

(A free translation of the original in Portuguese)

Quarterly information (ITR)

at December 31, 2022 and independent
auditor's report on review of quarterly
information





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Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of São Martinho S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended December 31, 2022, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

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

Scope of review

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

Conclusion on the interim information

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



São Martinho S.A.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended December 31, 2022. These statements are the responsibility of the Company's executive board and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Ribeirão Preto, February 13, 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 December 31, and March 31, 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent company		Consolidated	
		December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
CURRENT ASSETS					
Cash and cash equivalents	4	252,846	114,874	252,859	114,903
Financial investments	4	2,354,745	2,663,681	2,438,187	2,857,864
Trade receivables	5	338,645	181,878	371,458	225,707
Derivative financial instruments	23	109,104	228,718	109,104	228,718
Inventories and advances to suppliers	6	1,839,494	758,732	1,819,070	764,576
Biological assets	7	1,089,659	1,219,281	1,089,659	1,219,281
Taxes recoverable	8	197,448	60,158	197,529	60,303
Income tax and social contribution	20	84,626	65,210	85,014	65,232
Other assets		32,302	16,501	32,846	16,958
TOTAL CURRENT ASSETS		6,298,869	5,309,033	6,395,726	5,553,542
NON-CURRENT ASSETS					
Long-term receivables					
Financial investments	4	9,571	11,374	9,571	11,374
Inventories and advances to suppliers	6	218,642	146,986	218,642	146,986
Deferred income tax and social contribution	20	-	-	66	-
Derivative financial instruments	23	190,209	169,679	190,209	169,679
Trade receivables	5	-	-	42,440	26,872
Taxes recoverable	8	243,521	176,716	245,684	177,844
Income tax and social contribution	20	8,617	8,617	8,617	8,617
Judicial deposits	22	1,068,345	749,120	1,068,358	749,361
Other assets		214,807	156,471	214,809	156,471
Total long-term receivables		1,953,712	1,418,963	1,998,396	1,447,204
Investments					
Property, plant and equipment	10	1,676,805	1,751,559	47,815	45,565
Intangible assets	11	5,171,156	4,956,635	7,001,558	6,771,209
Right-of-use assets	12	436,902	423,888	461,892	457,313
	13	2,950,379	3,084,312	2,950,379	3,084,312
TOTAL NON-CURRENT ASSETS		12,188,954	11,635,357	12,460,040	11,805,603
TOTAL ASSETS		18,487,823	16,944,390	18,855,766	17,359,145

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
CURRENT LIABILITIES					
Borrowings	14	1,245,105	581,507	1,245,611	581,515
Leases payable	13	99,708	82,475	99,708	82,475
Agricultural partnership payable	13	641,415	500,376	641,415	500,376
Derivative financial instruments	23	276,306	245,145	276,306	245,145
Trade payables	15	366,938	412,656	318,766	415,082
Payables to Copersucar	16	13,341	12,753	13,341	12,753
Salaries and social charges		175,256	190,737	176,581	191,786
Taxes payable		23,223	33,396	25,086	34,871
Income tax and social contribution payable	20	-	-	8,758	7,597
Dividend payable	18	31	5,971	31	5,971
Advances from customers		187,106	27,226	187,149	27,269
Acquisition of ownership interests	9 and 17	3,670	3,669	3,670	3,669
Other liabilities		32,998	52,498	33,498	66,546
TOTAL CURRENT LIABILITIES		3,065,097	2,148,409	3,029,920	2,175,055
NON-CURRENT LIABILITIES					
Borrowings	14	5,391,264	5,286,808	5,430,098	5,306,834
Leases payable	13	595,377	539,057	595,377	539,057
Agricultural partnership payable	13	1,712,720	1,884,943	1,712,720	1,884,943
Derivative financial instruments	23	15,563	34,585	15,563	34,585
Payables to Copersucar	16	151,147	161,277	151,147	161,277
Deferred income tax and social contribution	20	618,603	743,797	982,083	1,111,225
Provision for contingencies	22	102,550	86,351	103,356	87,006
Taxes with suspended payment	16(b)	1,044,535	725,834	1,044,535	725,834
Other liabilities		2,242	14,904	2,242	14,904
TOTAL NON-CURRENT LIABILITIES		9,634,001	9,477,556	10,037,121	9,865,665
EQUITY					
Share capital	18	3,161,384	2,681,571	3,161,384	2,681,571
Treasury shares		(139,997)	(139,997)	(139,997)	(139,997)
Carrying value adjustments		1,085,138	1,100,474	1,085,138	1,100,474
Revenue reserves		1,210,277	1,676,377	1,210,277	1,676,377
Retained earnings		471,923	-	471,923	-
TOTAL EQUITY		5,788,725	5,318,425	5,788,725	5,318,425
TOTAL LIABILITIES AND EQUITY		18,487,823	16,944,390	18,855,766	17,359,145

