

Earnings Release 4Q23

2022/23



JUNE 19, 2023

 **São Martinho**

Cash Net Income of R\$ 1,291.4 million in 22/23

Adjusted EBITDA was R\$ 917.1 million in 4Q23 (+19.0%), with **Adjusted EBITDA margin of 50.5%**. In the **2022/23 crop year**, **Adjusted EBITDA was R\$ 3,355.5 million (+6.8%)**, representing **margin of 50.5%**. The period's financial performance reflects the higher average sugar sales price (+27.8% 4Q23 and 22.6% in 2022/23) combined with the expansion of ethanol sales to geographies with higher premiums.

Adjusted EBIT was R\$ 462.8 million in 4Q23 (+14.4%), with **margin of 25.5%**. In 12M23, Adjusted EBIT was **R\$ 1,704.1 million (-5.1%)**, representing **margin of 25.7%**;

Cash Net Income was R\$ 340.6 million (+55.5%) in 4Q23 and **R\$ 1,291.4 million (-15.5%)** in 12M23;

Operating Cash Flow¹ was R\$ 1,490.7 million in 12M23 (-2.6% vs. 12M22);

Leverage ratio ended the crop year at **1.05 x Net Debt/Adjusted EBITDA** (vs. 0.93x on Mar/31/22);

On March 31, 2023, **our sugar prices for the 2023/24 crop year** were hedged for **~713,000 tons of sugar (~65% of own cane)** at a price² of **~R\$ 2,314/ton**.

1 - Operating Cash Flow = Adjusted EBITDA - Maintenance Capex; 2- Price net of taxes and selling expenses.

Executive Summary

In R\$ '000

	4Q23	4Q22	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Net Revenue ¹	1,816,720	1,486,287	22.2%	6,643,463	5,764,670	15.2%
Adjusted EBITDA	917,140	770,756	19.0%	3,355,541	3,141,952	6.8%
Adjusted EBITDA Margin	50.5%	51.9%	-1.4 p.p	50.5%	54.5%	-4.0 p.p
Adjusted EBIT	462,819	404,532	14.4%	1,704,103	1,795,348	-5.1%
Adjusted EBIT Margin	25.5%	27.2%	-1.7 p.p	25.7%	31.1%	-5.5 p.p
Net Income before taxes	181,060	296,800	-39.0%	1,193,612	1,939,241	-38.4%
Net Debt / EBITDA	1.05 x	0.93 x	12.9%	1.05 x	0.93 x	12.9%

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

Data do not include the IFRS 16 impacts, except net income before taxes and net income

SMTO3: R\$27.02 per share

Market cap: R\$9.6 billion

*As of March 31, 2023

Conference Call

June 20, 2023 (Tuesday)

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

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

Access code: São Martinho

To access via webcast, [click here](#)

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As we close another crop year, we are pleased to announce another year of robust results. Given the challenges faced, these results attest to the delivery capacity of our people, the maturity of our processes, the high technological sophistication of our operations and the unique character of our assets. The 2022/23 crop year was adversely affected by the Russia-Ukraine conflict, which, coming on the heels of the pandemic, sparked higher prices for agrochemicals and fertilizers, which are key cost items in our operations. Our sugarcane fields continued to feel the waning effects of adverse weather conditions in recent years marked by drought and frosts, which affected yields. In the case of revenue, the competitiveness of ethanol was affected as of July 2022, when the reduction in the gasoline tax rate came into force in Brazil.

In this challenging scenario, we defined a strategy that, executed with discipline, enabled us to grow our ethanol exports by taking advantage of a window of opportunity to shift shipments from the domestic market to markets with higher premiums. We also concentrated sales of fuel inventories in the first quarter of the crop year, ahead of the aforementioned loss in competitiveness, while the upward path of sugar prices over the crop year contributed to the results detailed in this earnings release, with the highlight the Adjusted EBITDA of R\$ 3.3 billion, representing growth of 6.8% on the prior crop year and corresponding to margin of 51%.

The 2022/23 crop year also was marked by the execution of strategic projects that demonstrate the Company's pioneering and innovative character. We inaugurated the São Martinho Innovation Center that was built at the São Martinho Unit in Pradópolis. The space was inspired by an open innovation model and focused on the development of technological solutions that benefit the Company and the entire Agro ecosystem based on partnerships with startups, companies, universities and other agents, with our four units serving as experimentation fields by drawing on the analysis of data collected over the more than 70 years of our operations.

We concluded our ERP modernization, which is a fundamental tool for our ongoing digital and technological transformation, with new development cycles to be achieved by increasing the connectivity of our equipment, the use of technological enablers, Internet of Things and the potential for artificial intelligence in our business.

We concluded work on the corn ethanol plant adjacent to our Boa Vista Unit in Quirinópolis, Goiás, which started operating in March 2023, with annual production capacity of up to 210,000 m³ of ethanol, 150,000 tons of DDGS, a coproduct used in animal nutrition, and 10,000 tons of corn oil.

In 2022, São Martinho was included as a component of the Bovespa Index (Ibovespa) of B3 S.A. – Brasil, Bolsa, Balcão, the main indicator tracking the performance of shares traded on the B3, joining the most important companies in Brazil's capital markets. Inclusion in the Ibovespa is recognition of the Company's commitment to creating value combined with transparent communication with the market, in line with corporate governance best practices.

We also were recognized for our people. We were certified by the Great Place to Work (GPTW) seal, which reaffirms São Martinho as an excellent place to work, based on the opinion of those who contribute through their engagement and commitment to continually advancing our business. Thank you very much for this achievement made possible by all of us! We also thank all our shareholders and other stakeholders for their trust in our strategic vision and in our day-to-day management of our business.

The Management.

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

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

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

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

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

Impacts from IFRS16 on Income Statements for 4Q23 and 12M23:

In R\$ '000

Results	4Q23			12M23			
	Before IFRS 16	Impacts	After IFRS 16	Before IFRS 16	Impacts	After IFRS 16	
Net Revenue¹	1,816,720	-	1,816,720	6,643,463	-	6,643,463	
COGS	(1,343,128)	(13,905)	(1,357,033)	(4,660,323)	70,668	(4,589,655)	
(-) Leasing Payment		185,430			548,073		We no longer account for cash cost of agrarian contracts
(+) Right-of-Use Amortization		(199,334)			(477,405)		We now account for contract amortization
Gross Income	473,592	(13,905)	459,687	1,983,140	70,668	2,053,808	
Selling/General/Adm. Expenses	(138,914)	(44)	(138,958)	32,754	242	32,996	
(-) Leasing Payment		357			1,617		
(+) Right-of-Use Amortization		(401)			(1,375)		
Op. Income Before Financial Result	334,677	(13,948)	320,729	2,015,894	70,910	2,086,804	
Financial Result/Debt Hedge	(104,398)	(35,271)	(139,669)	(647,798)	(245,394)	(893,192)	
Lease APV		(35,271)			(245,394)		Adjustment to Present Value (APV) of agrarian contracts is accounted for as net financial result
Income before Taxes	230,279	(49,219)	181,060	1,368,096	(174,484)	1,193,612	
Income tax	(45,918)	16,735	(29,183)	(237,193)	59,325	(177,868)	
Net Income	184,362	(32,485)	151,877	1,130,904	(115,160)	1,015,744	
Book EBITDA	786,496	185,787	972,283	3,657,076	549,691	4,206,767	
Leasing Payment	-	(185,787)	(185,787)	-	(549,691)	(549,691)	As we no longer account for cash cost of agrarian contracts, Book EBITDA increased, which effect has been adjusted for the Adjusted EBITDA
Other adjustments	130,644	-	130,644	(301,536)	-	(301,536)	
Adjusted EBITDA	917,140	-	917,140	3,355,541	-	3,355,541	

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

Operating Highlights

	12M23	12M22	Δ 12M23/12M22
Crushed Sugarcane ('000 tons)	20,024.1	19,899.0	0.6%
Own	13,964.4	13,910.9	0.4%
Third Parties	6,059.7	5,988.1	1.2%
Agricultural Yield (ton/ha)	70.9	71.8	-1.2%
Average TRS (kg/ton)	140.0	146.8	-4.6%
Production			
Sugar ('000 tons)	1,206.1	1,303.1	-7.4%
Ethanol ('000 m ³)	898.9	913.7	-1.6%
Cogeneration ('000 MWh)	754.5	759.7	-0.7%
TRS Produced ('000 tons)	2,803.5	2,920.3	-4.0%
Mix Sugar - Ethanol	45% - 55%	47% - 53%	

As of the end of the 2022/23 crop year, the Company had processed approximately 20.0 million tons of sugarcane, in line with the volume processed in the previous crop year and the guidance revised in Nov/22. This productivity reflects the weather conditions during the 2021/22 crop year: prolonged drought and frost (affecting part of the fields in Jul/21).

Total recoverable sugar (TRS) produced was 4.0% lower than in the previous crop year, in line with the reduction in Average TRS (-4.6% vs. 12M22).

