 | - | - | - | - | - | - | 8 |
| Profit for the period | | - | - | - | - | - | - | - | - | - | - | - | 220,268 | 220,268 |
| At June 30, 2023 | | 3,161,384 | (139,997) | 95,189 | 1,183,935 | (118,816) | 746 | 313,563 | 911,987 | 16,057 | 337,888 | 269,068 | 47,932 | 6,078,936 |

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

Statement of cash flows
Periods ended June 30, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

| | Note | Parent company | | Consolidated | |
|---|-----------|----------------|---------------|---------------|---------------|
| | | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Cash flows from operating activities | | | | | |
| Profit for the period | | 220,268 | 221,579 | 220,268 | 221,579 |
| Adjustments | | | | | |
| Depreciation and amortization | 28 | 190,047 | 251,769 | 191,150 | 253,100 |
| Biological assets harvested | 28 | 226,149 | 259,819 | 226,149 | 259,819 |
| Changes in the fair value of biological assets, agricultural produce, and CBIOS | 28 | (145,136) | (7,355) | (145,136) | (7,355) |
| Amortization of electric power supply contracts | | - | - | 2,834 | 2,262 |
| Equity in the results of investees | 10 | (52,683) | (50,143) | (1,789) | (1,169) |
| Gains (losses) on investments and PP&E written off | 11 | (1,616) | (948) | (1,616) | (948) |
| Interest, monetary and foreign exchange variations, net | | 119,875 | 252,611 | 114,803 | 246,379 |
| Derivative financial instruments | | (77,766) | 9,176 | (77,766) | 9,176 |
| Setup of provision for contingencies, net | 22.1 | 9,883 | 9,158 | 9,883 | 9,215 |
| Income tax and social contribution | 20 b | (5,445) | (14,789) | (596) | (4,564) |
| Taxes with suspended payment | | 31,185 | 19,380 | 31,185 | 19,380 |
| Adjustment to present value and other adjustments | | 87,701 | 64,923 | 88,987 | 65,311 |
| | | 602,462 | 1,015,180 | 658,356 | 1,072,185 |
| Changes in assets and liabilities | | | | | |
| Trade receivables | | (43,189) | (193,382) | (58,009) | (212,522) |
| Inventories | | (314,842) | (234,580) | (302,594) | (221,741) |
| Taxes recoverable | | (12,010) | (69,564) | (11,855) | (69,971) |
| Derivative financial instruments | | 346 | (18,792) | 346 | (18,792) |
| Other assets | | (32,629) | (27,159) | (32,661) | (27,273) |
| Trade payables | | 297,269 | 166,619 | 303,007 | 165,596 |
| Salaries and social charges | | 71,643 | 43,483 | 72,025 | 43,974 |
| Taxes payable | | 4,881 | (19,383) | 4,555 | (18,285) |
| Payables to Copersucar | | (467) | (6,999) | (467) | (6,999) |
| Provision for contingencies - settlement | 22.1 | (13,276) | (5,183) | (13,276) | (5,183) |
| Other liabilities | | 39,760 | (29,308) | 49,645 | (21,886) |
| Cash from operations | | 599,948 | 620,932 | 669,072 | 679,103 |
| Payment of interest on borrowings and financing | 14 | (208,379) | (108,488) | (208,379) | (108,488) |
| Deferred income tax and social contribution | | - | - | (3,599) | (5,472) |
| Net cash provided by operating activities | | 391,569 | 512,444 | 457,094 | 565,143 |
| Cash flow from investing activities | | | | | |
| Investment of funds | | 257 | (91) | 257 | (91) |
| Additions to property, plant and equipment and intangible assets | 11 and 12 | (140,358) | (257,228) | (141,372) | (268,765) |
| Additions to biological assets (planting and crop treatments) | | (309,736) | (304,736) | (309,736) | (304,736) |
| Financial investments | | 659,967 | 310,485 | 594,571 | 268,553 |
| Proceeds from sale of property, plant and equipment | 11 | 3,004 | 2,443 | 3,004 | 2,443 |
| Net cash provided by (used in) investing activities | | 213,134 | (249,127) | 146,724 | (302,596) |
| Cash flows from financing activities | | | | | |
| Payments of lease agreements and partnerships | 13 | (155,192) | (164,620) | (155,192) | (164,620) |
| Proceeds from borrowings – third parties | 14 | - | 70,000 | - | 70,000 |
| Repayment of borrowings - third parties | 14 | (636,019) | (108,608) | (636,019) | (107,743) |
| Net cash used in financing activities | | (791,211) | (203,228) | (791,211) | (202,363) |
| Net increase (decrease) in cash and cash equivalents | | (186,508) | 60,089 | (187,393) | 60,184 |
| 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 | 85,834 | 174,963 | 86,015 | 175,087 |
| Additional information | | | | | |
| Balance of financial investments (current assets) | 4 | 2,050,903 | 2,412,960 | 2,284,255 | 2,654,310 |
| Total available funds | 4 | 2,136,737 | 2,587,923 | 2,370,270 | 2,829,397 |

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

Statement of value added
Periods ended June 30, 2023 and 2022
All amounts in thousands of reais

(A free translation of the original in Portuguese)

| | Parent company | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Revenue | | | | |
| Gross sales of goods and products | 1,329,441 | 1,758,967 | 1,376,534 | 1,805,288 |
| Revenue from construction of own assets | 328,564 | 301,559 | 328,570 | 301,559 |
| Other income | 4,200 | 2,998 | 4,200 | 2,998 |
| | <u>1,662,205</u> | <u>2,063,524</u> | <u>1,709,304</u> | <u>2,109,845</u> |
| Inputs acquired from third parties | | | | |
| Cost of products and goods sold | (456,625) | (448,220) | (436,357) | (424,926) |
| Material, electricity, third-party services, and other operating expens | <u>287,666</u> | <u>(375,478)</u> | <u>274,207</u> | <u>(392,011)</u> |
| | <u>(168,959)</u> | <u>(823,698)</u> | <u>(162,150)</u> | <u>(816,937)</u> |
| Gross value added | 1,493,246 | 1,239,826 | 1,547,154 | 1,292,908 |
| Depreciation and amortization | (190,047) | (251,769) | (191,150) | (253,100) |
| Biological assets harvested | <u>(226,149)</u> | <u>(259,819)</u> | <u>(226,149)</u> | <u>(259,819)</u> |
| Net value added generated by the entity | 1,077,050 | 728,238 | 1,129,855 | 779,989 |
| Value added received in transfer | | | | |
| Equity in the results of investees | 52,683 | 50,143 | 1,789 | 1,169 |
| Finance income | 304,348 | 237,711 | 312,091 | 247,156 |
| Others | <u>6,322</u> | <u>31,980</u> | <u>6,637</u> | <u>32,886</u> |
| Total value added to be distributed | <u>1,440,403</u> | <u>1,048,072</u> | <u>1,450,372</u> | <u>1,061,200</u> |
| Distribution of value added | | | | |
| Personnel and payroll charges | | | | |
| Direct compensation | 500,998 | 158,922 | 501,467 | 159,267 |
| Benefits | 152,099 | 57,585 | 152,445 | 57,874 |
| Government Severance Indemnity Fund for Employees (FGTS) | 41,312 | 14,820 | 41,346 | 14,861 |
| Management compensation | 23,418 | (4,860) | 23,775 | (4,541) |
| Taxes, charges and contributions | | | | |
| Federal | 22,222 | 33,452 | 29,388 | 44,424 |
| State | 8,084 | 19,280 | 8,102 | 19,327 |
| Municipal | 513 | 775 | 669 | 946 |
| Financing entities | | | | |
| Interest | 282,577 | 255,694 | 283,935 | 256,559 |
| Rentals | 2,382 | 1,252 | 2,392 | 1,256 |
| Foreign exchange variations | 125,450 | 233,283 | 125,450 | 233,328 |
| Others | 61,080 | 56,290 | 61,135 | 56,320 |
| Retained earnings in the year | <u>220,268</u> | <u>221,579</u> | <u>220,268</u> | <u>221,579</u> |
| Value added distributed | <u>1,440,403</u> | <u>1,048,072</u> | <u>1,450,372</u> | <u>1,061,200</u> |

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

1. Operations

São Martinho S.A. ("the Company" or "the 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 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. A sugarcane crop takes up to 18 months to mature, and harvest runs, 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 Usina Boa Vista, 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 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 August 14, 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 adopting 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 parent company and consolidated 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 (ITR). 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 at 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 relevant accounting practices adopted by the Company are described in specific notes related to the items presented, and those affecting various aspects of the interim accounting information are described below.

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

2.2 Basis of consolidation and investments in subsidiaries

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

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

| Company | Core activity |
|--|---|
| São Martinho Terras Agrícolas S.A. ("SM Terras Agrícolas") | Exploitation of land through agricultural lease and partnership, rental and sale of real estate. |
| São Martinho Terras Imobiliárias S.A. ("SM Terras Imobiliárias") (i) | Sale and purchase of real estate, development and exploitation of real estate and mining enterprises. |
| Bioenergética São Martinho S.A. ("Bio SM") | Co-generation of electric power |
| Bioenergética Santa Cruz S.A. ("Bio SC") | Co-generation of electric power |
| 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, established as Special-Purpose Entities (SPEs), and 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 model hybrid of expected and incurred losses, which requires relevant judgment as 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.

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 amortization, under the effective interest rate method.

c) Derivative financial instruments

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

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

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

2.6 Business combinations and goodwill

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

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

is immediately recognized in the statement of income as gain arising from a bargain purchase.

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

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

Acquisition costs incurred accounted for as expenses

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is allocated as from the acquisition date 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, which 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 the expected net cash flows from biological assets, which is calculated through the use of discounted cash flow assumptions (Note 7).

c) Income tax, social contribution and other taxes

The Company recognizes provisions when it is probable that additional taxes will be due. When the final outcome of tax 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 through 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 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, also considering the lessee's credit risk, the term of the agreement, and the collateral offered.

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

4. Cash and cash equivalents and financial investments

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

| | Parent company | | | Consolidated | | |
|--|----------------|------------------|------------------|---------------|------------------|------------------|
| | Annual yield | June 30, 2023 | March 31, 2023 | Annual yield | June 30, 2023 | March 31, 2023 |
| Cash and banks in Brazil | | 2,768 | 1,520 | | 2,949 | 2,586 |
| Cash and banks abroad (US Dollar) | 3.0% | 83,066 | 21,454 | 3.0% | 83,066 | 21,454 |
| Financial investments | | | | | | |
| · Investments in foreign currency (i) | 4.4% | - | 249,368 | 4.4% | - | 249,368 |
| Total cash and cash equivalents | | 85,834 | 272,342 | | 86,015 | 273,408 |
| Financial investments | | | | | | |
| · Investment fund | 101.1% of CDI | 1,796,993 | 2,404,356 | 101.2% of CDI | 2,030,088 | 2,566,036 |
| · Bank Deposit Certificate (CDB) | 103.3% of CDI | 253,910 | 238,837 | 103.2% of CDI | 254,167 | 238,837 |
| · Other (ii) | 96.2% of CDI | 37,730 | 38,497 | 96.2% of CDI | 37,730 | 38,497 |
| Total financial investments | | 2,088,633 | 2,681,690 | | 2,321,985 | 2,843,370 |
| Total cash and cash equivalents and financial investments | | 2,174,467 | 2,954,032 | | 2,408,000 | 3,116,778 |
| In non-current assets | | 37,730 | 38,497 | | 37,730 | 38,497 |
| Total available funds | | 2,136,737 | 2,915,535 | | 2,370,270 | 3,078,281 |

(i) Time Deposits (TD).