The accompanying notes are an integral part of this quarterly information

Statement of income

Periods ended December 31, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company			
		December 31, 2022		December 31, 2021	
		Quarter	Nine-month period	Quarter	Nine-month period
Revenue	27	1,497,252	4,682,158	1,485,838	4,045,842
Cost of goods sold	28	(1,093,761)	(3,288,828)	(851,044)	(2,444,569)
Gross profit		403,491	1,393,330	634,794	1,601,273
Operating income (expenses)					
Selling expenses	28	(57,833)	(149,811)	(30,279)	(103,115)
General and administrative expenses	28	(68,630)	(176,417)	(52,368)	(195,273)
Equity in the results of investees	10	51,396	162,766	63,002	217,732
Other revenue, net	29	475,193	518,446	419,603	435,856
		400,126	354,984	399,958	355,200
Operating profit		803,617	1,748,314	1,034,752	1,956,473
Finance income (costs)	30				
Finance income		61,990	201,838	34,668	96,073
Finance costs		(226,079)	(666,144)	(130,202)	(342,895)
Monetary and foreign exchange variations, net		(16,697)	(184,381)	(41,120)	(104,411)
Derivatives		(96,646)	(116,197)	2,219	25,018
		(277,432)	(764,884)	(134,435)	(326,215)
Profit before income tax and social contribution		526,185	983,430	900,317	1,630,258
Income tax and social contribution	20(a)				
Current		(163,769)	(241,058)	(137,286)	(219,058)
Deferred		67,276	121,495	(66,093)	(155,759)
Profit for the period		429,692	863,867	696,938	1,255,441
Basic and diluted earnings per share - R\$	31	1.2405	2.4940	2.0121	3.6245

The accompanying notes are an integral part of this quarterly information



Statement of income

Periods ended December 31, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Consolidated			
		December 31, 2022		December 31, 2021	
		Quarter	Nine-month period	Quarter	Nine-month period
Revenue	27	1,534,094	4,813,348	1,531,733	4,237,317
Cost of goods sold	28	(1,067,981)	(3,232,622)	(828,676)	(2,414,354)
Gross profit		466,113	1,580,726	703,057	1,822,963
Operating income (expenses)					
Selling expenses	28	(60,774)	(158,339)	(32,858)	(111,610)
General and administrative expenses	28	(71,732)	(188,254)	(53,618)	(202,629)
Equity in the results of investees	10	1,266	3,893	1,979	5,281
Other revenue, net	29	468,544	520,296	418,146	439,636
		337,304	177,596	333,649	130,678
Operating profit		803,417	1,758,322	1,036,706	1,953,641
Finance income (costs)	30				
Finance income		66,512	222,457	36,308	111,201
Finance costs		(226,554)	(667,649)	(130,244)	(343,008)
Monetary and foreign exchange variations, net		(16,697)	(184,381)	(41,120)	(104,411)
Derivatives		(96,646)	(116,197)	2,219	25,018
		(273,385)	(745,770)	(132,837)	(311,200)
Profit before income tax and social contribution		530,032	1,012,552	903,869	1,642,441
Income tax and social contribution	20(a)				
Current		(167,506)	(271,172)	(140,475)	(232,570)
Deferred		67,166	122,487	(66,456)	(154,430)
Profit for the period		429,692	863,867	696,938	1,255,441
Basic and diluted earnings per share - R\$	31	1.2405	2.4940	2.0121	3.6245