Financial Highlights

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Net Revenue ¹	1,816,720	1,534,656	1,486,287	18.4%	22.2%	6,643,463	5,764,670	15.2%
Adjusted EBITDA	917,140	774,994	770,756	18.3%	19.0%	3,355,541	3,141,952	6.8%
Adjusted EBITDA Margin	50.5%	50.5%	51.9%	0.0 p.p.	-1.4 p.p.	50.5%	54.5%	-4.0 p.p.
Adjusted EBIT	462,819	357,232	404,532	29.6%	14.4%	1,704,103	1,795,348	-5.1%
Adjusted EBIT Margin	25.5%	23.3%	27.2%	2.2 p.p.	-1.7 p.p.	25.7%	31.1%	-5.5 p.p.
Consolidated Balance Sheet Indicators								
Total Assets	16,088,280	16,090,880	14,433,247	0.0%	11.5%	16,088,280	14,433,247	11.5%
Shareholders' Equity	6,011,479	5,843,204	5,292,527	2.9%	13.6%	6,011,479	5,292,527	13.6%
EBITDA (LTM)	3,355,541	3,209,157	3,141,952	4.6%	6.8%	3,355,541	3,141,952	6.8%
Net Debt	3,507,105	3,978,762	2,907,877	-11.9%	20.6%	3,507,105	2,907,877	20.6%
Net Debt / EBITDA (LTM)	1.05 x	1.24 x	0.93 x	-15.7%	12.9%	1.05 x	0.93 x	12.9%
Net Debt / Shareholders' Equity	58.3%	68.1%	54.9%			58.3%	54.9%	

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

Data does not include the IFRS 16 impacts

Production Guidance – 2023/24 Crop Year

	Guidance 12M24	Actual 12M23	Var. (%)
Operation			
Crushed Sugarcane ('000 tons)	21,500.0	20,024.1	7.4%
Average TRS (kg/ton)	141.9	140.0	1.3%
TRS Produced ('000 tons)	3,050.5	2,803.5	8.8%
Production			
Sugar ('000 tons)	1,379.8	1,206.1	14.4%
Ethanol ('000 m ³)	944.9	898.9	5.1%
Cogeneration ('000 MWh)	700.4	754.5	-7.2%
Mix Sugar - Ethanol	47% - 53%	45% - 55%	

As per the Material Fact notice dated June 19, 2023, the estimates for production and sugarcane available for processing during the 2023/24 crop year follow.

Total crushing is estimated to be approximately 21.5 million tons, representing growth of 7.4% in relation to 2022/23 and average TRS of around 141.9 kg/ton, totaling 3,050,500 tons (8.8% vs. 12M23).

We project a higher availability of raw material and a recovery in yield, mainly due to: i) the normalization of weather conditions in the inter-crop period (months from Oct/22 to Apr/23); ii) investments (capex) in crop treatments during the 2021/22 and 2022/23 crop years; and iii) differentiated agricultural processes combined with the use of higher-yielding genetic varieties. The production mix reflects the higher profitability of sugar in relation to ethanol.

Production estimates for the new corn ethanol operation follow:

	Guidance 12M24
Operation	
Processed Corn ('000 tons)	420.0
Average TRS (kg/ton)	279.3
Production	
Ethanol ('000 m ³)	160.4
DDGS ('000 tons)	134.3
Corn Oil ('000 tons)	6.6

For the operation's first year, we estimate the processing of 420,000 tons of corn. The resulting production in the period should add approximately 160,000 m³ of ethanol, 134,000 tons of DDGS and 7,000 tons of corn oil (used for animal feed) to the sugarcane operation (mentioned above).

Below we present São Martinho's consolidated production considering the Sugarcane and Corn Processing operations:

	Guidance 12M24	Actual 12M23	Var. (%)
Operational Data			
TRS Produced ('000 tons)	3,329.8	2,803.5	18.8%
Agricultural - Sugarcane			
Crushed Sugarcane ('000 tons)	21,500.0	20,024.1	7.4%
Average TRS (kg/ton)	141.9	140.0	1.3%
TRS Produced ('000 tons)	3,050.5	2,803.5	8.8%
Corn Processing			
Corn Processed ('000 tons)	420.0	-	n.m.
TRS Produced ('000 tons)	279.3	-	n.m.
Production Data			
Sugar ('000 tons)	1,379.8	1,206.1	14.4%
Ethanol ('000 m ³)	1,105.3	898.9	23.0%
Sugarcane	944.9	898.9	5.1%
Corn	160.4	-	n.m.
Cogeneration ('000 MWh)	700.4	754.5	-7.2%
DDGS ('000 tons)	134.3	-	n.m.
Corn Oil ('000 tons)	6.6	-	n.m.
Mix Sugar - Ethanol	43% - 57%	45% - 55%	

Below we present details of the guidance for capex.

Note that forward-looking statements are not guarantees of future performance, since they involve risks, uncertainties and assumptions and therefore depend on circumstances that may or may not occur. Readers are cautioned that industry conditions and other operational and weather conditions could affect the Company's future results, leading them to differ materially from those expressed in such forward-looking statements.

Capex Guidance – 2023/24 Crop Year

In R\$ millions

	Guidance 12M24	Actual 12M23	Var. (%)
Maintenance Capex	2,000.0	1,864.8	7.3%
Operational Improvements	157.0	127.9	22.8%
Modernization/Expansion	314.5	525.8	-40.2%
Total Capex	2,471.5	2,518.4	-1.9%

For maintenance capex, we estimate an increase of 7.3% (vs. 12M23) totaling around R\$ 2.0 billion, given the postponement of planting operations caused by rains during 2022/23 fourth quarter.

For capex dedicated to operational improvement, we estimate a total of R\$ 157 million, representing an increase of 22.8% in relation to 12M23, composed primarily of investments in improving operational safety and replacing agricultural and industrial equipment.

The investments in modernization/expansion in the 2023/24 crop year represent a reduction of 40.2% (vs. 12M23), to R\$ 314.5 million, reflecting the evolution in the investment timetable for concluding the corn ethanol plant (~R\$ 30 million) and the Thermal Power Plant Phase II (~R\$ 70 million), as well as the execution of other smaller projects.

Total capex for 2023/24 is estimated at approximately R\$ 2.5 billion, representing a decline of 1.9% in relation to 12M23. The difference of approximately R\$ 400 million represents the amount that was postponed (for the 23/24 harvest) mainly due to i) impact of rainfall during planting in the off-season and ii) work and disbursement schedule related to projects being finalized.

Note that forward-looking statements are not guarantees of future performance, since they involve risks, uncertainties and assumptions and therefore depend on circumstances that may or may not occur. Readers are cautioned that industry conditions and other operational and weather conditions could affect the Company's future results, leading them to differ materially from those expressed in such forward-looking statements.

According to market data for the 2022/23 crop year, Brazil's Center-South region processed around 548.30 million tons of sugarcane, approximately 4.6% more than in the previous crop year, while the state of São Paulo registered a 5.3% increase.

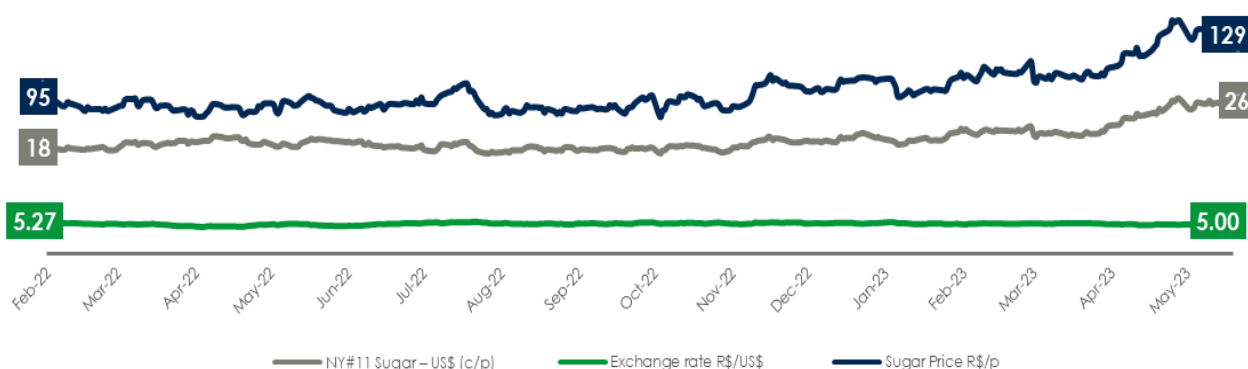
The production mix for the Center-South region consisted of 54.1% ethanol production, which totaled around 28.9 billion liters, up 4.7% from the prior-year period. Of the total ethanol production, around 12.3 billion liters were destined for anhydrous (+12.7% vs. 2021/22) and 16.7 billion liters for hydrous (-0.6%).

Sugar corresponded to 45.9% of the production mix, with production totaling 33.7 million tons, up 5.2% from the previous crop year.

Sugar Market

The Center-South region produced around 33.7 million tons of sugar in the 2022/23 crop year, representing an increase of approximately 5.2% on the prior crop year, explained by the combination of lower yield and the shift in the production mix towards sugar.

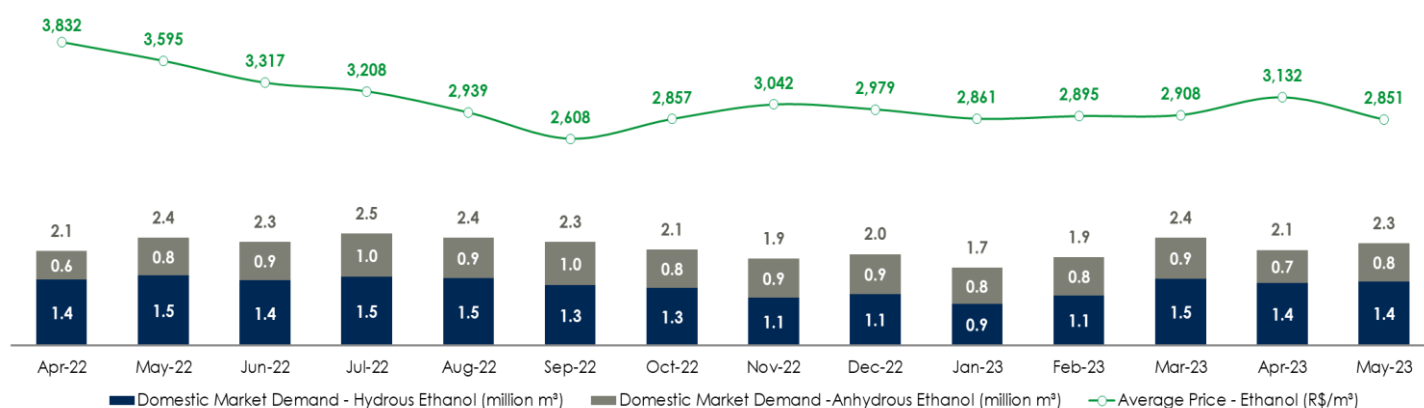
The increase in the sugar price, in US\$ c/lb, during 2022/23 (as shown in the chart below) was sustained by realization of the expectations of lower production by key exporters. In Brazilian real (R\$/lb), the price for Brazilian producers followed a similar trend.