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

5. Trade receivables

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

The balance of trade receivables is as follows:

| | Parent company | | Consolidated | |
|----------------------------|------------------|------------------|------------------|------------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| Domestic market customers | 106,575 | 92,808 | 177,077 | 149,628 |
| Foreign market customers | 186,634 | 166,711 | 186,634 | 166,711 |
| (-) Expected credit losses | (26) | (26) | (743) | (743) |
| | 293,183 | 259,493 | 362,968 | 315,596 |
| Current assets | (293,183) | (259,493) | (325,020) | (274,904) |
| Non-current assets | - | - | 37,948 | 40,692 |

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

The aging list of trade receivables is as follows:

| | Parent company | | Consolidated | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| Falling due: | 291,915 | 259,458 | 361,155 | 315,177 |
| Overdue and not provided for: | | | | |
| For 30 days | - | 1 | - | 92 |
| Over 30 days | 1,268 | 34 | 1,813 | 327 |
| | 293,183 | 259,493 | 362,968 | 315,596 |

Includes amounts from related parties of R\$ 12,268 and R\$ 454 in the Parent company and Consolidated, respectively (R\$ 1,987 and R\$ 397, respectively, on March 31, 2023) (Note 9).

6. Inventories and advances to suppliers

| | Parent company | | Consolidated | |
|--|------------------|----------------|------------------|----------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| Current | | | | |
| Finished products and work-in-process | 693,464 | 98,396 | 681,249 | 98,396 |
| Raw material – Corn (i) | 168,575 | 251,944 | 168,575 | 251,944 |
| Raw - material – Soybean | 1,295 | 1,558 | 1,295 | 1,558 |
| Advances - purchases of sugarcane | 88,808 | 45,235 | 88,808 | 45,235 |
| Advances - purchases of inputs and finished products | 98,906 | 76,593 | 98,906 | 76,593 |
| RenovaBio - CBIOs (ii) | 10,774 | 4,209 | 10,774 | 4,209 |
| Land subdivisions | - | - | 6,142 | 6,174 |
| Inputs, maintenance materials and other | 181,165 | 210,009 | 181,164 | 210,009 |
| | 1,242,987 | 687,944 | 1,236,913 | 694,118 |
| Non-current | | | | |
| Advances - purchases of sugarcane | 228,544 | 224,678 | 228,544 | 224,678 |
| | 228,544 | 224,678 | 228,544 | 224,678 |
| | 1,471,531 | 912,622 | 1,465,457 | 918,796 |

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

- (i) Relates to the raw material acquired for the production at the corn ethanol plant, which started in March 2023 (Note 1).
- (ii) On June 30, 2023, the Company had 126,000 registered decarbonization credits (Cbios) carried at fair value (60,000 Cbios on March 31, 2023).

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

7. Biological assets

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

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

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

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

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

| Parent Company and Consolidated | June 30, 2023 | March 31, 2023 |
|---|------------------|-------------------|
| Estimated total harvested area (ha) | 246,320 | 244,695 |
| Amount of TRS per hectare | 11.46 | 11.45 |
| Projected average price of TRS (in R\$) | 1.27 | 1.11 |

In this quarterly information, the discount rate of 11.7% 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 to be generated, adjusting them to present value through the use of a discount rate compatible with the return on investment in the circumstances. Changes in the fair value are recorded within "biological assets", with a corresponding entry to the sub-account "changes in the fair value of biological assets", within "cost of goods sold" in the statement of income.

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

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

| Parent Company and Consolidated | June 30, 2023 | June 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 | 181,575 | 205,010 |
| Transfer from property, plant and equipment | 308,087 | 24,794 |
| Changes in fair value | 149,018 | 8,165 |
| Decreases resulting from harvest | (385,035) | (334,147) |
| Biological assets - closing balance: | 1,414,213 | 1,123,103 |
| Comprised of: | | |
| Historical cost | 1,456,378 | 1,159,444 |
| Fair value | (42,165) | (36,341) |
| Biological assets - closing balance: | 1,414,213 | 1,123,103 |

Sugarcane cultivation is exposed to the risk of 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 on June 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\$ 114,036. For production volumes, the same 5% variation (up or down) would result in an increase or decrease of R\$ 113.463.

8. Taxes recoverable

Balances of taxes recoverable:

| | Parent company | | Consolidated | |
|--|------------------|-------------------|------------------|-------------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| Current | | | | |
| PIS and COFINS | 121,573 | 139,922 | 121,573 | 139,963 |
| ICMS | 71,641 | 69,950 | 72,027 | 69,969 |
| Tax Refund Program for Exporters (Reintegra) | 1,128 | 2,782 | 1,128 | 2,782 |
| Others | 3,542 | 1,316 | 3,542 | 1,539 |
| | 197,884 | 213,970 | 198,270 | 214,253 |
| Non-current | | | | |
| PIS and COFINS | 123,678 | 116,394 | 123,678 | 116,394 |
| ICMS | 98,248 | 94,783 | 100,611 | 97,151 |
| Tax on Financial Transactions (IOF) on derivatives | 9,857 | 9,701 | 9,857 | 9,701 |
| INSS | 7,686 | 7,430 | 7,686 | 7,430 |
| | 239,469 | 228,308 | 241,832 | 230,676 |
| | 437,353 | 442,278 | 440,102 | 444,929 |

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

9. Related parties

a) Parent company and consolidated balances:

| | Parent company | | Consolidated | |
|--|------------------|-------------------|------------------|-------------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| Current assets | | | | |
| Trade receivables (i) | | | | |
| Bio BV | 2,792 | 1,188 | - | - |
| Bio SM | 2,509 | 303 | - | - |
| Bio SC | 426 | 16 | - | - |
| SM Terras Imobiliárias | 6,011 | 27 | - | - |
| SM Terras Agrícolas | 12 | 12 | - | - |
| Others | 518 | 441 | 454 | 397 |
| | 12,268 | 1,987 | 454 | 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 | 11,849 | 16,316 | - | - |
| SM Terras Imobiliárias | - | 1,782 | - | - |
| Bio SM | 3,927 | - | - | - |
| Bio SC | 223 | 140 | - | - |
| CTC - Centro de Tecnologia Canavieira S.A. | 865 | 210 | 865 | 210 |
| Others | 10 | 15 | 10 | 15 |
| | 16,874 | 18,463 | 875 | 225 |
| Acquisition of ownership interest | | | | |
| Luiz Ometto Participações S.A. (Note 17) | 11,575 | 11,571 | 11,575 | 11,571 |
| | 11,575 | 11,571 | 11,575 | 11,571 |
| Current and non-current liabilities: | | | | |
| Leases and agricultural partnerships payable | | | | |
| from stockholders and related parties | 625,893 | 612,986 | 517,013 | 508,779 |

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

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

| | Parent company | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Sales revenue | | | | |
| Bio BV | 2,578 | 2,988 | - | - |
| Bio SM | 2,453 | 2,535 | - | - |
| Bio SC | 762 | 2,228 | - | - |
| | 5,793 | 7,751 | - | - |
| Reimbursed expenses / Lease revenue (purchase of products and services) | | | | |
| SM Terras Agrícolas | (19,420) | (21,018) | - | - |
| CTC - Centro de Tecnologia Canavieira S.A. | (1,645) | (841) | (1,294) | (467) |
| SM Terras Imobiliárias | (7,119) | (7,256) | - | - |
| Bio SC | (117) | (334) | - | - |
| Bio BV | 135 | 23 | - | - |
| Bio SM | 20 | 12 | - | - |
| | (28,146) | (29,414) | (1,294) | (467) |
| Stockholders and related parties | | | | |
| Sugarcane purchases / land leases / agricultural partnership and land lease/ reimbursed expenses | | | | |
| Agro Pecuária Boa Vista S/A | (14,062) | (15,342) | (14,062) | (15,342) |
| Others | (8,163) | (2,628) | (8,255) | (2,714) |
| | (22,225) | (17,970) | (22,317) | (18,056) |

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, 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 | |
|---|------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Fixed and variable compensation, and benefits | 9,418 | 8,248 | 10,001 | 8,783 |
| Social security contributions | 1,854 | 1,575 | 1,958 | 1,671 |
| Total compensation and charges | 11,272 | 9,823 | 11,959 | 10,454 |

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

The carrying amount of the liability relating to the new fair value calculation of the Virtual Option Plan is R\$ 28,569 (R\$ 12,556 on March 31, 2023).

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

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

| Plan | 8th Plan | 9th Plan | 10th Plan | 11th Plan | 12th Plan | 13th Plan | 14th Plan | Total |
|--|---------------|---------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Plan issue date | 12/12/2016 | 05/02/2018 | 12/10/2018 | 12/09/2019 | 12/14/2020 | 12/13/2021 | 12/12/2022 | |
| Deadline for exercise | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | |
| Number of virtual options granted | 727,273 | 882,074 | 1,133,513 | 1,072,712 | 754,980 | 563,175 | 1,463,211 | 6,596,938 |
| Number of virtual options exercised/cancelled | (712,063) | (848,100) | (767,155) | (374,733) | (64,391) | (24,896) | (56,325) | (2,847,663) |
| Number of virtual options to be exercised | 15,210 | 33,974 | 366,358 | 697,979 | 690,589 | 538,279 | 1,406,886 | 3,749,275 |
| 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:

| | | | | Parent company | | | |
|---------------------------------|----------------------|---------------|----------------|--------------------------|----------------|------------------------------------|---------------|
| Company | Ownership interest % | Equity | | Book value of investment | | Equity in the results of investees | |
| | | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 | June 30, 2023 | June 30, 2022 |
| Classified as Investments | | | | | | | |
| SM Terras Agrícolas | 100.00% | 859,669 | 839,802 | 850,494 | 839,802 | 10,692 | 12,092 |
| SM Terras Imobiliárias | 100.00% | 698,189 | 686,649 | 695,873 | 686,996 | 8,876 | 5,466 |
| Bio SC | 100.00% | 64,137 | 47,593 | 72,407 | 58,726 | 13,681 | 10,132 |
| SM Inova | 100.00% | 43,840 | 42,361 | 43,840 | 42,361 | 11,717 | 1,183 |
| Bio BV | 100.00% | 44,160 | 32,123 | 44,160 | 32,123 | 1,791 | 14,156 |
| Bioenergia SM | 100.00% | 34,673 | 31,189 | 34,673 | 31,189 | 6,867 | (262) |
| Bio SM | 100.00% | 30,222 | 27,805 | 30,222 | 27,805 | (967) | 7,356 |
| SM Logística | 100.00% | 1,122 | 1,097 | 1,121 | 1,096 | 26 | 20 |
| Total classified as Investments | | 1,776,012 | 1,708,619 | 1,772,790 | 1,720,098 | 52,683 | 50,143 |

| | | | | Consolidated | | | |
|--|----------------------|---------------|----------------|--------------------------|----------------|------------------------------------|---------------|
| Company | Ownership interest % | Equity | | Book value of investment | | Equity in the results of investees | |
| | | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 | June 30, 2023 | June 30, 2022 |
| Classified as Investments | | | | | | | |
| CTC - Centro de Tecnologia Canavieira S.A. (i) | 5.41% | 895,806 | 862,600 | 48,503 | 46,705 | 1,789 | 1,169 |
| Others | | - | - | 1,093 | 1,093 | - | - |
| Total classified as Investments | | 895,806 | 862,600 | 49,596 | 47,798 | 1,789 | 1,169 |