The accompanying notes are an integral part of this quarterly information



Statement of comprehensive income

Periods ended December 31, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Parent company and Consolidated	December 31, 2022		December 31, 2021	
	Quarter	Nine-month period	Quarter	Nine-month period
Profit for the period	429,692	863,867	696,938	1,255,441
Items that will be subsequently reclassified to profit or loss				
Changes in the period:				
Changes in fair value				
Commodity derivatives - Futures, options and forward contracts	(15,808)	340	10,497	(64,778)
Foreign exchange derivatives - Options / NDF	76,983	(29,199)	(22,226)	64,294
Foreign exchange differences on borrowings (Trade Finance)	39,074	78,974	10,979	143,458
	100,249	50,115	(750)	142,974
Recognition in operating income				
Commodity derivatives - Futures, options and forward contracts	(962)	11,356	8,493	78,152
Foreign exchange derivatives - Options / NDF	(30,109)	(86,562)	8,472	(17,549)
Foreign exchange differences on borrowings (Trade Finance)	-	5,321	642	29,205
	(31,071)	(69,885)	17,607	89,808
Write-off due to ineffectiveness				
Commodity derivatives - Futures, options and forward contracts	-	-	(2,713)	(9,504)
Foreign exchange derivatives - Options / NDF	2,038	8,891	-	-
	2,038	8,891	(2,713)	(9,504)
Total changes in the period				
Commodity derivatives - Futures, options and forward contracts	(16,770)	11,696	16,277	3,870
Foreign exchange derivatives - Options / NDF	48,912	(106,870)	(13,754)	46,745
Foreign exchange differences on borrowings (Trade Finance)	39,074	84,295	11,621	172,663
Deferred taxes on the items above	(24,213)	3,699	(4,809)	(75,914)
	47,003	(7,180)	9,335	147,364
Total comprehensive income for the year	476,695	856,687	706,273	1,402,805

The accompanying notes are an integral part of this quarterly information



Statements of changes in equity

Periods ended December 31, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

				Carrying value adjustments				Revenue reserves						
				Deemed cost		Hedge accounting	Others						Retained earnings	Total
	Note	Share capital	Treasury shares	Parent	Investees			Legal	Capital budget reserve	Unrealized profit reserve	Tax incentive reserve	Additional dividends		
At March 31, 2021		2,071,819	(139,997)	116,187	1,029,113	(594,814)	564	188,733	885,731	27,960	203,834	197,459	-	3,986,589
Capital increase with reserves	18(a)	609,752	-	-	-	-	-	-	(487,851)	-	(121,901)	-	-	-
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	(9,070)	(2,426)	-	-	-	-	-	-	-	11,496	-
Carrying value adjustments of investees		-	-	-	-	-	110	-	-	-	-	-	-	110
Gain (loss) on derivate transactions - hedge accounting	18 (c. ii)	-	-	-	-	147,364	-	-	-	-	-	-	-	147,364
Adjustment of deferred taxes in subsidiaries		-	-	-	157,678	-	-	-	-	-	-	-	-	157,678
Transfer to tax incentive reserve	18(d)	-	-	-	-	-	-	-	-	-	109,192	-	(109,192)	-
Payment of prior year's additional dividends	18(e)	-	-	-	-	-	-	-	-	-	-	(197,459)	-	(197,459)
Interest on capital paid		-	-	-	-	-	-	-	-	-	-	-	(135,000)	(135,000)
Payment of dividends for the year		-	-	-	-	-	-	-	-	-	-	-	(372,564)	(372,564)
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	1,255,441	1,255,441
At December 31, 2021		2,681,571	(139,997)	107,117	1,184,365	(447,450)	674	188,733	397,880	27,960	191,125	-	650,181	4,842,159
At March 31, 2022		2,681,571	(139,997)	106,799	1,183,641	(190,610)	644	262,776	1,030,260	21,989	229,887	131,465	-	5,318,425
Capital increase with reserves	18(a)	479,813	-	-	-	-	-	-	(397,880)	-	(81,933)	-	-	-
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	(8,592)	358	-	-	-	-	-	-	-	8,234	-
Carrying value adjustments of investees		-	-	-	-	-	78	-	-	-	-	-	-	78
Gain (loss) on derivate transactions - hedge accounting	18 (c. ii)	-	-	-	-	(7,180)	-	-	-	-	-	-	-	(7,180)
Transfer to tax incentive reserve	18(d)	-	-	-	-	-	-	-	-	-	145,178	-	(145,178)	-
Payment of prior year's additional dividends	18(e)	-	-	-	-	-	-	-	-	-	-	(131,465)	-	(131,465)
Interest on capital paid	18(e)	-	-	-	-	-	-	-	-	-	-	-	(255,000)	(255,000)
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	863,867	863,867
At December 31, 2022		3,161,384	(139,997)	98,207	1,183,999	(197,790)	722	262,776	632,380	21,989	293,132	-	471,923	5,788,725