Ethanol Market

In line with the production data noted above, the Center-South region produced around 28.9 billion liters of ethanol, up 4.7% from the previous crop year.

The following chart shows a decline in the average ethanol price during the 2022/23 crop year. The reduction is explained by the combination of the tax exemption granted to fuels and the decline in international oil prices, whose impacts were felt over most of the crop year.



Source: UNICA and CEPEA/ESALQ (ESALQ-SP base)

Net Revenue Breakdown

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Domestic Market	589,292	676,370	700,145	-12.9%	-15.8%	2,906,438	3,165,821	-8.2%
Sugar	64,173	42,709	43,215	50.3%	48.5%	201,140	177,585	13.3%
Ethanol	431,510	534,095	631,217	-19.2%	-31.6%	2,146,451	2,565,379	-16.3%
Energy	3,710	49,923	1,015	-92.6%	n.m	196,454	229,954	-14.6%
Yeast	2,003	8,189	740	-75.5%	170.7%	44,253	41,810	5.8%
Real Estate Development	3,547	143	3,646	n.m	-2.7%	7,593	52,152	-85.4%
CBIOS	27,614	9,107	7,290	n.m	n.m	80,934	37,049	118.5%
Others	56,735	32,204	13,022	76.2%	n.m	229,613	61,892	n.m
Export Market	1,227,427	858,286	786,142	43.0%	56.1%	3,753,122	2,598,848	44.4%
Sugar	889,412	535,062	634,692	66.2%	40.1%	2,412,123	2,169,137	11.2%
Ethanol	336,358	319,338	151,450	5.3%	122.1%	1,327,317	425,156	n.m
Yeast	1,657	3,886	-	-57.4%	n.m.	13,682	4,555	n.m
Net Revenue¹	1,816,719	1,534,656	1,486,287	18.4%	22.2%	6,643,462	5,764,669	15.2%
Sugar	953,585	577,771	677,907	65.0%	40.7%	2,613,263	2,346,722	11.4%
Ethanol	767,868	853,433	782,667	-10.0%	-1.9%	3,457,670	2,990,535	15.6%
Energy	3,710	49,923	1,015	-92.6%	n.m	196,454	229,954	-14.6%
Yeast	3,660	12,075	740	-69.7%	n.m	57,935	46,365	25.0%
Real Estate Development	3,547	143	3,646	n.m	-2.7%	7,593	52,152	-85.4%
CBIOS	27,614	9,107	7,290	n.m	n.m	80,934	37,049	118.5%
Others	56,735	32,204	13,022	76.2%	n.m	229,613	61,892	n.m

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

Net Revenue

São Martinho's net revenue totaled R\$ 1,816.7 million in 4Q23, representing an increase of 22.2% vs. 4Q22, reflecting the higher sugar sales prices. In the 2022/23 crop year, net revenue amounted to R\$ 6,643.5 million, advancing 15.2% on the prior crop year, explained by the higher sugar sales price and the growth in ethanol shipments to the international market during the crop year.

Main Adjustments to Net Revenue for 4Q23 and 12M23

1. Debt Maturity (Hedge Accounting)

In 4Q23, there were no settlements of debt in USD designated as hedge accounting or payments of any corresponding financial expense. In 12M23, expenses settled related to the exchange variation in liabilities in USD designated as hedge accounting were designated in USD at R\$ 4.6 and, given the USD realized for the effects of cash flow in the period of R\$ 4.9, a negative adjustment of R\$ 5.3 million was made to net revenue and EBITDA.

2. Purchase Price Allocation (PPA)

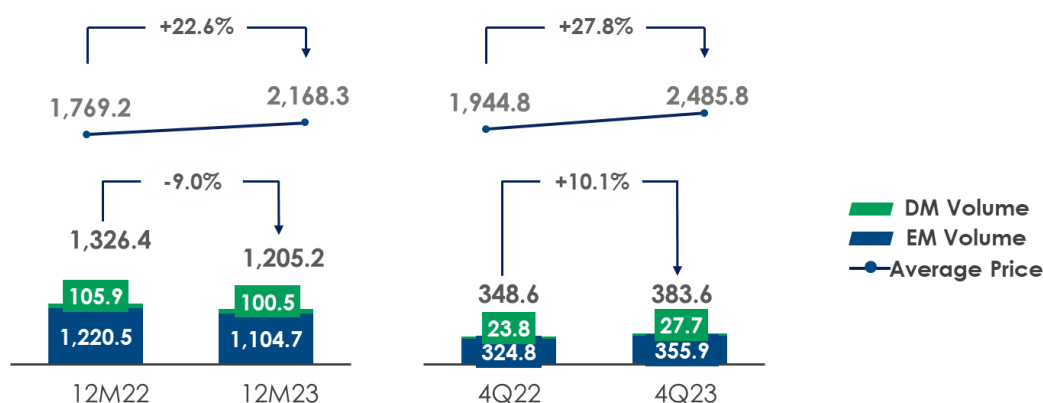
In line with 9Q23, a non-cash adjustment to net revenue of R\$ 5.6 million was made, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of the Santa Cruz Mill. There was no impact on net revenue for 4Q23.

3. Financial Income from Real Estate Development

Adjustment of operating revenue from real estate development related to the present value adjustment (AVP) of "trade accounts receivable" to better represent the performance of the business. This adjustment was already being made by the Company in the financial result. For the purposes of Adjusted EBITDA, net revenue was increased by approximately R\$ 2.5 million in 4Q23 and increased by R\$ 4.9 million in 12M23.

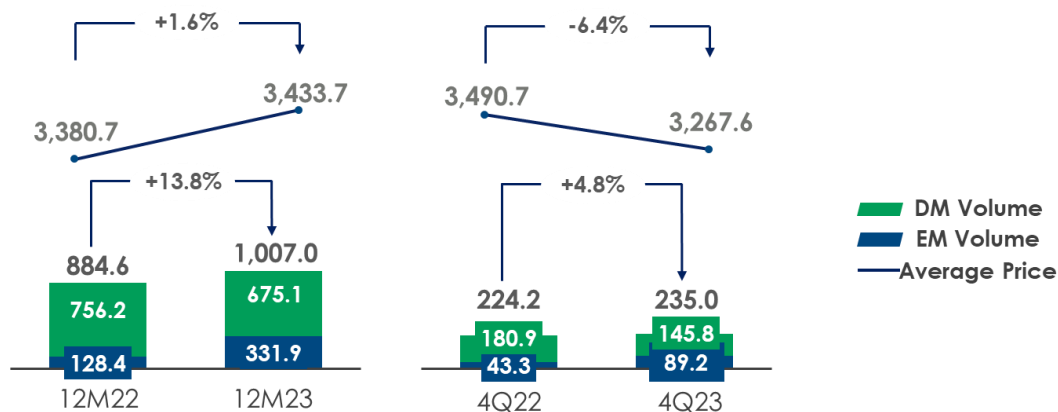
The following charts present a breakdown of the Company's net revenue by product in 4Q23 and 12M23 compared to the prior-year periods.

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



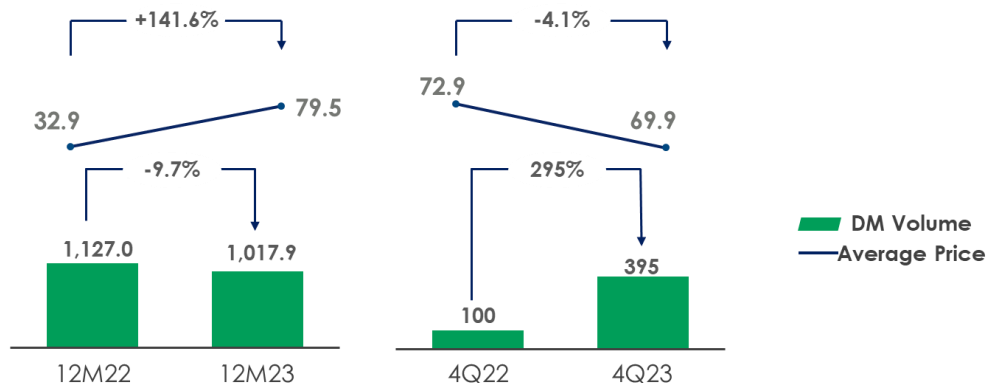
Net revenue from sugar sales amounted to R\$ 953.6 million in 4Q23, increasing 40.7% compared to 4Q22, reflecting the combination of better prices (+27.8%) and higher volume (+10.1%). In the crop year, net revenue from sugar sales grew by 11.4% in relation to 12M22, to R\$ 2,613.3 million, reflecting the allocation of higher volumes during periods of better prices (+22.6%).

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



Net revenue from ethanol sales in 2022/23 increased 15.6% from the previous crop year, to R\$ 3,457.7 million, explained by the higher sales volume in the period (+13.8%), in line with strategy of directing sales to geographies with higher premiums. In 4Q23, net revenue was in line with the prior-year period, at R\$ 767.9 million, reflecting the lower ethanol sales price (-6.4%), which was partially offset by the higher sales volume (+4.8%).