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

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

Changes in investments during the period were as follows:

| Changes in investments | Parent company | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 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 | 52,683 | 50,143 | 1,789 | 1,169 |
| Dividends distributed | - | - | - | (1,723) |
| Other effects of investments | 9 | 63 | 9 | 63 |
| Balance at the end of the period | 1,772,790 | 1,801,765 | 49,596 | 45,074 |

11. Property, plant and equipment

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

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

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

Notes to the quarterly information at June 30, 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 | - | - | 902 | 10,405 | 10,642 | 100,869 | 203,867 | 1,162 | 327,847 |
| Intercrop maintenance (i) | - | - | 8,280 | 2,971 | 4,585 | - | - | - | 15,836 |
| Transfer of PP&E/biological assets | - | - | - | - | - | (24,794) | - | - | (24,794) |
| Cost of sale | - | - | (13) | (155) | (1,326) | - | - | (1) | (1,495) |
| Transfer between groups | - | - | 15 | 20 | (1,640) | 1,640 | (47) | 12 | - |
| Depreciation | - | (3,999) | (103,357) | (34,810) | (55,137) | - | - | (2,893) | (200,196) |
| At June 30, 2022 | 96,046 | 414,729 | 1,270,625 | 314,032 | 409,279 | 1,598,884 | 928,547 | 41,691 | 5,073,833 |
| Total cost | 96,046 | 545,593 | 2,223,270 | 548,965 | 843,973 | 1,598,884 | 928,547 | 193,386 | 6,978,664 |
| Accumulated depreciation | - | (130,864) | (952,320) | (235,061) | (434,891) | - | - | (151,695) | (1,904,831) |
| Net book value | 96,046 | 414,729 | 1,270,950 | 313,904 | 409,082 | 1,598,884 | 928,547 | 41,691 | 5,073,833 |
| 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 | 1,527 | - | 12,973 | 129,275 | 67,691 | 183 | 214,750 |
| Intercrop maintenance (i) | - | - | 12,210 | 3,994 | 5,524 | - | - | - | 21,728 |
| Transfer of PP&E/biological assets | - | - | - | - | - | (308,087) | - | - | (308,087) |
| Cost of sale | - | - | (46) | (555) | (787) | - | - | - | (1,388) |
| Transfer between groups | - | 11,671 | (9,119) | - | (4,883) | 4,883 | (3,463) | 911 | - |
| Depreciation | - | (4,554) | (107,163) | (34,753) | (44,879) | - | - | (2,458) | (193,807) |
| At June 30, 2023 | 96,046 | 559,665 | 1,766,767 | 330,266 | 389,691 | 1,661,337 | 669,927 | 33,770 | 5,507,469 |
| Total cost | 96,046 | 705,718 | 2,812,661 | 591,959 | 847,662 | 1,661,337 | 669,927 | 194,856 | 7,580,166 |
| Accumulated depreciation | - | (146,053) | (1,045,894) | (261,693) | (457,971) | - | - | (161,086) | (2,072,697) |
| Net book value | 96,046 | 559,665 | 1,766,767 | 330,266 | 389,691 | 1,661,337 | 669,927 | 33,770 | 5,507,469 |
| Residual value: | | | | | | | | | |
| Historical cost | 24,759 | 502,325 | 1,610,619 | 316,138 | 377,031 | 1,661,337 | 669,927 | 33,770 | 5,195,906 |
| Surplus on revaluation | 71,287 | 57,340 | 156,148 | 14,128 | 12,660 | - | - | - | 311,563 |
| Annual average depreciation rates/ Transfer of biological assets | - | 3% | 4% | 7% | 8% | 14% | - | 13% | |

Notes to the quarterly information at June 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 | 1,521,168 | 752,518 | 43,413 | 6,771,209 |
| Acquisitions | - | - | 902 | 10,405 | 10,642 | 100,869 | 215,372 | 1,162 | 339,352 |
| Intercrop maintenance (i) | - | - | 8,417 | 2,971 | 4,585 | - | - | - | 15,973 |
| Cost of sale | - | - | (13) | (155) | (1,326) | - | - | (1) | (1,495) |
| Transfer of biological assets | - | - | - | - | - | (24,794) | - | - | (24,794) |
| Transfer between groups | - | - | 15 | 20 | (1,640) | 1,640 | (47) | 12 | - |
| Depreciation | - | (4,016) | (104,764) | (34,810) | (55,138) | - | - | (2,892) | (201,620) |
| At June 30, 2022 | 1,816,933 | 415,685 | 1,334,278 | 314,030 | 409,279 | 1,598,883 | 967,843 | 41,694 | 6,898,625 |
| Total cost | 1,816,933 | 548,648 | 2,325,445 | 548,965 | 843,974 | 1,598,883 | 967,843 | 193,399 | 8,844,090 |
| Accumulated depreciation | - | (132,963) | (990,843) | (235,062) | (434,892) | - | - | (151,705) | (1,945,465) |
| Net book value | 1,816,933 | 415,685 | 1,334,602 | 313,903 | 409,082 | 1,598,883 | 967,843 | 41,694 | 6,898,625 |
| At March 31, 2023 | 1,816,755 | 550,378 | 1,931,129 | 361,579 | 421,743 | 1,835,265 | 654,580 | 35,138 | 7,606,567 |
| Acquisitions | - | 3,101 | 1,549 | - | 12,973 | 129,275 | 68,680 | 183 | 215,761 |
| Intercrop maintenance (i) | - | - | 12,210 | 3,994 | 5,524 | - | - | - | 21,728 |
| Cost of sale | (2) | - | (45) | (554) | (787) | - | - | - | (1,388) |
| Transfer of biological assets | - | - | - | - | - | (308,087) | - | - | (308,087) |
| Transfer between groups | - | 11,671 | (9,119) | - | (4,883) | 4,883 | (3,463) | 911 | - |
| Depreciation | - | (4,568) | (108,268) | (34,754) | (44,879) | - | - | (2,458) | (194,927) |
| At June 30, 2023 | 1,816,753 | 560,582 | 1,827,456 | 330,265 | 389,691 | 1,661,336 | 719,797 | 33,774 | 7,339,654 |
| Total cost | 1,816,753 | 708,779 | 2,914,196 | 591,959 | 847,662 | 1,661,336 | 719,797 | 194,870 | 9,455,352 |
| Accumulated depreciation | - | (148,197) | (1,086,740) | (261,694) | (457,971) | - | - | (161,096) | (2,115,698) |
| Net book value | 1,816,753 | 560,582 | 1,827,456 | 330,265 | 389,691 | 1,661,336 | 719,797 | 33,774 | 7,339,654 |
| Residual value: | | | | | | | | | |
| Historical cost | 167,065 | 502,415 | 1,658,062 | 316,137 | 377,031 | 1,661,336 | 719,797 | 33,774 | 5,435,617 |
| Surplus on revaluation | 1,649,688 | 58,167 | 169,394 | 14,128 | 12,660 | - | - | - | 1,904,037 |
| 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 at June 30, 2023

All amounts in thousands of reais unless otherwise stated

As mentioned in Note 1, the corn ethanol plant started operations during the year ended March 31, 2023, 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 UTE power plant phase II.

Under the terms of certain borrowing agreements entered into by São Martinho, items of property, plant and equipment totaling R\$ 843,464 were pledged as collateral, of which R\$ 32,364 relates to rural properties (1,243 hectares of land).

Financial charges capitalized during the period amounted to R\$ 2,284 (R\$ 3,840 on June 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 | |
|---|----------------|----------------|----------------|----------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| Goodwill based on future profitability (i) | 374,632 | 374,632 | 374,632 | 374,632 |
| Software | 80,138 | 43,438 | 80,138 | 43,438 |
| Accumulated amortization | (35,038) | (34,586) | (35,038) | (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) | (25,009) | (24,610) | (25,009) | (24,610) |
| Cost of rights on electricity contracts (iii) | - | - | 103,401 | 103,401 |
| Amortization of rights on electricity contracts (iii) | - | - | (94,362) | (90,068) |
| Other assets | 1,364 | 1,366 | 13,027 | 13,023 |
| | 438,530 | 439,135 | 459,232 | 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).

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

Impairment of non-financial assets

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

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

On March 31, 2023, the Company tested its non-current assets for impairment, based on calculations of the value in use of each CGU, using pre-tax cash flow projections supported by financial budgets approved by management.

The growth rate does not exceed the long-term average growth rate of the industry in which the CGU operates.