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

Statement of cash flows

Periods ended December 31, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Cash flows from operating activities					
Profit for the period		863,867	1,255,441	863,867	1,255,441
Adjustments					
Depreciation and amortization	28	714,149	516,757	718,414	520,647
Biological assets harvested	28	752,106	608,586	752,106	608,586
Changes in the fair value of biological assets, agricultural produce, and CBIOS	28	62,938	(10,495)	62,938	(10,495)
Amortization of electric power supply contracts		-	-	5,642	6,055
Equity in the results of investees	10	(162,766)	(217,732)	(3,893)	(5,281)
Gains (losses) on investments and PP&E written off	11	101	(2,315)	101	(815)
Interest, monetary and foreign exchange variations, net		356,580	221,719	339,184	215,629
Derivative financial instruments		46,331	64,685	46,331	64,767
Setup of provision for contingencies, net	22.1	25,491	9,167	25,547	9,168
Income tax and social contribution	20 b	119,563	374,817	148,685	387,000
Taxes with suspended payment		318,701	251,070	318,701	251,070
Adjustment to present value and other adjustments		210,885	108,210	212,780	113,012
		3,307,946	3,179,910	3,490,403	3,414,784
Changes in assets and liabilities					
Trade receivables		(179,504)	(142,465)	(185,141)	(256,398)
Inventories		(650,123)	(680,392)	(623,676)	(645,283)
Taxes recoverable		(217,422)	(67,050)	(218,814)	(67,647)
Derivative financial instruments		(24,956)	(74,007)	(24,956)	(74,007)
Other assets		(324,322)	(284,747)	(324,173)	(284,919)
Trade payables		307	402,862	(50,293)	460,833
Salaries and social charges		(15,480)	11,293	(15,205)	11,172
Taxes payable		(235,342)	(127,098)	(239,123)	(126,881)
Payables to Copersucar		(13,476)	(9,438)	(13,476)	(9,438)
Provision for contingencies - settlement	22.1	(19,089)	(20,542)	(19,089)	(20,542)
Other liabilities		127,708	9,385	114,158	(3,169)
Cash from operations		1,756,247	2,197,711	1,890,615	2,398,505
Payment of interest on borrowings and financing	14	(216,682)	(88,403)	(216,902)	(88,403)
Deferred income tax and social contribution		(32,734)	(68,824)	(57,544)	(79,070)
Net cash provided by operating activities		1,506,831	2,040,484	1,616,169	2,231,032
Cash flow from investing activities					
Investment of funds		(339)	(12,159)	(339)	(12,159)
Additions to property, plant and equipment and intangible assets	11 and 12	(733,404)	(739,208)	(753,621)	(768,292)
Additions to biological assets (planting and crop treatments)		(1,017,990)	(861,503)	(1,017,990)	(861,503)
Financial investments		500,927	(90,870)	629,667	(74,786)
Proceeds from sale of property, plant and equipment	11	3,614	9,564	3,614	8,872
Dividends received		237,600	178,143	1,723	1,394
Net cash used in investing activities		(1,009,592)	(1,516,033)	(1,136,946)	(1,706,474)
Cash flows from financing activities					
Payments of lease agreements and partnerships	13	(450,992)	(449,047)	(450,992)	(449,047)
Proceeds from borrowings - third parties	14	659,200	1,951,678	677,200	1,951,678
Repayment of borrowings - third parties	14	(191,635)	(1,184,332)	(191,635)	(1,184,332)
Payment of dividends and interest on capital		(375,840)	(807,557)	(375,840)	(807,557)
Net cash used in financing activities		(359,267)	(489,258)	(341,267)	(489,258)
Net increase in cash and cash equivalents		137,972	35,193	137,956	35,300
Cash and cash equivalents at the beginning of the period	4	114,874	287,652	114,903	288,350
Cash and cash equivalents at the end of the period	4	252,846	322,845	252,859	323,650
<u>Additional information</u>					
Balance of financial investments (current assets)	4	2,354,745	1,076,104	2,438,187	1,179,290
Total available funds	4	2,607,591	1,398,949	2,691,046	1,502,940