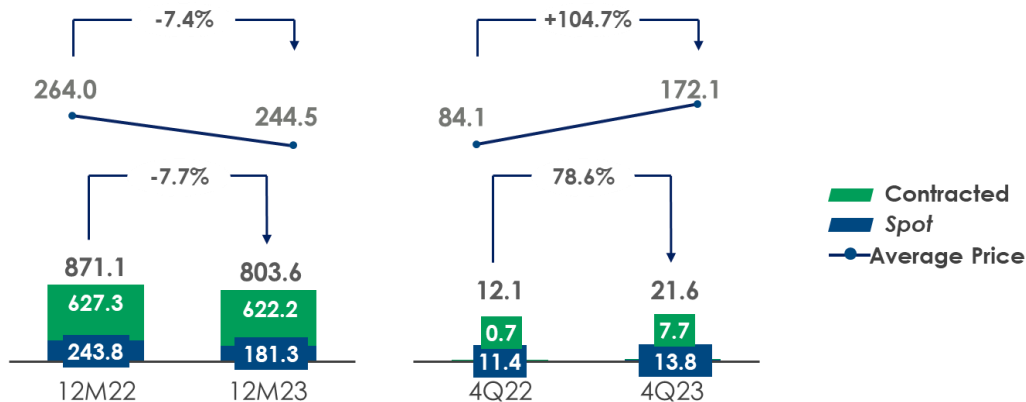
CBIOs - Volume ('000 CBIOs) and Average Price (R\$/CBIO)



In 4Q23, we sold around 395,000 CBIOs (decarbonization credits) at an average net price of R\$ 69.9/CBIO (net of PIS/Cofins and income tax withheld at source of 15%). In the crop year, we sold 1,018,000 CBIOs at an average net price of R\$ 79.5/CBIO.

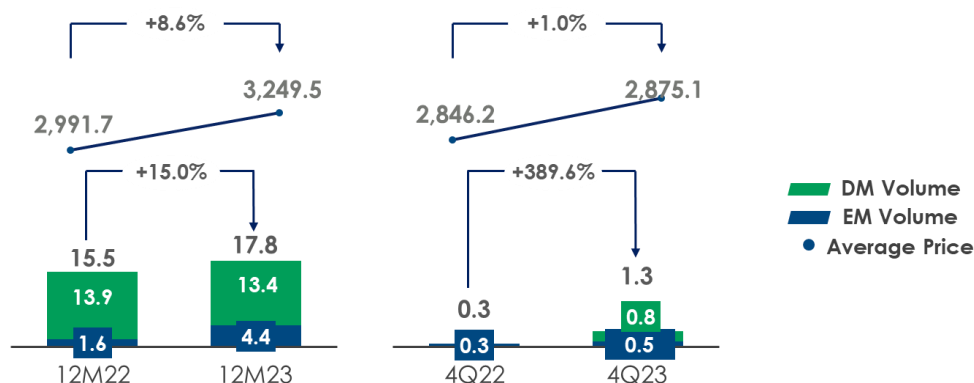
Moreover, as described in the notes to the financial statements ("Inventories and advances to suppliers"), on December 31, 2023, São Martinho had approximately 60,000 CBIOs issued but not sold.

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



Net revenue from cogeneration came to R\$ 3.7 million in 4Q23, increasing 265.5% in relation to 4Q22, given the higher prices (+104.7%) and volumes (+78.6%) practiced in the period. In the crop year, cogeneration net revenue fell by 14.6%, reflecting the lower prices (-7.4%) and volumes (-7.7%).

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



Net revenue from yeast sales totaled R\$ 3.7 million in 4Q23, increasing more than 100% from 4Q22, explained by the combination of higher sales prices and sales volume in the period. In the crop year, yeast net revenue grew 25.0%, due to the same reasons influencing the result for the quarter.

Real Estate Development

The following table presents an overview of the projects and their sales and percentage of completion (POC) since their launch as of March 2023.

Real Estate Development	Type	City	Area (m ²)	Launched date	Total lots sold	POC Position
Recanto das Paineiras	Residence	Iracemápolis	376,567	June-14	99.8%	100.0%
Park Empresarial - I	Industrial	Iracemápolis	182,684	September-14	90.3%	100.0%
Park Empresarial - II	Industrial	Iracemápolis	133,794	October-17	35.0%	100.0%
Nova Pradópolis - Phase I	Residence	Pradópolis	246,937	December-15	89.2%	100.0%
Nova Pradópolis - Phase II	Residence	Pradópolis	255,750	July-17	77.1%	100.0%
Nova Iracemápolis	Residence	Iracemápolis	315,027	August-20	94.8%	99.9%
Jardim Irajá	Residence	Américo Brasiliense	161,214	October-20	98.5%	100.0%

In 12M23, we recognized net revenue of R\$ 7.6 million and cash generation of R\$ 20.7 million.

	12M23 Net Revenue	12M23 Cash Generation	Portfolio March/23
Current Projects	7,480	11,915	141,349
Land Monetization	113	8,774	4,864
Total (R\$ '000)	7,593	20,689	146,213

1 - Includes Financial Income from Real Estate Development

As mentioned before, the Company began to adjust its operating revenue from real estate development for the present value adjustment (AVP) of trade accounts receivable to better represent the performance of this business. This adjustment was already being made by the Company in the financial result. For the purposes of Adjusted EBITDA, net revenue was increased by approximately R\$ 2.4 million in 4Q23 and R\$ 4.9 million in 12M23.

4Q23 EARNINGS

COSTS

Cash COGS

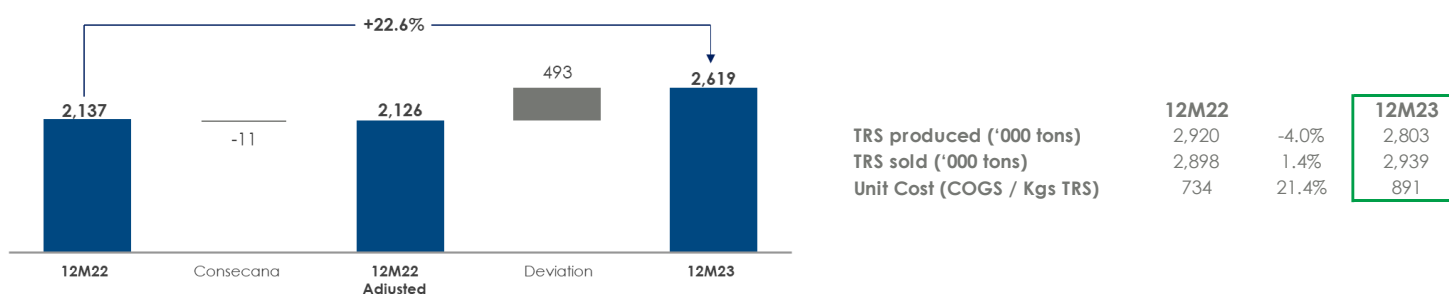
In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Agricultural Costs	640,796	491,562	542,259	30.4%	18.2%	2,300,530	1,922,878	19.6%
Suppliers	301,063	266,643	258,756	12.9%	16.4%	1,269,212	1,048,174	21.1%
Own Sugarcane - Partnerships	210,846	124,417	188,088	69.5%	12.1%	592,308	545,892	8.5%
Own Sugarcane	128,888	100,501	95,415	28.2%	35.1%	439,010	328,812	33.5%
Industrial	85,109	85,335	56,919	-0.3%	49.5%	324,991	216,653	50.0%
Other Products	52,782	47,079	(2,367)	12.1%	n.m	225,502	100,855	123.6%
Total COGS	778,687	623,976	596,811	24.8%	30.5%	2,851,023	2,240,386	27.3%
TRS Sold ('000 Tons)	804	752	749	6.9%	7.3%	2,989	2,898	3.2%
Unit Cost (Sugar and Ethanol Cash COGS / TRS)	916	800	799	14.5%	14.6%	905	737	22.7%

Data does not include the IFRS 16 impacts

Cash COGS in 4Q23 amounted to R\$ 778.7 million, up 30.5% from the same period last crop year, mainly due to the lower production, which impacted the dilution of fixed costs, and the variation in input prices, especially diesel, fertilizers and pesticides. In the crop year, Cash COGS was R\$ 2,851.0 million (+27.3% vs. 12M22), explained by the same impacts that affected the quarter.

Compared to 12M22, COGS (considering only sugar and ethanol – excluding the fuel resale operations) increased 22.6%, equivalent to 21.4% in unit values (COGS/kg TRS), as shown in the chart below (in thousands of reais).



The table below shows the variation in average unit cash COGS, in different periods, for sugar and ethanol, this time including ethanol resales.