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

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

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

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

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

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

Definitions used:

Lease

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

The Company as the Lessee

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

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

The Company as the Lessor

There were no changes in the accounting for 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 agreements | 998 | 126,712 | 136,535 | 264,245 |
| Write-offs | (32) | - | - | (32) |
| Depreciation | (2,878) | (113,486) | (24,381) | (140,745) |
| At June 30, 2022 | 2,527 | 2,465,690 | 739,563 | 3,207,780 |
| At March 31, 2023 | 21,094 | 2,233,580 | 670,651 | 2,925,325 |
| New agreements | 699 | 192,872 | 663 | 194,234 |
| Depreciation | (3,556) | (97,957) | (24,130) | (125,643) |
| At June 30, 2023 | 18,237 | 2,328,495 | 647,184 | 2,993,916 |
| Useful lives (years) | 1 to 2 | 2 to 29 | 2 to 20 | |

Notes to the quarterly information at June 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 | 613,097 | 2,393,753 | 3,006,850 |
| Offset of advances | - | (20,801) | (20,801) |
| Additions arising from new agreements | 137,533 | 126,712 | 264,245 |
| Write-offs | (44) | - | (44) |
| Payments made | (31,949) | (132,671) | (164,620) |
| Financial charges | 16,862 | 49,447 | 66,309 |
| At June 30, 2022 | 735,499 | 2,416,440 | 3,151,939 |
| At March 31, 2023 | 702,083 | 2,339,688 | 3,041,771 |
| Offset of advances | - | (36,647) | (36,647) |
| New agreements | 1,362 | 192,872 | 194,234 |
| Payments made | (41,989) | (113,203) | (155,192) |
| Financial charges | 46,103 | 42,628 | 88,731 |
| At June 30, 2023 | 707,559 | 2,425,338 | 3,132,897 |
| Total in current liabilities | 93,911 | 593,133 | 687,044 |
| Total in non-current liabilities | 613,648 | 1,832,205 | 2,445,853 |
| At June 30, 2023 | 707,559 | 2,425,338 | 3,132,897 |

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

| Maturity | Parent Company and Consolidated |
|---------------------------------|---------------------------------|
| From 7/1/2024 to 6/30/2025 | 614,506 |
| From 7/1/2025 to 6/30/2026 | 570,588 |
| From 7/1/2026 to 6/30/2027 | 497,484 |
| From 7/1/2027 to 6/30/2028 | 402,301 |
| From 7/1/2028 to 6/30/2029 | 318,484 |
| From 7/1/2029 to 6/30/2030 | 260,213 |
| From 7/1/2030 to 6/30/2031 | 224,369 |
| From 7/1/2031 onwards | 894,928 |
| (-) Adjustment to present value | (1,337,020) |
| | 2,445,853 |

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

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 | 940,533 | 318,705 |
| Potentially recoverable PIS/COFINS (9.25%) | (65,355) | (21,644) |
| June 30, 2023 | 875,178 | 297,061 |

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 | 8.47% |
| 3 years | 8.76% |
| 4 years | 8.93% |
| 5 years | 8.82% |
| 6 years | 9.84% |
| 7 years | 10.25% |
| 8 years | 10.21% |
| 9 years | 9.32% |
| 10 years | 10.80% |
| 11 years | 9.23% |
| From 12 to 30 years | 10.38% |

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 year ended March 31, 2023 and future periods is presented below, using a discounted cash flow that considers future inflation projected in the payment flows, and discounted at the nominal rates presented above:

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

| Parent Company and Consolidated | From 7/1/2024 to 6/30/2025 | From 7/1/2025 to 6/30/2026 | From 7/1/2026 to 6/30/2027 | From 7/1/2027 to 6/30/2028 | From 7/1/2028 to 6/30/2029 | From 7/1/2029 to 6/30/2034 | From 7/1/2034 to 6/30/2039 | From 7/1/2039 to 6/30/2044 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Right-of-use assets | | | | | | | | |
| IFRS 16 | 2,447,758 | 2,006,745 | 1,595,106 | 1,247,056 | 979,578 | 278,117 | 63,923 | - |
| CVM Official Letter | 3,523,805 | 2,916,640 | 2,352,965 | 1,865,577 | 1,480,978 | 437,682 | 102,757 | - |
| | 43.96% | 45.34% | 47.51% | 49.60% | 51.19% | 57.37% | 60.75% | N/A |
| Lease liability and agricultural partnership | | | | | | | | |
| IFRS 16 | 2,378,995 | 1,944,200 | 1,543,824 | 1,203,583 | 940,642 | 277,561 | 57,876 | - |
| CVM Official Letter | 3,381,284 | 2,804,798 | 2,267,703 | 1,801,658 | 1,432,947 | 535,408 | 139,786 | - |
| | 42.13% | 44.26% | 46.89% | 49.69% | 52.34% | 92.90% | 141.53% | N/A |
| Amortization expense | | | | | | | | |
| IFRS 16 | (527,920) | (441,013) | (411,638) | (348,051) | (267,478) | (701,461) | (214,193) | (63,923) |
| CVM Official Letter | (734,793) | (607,166) | (563,675) | (487,388) | (384,599) | (1,043,296) | (334,925) | (102,757) |
| | 39.19% | 37.68% | 36.93% | 40.03% | 43.79% | 48.73% | 56.37% | 60.75% |
| Interest expenses | | | | | | | | |
| IFRS 16 | (174,640) | (171,358) | (167,811) | (157,322) | (140,876) | (506,099) | (186,891) | (89,739) |
| CVM Official Letter | (240,683) | (228,361) | (224,855) | (212,379) | (193,137) | (811,521) | (275,454) | (149,164) |
| | 37.82% | 33.27% | 33.99% | 35.00% | 37.10% | 60.35% | 47.39% | 66.22% |

| | IFRS 16/CPC 06 | CVM Official Letter |
|----------------------|-------------------|------------------------|
| Amortization expense | (2,975,677) | (4,258,599) |
| Interest expenses | (1,594,736) | (2,335,554) |
| | (4,570,413) | (6,594,153) |

14. Borrowings

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

| Type | Annual charges | | Parent company | | Consolidated | |
|--|----------------|--------------------|------------------|-------------------|------------------|-------------------|
| | Rate | Index | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| In local currency | | | | | | |
| BNDES credit facility | 2.1% | +TJLP | 95,587 | 105,197 | 95,587 | 105,197 |
| BNDES credit facility | 4.2% | +IPCA | 860,270 | 815,861 | 901,174 | 855,411 |
| BNDES credit facilities (ii) | 5.4% | Fixed rate | 152,090 | 164,777 | 152,090 | 164,777 |
| FINEP | 4.0% | Fixed rate | 18,561 | 23,641 | 18,561 | 23,641 |
| Agro Export | 0.6% | +CDI | 94,679 | 92,286 | 94,679 | 92,286 |
| Rural credit (ii) | 8.0% | Fixed rate | 173,788 | 339,355 | 173,788 | 339,355 |
| Agribusiness Receivable Certificate (CRA) | 98.5% | CDI | 846,414 | 929,719 | 846,414 | 929,719 |
| Agribusiness Receivable Certificate (CRA) (iv) | 4.7% | +IPCA | 289,806 | 551,500 | 289,806 | 551,500 |
| Debentures (v) | 6.0% | +IPCA | 2,266,869 | 2,197,001 | 2,266,869 | 2,197,001 |
| International Finance Corporation (IFC) | 1.5% | +CDI | 299,833 | 312,571 | 299,832 | 312,571 |
| Other securitized credits | 3.0% | +IGP-M/ Fixed rate | 29 | 29 | 29 | 29 |
| Total in local currency | 98.1% | CDI | 5,097,926 | 5,531,937 | 5,138,829 | 5,571,487 |
| In foreign currency | | | | | | |
| Export prepayment (PPE) (vi) | 1.7% | 6M Libor | 291,489 | 433,951 | 291,489 | 433,951 |
| Export prepayment (PPE) | 1.6% | 6M Sofr | 97,322 | 156,139 | 97,322 | 156,139 |
| International Finance Corporation (IFC) (vii) | 1.5% | 6M Libor | 395,161 | 462,306 | 395,161 | 462,306 |
| Total in foreign currency | 5.6% | | 783,972 | 1,052,396 | 783,972 | 1,052,396 |
| TOTAL (i) | | | 5,881,898 | 6,584,333 | 5,922,801 | 6,623,883 |
| Total in current liabilities | | | 396,968 | 1,028,224 | 397,989 | 1,028,509 |
| Total in non-current liabilities | | | 5,484,930 | 5,556,109 | 5,524,812 | 5,595,374 |
| | | | 5,881,898 | 6,584,333 | 5,922,801 | 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 LIBOR curves.

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

- (ii) 58.5% of the of the BNDES credit facilities at fixed rate is linked to 53.5% of the DI rate, through a swap contract.
- (iii) 100% of the rural credit amount is linked to 72.95% of the DI rate, through a swap contract.
- (iv) 100% of the Agribusiness Receivable Certificates (CRAs) indexed to IPCA+ is linked to 121.9% of the DI rate, through a swap contract.
- (v) 25% of the debentures is linked to the DI rate + 1.1% p.a., 23% to the DI rate + 1.4% p.a., and the remaining 52%, to 108.2% of the DI rate, through a swap contract.
- (vi) 100% of the Export Credit Note (PPE) amount indexed to LIBOR is linked to the DI rate + 0.8% p.a., through a swap contract.
- (vii) 55% of the borrowing with *International Finance Corporation* (IFC) is linked to the DI rate + 1.2% p.a., and 45% is linked to a fixed rate of 5.0%, through a swap contract.

Changes in borrowings during the period were as follows:

| Changes in debt | Parent company | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Balance at the beginning of the year | 6,584,333 | 5,868,315 | 6,623,883 | 5,888,349 |
| Proceeds from borrowings | - | 70,000 | - | 70,000 |
| Repayment of principal | (636,019) | (108,608) | (636,019) | (107,743) |
| Payment of interest | (208,379) | (108,488) | (208,379) | (108,488) |
| Provision for interest/indexation accruals | 188,034 | 177,964 | 189,387 | 177,964 |
| Foreign exchange variation | (46,071) | 112,885 | (46,071) | 112,885 |
| Balance at the end of the period | 5,881,898 | 6,012,068 | 5,922,801 | 6,032,967 |

Long-term borrowings mature as follows:

| | Parent company | Consolidated |
|----------------------------|------------------|------------------|
| From 7/1/2024 to 6/30/2025 | 1,261,120 | 1,262,839 |
| From 7/1/2025 to 6/30/2026 | 666,362 | 668,142 |
| From 7/1/2026 to 6/30/2027 | 248,698 | 250,542 |
| From 7/1/2027 to 6/30/2028 | 392,061 | 393,971 |
| From 7/1/2028 to 6/30/2029 | 394,960 | 396,937 |
| From 7/1/2029 to 6/30/2030 | 390,490 | 392,537 |
| From 7/1/2030 to 6/30/2031 | 377,535 | 379,656 |
| From 7/1/2031 to 6/30/2032 | 718,657 | 720,853 |
| From 7/1/2032 to 6/30/2033 | 95,817 | 98,092 |
| From 7/1/2033 onwards | 939,230 | 961,243 |
| | 5,484,930 | 5,524,812 |

São Martinho's debt, of R\$ 843,464, 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.

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

At the reporting date, the carrying amounts of borrowings approximate their fair value. The fair values are based on discounted cash flows using a borrowing rate of 10.8% p.a. (12,3% p.a. on March 31, 2023) and are classified within Level 2 of the fair value hierarchy.

Covenants

Borrowings of R\$ 4,314,670 include financial covenants determined and measured annually, which were all complied with at the reporting date.