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

Statement of value added

Periods ended December 31, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue				
Gross sales of goods and products	4,812,060	4,328,011	4,955,498	4,535,089
Revenue from construction of own assets	1,093,408	922,118	1,093,625	922,118
Other income	6,493	10,746	6,387	8,940
	<u>5,911,961</u>	<u>5,260,875</u>	<u>6,055,510</u>	<u>5,466,147</u>
Inputs acquired from third parties				
Cost of products and goods sold	(1,258,725)	(994,194)	(1,172,308)	(904,984)
Material, electricity, third-party services, and other operating expenses	(1,307,566)	(1,083,169)	(1,347,258)	(1,153,256)
	<u>(2,566,291)</u>	<u>(2,077,363)</u>	<u>(2,519,566)</u>	<u>(2,058,240)</u>
Gross value added	3,345,670	3,183,512	3,535,944	3,407,907
Depreciation and amortization	(714,149)	(516,757)	(718,414)	(520,647)
Biological assets harvested	(752,106)	(608,586)	(752,106)	(608,586)
Net value added generated by the entity	1,879,415	2,058,169	2,065,424	2,278,674
Value added received in transfer				
Equity in the results of investees	162,766	217,732	3,893	5,281
Finance income	443,923	639,237	464,762	659,986
Others	566,242	477,670	568,197	480,452
Total value added to be distributed	<u>3,052,346</u>	<u>3,392,808</u>	<u>3,102,276</u>	<u>3,424,393</u>
Distribution of value added				
Personnel and payroll charges				
Direct compensation	494,500	423,976	495,521	424,089
Benefits	184,616	153,308	185,617	153,981
Government Severance Indemnity Fund for Employees (FGTS)	45,827	39,910	45,919	39,919
Management compensation	(7,278)	36,306	(6,208)	37,264
Taxes, charges and contributions				
Federal	225,491	469,069	269,648	492,747
State	30,811	45,350	31,145	45,652
Municipal	1,658	972	1,962	1,120
Financing entities				
Interest	651,326	330,255	653,067	335,387
Rentals	4,503	4,247	4,524	4,247
Foreign exchange variations	389,261	421,335	389,310	421,795
Others	167,764	212,639	167,904	212,751
Payment of dividends and interest on capital	255,000	507,564	255,000	507,564
Retained profits for the period	608,867	747,877	608,867	747,877
Value added distributed	<u>3,052,346</u>	<u>3,392,808</u>	<u>3,102,276</u>	<u>3,424,393</u>

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

1. Operations

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

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

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

The issue of this financial Information was authorized by the Board of Directors on February 13, 2023.