Cash COGS by Product

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
COGS (Cash)	736,249	601,538	598,318	22.4%	23.1%	2,788,618	2,136,888	30.5%
Sugar	401,759	258,900	311,126	55.2%	29.1%	1,222,008	1,085,255	12.6%
Ethanol	334,490	342,638	287,191	-2.4%	16.5%	1,566,610	1,051,633	49.0%
Average Cash Cost Per Unit¹								
Sugar Cash Cost	1,047	912.9	892.6	14.7%	17.3%	1,014	818.2	23.9%
Ethanol Cash Cost	1,423	1,291.6	1,280.9	10.2%	11.1%	1,556	1,188.8	30.9%

Data does not include the IFRS 16 impacts

1 - Sugar in R\$/ton; Ethanol in R\$/m³

Cash Cost Breakdown

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

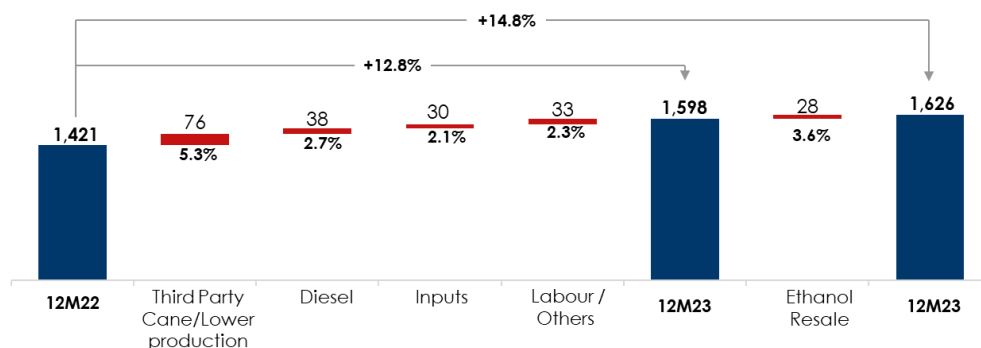
In R\$ '000

	12M23						12M22					
	Sugar	Ethanol	Cogen.	Yeast	Others	Total	Sugar	Ethanol	Cogen.	Yeast	Others	Total
Cost of Goods Sold (COGS)	1,961,714	2,385,080	50,953	23,238	226,944	4,647,929	1,714,393	1,712,865	76,435	21,503	18,921	3,544,116
Selling Expenses	117,329	89,036	15,229	-	4	221,597	117,902	28,330	13,935	-	-	160,167
General and Administrative Expense	105,740	141,009	19,071	-	5,953	271,773	112,319	122,518	19,953	-	3,493	258,283
(-) Depreciation and Amortization	(693,927)	(899,152)	(13,532)	(8,229)	(30,955)	(1,645,795)	(613,567)	(695,156)	(11,635)	(8,398)	(11,750)	(1,340,506)
Var. Fair Value of Biological Assets	(50,815)	(95,860)	-	-	(17,097)	(163,772)	(21,201)	27,783	-	-	17,421	24,003
Operational Cash COGS	1,440,040	1,620,113	71,721	15,009	184,849	3,331,732	1,309,845	1,196,341	98,688	13,105	28,084	2,646,063
(+) Maintenance Capex	809,868	1,054,883	-	-	-	1,864,750	780,599	872,881	-	-	-	1,653,481
Total Cash COGS	2,249,908	2,674,995	71,721	15,009	184,849	5,196,482	2,090,444	2,069,222	98,688	13,105	28,084	4,299,544
Average Price (R\$/Unit ¹)	2,168	3,434	244	3,249	-		1,769	3,381	264	2,992	-	
Unit Cash Cogs (R\$/Unit ¹)	1,867	2,735	89	842	-		1,576	2,339	113	846	-	
Operational Margin (%)	13.9%	20.4%	63.5%	74.1%	-		10.9%	30.8%	57.1%	71.7%	-	
Cash Cogs - Sugar and Ethanol						4,924,903						4,159,666
TRS Sold ('000 tons)						2,989						2,898
Average Cash Cost (R\$/TRS)						1,648						1,436

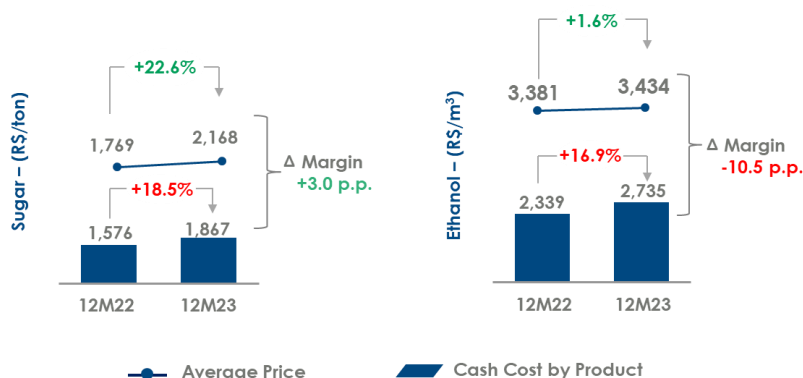
Data does not include the IFRS 16 impacts

1- Units: Sugar/Yeast in ton; Ethanol in m³; Cogen. in Mwh

The following chart shows the growth in sugar and ethanol cash cost equivalent, in R\$/TRS (+12.8% vs. 12M22, excluding ethanol resales), explained by the combination of lower yield, lower availability of third-party cane, higher input prices (notable for diesel, fertilizers and pesticides), as well as the inflationary impact on labor costs.



The following chart shows the evolution in sugar and ethanol Operating Margin:



4Q23 EARNINGS

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

Selling Expenses

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Selling Expenses	63,258	60,774	48,557	4.1%	30.3%	221,597	160,167	38.4%
Port Costs / Freight	59,070	56,994	44,761	3.6%	32.0%	206,164	146,015	41.2%
Other	4,188	3,780	3,796	10.8%	10.3%	15,433	14,152	9.1%
TRS Sold ('000 tons)	804	752	749	6.9%	7.3%	2,989	2,898	3.2%
% of Net Revenue	3.5%	4.0%	3.3%	-0.5 p.p	0.2 p.p	3.3%	2.8%	0.6 p.p

Selling expenses came to R\$ 63.3 million in 4Q23, increasing 30.3% in relation to 4Q22, reflecting the higher shipments to international markets. In the crop year, this line increased by 38.4% from 12M22, also impacted by the higher export shipments.

Cash General & Administrative Expenses

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Labor	27,859	40,007	47,630	-30.4%	-41.5%	144,531	164,736	-12.3%
General Expenses	29,049	27,688	21,718	4.9%	33.8%	114,581	80,775	41.9%
Subtotal	56,908	67,695	69,348	-15.9%	-17.9%	259,111	245,511	5.5%
Others	16,053	870	18,455	n.m	-13.0%	(7,164)	35,168	-120.4%
Total	72,961	68,565	87,803	6.4%	-16.9%	251,948	280,679	-10.2%

In 4Q23, general and administrative expenses totaled R\$72.9 million, representing a decrease of 16.9% compared to the same period of the prior harvest. The variation is explained by the combination of wage inflation in the period that was more than offset by the accounting (non-cash) effect of the mark-to-market of virtual stock options that are part of the Executive Compensation Program (as per explanatory note 9 of the financial statements). In 12M23, general and administrative expenses totaled R\$ 251.9 million (-10.2% compared to 12M22) due to the same reasons that impacted 4Q23.

EBITDA Reconciliation

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Adjusted EBITDA	917,140	774,994	770,756	18.3%	19.0%	3,355,541	3,141,952	6.8%
Adjusted EBITDA Margin	50.5%	50.5%	51.9%	0.0 p.p.	-1.4 p.p.	50.5%	54.5%	-4.0 p.p.
Copersucar Rights	-	475,761	-	-100.0%	n.m.	475,761	415,476	14.5%
Non-cash effect of IFRS 16	185,787	116,178	191,855	59.9%	-3.2%	549,691	530,060	3.7%
Real Estate Results	(2,502)	73	(3,609)	n.m.	-30.7%	(4,934)	(9,414)	-47.6%
Equity Income	1,140	1,266	2,077	-10.0%	-45.1%	5,033	7,358	-31.6%
Adjustment to Maturity of Hedge Accounting	-	-	-	n.m.	n.m.	(5,321)	(29,206)	-81.8%
Stock Option - Non-vested	(16,053)	(870)	(18,455)	n.m.	-13.0%	7,164	(35,168)	-120.4%
Biological Assets	(113,229)	(44,298)	13,509	155.6%	n.m.	(176,167)	24,004	n.m.
Book EBITDA¹	972,283	1,323,104	956,133	-26.5%	1.7%	4,206,767	4,045,062	4.0%
EBITDA Margin	53.6%	86.2%	64.5%	-32.7 p.p.	-10.9 p.p.	63.5%	70.7%	-7.2 p.p.
(-) Depreciation and Amortization	(654,056)	(519,687)	(497,072)	25.9%	31.6%	(2,130,218)	(1,632,360)	30.5%
(-) Financial Revenue (Expense), net	(137,167)	(273,385)	(162,261)	-49.8%	-15.5%	(882,937)	(473,461)	86.5%
(=) Operating Income	181,060	530,032	296,800	-65.8%	-39.0%	1,193,612	1,939,241	-38.4%

¹ - Book EBITDA includes the IFRS 16 impacts

Adjusted EBITDA

Adjusted EBITDA was R\$ 917.1 million in 4Q23 (-19.0%), with Adjusted EBITDA margin of 50.5%. Performance in the period mainly reflects the better sugar sales price (+27.8%) in relation to 4Q22. In 12M23, Adjusted EBITDA increased 6.8% in relation to 12M22, to R\$ 3,355.5 million, driven by the higher ethanol export volumes (with higher profitability than in the domestic market) and better sugar sales prices (+22.6%).

Main Adjustments to EBITDA in 4Q23 and 12M23:

1. IFRS16 – Leases

Negative adjustment to Adjusted EBITDA of R\$ 185.8 million in 4Q23 and R\$ 549.7 million in 12M23 related to lease payments that ceased to be recognized as cash cost (COGS) and began to be recognized as amortization of right of use (for purposes of Reported EBITDA under IFRS 16).

2. Biological assets

Positive adjustment to normalize Adjusted EBITDA by R\$ 113.2 million in 4Q23 and R\$ 176.2 million related to the mark-to-market (MTM) adjustment of biological assets due to the noncash impact from the variation in the Consecana price on reported costs (COGS).