15. Trade payables

| | Parent company | | Consolidated | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| Sugarcane | 237,987 | 37,120 | 228,013 | 19,022 |
| Corn | 45,715 | - | 45,715 | - |
| Materials, services, and other | 262,255 | 257,559 | 264,600 | 262,289 |
| | 545,957 | 294,679 | 538,328 | 281,311 |

Of the total amount of trade payables, R\$ 16,874 in the parent company, and R\$ 875 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 that established obligations and rights that have not yet prescribed. The main obligations and rights are described below.

a) Obligations:

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

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

| Parent Company and Consolidated | June 30, 2023 | March 31, 2023 |
|--|-----------------------|-----------------------|
| REFIS - Copersucar - interest accruals based on the SELIC rate | 18,220 | 21,341 |
| Exchange Bill (LC) - interest accruals based on the SELIC rate | 77,412 | 76,591 |
| Exchange Bill (LC) - Transfer of funds without imposition of charges | 52,356 | 52,356 |
| Expenses with tax proceedings | 26,888 | 23,937 |
| Others | 2,300 | 2,300 |
| | <u>177,176</u> | <u>176,525</u> |
| Current liabilities | <u>(13,739)</u> | <u>(13,539)</u> |
| Non-current liabilities | <u>163,437</u> | <u>162,986</u> |

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

Copersucar has been served tax assessment notices with respect to State Value-Added Tax (ICMS) levied on sales of fuel and industrial ethanol made up 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 that it will successfully defend against fines; according to its legal counsel, the causes involve 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 its clear legal right to these amounts is secured.

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

In June 2017, the first court-ordered debt payment 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 amount of R\$ 2.2 billion (of which R\$ 286.3 million is due to the Company) is still under dispute.

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

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

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

Upon transferring the funds, Copersucar withheld a portion to cover legal costs related to the dispute about the levy of PIS and COFINS on the compensation received, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. At June 30, 2023, the balance receivable from Copersucar, of R\$ 212,963 (R\$ 212,963 on 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 provided for within "Taxes with suspended payment".

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

In July 2023, Copersucar transferred to the Company the amount of R\$ 502,834, corresponding to the sixth installment of the first court-ordered debt payment, and the fifth installment of the supplementary court-ordered debt payment, which will be recorded under Other income, net.

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

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

| 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 | (1,797) | 1,707 | (90) |
| Repayment of interest | 1,815 | (1,724) | 91 |
| At June 30, 2022 | (62,727) | 59,059 | (3,668) |
| At March 31, 2023 | (31,400) | 39,419 | 8,019 |
| Inflation adjustment | (972) | 1,225 | 253 |
| Repayment of interest | 988 | (1,245) | (257) |
| At June 30, 2023 | (31,384) | 39,399 | 8,015 |
| Classified as: | | | |
| Acquisition of ownership interests - current liabilities | | | (11,575) |
| Other non-current assets | | | 19,590 |
| | | | 8,015 |

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

| | (Acquisition) / Disposal |
|----------|-----------------------------|
| Jan/2024 | (11,575) |
| Jan/2025 | 19,590 |
| | 8,015 |

18. Equity

a) Share capital

Share capital at the reporting date 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\$ 780,334, through the capitalization of R\$ 632,380 from the Capital Budget Reserve and R\$ 147,954 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 adjustments correspond to the surplus increment on revaluation of the deemed cost of land, buildings and premises, industrial facilities, vehicles and machinery, and agricultural implements. The amounts are recorded net of tax effects and their realization made through depreciation, write-off, or sale of the related assets. The realized amounts are transferred to "retained earnings".

Hedge accounting fair value

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

d) Revenue reserves

Legal reserve

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

Capital budget reserve

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

Unrealized profit reserve

This reserve arises from unearned income plus the results of the interest in Agro Pecúária Boa Vista S/A, sale of properties in real estate developments, and effects of changes in shareholdings.

Tax incentive reserve

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

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

The amount of this tax incentive 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".

At the reporting date, the incentive benefit amounted to R\$ 20,067 in the parent company and consolidated (R\$ 39,897 at June 30, 2022).

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, which, together with R\$ 5,932 from the realization of the unrealized profit reserve, total the dividend balance to be paid of R\$ 275,000. The dividends are scheduled to be paid to the shareholders on August 15, 2023.

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

19. Profit sharing

As part of its policy, the Company manages a profit-sharing program for its employees, linked to a pre-agreed plan of operating and financial targets. The amounts of profit sharing for the reporting period totaled R\$ 18,182 in the parent company, and R\$ 18,205 in the consolidated (R\$ 14,473 and R\$ 14,499 in the parent company and consolidated, respectively, on June 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.

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 | |
|--|------------------|-------------------|------------------|-------------------|
| | June 30, 2023 | March 31, 2023 | June 30, 2023 | March 31, 2023 |
| Current assets | | | | |
| . Income tax and social contribution recoverable | 123,451 | 93,631 | 123,483 | 93,880 |
| Debts in current liabilities | | | | |
| . Income tax and social contribution payable | - | - | 8,902 | 8,490 |

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

b) Changes in deferred income tax and social contribution

| Parent company | March 31, 2023 | Recognized in the statement of income | Recognized in other comprehensive income | June 30, 2023 |
|--|--------------------|---|---|------------------|
| Income tax and social contribution losses | 3,617 | 44,816 | - | 48,433 |
| Exclusion of IRPJ/CSLL on tax overpayments (20.1) | 6,937 | - | - | 6,937 |
| Derivative financial instruments | 111,885 | (37,657) | (52,184) | 22,044 |
| Provision for contingencies | 109,416 | 155 | - | 109,571 |
| Foreign exchange gains | 5,250 | (6,185) | - | (935) |
| Other assets | 136,317 | (24,117) | - | 112,200 |
| Total deferred income and social contribution tax assets | 373,422 | (22,988) | (52,184) | 298,250 |
| Surplus on revaluation of PP&E (deemed cost) | (109,333) | 3,202 | - | (106,131) |
| Accelerated depreciation incentive | (616,564) | 6,992 | - | (609,572) |
| Tax benefit on merged goodwill | (197,959) | - | - | (197,959) |
| Foreign exchange losses | (72,635) | 22,007 | - | (50,628) |
| Other liabilities | (9,681) | (2,232) | - | (11,913) |
| Total deferred income and social contribution tax liabilities | (1,006,172) | 29,969 | - | (976,203) |
| Deferred income tax and social contribution | (632,750) | 6,981 | (52,184) | (677,953) |

| Consolidated | March 31, 2023 | Recognized in the statement of income | Recognized in other comprehensive income | Consolidation adjustment - Rights on electric power supply contracts | June 30, 2023 |
|--|--------------------|---|---|---|--------------------|
| Income tax and social contribution losses | 3,617 | 44,816 | - | - | 48,433 |
| Exclusion of IRPJ/CSLL on tax overpayments (20.1) | 6,937 | - | - | - | 6,937 |
| Derivative financial instruments | 111,884 | (37,656) | (52,184) | - | 22,044 |
| Provision for contingencies and other liabilities | 109,416 | 155 | - | - | 109,571 |
| Foreign exchange gains | 5,250 | (6,185) | - | - | (935) |
| Other assets | 136,322 | (24,117) | - | - | 112,205 |
| Total deferred income and social contribution tax assets | 373,426 | (22,987) | (52,184) | - | 298,255 |
| Surplus on revaluation of PP&E (deemed cost) | (462,221) | 3,202 | - | - | (459,019) |
| Accelerated depreciation incentive | (616,564) | 6,992 | - | - | (609,572) |
| Tax benefit on merged goodwill | (197,959) | - | - | - | (197,959) |
| Intangible assets | (5,736) | - | - | 1,476 | (4,260) |
| 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) | (1,857) | - | - | (12,234) |
| Total deferred income and social contribution tax liabilities | (1,370,560) | 30,344 | - | 1,476 | (1,338,740) |
| Deferred income tax and social contribution | (997,134) | 7,357 | (52,184) | 1,476 | (1,040,485) |

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

The Company recognizes deferred tax assets based on projections of taxable profit, 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.

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

(i) Income tax/social contribution (IRPJ/CSLL) levied on refunds of tax overpayments adjusted by the Selic rate declared 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 that income taxes charged on indexation or interest accruals (Selic rate) on amounts received as a refund for tax overpayments are unconstitutional.

Based on this decision, and in accordance with ICPC 22 / IFRIC 23 - Uncertainty over Tax Treatments, the Company recognized 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 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 | | Consolidated | |
|---|-----------------|-----------------|-----------------|-----------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Profit before taxes | 214,823 | 206,790 | 219,672 | 217,015 |
| Income tax and social contribution at nominal rates (34%) | (73,040) | (70,309) | (74,688) | (73,785) |
| Adjustments for calculation of the effective tax rate: | | | | |
| . Equity in the results of investees | 17,912 | 17,049 | 608 | 397 |
| . Permanent (additions) exclusions, net | (505) | (599) | (505) | (610) |
| . Cbios | 1,561 | 15,725 | 1,561 | 15,725 |
| . Interest on capital | 52,700 | 39,100 | 52,700 | 39,100 |
| . State subsidy / Credit granted (Note 27) | 6,817 | 13,565 | 6,817 | 13,565 |
| . Tax incentives | - | 252 | - | 255 |
| . Adjustment to the calculation relating to subsidiary taxed based on deemed profit | - | - | 14,103 | 9,894 |
| . Others | - | 6 | - | 23 |
| Income tax and social contribution expenses | 5,445 | 14,789 | 596 | 4,564 |
| Income tax and social contribution at the effective rate | -2.5% | -7.2% | -0.3% | -2.1% |
| Current income tax and social contribution | (1,536) | (10,803) | (6,761) | (21,387) |
| Deferred income tax and social contribution | 6,981 | 25,592 | 7,357 | 25,951 |

21. Commitments

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

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Riparian forests and Legal Reserve areas

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

São Martinho's commitment to adopt 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 1 year | From 2 to 3 years | More than 3 years |
|----------------------|--------------|-------------------|-------------------|
| Ethanol (m³) | 369,800 | 96,000 | 576,000 |
| Sugar (metric tons) | 1,298,568 | 1,022,520 | 3,000,000 |
| Electric power (Mwh) | 674,654 | 1,029,626 | 5,605,978 |

Purchases of inputs and corn

The Company constantly enters into purchase contracts for the acquisition of inputs intended for use in maintaining its crops throughout the harvest season. It also enters into contracts for the purchase of corn at pre-established prices to meet its ethanol production needs. These operations are usually conducted through annual negotiations.