3. Debt Maturity (Hedge Accounting)

In 4Q23, there were no settlements of debt in USD designated as hedge accounting or payments of any corresponding financial expense. In 12M23, expenses settled related to the exchange variation in liabilities in USD designated as hedge accounting were designated in USD at R\$ 4.6 and, given the USD realized for the effects of cash flow in the period at R\$ 4.9, a negative adjustment of R\$ 5.3 million was made to net revenue and EBITDA.

Adjusted Cash EBIT

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Chg.%
Adjusted Cash EBIT	241,511	267,856	171,030	-9.8%	41.2%	1,490,790	1,488,471	0.2%
Adjusted EBIT Margin	13.3%	17.5%	11.5%	-4.2 p.p.	1.8 p.p.	22.4%	25.8%	-3.4 p.p.
(-) Maintenance Capex	(675,629)	(507,138)	(599,726)	33.2%	12.7%	(1,864,750)	(1,653,481)	12.8%
Adjusted EBITDA	917,140	774,994	770,756	18.3%	19.0%	3,355,541	3,141,952	6.8%
Adjusted EBITDA Margin	50.5%	50.5%	51.9%	0.0 p.p.	-1.4 p.p.	50.5%	54.5%	-4.0 p.p.
Copersucar Rights	-	475,761	-	n.m.	n.m.	475,761	415,476	14.5%
Non-cash effect of IFRS 16	185,787	116,178	191,855	59.9%	-3.2%	549,691	530,060	3.7%
Real Estate Results	(2,502)	73	(3,609)	n.m.	-30.7%	(4,934)	(9,414)	-47.6%
Equity Income	1,140	1,266	2,077	-10.0%	-45.1%	5,033	7,358	-31.6%
Adjustment to Maturity of Hedge	-	-	-	n.m.	n.m.	(5,321)	(29,206)	-81.8%
Stock Option - Non-vested	(16,053)	(870)	(18,455)	n.m.	-13.0%	7,164	(35,168)	-120.4%
Biological Assets	(113,229)	(44,298)	13,509	155.6%	n.m.	(176,167)	24,004	n.m.
Book EBITDA	972,283	1,323,104	956,133	-26.5%	1.7%	4,206,767	4,045,062	4.0%
EBITDA Margin	53.6%	86.2%	64.5%	-32.7 p.p.	-10.9 p.p.	63.5%	70.7%	-7.2 p.p.

Adjusted Cash EBIT in 4Q23 was R\$ 241.5 million (Adjusted EBIT margin of 13.3%), up 41.2% in relation to 4Q22, explained by the better sugar sales prices in the period (+27.8%) and the proportionately lower maintenance capex. This indicators performance in 12M23 reflects the same effects that positively affected Adjusted EBITDA in the quarter, although with higher maintenance capex for the crop year.

Hedge Position

In R\$ '000

	Sugar hedged (tons)	Avg. Price (USD c/p)	Avg. Price (R\$/ton)
23/24 Harvest	712,760	19.32	
	498,284	19.32	2,391
	214,476	19.32	not hedged

The above table details our sugar hedge position for the 2023/24 crop year (base date: Mar/31/23), considering the portion fixed in USD and open positions, which justifies this status for neutralizing the exposure to input purchases denominated in USD and other foreign-denominated obligations

At the end of the 22/23 harvest, the company had fixed approximately R\$ 453 thousand tons of corn at a price (net of taxes) of approximately BRL 74/sc.

Hedge Accounting Effects:

1. On Shareholders' Equity

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

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income tax and social contribution. In the period from April 2022 to March 2023, we recorded a reduction in shareholders' equity of R\$ 29.5 million.

2. On Income Statement

In 4Q23, there were no settlements of debt in USD designated as hedge accounting or payments of any corresponding financial expense. In 12M23, expenses settled related to the exchange variation in liabilities in USD designated as hedge accounting were designated in USD at R\$ 4.6 and, given the USD realized for the effects of cash flow in the period at R\$ 4.9, a negative adjustment of R\$ 5.3 million was made to net revenue and EBITDA.

Financial Result

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Financial Revenues	89,922	66,585	40,325	35.0%	123.0%	309,946	145,723	112.7%
Financial Expenses	(195,301)	(153,171)	(120,166)	27.5%	62.5%	(652,824)	(355,330)	83.7%
Financial Revenues/Expenses	(105,379)	(86,586)	(79,841)	21.7%	32.0%	(342,878)	(209,607)	63.6%
Exchange Variation/Derivative/Others	981	(113,343)	(62,905)	-100.9%	-101.6%	(299,599)	(142,303)	110.5%
IFRS16 Effects - APV	(35,271)	(73,383)	(23,124)	-51.9%	52.5%	(245,394)	(130,965)	87.4%
Real Estate Results	2,502	(73)	3,609	n.m	-30.7%	4,934	9,414	-47.6%
Net Financial Result	(137,167)	(273,385)	(162,261)	-49.8%	-15.5%	(882,937)	(473,461)	86.5%

The net financial result in 4Q23 was an expense of R\$ 137.2 million (-15.5% vs. 4Q22) and an expense of R\$ 882.9 million in the crop year (+86.5% vs. 12M22). The variation in expenses over the crop year is mainly explained by the effect of the mark-to-market adjustment of derivatives that transformed (swapped) the indexer of the portion of USD and fixed-rate liabilities to the CDI rate.

Debt

In R\$ '000

	Mar/23	Mar/22	Chg.%
Agribusiness Certificate of Receivables (CRA)	1,481,219	1,687,193	-12.2%
BNDES / FINAME	1,148,999	903,297	27.2%
Working Capital/ NCE (Export Credit Note)	865,621	714,010	21.2%
Debentures	2,197,001	1,596,996	37.6%
PPE (Export prepayment)	156,139	190,395	-18.0%
International Finance Corporation (IFC)	774,905	800,127	-3.2%
Gross Debt	6,623,883	5,892,017	12.4%
Cash and Cash Equivalents	3,116,778	2,984,141	4.4%
Net Debt	3,507,105	2,907,876	20.6%
Net Debt / LTM EBITDA - R\$	1.05 x	0.93 x	12.9%
Net Debt / LTM EBITDA - USD ¹	1.06 x	0.94 x	12.6%
LTM Adjusted EBITDA	3,355,541	3,141,952	6.8%

¹ - LTM EBITDA average daily PTAX: Mar/22: R\$ 5.34 and Mar/23: R\$ 5.16

At March 2023, the Company's net debt stood at approximately R\$ 3.5 billion, representing an increase of 20.6% in relation to March 2022. The increase mainly reflects the higher working capital needs in the period and the investments in the construction completion phase.

The following charts show details of the debt position:

Changes in Net Debt

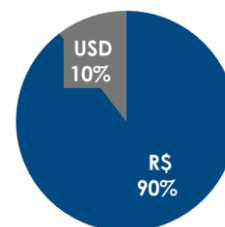
R\$ - Million



¹ Includes Sales of Fixed Assets/Others

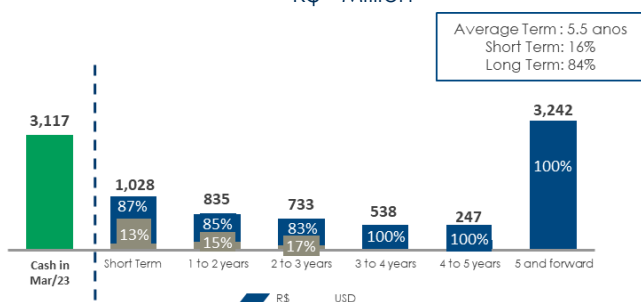
Net Debt - By Currency

Includes SWAP contracts



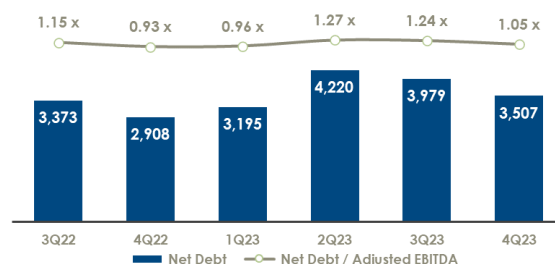
Debt Amortization Schedule

R\$ - Million



Net Debt/EBITDALTM

R\$ - Million



4Q23 EARNINGS

CAPEX & CASH NET INCOME

CAPEX Breakdown

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Maintenance	675,629	507,138	599,726	33.2%	12.7%	1,864,750	1,653,481	12.8%
Sugarcane Planting - Renovation	168,171	114,776	176,999	46.5%	-5.0%	495,782	469,308	5.6%
Off-Season Maintenance (Industrial/Agricultural)	324,307	149,828	262,726	116.5%	23.4%	503,139	452,856	11.1%
Crop Treatment	183,151	242,534	160,000	-24.5%	14.5%	865,829	731,317	18.4%
Operational Improvements	37,863	42,048	47,818	-10.0%	-20.8%	127,883	141,696	-9.7%
Equipment/Replacements	27,633	36,704	40,639	-24.7%	-32.0%	100,972	107,826	-6.4%
Environmental/Legal (ESG)	10,230	5,344	7,178	91.4%	42.5%	26,911	33,870	-20.5%
Upgrading/Expansion	75,103	80,392	229,564	-6.6%	-67.3%	525,785	645,795	-12.2%
Corn Ethanol	-	42,329	93,068	-100.0%	-100.0%	286,110	325,995	-12.2%
UTE (A-6/2019)	-	14,929	94,709	-100.0%	-100.0%	131,821	170,265	-22.6%
Other Projects	75,103	23,134	41,787	n.m	79.7%	107,854	149,535	-27.9%
GRAND TOTAL	788,594	629,578	877,107	25.3%	-10.1%	2,518,418	2,440,971	3.2%

The Company's maintenance capex in 4Q23 came to R\$ 675.6 million, increasing 12.7% in relation to 4Q22, explained by the specific maintenance plan for boilers at the São Martinho Mill and Santa Cruz Mill. In 12M23, maintenance capex was R\$ 1,864.8 million (+12.8% vs. 12M22), explained by the inflationary impact on input prices and by the aforementioned maintenance plan for the quarter.