22 Provision for contingencies

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

22.1 Probable losses

Supported by its legal counsel's assessment of probable losses, the Company's management recorded the following provisions for contingencies classified as involving probable risk of 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 | 418 | 2,212 | 8,342 | 10,972 |
| Reversals | (2) | (108) | (1,704) | (1,814) |
| Utilization | (6) | (400) | (4,777) | (5,183) |
| Interest/indexation accruals | 537 | 2,316 | 2,080 | 4,933 |
| At June 30, 2022 | 15,726 | 8,003 | 71,530 | 95,259 |
| At March 31, 2023 | 16,247 | 7,681 | 86,778 | 110,706 |
| Additions | 11 | 27 | 13,107 | 13,145 |
| Reversals | (5) | (1) | (3,256) | (3,262) |
| Utilization | (11) | (35) | (13,230) | (13,276) |
| Interest/indexation accruals | 457 | 229 | 3,175 | 3,861 |
| At June 30, 2023 | 16,699 | 7,901 | 86,574 | 111,174 |

| | Consolidated | | | |
|------------------------------|---------------|--------------------------------|---------------|----------------|
| | Tax claims | Civil and environmental claims | labor claims | Total |
| At March 31, 2022 | 14,779 | 4,638 | 67,589 | 87,006 |
| Additions | 418 | 2,269 | 8,342 | 11,029 |
| Reversals | (2) | (108) | (1,704) | (1,814) |
| Utilization | (6) | (400) | (4,777) | (5,183) |
| Interest/indexation accruals | 537 | 2,386 | 2,080 | 5,003 |
| At June 30, 2022 | 15,726 | 8,785 | 71,530 | 96,041 |
| At March 31, 2023 | 16,247 | 8,516 | 86,778 | 111,541 |
| Additions | 11 | 27 | 13,107 | 13,145 |
| Reversals | (5) | (1) | (3,256) | (3,262) |
| Utilization | (11) | (35) | (13,230) | (13,276) |
| Interest/indexation accruals | 457 | 254 | 3,175 | 3,886 |
| At June 30, 2023 | 16,699 | 8,761 | 86,574 | 112,034 |

The nature of the main lawsuits covered by the provisions above is as follows (parent company and consolidated):

Tax lawsuits:

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

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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 the 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 | - | 1,061 | 1,061 | - | 1,061 | 1,061 |
| Utilization | - | (1,832) | (1,832) | - | (1,832) | (1,832) |
| Interest/indexation accruals | 19,091 | 552 | 19,643 | 19,091 | 551 | 19,642 |
| At June 30, 2022 | 734,368 | 33,624 | 767,992 | 734,368 | 33,864 | 768,232 |
| At March 31, 2023 | 1,051,683 | 37,289 | 1,088,972 | 1,051,683 | 37,293 | 1,088,976 |
| Additions | - | 1,641 | 1,641 | - | 1,642 | 1,642 |
| Utilization | - | (2,760) | (2,760) | - | (2,760) | (2,760) |
| Interest/indexation accruals | 29,327 | 772 | 30,099 | 29,327 | 774 | 30,101 |
| At June 30, 2023 | 1,081,010 | 36,942 | 1,117,952 | 1,081,010 | 36,949 | 1,117,959 |

(i) See note 16 (b))

Judicial deposits relate to contingent assets and liabilities, accrue 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:

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| Nature | | Parent company | | | | Consolidated | | | |
|------------------------------|-------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|
| | | June 30, 2023 | | March 31, 2023 | | June 30, 2023 | | March 31, 2023 | |
| | | Number of proceedings | Amount | Number of proceedings | Amount | Number of proceedings | Amount | Number of proceedings | Amount |
| Environmental | | 92 | 8,349 | 94 | 8,353 | 92 | 8,349 | 94 | 8,353 |
| Civil | | 68 | 25,054 | 63 | 21,293 | 136 | 33,460 | 125 | 28,871 |
| Labor claims | | 70 | 14,864 | 80 | 14,898 | 71 | 14,884 | 81 | 14,917 |
| Tax claims | | | | | | | | | |
| Social security contribution | (i) | 11 | 123,706 | 11 | 119,819 | 11 | 123,706 | 11 | 119,819 |
| Computation of IRPJ/CSLL | (ii) | 5 | 273,000 | 5 | 264,420 | 5 | 273,000 | 5 | 264,420 |
| Offset of federal taxes | (iii) | 108 | 230,292 | 108 | 213,225 | 114 | 234,224 | 114 | 213,812 |
| ICMS | (iv) | 18 | 99,342 | 17 | 87,441 | 18 | 99,342 | 17 | 87,441 |
| Federal taxes | (v) | 1 | 1,081,010 | 1 | 1,051,683 | 1 | 1,081,010 | 1 | 1,051,683 |
| Other lawsuits | (vi) | 30 | 545,789 | 30 | 553,171 | 35 | 563,562 | 35 | 566,743 |
| Total | | 403 | 2,401,406 | 409 | 2,334,303 | 483 | 2,431,537 | 483 | 2,356,059 |

Tax lawsuits:

- (i) These 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 not eligible for the exemptions set out in Article 149, paragraph 2, of the Brazilian Federal Constitution.
- (ii) The lawsuits relate to the exclusion from the income tax and social contribution tax base of expenses related to securitized financing, as well as those arising from incentivized accelerated depreciation, as provided for in Article 325 of the Income Tax Regulations (RIR)/2018.
- (iii) The lawsuits relate to requests to offset IRPJ, CSLL, PIS, COFINS, and other federal taxes as a result of overpayments and/or tax losses, and tax credits proportional to the export revenue which have been disallowed by the Brazilian Federal Revenue Service (RFB).
- (iv) These lawsuits have challenged allegedly undue ICMS credits, based on the Control of ICMS Credit on Permanent Assets (CIAP); collection of ICMS-ST in interstate sales of ethanol and charging of ICMS on sales of yeast with exemption intended for animal feed.
- (v) Relates to the levy of IRPJ/CSLL/PIS/COFINS on court-ordered debt payment received pursuant to the Sugar Pricing Lawsuit filed against the Sugar and Alcohol Institute (IAA) (Note 16).
- (vi) Other tax-related disputes: a) Public Civil Action disputing the legality of the decrees of the State of Goiás that granted ICMS credits under the PRODUZIR Program; (b) fine for lack of approval of offset; (c) contribution to the National Service for Industrial Training (SENAI); (d) fee payable to the National Department of Mineral Research (DNPM); (e) levy of Property Transfer Tax (ITBI) on merger transaction; and (f) Municipal Real Estate Tax (IPTU) collection claims.

Other proceedings:

Civil proceedings comprise compensation claims 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 (strict liability).

Environmental proceedings relate to assessment notices issued by the Environmental Company of São Paulo State (CETESB) and/or environmental police for fires caused by sugarcane burning, as well as annulment actions to cancel the fines imposed by the 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 an opposite decision of the Federal Supreme Court (STF) handed down through concentrated control of constitutionality 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 (PRODUZIR - GO) received by the Company 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.

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.

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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 in the balance sheet at December 31, 2019:

| Consolidated | June 30, 2023 | Equivalent to thousands of US\$ |
|---|------------------|---------------------------------|
| Current and non-current assets | | |
| Cash and cash equivalents (banks - demand deposits and financial investments) | 83,066 | 17,239 |
| Trade receivables | 186,634 | 38,732 |
| Derivative financial instruments | 510,988 | 106,045 |
| (+) Total assets | 780,688 | 162,016 |
| Current and non-current liabilities: | | |
| Borrowings | 783,972 | 162,677 |
| Derivative financial instruments | 309,250 | 64,170 |
| (-) Total liabilities | 1,093,222 | 226,847 |
| Subtotal assets (liabilities) | (312,534) | (64,831) |
| Borrowings in foreign currency | 783,972 | 162,677 |
| Assets - net exposure | 471,438 | 97,846 |

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

These assets and liabilities were adjusted and recorded at the exchange rate in effect at the reporting date: R\$ 4.8186 per US\$ 1.00 for assets, and R\$ 4.8192 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 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 naturally mitigated, since all financial investments are linked to floating rates. For borrowings in foreign currency,

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the risk of interest rate and currency fluctuation is mitigated through offshore financial investments, exports, and derivative instruments such as swaps.

d) Market risk sensitivity analysis

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

| 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\$ | (4,154) | (20,769) | (41,538) |
| Trade receivables | Decrease in exchange rate - R\$/US\$ | (9,780) | (48,901) | (97,802) |
| Borrowings | Increase in exchange rate - R\$/US\$ | (126) | (632) | (1,264) |
| Derivative financial instruments | | | | |
| Currency forward contracts | Increase in exchange rate - R\$/US\$ | (143) | (715) | (1,430) |
| Futures price (sugar and ethanol) | Increase in commodity futures prices | (82) | (409) | (818) |
| Swap contracts | Decrease in exchange rate - R\$/US\$ and increase in the yield curve | (7,794) | (19,677) | (40,003) |
| Net exposure | | (22,079) | (91,103) | (182,855) |

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

The Company has 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 crop seasons and were classified as cash flow hedges of highly probable expected transactions (future sales).

Prospective and retrospective tests carried out to verify the hedge accounting effectiveness 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.

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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 | June 30, 2023 | | | |
|---|------------------------------|--------------------|-----------------------|------------------|
| | Contracted amount/ volume | Average price/rate | Notional value R\$ | Fair value - R\$ |
| <u>In current assets - Gain</u> | | | | |
| Margin deposit | | | | 7,354 |
| Commodity futures contracts - Sugar #11 - Commodities Exchange | | | | |
| . Sale commitment | 3,150 | 24.80 | 8,300 | 672 |
| . Purchase commitment | 114,559 | 20.63 | 251,094 | 27,124 |
| Currency forward contracts (NDF) - US Dollar - OTC | | | | |
| . Sale commitment | 158,622 | 5.54 | 878,766 | 98,083 |
| . Purchase commitment | 223 | 4.79 | 1,068 | 7 |
| Commodity futures contracts - Sugar #11 - Commodities Exchange | | | | |
| . Bidding position in call options | 27,941 | 23.03 | 68,367 | 4,381 |
| . Bidding position in put options | 131,019 | 19.92 | 277,289 | 12,053 |
| Flex option contracts - US dollar - OTC | | | | |
| . Bidding position in put options | 22,000 | 5.68 | 124,960 | 15,896 |
| Interest rate swap contracts - OTC | | | | 4,265 |
| Total derivative financial instruments in current assets | | | | 169,835 |
| <u>In non-current assets - Gain</u> | | | | |
| Currency forward contracts (NDF) - US Dollar - OTC | | | | |
| . Sale commitment | 4,457 | 5.05 | 22,508 | 58 |
| Interest rate swap contracts - OTC | | | | 341,095 |
| Total derivative financial instruments in non-current assets | | | | 341,153 |

| Parent Company and Consolidated | June 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 | 52,123 | 17.61 | 97,521 | 29,083 |
| . Purchase commitment | 31,548 | 24.20 | 81,114 | 4,728 |
| Commodity forward contracts - Sugar #11 | | | | |
| . Sale commitment | 11,380 | 19.87 | 24,024 | 3,521 |
| Currency forward contracts (NDF) - US Dollar - OTC | | | | |
| . Sale commitment | 5,000 | 4.81 | 24,050 | 4 |
| . Purchase commitment | 2,140 | 5.03 | 10,764 | 155 |
| Commodity futures contracts - Sugar #11 - Commodities Exchange | | | | |
| . Short position in call options | 153,677 | 22.63 | 369,490 | 34,942 |
| Flex option contracts - US dollar - OTC | | | | |
| . Short position in call options | 22,000 | 6.06 | 133,320 | 671 |
| Interest rate swap contracts - OTC | | | | 206,497 |
| Total derivative financial instruments in current liabilities | | | | 279,601 |
| <u>In non-current liabilities - Loss</u> | | | | |
| Interest rate swap contracts - OTC | | | | 29,649 |
| Total derivative financial instruments in non-current liabilities | | | | 29,649 |

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| 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 |

| Parent Company and Consolidated | March 31, 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 | 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 |
| <u>In non-current liabilities - Loss</u> | | | | |
| 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.