Capex dedicated to operational improvements was R\$ 127.9 million in 12M23, down 9.7% from the prior crop year, explained by the timetable for fleet and equipment replacement combined with environmental and legal initiatives. In 4Q23, this line declined by 20.8% compared to 4Q22, reflecting the lower investment needs in agricultural and industrial equipment.

Meanwhile, expansion capex came to R\$ 75.1 million in 4Q23 and \$ 525.8 million in 12M23, which was allocated to: (i) the Thermal Power Plant (A-6 auction of 2019); (ii) the corn ethanol project; and (iii) other smaller projects.

Accordingly, total capex came to R\$ 788.6 million in 4Q23 (-10.1% vs. 4Q22) and R\$ 2,518.4 million in 12M23 (+3.2% vs. 12M22), which is below the guidance of R\$ 2.9 billion given in Nov/22. As mentioned on the material fact published in Jun/23, an estimated R\$ 400 million was postponed from the 22/23 to the 23/24 harvest due to the rains during the planting period and the disbursement schedule for projects in phase of finalization.

Cash Net Income

In R\$ '000

	4Q23	3Q23	4Q22	Δ 4Q23/3Q23	Δ 4Q23/4Q22	12M23	12M22	Δ 12M23/12M22
Net Income	151,877	429,692	225,427	-64.7%	-32.6%	1,015,744	1,480,868	-31.4%
Non-cash effect of IFRS 16 on Net Income before taxes	49,219	59,131	(37,884)	-16.8%	n.m	174,484	(113,339)	n.m
Income Tax booked	29,183	100,340	71,373	-70.9%	-59.1%	177,868	458,373	-61.2%
Income Tax paid	(2,923)	(35,249)	(26,360)	-91.7%	-88.9%	(60,467)	(105,430)	-42.6%
Judicial Deposit (Income Tax/Social Contribution-Copersucol)	-	(192,400)	-	-100.0%	n.m.	(192,400)	(167,893)	14.6%
Biological Asset/Others	113,229	44,298	(13,509)	155.6%	n.m	176,167	(24,004)	n.m
Cash Income	340,585	405,812	219,047	-16.1%	55.5%	1,291,396	1,528,575	-15.5%
Total Shares ex-treasury (in thousand)	346,375	346,375	346,375	0.0%	0.0%	346,375	346,375	0.0%
Cash Income per share	0.98	1.17	0.63	-16.1%	55.5%	3.73	4.41	-15.5%

ROIC

In R\$ millions

With land	12M23	12M22	Without land	12M23	12M22
	3,356	3,142		3,356	3,142
(-) Maintenance Capex	(1,865)	(1,653)	(-) Maintenance Capex	(1,865)	(1,653)
(-) Income Tax/Social Contribution paid	(60)	(105)	(-) Income Tax/Social Contribution paid	(60)	(105)
			(-) Own land result	(101)	(97)
Operating Cash Generation	1,430	1,383	Operating Cash Generation	1,329	1,286
Permanent Assets ¹	8,766	8,111	Permanent Assets ¹	6,950	6,295
Short term Assets - Short-term Liabilities ²	495	275	Short term Assets - Short-term Liabilities ²	495	275
Average Invested Capital	9,261	8,386	Average Invested Capital	7,445	6,570
ROIC³	15.4%	16.5%	ROIC without land³	17.9%	19.6%

1. Permanent Assets = Non-Current Assets + Biological Assets (current) - Financial Investments - IR/CS - Derivative Instruments - Copersucar Receivables - Related Parties - Judicial Deposits

2. Current Assets - Adjusted Current Liabilities (excludes IR/CS, Debt, Copersucar Obligations and Dividends)

3. Considers the average capital invested between the current and prior crop year.

The ROIC variation is directly related to the operational circumstances, of the 22/23 harvest, detailed previously.

To calculate the indicator, for the 22/23 harvest, investments in the corn ethanol project and UTE (A-6/2019) were not included as the projects did not generating cash in the year at hand.

Shareholder Remuneration Proposal

In R\$ '000

The Company has a Shareholder Remuneration Policy (Dividends), which guarantees dividends and/or interest on equity corresponding to at least 40% of annual net income, as per the calculation shown in the following table and in the Earnings Release disclosed by the Company, or 25% of net income from the year after deducting accumulated losses and constitution of the legal reserve, whichever is higher.

The minimum distribution of 40% of cash net income may not be adopted, by recommendation of the Board of Directors, in the following cases:

- the use of significant amount of capital in business investments, share repurchase programs and/or mergers and acquisitions;
- leverage indicators, such as ratio of net debt to adjusted EBITDA of more than 2 times, determined at the close of the fiscal year, in order to maintain the investment grade rating assigned by S&P;
- changes in tax laws; and
- the allocation of mandatory reserves or restrictions on the distribution of a portion of these reserves that could affect the capacity to distribute net income.

The following table shows the dividends based on the remuneration policy:

Cash Profit Composition	2023
EBT	1,193,612
IR/CS - book value	(177,868)
Profit for the year	1,015,744
Non-cash effect of IFRS on EBT	174,484
IR/CS - book value	177,868
IR/CS paid	(60,467)
Judicial deposit (IR/CS IAA)	(192,400)
Adjustment of biological assets	176,167
Cash profit	1,291,396
Dividend policy	524,068
Unrealized profit reserve	5,932
Total profit to be distributed	530,000

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

	2023
Profit for the year	1,015,744
Transfer to legal reserve - 5%	(50,787)
Transfer to tax incentive reserve	(169,867)
Minimum mandatory dividend calculation basis	795,090
Minimum mandatory dividend - 25%	198,773
Interest on capital paid	255,000
IRRF on interest on capital	(36,889)
Minimum mandatory dividends, paid	-
Prepaid dividends	19,338
Recognition of unrealized revenue reserve, outstanding	5,932
Additional dividends	269,068
Total	493,111
Dividends per share	1.4236
Quantity of shares, net of treasury shares - March 31	346,375

Further details regarding Dividends and Interest on Equity are provided in Explanatory note 18. Shareholders' Equity, item e. Dividends and Interest on Equity.

Obligations

On March 31, 2023, São Martinho had recognized R\$ 176.5 million in obligations payable to Copersucar under Liabilities on its balance sheet. In accordance with the terms negotiated for the withdrawal from Copersucar, we will continue to book under “Obligations – Copersucar” all liabilities related to the contingencies currently in litigation conducted by the attorneys at Copersucar. The total amount of these obligations is secured by bank sureties.

Rights

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

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

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

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

Copersucar Rights

In R\$ '000

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

Upon transferring the funds, Copersucar withheld a portion to cover legal costs and the levy of PIS and COFINS taxes, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. On March 31, 2023, the balance receivable from Copersucar was R\$ 212,963 thousand (R\$ 154,626 thousand on Mar/31/22), booked under “Other long-term assets.” The Company, in coordination with Copersucar’s actions, also filed a lawsuit involving IRPJ/CSLL/PIS/COFINS taxes with a judicial deposit for suspending the enforceability of these taxes, which was provisioned under liabilities in the line: “Taxes with suspended payment.”

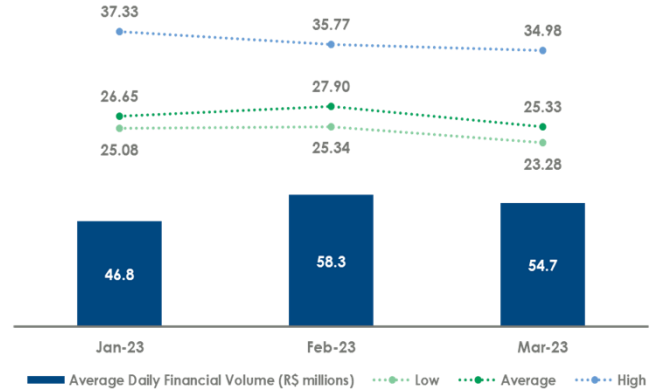
SMTO3 Performance – 12 months

R\$ - Million



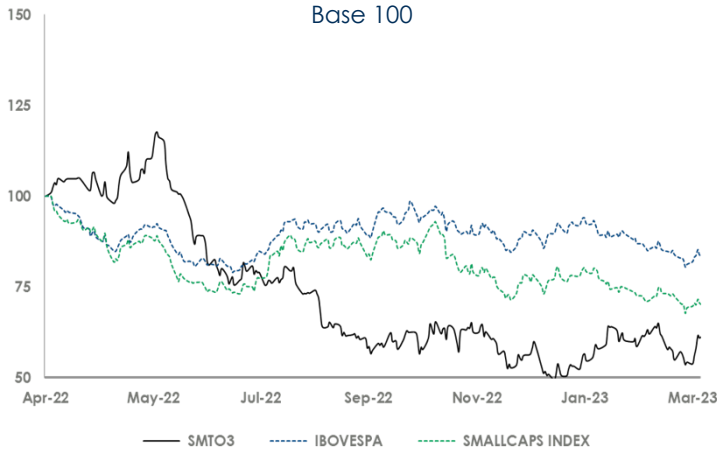
Price and Volume

In R\$



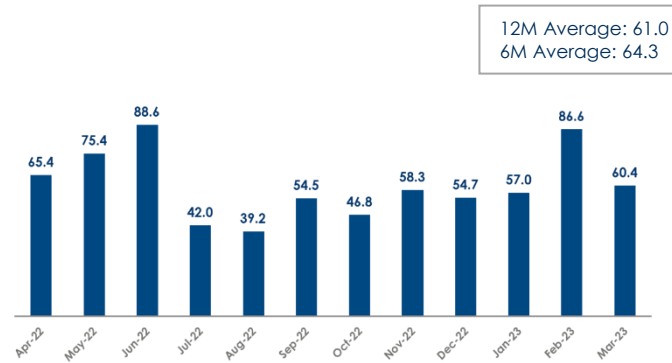
SMTO3 vs. Stock Indexes

Base 100



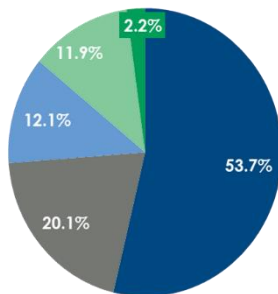
Average Daily Trading Volume

R\$ - Million



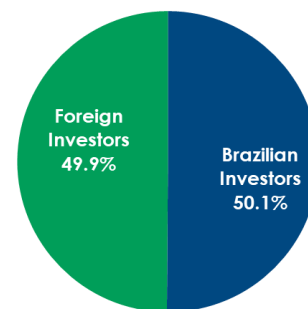
Ownership Structure

Base: March 31, 2023



- Controlling Shareholders
- Foreign Investors
- Individuals
- Institutional (Brazil)
- Treasury