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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 | 47,447 | 61,170 | (13,723) |
| Foreign exchange derivatives - Options / NDF | 114,021 | 65 | 113,956 |
| Foreign exchange differences on borrowings (Trade Finance) | 19,163 | 299,420 | (280,257) |
| | 180,631 | 360,655 | (180,024) |
| Deferred taxes on the items above | (61,415) | (122,623) | 61,208 |
| | 119,216 | 238,032 | (118,816) |

f) Estimated realization

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

| Parent company and Consolidated | 23/24 crop season | 24/25 crop season | 25/26 crop season | Total |
|--|-------------------|-------------------|-------------------|------------------|
| Derivative financial instruments: | | | | |
| Commodity derivatives - Futures, options and forward contracts | (17,043) | 3,320 | - | (13,723) |
| Foreign exchange derivatives - Options / NDF | 113,161 | 795 | - | 113,956 |
| Foreign exchange differences on borrowings (Trade Finance) | (48,321) | (119,666) | (112,270) | (280,257) |
| | 47,797 | (115,551) | (112,270) | (180,024) |
| Deferred taxes on the items above | (16,251) | 39,287 | 38,172 | 61,208 |
| | 31,546 | (76,264) | (74,098) | (118,816) |

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.

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

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

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

| Parent company | Up to 1 year | From 2 to 3 years | More than 3 years | Total |
|-----------------------------------|------------------|-------------------|-------------------|-------------------|
| At June 30, 2023 | | | | |
| Borrowings | 390,595 | 2,361,852 | 5,400,080 | 8,152,527 |
| Leases payable | 135,091 | 249,647 | 641,736 | 1,026,474 |
| Agricultural partnership payable | 811,315 | 931,374 | 1,956,043 | 3,698,732 |
| Derivative financial instruments | 279,601 | 29,649 | - | 309,250 |
| Trade payables | 545,957 | - | - | 545,957 |
| Acquisition of ownership interest | 10,516 | - | - | 10,516 |
| Other liabilities | 25,215 | 1,888 | - | 27,103 |
| | 2,198,290 | 3,574,410 | 7,997,859 | 13,770,559 |

| | | | | |
|-----------------------------------|------------------|------------------|------------------|-------------------|
| 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 June 30, 2023 | | | | |
| Borrowings | 391,994 | 2,368,186 | 5,447,518 | 8,207,698 |
| Leases payable | 135,091 | 249,647 | 641,736 | 1,026,474 |
| Agricultural partnership payable | 811,315 | 931,374 | 1,956,043 | 3,698,732 |
| Derivative financial instruments | 279,601 | 29,649 | - | 309,250 |
| Trade payables | 538,328 | - | - | 538,328 |
| Acquisition of ownership interest | 10,516 | - | - | 10,516 |
| Other liabilities | 43,332 | 1,888 | - | 45,220 |
| | 2,210,177 | 3,580,744 | 8,045,297 | 13,836,218 |

| | | | | |
|-----------------------------------|------------------|------------------|------------------|-------------------|
| 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 |

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23.4 Capital management

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

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

24 Classification and fair value of financial instruments

24.1 Classification

Financial assets and liabilities are classified as follows:

| | | Parent company | |
|--|---|------------------|-------------------|
| | Classification | June 30, 2023 | March 31, 2023 |
| Financial assets | | | |
| Cash and cash equivalents | Amortized cost | 85,834 | 272,342 |
| Financial investments | Fair value through profit or loss | 2,088,633 | 2,681,690 |
| Trade receivables | Amortized cost | 293,183 | 259,493 |
| | Fair value through other comprehensive income | 165,628 | 156,210 |
| Derivative financial instruments | Fair value through profit or loss | 345,360 | 232,600 |
| Judicial deposits | Amortized cost | 1,117,952 | 1,088,972 |
| Other assets, except prepayments | Amortized cost | 256,710 | 236,233 |
| | | 4,353,300 | 4,927,540 |
| Financial liabilities | | | |
| Borrowings | Fair value through profit or loss | 29 | 29 |
| Borrowings | Amortized cost | 5,881,869 | 6,584,304 |
| | Fair value through other comprehensive income | 73,104 | 94,036 |
| Derivative financial instruments | Fair value through profit or loss | 236,146 | 241,909 |
| Leases and agricultural partnerships payable | Amortized cost | 3,132,897 | 3,041,771 |
| Trade payables | Amortized cost | 545,957 | 294,679 |
| Acquisition of ownership interests | Amortized cost | 11,575 | 11,571 |
| Other liabilities | Amortized cost | 27,103 | 20,474 |
| | | 9,908,680 | 10,288,773 |

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| | | Consolidated | |
|--|-----------------------------------|------------------|-------------------|
| | Classification | June 30, 2023 | March 31, 2023 |
| Financial assets | | | |
| Cash and cash equivalents | Amortized cost | 86,015 | 273,408 |
| Financial investments | Fair value through profit or loss | 2,321,985 | 2,843,370 |
| Trade receivables | Amortized cost | 362,968 | 315,596 |
| | Fair value through other | | |
| Derivative financial instruments | comprehensive income | 165,628 | 156,210 |
| Derivative financial instruments | Fair value through profit or loss | 345,360 | 232,600 |
| Judicial deposits | Amortized cost | 1,117,959 | 1,088,976 |
| Other assets, except prepayments | Amortized cost | 258,222 | 237,690 |
| | | 4,658,137 | 5,147,850 |
| Financial liabilities | | | |
| Borrowings | Fair value through profit or loss | 29 | 29 |
| Borrowings | Amortized cost | 5,922,772 | 6,623,854 |
| | Fair value through other | | |
| Derivative financial instruments | comprehensive income | 73,104 | 94,036 |
| Derivative financial instruments | Fair value through profit or loss | 236,146 | 241,909 |
| Trade payables | Amortized cost | 538,328 | 281,311 |
| Leases and agricultural partnerships payable | Amortized cost | 3,132,897 | 3,041,771 |
| Acquisition of ownership interests | Amortized cost | 11,575 | 11,571 |
| Other liabilities | Amortized cost | 45,220 | 32,481 |
| | | 9,960,071 | 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 at June 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 level 1, 2 or 3.

| Parent company | June 30, 2023 | | | March 31, 2023 | | |
|----------------------------------|---------------|------------------|------------------|----------------|------------------|------------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Assets | | | | | | |
| Financial investments | - | 2,088,633 | - | - | 2,681,690 | - |
| Derivative financial instruments | 44,230 | 466,758 | - | 48,399 | 340,411 | - |
| Biological assets | - | - | 1,414,213 | - | - | 1,160,568 |
| | 44,230 | 2,555,391 | 1,414,213 | 48,399 | 3,022,101 | 1,160,568 |
| Liabilities | | | | | | |
| Derivative financial instruments | 68,753 | 240,497 | - | 81,056 | 254,889 | - |
| Borrowings | - | 29 | - | - | 29 | - |
| | 68,753 | 240,526 | - | 81,056 | 254,918 | - |

| Consolidated | June 30, 2023 | | | March 31, 2023 | | |
|----------------------------------|---------------|------------------|------------------|----------------|------------------|------------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Assets | | | | | | |
| Financial investments | - | 2,321,985 | - | - | 2,843,370 | - |
| Derivative financial instruments | 44,230 | 466,758 | - | 48,399 | 340,411 | - |
| Biological assets | - | - | 1,414,213 | - | - | 1,160,568 |
| | 44,230 | 2,788,743 | 1,414,213 | 48,399 | 3,183,781 | 1,160,568 |
| Liabilities | | | | | | |
| Derivative financial instruments | 68,753 | 240,497 | - | 81,056 | 254,889 | - |
| Borrowings | - | 29 | - | - | 29 | - |
| | 68,753 | 240,526 | - | 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, and exchange coupon interest curves published by the B3, PTAX 800 published by the Brazilian Central Bank, and sugar futures prices disclosed by the ICE Exchange.

Notes to the quarterly information at June 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 main 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) Ethanol corn;
- (iv) Electric power;
- (v) Real estate businesses;
- (vi) Yeast;
- (vii) DDGs; and
- (viii) Other less relevant products and by-products.

The operating segment performance is analyzed based on each product's results, focusing on profitability. The operating assets related to these segments are all located in Brazil.

Consolidated result by segment

| | June 30, 2023 | | | | | | | | | |
|--|----------------|----------------|---------------|----------------|------------------------|---------------|-----------------|----------------|-----------------|------------------|
| Consolidated | Sugar | Ethanol | Ethanol Corn | Electric power | Real estate businesses | Yeast | DDGs | Other products | Not by segment | Total |
| Gross revenue | | | | | | | | | | |
| Domestic market | 66,478 | 331,388 | 64,315 | 61,928 | 5,315 | 18,243 | 30,169 | 49,028 | - | 626,864 |
| Foreign market | 710,329 | 50,922 | - | - | - | 3,783 | - | - | - | 765,034 |
| Gain/loss on derivatives | (12,394) | 1,698 | - | - | - | - | - | - | - | (10,696) |
| Amortization of electricity supply contract | - | - | - | - | - | - | - | - | (2,834) | (2,834) |
| (-) Taxes, contributions, and deductions on sales | (4,482) | (18,078) | 4,348 | (3,264) | (187) | (2,909) | (4,086) | (7,123) | - | (35,781) |
| Net revenue | 759,931 | 365,930 | 68,663 | 58,664 | 5,128 | 19,117 | 26,083 | 41,905 | (2,834) | 1,342,587 |
| Cost of goods sold | (485,900) | (342,704) | (64,161) | (15,206) | (31) | (5,785) | (36,912) | (26,035) | - | (976,734) |
| Change in the market value of biological assets, agricultural produce, and CBIOs | 88,058 | 50,837 | - | - | - | - | - | 6,241 | - | 145,136 |
| Gross profit | 362,089 | 74,063 | 4,502 | 43,458 | 5,097 | 13,332 | (10,829) | 22,111 | (2,834) | 510,989 |
| Gross margin | 47.6% | 20.2% | 6.6% | 74.1% | 99.4% | 69.7% | -41.5% | 52.8% | - | 38.1% |
| Selling expenses | (38,376) | (4,474) | (2) | (3,510) | - | - | - | 35 | - | (46,327) |
| Other operating expenses, net | - | - | - | - | - | - | - | - | (84,172) | (84,172) |
| Operating profit | 323,713 | 69,589 | 4,500 | 39,948 | 5,097 | 13,332 | (10,829) | 22,146 | (87,006) | 380,490 |
| Operating margin | 42.6% | 19.0% | 6.6% | 68.1% | 99.4% | 69.7% | -41.5% | 52.8% | - | 28.3% |
| Other income and expenses not by segment | - | - | - | - | - | - | - | - | (160,222) | (160,222) |
| Profit for the year | - | - | - | - | - | - | - | - | - | 220,268 |

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

| June 30, 2022 | | | | | | | | |
|--|----------------|------------------|----------------|------------------------|---------------|----------------|-----------------|------------------|
| Consolidated | Sugar | Ethanol | Electric power | Real estate businesses | Yeast | Other products | Not by segment | Total |
| Gross revenue | | | | | | | | |
| Domestic market | 57,932 | 823,390 | 69,673 | 1,379 | 13,519 | 88,529 | - | 1,054,422 |
| Foreign market | 466,930 | 292,950 | - | - | 1,879 | - | - | 761,759 |
| Gain/loss on derivatives | (12,619) | 2,167 | - | - | - | - | - | (10,452) |
| Amortization of electricity supply contract | - | - | - | - | - | - | (2,262) | (2,262) |
| (-) Taxes, contributions, and deductions on sales | (3,857) | (74,235) | (5,000) | (1,662) | (1,915) | (19,339) | - | (106,008) |
| Net revenue | 508,386 | 1,044,272 | 64,673 | (283) | 13,483 | 69,190 | (2,262) | 1,697,459 |
| Cost of goods sold | (401,122) | (665,548) | (17,241) | 39 | (6,875) | (33,005) | - | (1,123,752) |
| Changes in the market value of biological assets, and agricultural produce | 11,063 | (8,465) | - | - | - | 4,757 | - | 7,355 |
| Gross profit | 118,327 | 370,259 | 47,432 | (244) | 6,608 | 40,942 | (2,262) | 581,062 |
| Gross margin | 23.3% | 35.5% | 73.3% | 86.2% | 49.0% | 59.2% | - | 34.2% |
| Selling expenses | (27,244) | (15,249) | (3,678) | - | - | - | - | (46,171) |
| Other operating income, net | - | - | - | - | - | - | (19,071) | (19,071) |
| Operating profit | 91,083 | 355,010 | 43,754 | (244) | 6,608 | 40,942 | (21,333) | 515,820 |
| Operating margin | 17.9% | 34.0% | 67.7% | 86.2% | 49.0% | 59.2% | - | 30.4% |
| Other income and expenses not by segment | - | - | - | - | - | - | (294,241) | (294,241) |
| Profit for the year | - | - | - | - | - | - | - | 221,579 |

On June 30, 2023, net revenue from Cbios (decarbonization credits), amounting to R\$ 3,939, (R\$ 39,543 on June 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.

| June 30, 2023 | | | | | | | | | |
|---------------------------------------|------------------|------------------|----------------|----------------|------------------------|---------------|---------------|------------------|-------------------|
| | Sugar | Ethanol | Ethanol Corn | Electric power | Real estate businesses | Yeast | DDGs | Not by segment | Total |
| Trade receivables | 166,778 | 54,559 | 10,238 | 31,969 | 53,722 | 8,720 | 14,715 | 22,267 | 362,968 |
| Inventories and advances to suppliers | 498,783 | 738,218 | 194,309 | - | 6,142 | 2,070 | 5,006 | 20,929 | 1,465,457 |
| Biological assets | 801,725 | 612,488 | - | - | - | - | - | - | 1,414,213 |
| Property, plant and equipment | 2,953,184 | 3,653,210 | 541,193 | 143,595 | - | 36,528 | 10,899 | 1,045 | 7,339,654 |
| Intangible assets | 275,092 | 173,854 | 1,247 | 9,039 | - | - | - | - | 459,232 |
| Right-of-use assets | 1,408,352 | 1,585,564 | - | - | - | - | - | - | 2,993,916 |
| Total assets allocated | 6,103,914 | 6,817,893 | 746,987 | 184,603 | 59,864 | 47,318 | 30,620 | 44,241 | 14,035,440 |
| Other unallocated assets | - | - | - | - | - | - | - | 4,935,544 | 4,935,544 |
| Total | 6,103,914 | 6,817,893 | 746,987 | 184,603 | 59,864 | 47,318 | 30,620 | 4,979,785 | 18,970,984 |

| March 31, 2023 | | | | | | | | | |
|---------------------------------------|------------------|------------------|----------------|----------------|------------------------|---------------|--------------|------------------|-------------------|
| | Sugar | Ethanol | Ethanol Corn | 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 by reflecting the consideration it expects to receive in exchange for the control of goods and services.

There are no estimated losses in relation to sales of sugar and ethanol and other by-products, since all the performance obligations are 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 guidance from the Brazilian Securities Commission (CVM), recognizing revenue over time (Percentage of Completion (PoC) method). The year-to-date amount recognized in this quarterly information totaled R\$ 309 (no revenue under the PoC method was recorded for the period ended June 30, 2022).

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.

The Company's three largest customers of sugar sales accounted for about 36% of net revenue; for the ethanol sold, the three largest customers accounted for 28%.

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

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

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

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

Sales revenue was as follows:

| | Parent company | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Gross sales revenue | | | | |
| Domestic market | 575,722 | 1,004,434 | 626,864 | 1,054,422 |
| Foreign market | 765,034 | 761,759 | 765,034 | 761,759 |
| Gain/loss on derivatives | (10,696) | (10,452) | (10,696) | (10,452) |
| | 1,330,060 | 1,755,741 | 1,381,202 | 1,805,729 |
| Amortization of electric power supply contract (i) | - | - | (2,834) | (2,262) |
| | 1,330,060 | 1,755,741 | 1,378,368 | 1,803,467 |
| Taxes, contributions, and deductions on sales | (31,820) | (100,469) | (35,781) | (106,008) |
| | 1,298,240 | 1,655,272 | 1,342,587 | 1,697,459 |

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

28 Costs and expenses by nature

The reconciliation of expenses by nature is as follows:

| | Parent company | | Consolidated | |
|--|------------------|--------------------|------------------|--------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Depreciation and amortization (including biological assets harvested) | (416,196) | (511,588) | (417,299) | (512,919) |
| Raw materials and consumables | (412,284) | (397,237) | (397,914) | (381,799) |
| Personnel expenses | (129,824) | (130,027) | (131,568) | (131,564) |
| Material for resale (mainly ethanol to be resold in 2022) | (2,875) | (33,923) | (2,875) | (35,327) |
| Maintenance parts and services | (34,687) | (45,021) | (34,787) | (45,104) |
| Changes in the fair value of biological assets, agricultural produce, and CBI Os | 145,136 | 7,355 | 145,136 | 7,355 |
| Freight on sales | (40,317) | (36,096) | (40,317) | (36,096) |
| Third-party services | (21,179) | (20,592) | (21,748) | (20,971) |
| Litigation | (9,672) | (9,089) | (9,672) | (9,146) |
| Cost of land sales | - | - | 31 | 39 |
| Other expenses | (56,300) | (49,368) | (62,439) | (52,442) |
| | (978,198) | (1,225,586) | (973,452) | (1,217,974) |
| <u>Classified as:</u> | | | | |
| Cost of goods sold | (842,297) | (1,128,846) | (831,598) | (1,116,397) |
| Selling expenses | (42,870) | (43,315) | (46,327) | (46,171) |
| General and administrative expenses | (93,031) | (53,425) | (95,527) | (55,406) |
| | (978,198) | (1,225,586) | (973,452) | (1,217,974) |

29 Other income, net

In this quarterly information, consolidated "other income" includes R\$ 32,844 related to 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 at June 30, 2023

All amounts in thousands of reais unless otherwise stated

30 Finance income (costs)

| | Parent company | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Finance income | | | | |
| Interest received and earned | 79,169 | 75,771 | 86,768 | 83,708 |
| Other income | 11,479 | 1,908 | 11,623 | 3,411 |
| PIS/COFINS on finance income | (4,709) | (3,597) | (4,714) | (3,715) |
| | 85,939 | 74,082 | 93,677 | 83,404 |
| Finance costs | | | | |
| Interest on borrowings | (188,691) | (178,009) | (190,045) | (178,874) |
| Adjustment to present value (i) | (87,701) | (64,923) | (87,701) | (64,923) |
| Interest paid | (4,288) | (9,141) | (4,287) | (9,003) |
| Bank guarantee commission | (2,155) | (2,195) | (2,155) | (2,197) |
| Payables to Copersucar | (1,437) | (1,735) | (1,437) | (1,735) |
| Other expenses | (3,723) | (5,541) | (3,775) | (5,642) |
| | (287,995) | (261,544) | (289,400) | (262,374) |
| Exchange and monetary variation, net | | | | |
| Trade receivables and payables | (5,177) | 12,748 | (5,177) | 12,748 |
| Available funds | (11,919) | 3,995 | (11,919) | 3,995 |
| Borrowings | (35,955) | (149,283) | (35,955) | (149,283) |
| | (53,051) | (132,540) | (53,051) | (132,540) |
| Derivatives - not designated for hedge accounting | | | | |
| Gain on swap transactions | 63,243 | 3,825 | 63,243 | 3,825 |
| Gain (loss) on ethanol transactions | - | (209) | - | (209) |
| Foreign exchange gain (loss), net | (1,527) | 2,110 | (1,527) | 2,110 |
| Gain (loss) on sugar transactions | 4,387 | 1,912 | 4,387 | 1,912 |
| Gain on foreign exchange transactions | 22,155 | 5,319 | 22,155 | 5,319 |
| Cost of stock exchange transactions | (302) | (252) | (302) | (252) |
| | 87,956 | 12,705 | 87,956 | 12,705 |
| Finance income (costs) | (167,151) | (307,297) | (160,818) | (298,805) |

(i) Mainly leases and agricultural partnerships payable.

31 Earnings per share

| | June 30, 2023 | June 30, 2022 |
|--|------------------|------------------|
| Profit for the period attributed to owners of the parent | 220,268 | 221,579 |
| Weighted average number of common shares in the period - in thousands | 346,375 | 346,375 |
| Basic and diluted earnings per share - R\$ | 0.6359 | 0.6397 |

Notes to the quarterly information at June 30, 2023

All amounts in thousands of reais unless otherwise stated

32 Insurance coverage

São Martinho maintains a standard safety, training and quality program for all units, which 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:

| Parent Company and Consolidated Item | Insured risks | Maximum coverage (i) |
|---|--|----------------------|
| Loss of Profit and Operational Risks (ii) | Loss of profit due to material damages to facilities, buildings, industrial machinery and equipment, and electric power generation. Operational Risks - any material damage to buildings, facilities, inventories, agricultural and industrial machinery and equipment. | 2,272,307 |
| Civil Liability | Damages caused to third parties as a result of professional errors or omissions (E&O insurance). | 2,583,900 |
| 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, instead.

* * *