Free-Float Composition



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

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

Income Statement

São Martinho – Consolidated; In R\$ '000

	4Q23	4Q22	Chg. (%)	12M23	12M22	Chg. (%)
Gross Revenue	1,859,617	1,551,455	19.9%	6,817,013	6,086,693	12.0%
Deductions from Gross Revenue	(45,399)	(68,819)	-34.0%	(189,447)	(366,740)	-48.3%
Net Revenue	1,814,218	1,482,636	22.4%	6,627,566	5,719,953	15.9%
Cost of Goods Sold (COGS)	(1,357,033)	(885,335)	53.3%	(4,589,655)	(3,299,689)	39.1%
Gross Profit	457,185	597,301	-23.5%	2,037,911	2,420,264	-15.8%
Gross Margin (%)	25.2%	40.3%	-15.1 p.p	30.7%	42.3%	-11.6 p.p
Operating income (expenses)	(138,958)	(138,240)	0.5%	38,638	(7,562)	-610.9%
Selling Expenses	(63,258)	(48,557)	30.3%	(221,597)	(160,167)	38.4%
General and Administrative Expenses	(76,113)	(90,947)	-16.3%	(264,367)	(293,576)	-9.9%
Equity in the results of investees	1,140	2,077	-45.1%	5,033	7,358	-31.6%
Other income (expenses), net	(727)	(813)	-10.6%	519,569	438,823	18.4%
Operating profit	318,227	459,061	-30.7%	2,076,549	2,412,702	-13.9%
Finance income (costs)	(137,167)	(162,261)	-15.5%	(882,937)	(473,461)	86.5%
Finance income	92,425	43,934	110.4%	314,882	155,135	103.0%
Finance costs	(230,571)	(143,294)	60.9%	(898,220)	(486,302)	84.7%
Monetary and foreign exchange variations, net	9,439	19,754	-52.2%	(174,942)	(84,657)	106.6%
Derivatives	(8,460)	(82,655)	-89.8%	(124,657)	(57,637)	116.3%
Profit before taxation	181,060	296,800	-39.0%	1,193,612	1,939,241	-38.4%
Income Tax and Social Contribution - Current	(2,632)	3,243	-181.2%	(273,804)	(229,327)	19.4%
Income Tax and Social Contribution - Deferred	(26,551)	(74,616)	-64.4%	95,936	(229,046)	-141.9%
Net Income	151,877	225,427	-32.6%	1,015,744	1,480,868	-31.4%
Net Margin (%)	8.4%	15.2%	-6.8 p.p	15.3%	25.9%	-10.6 p.p

Balance Sheet (Assets)

São Martinho – Consolidated; In R\$ '000

	Mar/23	Mar/22
CURRENT ASSETS		
Cash and Cash Equivalents	273,408	114,903
Financial investments	2,804,873	2,857,864
Trade Receivables	274,904	225,707
Derivative Financial Instruments	163,242	228,718
Inventories and advance to suppliers	694,118	764,576
Biological Assets	1,160,568	1,219,281
Taxes Recoverable	214,253	60,303
Income Tax and Social Contribution	93,880	65,232
Other assets	8,229	16,958
TOTAL CURRENT ASSETS	5,687,475	5,553,542
NON-CURRENT ASSETS		
Long-term Receivables		
Financial investments	38,497	11,374
Inventories and advance to suppliers	224,678	146,986
Derivative Financial Instruments	225,568	169,679
Trade Receivables	40,692	26,872
Taxes Recoverable	230,676	177,844
Income Tax and Social Contribution	8,983	8,617
Judicial Deposits	1,088,976	749,361
Other Assets	234,425	156,471
	2,092,495	1,447,204
Investments	47,798	45,565
Property, plant and equipment	7,606,567	6,771,209
Intangible assets	464,125	457,313
Right-of-use assets	2,925,325	3,084,312
TOTAL NON-CURRENT ASSETS	13,136,310	11,805,603
TOTAL ASSETS	18,823,785	17,359,145

Balance Sheet (Liabilities)

São Martinho – Consolidated; In R\$ '000

	Mar/23	Mar/22
CURRENT LIABILITIES		
Borrowings	1,028,509	581,515
Leases payable	115,855	82,475
Agricultural partnership payable	569,854	500,376
Derivative Financial Instruments	328,695	245,145
Trade Payables	281,311	415,082
Payables to Copersucar	13,539	12,753
Salaries and Social Charges	195,162	191,786
Taxes recoverable	21,094	34,871
Income tax and social contribution payable	8,490	7,597
Dividends Payable	5,963	5,971
Advances from Customers	5,173	27,269
Acquisition of Ownership interests	11,571	3,669
Other Liabilities	30,565	66,546
TOTAL CURRENT LIABILITIES	2,615,781	2,175,055
NON-CURRENT LIABILITIES		
Borrowings	5,595,374	5,306,834
Leases payable	586,228	539,057
Agricultural partnership payable	1,769,834	1,884,943
Derivative Financial Instruments	7,250	34,585
Payables to Copersucar	162,986	161,277
Deferred Income Tax and Social Contribution	997,134	1,111,225
Provision for Contingencies	111,541	87,006
Taxes with suspended payment	1,063,378	725,834
Other Liabilities	1,916	14,904
TOTAL NON-CURRENT LIABILITIES	10,295,641	9,865,665
EQUITY		
Share Capital	3,161,384	2,681,571
Treasury Shares	(139,997)	(139,997)
Carrying Value Adjustments	1,062,480	1,100,474
Revenue Reserves	1,828,496	1,676,377
TOTAL EQUITY	5,912,363	5,318,425
TOTAL LIABILITIES AND EQUITY	18,823,785	17,359,145

Consolidated Cash Flow

São Martinho – Consolidated; In R\$ '000

	12M23	12M22
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	1,015,744	1,480,868
Adjustments		
Depreciation and amortization	1,075,457	779,652
Biological assets harvested	1,049,119	846,612
Change in the fair value of biological assets and CBIOS	176,167	(24,004)
Amortization of electricity contracts	5,642	6,096
Equity in the results of investees	(5,033)	(7,358)
Gains (losses) on investments and PP&E written off	2,745	(1,186)
Interest, monetary and exchange variations, net	398,746	213,832
Derivative financial instruments	(36,987)	130,048
Setup of provision for contingences, net	34,392	13,004
Income tax and social contribution	177,868	458,373
Taxes with suspended payment	337,544	267,355
Adjustment to present value and other adjustments	249,377	137,666
	4,480,781	4,300,958
Changes in asset and liabilities		
Trade receivables	(100,124)	(151,597)
Inventories	(52,325)	(306,068)
Taxes recoverable	(226,678)	(123,371)
Derivative financial instruments	(31,179)	(16,602)
Other assets	(299,366)	(274,127)
Trade payables	(77,099)	324,746
Salaries and social charges	3,376	19,904
Taxes payable	(242,525)	(113,398)
Payables to Copersucar	(2,446)	(12,624)
Provision for contingencies - settlement	(22,801)	(26,261)
Other liabilities	(71,077)	54,687
Cash from operations	3,358,537	3,676,247
Payment of interest on borrowings	(310,702)	(124,009)
Income tax and social contribution paid	(60,467)	(105,430)
Net cash provided by operating activities	2,987,368	3,446,808
CASH FLOW FROM INVESTING ACTIVITIES		
Investment of funds	(11,837)	(12,209)
Purchases of property, plant and equipment and intangible assets	(1,197,351)	(1,274,813)
Additions to biological assets (planting and crop treatments)	(1,373,806)	(1,196,750)
Financial investments	319,078	(1,722,060)
Proceeds from sale of property, plant and equipment	5,652	10,237
Advance for future capital increase	(139)	-
Dividends received	1,723	1,394
Net cash provided by investing activities	(2,256,680)	(4,194,201)
CASH FLOW FROM FINANCING ACTIVITIES		
Amortization of lease and partnership agreements	(577,319)	(525,413)
Proceeds from borrowings – third parties	875,242	3,517,764
Repayment of borrowings – third parties	(494,266)	(1,610,848)
Payment of dividends and Interest on Equity	(375,840)	(807,557)
Net cash provided by financing activities	(572,183)	573,946
Increase (decrease) in cash and cash equivalents	158,505	(173,447)
Cash and cash equivalents at the beginning of the period	114,903	288,350
Cash and cash equivalents at the end of the period	273,408	114,903
Additional information		
Balance of financial investments (current assets)	2,804,873	2,857,864
Total available funds	3,078,281	2,972,767



INVESTOR RELATIONS

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 **São Martinho**

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