Effects of the Coronavirus pandemic on the quarterly information

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

In addition to impacting the general health of the population, financial markets, interest and exchange rates were affected, and consequently the measurement of assets, liabilities and profit or loss.

The Company has monitored these factors, and at December 31, 2022, management concluded that there were no uncertainties which generated a material adverse effect on its financial position nor which placed its operations at risk.

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

Financial 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 taken to minimize their impact.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

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

This quarterly information has been prepared under the historical cost convention, as modified to adjust to the deemed cost of property, plant and equipment upon transition to IFRS/CPC, and certain derivative financial instruments and biological assets measured at fair value. The interim accounting information discloses all applicable information of significance to the quarter, which is consistent with that utilized by management in the performance of its duties.

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

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

2.2 Basis of consolidation and investments in subsidiaries

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

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

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

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

2.3 Functional and presentation currency

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

2.4 Foreign currency translation

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

2.5 Financial instruments

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

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

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

a) Financial assets

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

b) Financial liabilities

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

c) Derivative financial instruments

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

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

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

2.6 Business combinations and goodwill

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

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

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

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

Acquisition costs incurred accounted for as expenses

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

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

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



3. Significant accounting estimates and judgments

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

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

a) Impairment losses

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

b) Fair value of biological assets

This represents the present value of expected net cash flows from biological assets, which is calculated using 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 these matters differs from the amounts initially estimated and recorded, such differences will affect current and deferred tax assets and liabilities in the year in which the ultimate amount is determined.

d) Fair value of derivatives and other financial instruments

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

e) Provision for contingencies

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



f) ICMS tax benefits

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

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

Management, together with its legal advisors, monitors the matter through the Treasury Department of Goiás.

g) Incremental borrowing rate on leases and agricultural partnerships

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

4. Cash and cash equivalents and financial investments

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



Notes to the quarterly information

December 31, 2022

All amounts in thousands of reais unless otherwise stated

	Parent company			Consolidated		
	Annual yield	December 31, 2022	March 31, 2022	Annual yield	December 31, 2022	March 31, 2022
Cash and banks - in Brazil		281	142		294	171
Cash and banks (abroad) (US Dollar)	2.4% p.a.	252,565	114,732	2.4% p.a.	252,565	114,732
Total cash and cash equivalents		252,846	114,874		252,859	114,903
Financial investments						
. Investment fund	104.1% of CDI	2,116,336	2,459,996	104.1% of CDI	2,197,736	2,653,534
. Bank Deposit Certificate (CDB)	103.4% of CDI	238,409	203,685	103.3% of CDI	240,451	204,330
. Others (i)	100.3% of CDI	9,571	11,374	100.3% of CDI	9,571	11,374
Total financial investments		2,364,316	2,675,055		2,447,758	2,869,238
Total cash and cash equivalents and financial investments		2,617,162	2,789,929		2,700,617	2,984,141
In non-current assets		9,571	11,374		9,571	11,374
Total available funds		2,607,591	2,778,555		2,691,046	2,972,767

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

5. Trade receivables

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

The balance of trade receivables is as follows:

	Parent company		Consolidated	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Domestic market customers	142,452	56,901	218,422	128,355
Foreign market customers	196,219	125,059	196,219	125,059
(-) Expected credit losses	(26)	(82)	(743)	(835)
	338,645	181,878	413,898	252,579
Current assets	(338,645)	(181,878)	(371,458)	(225,707)
Non-current assets	-	-	42,440	26,872

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Falling due:	336,985	181,719	412,580	252,248
Overdue and not provided for				
Up to 30 days	1,528	7	1,005	41
Over 31 days	132	152	313	290
	338,645	181,878	413,898	252,579

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

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All amounts in thousands of reais unless otherwise stated

Includes receivables from related parties of R\$ 1,010 and R\$ 524 in the Parent company and Consolidated, respectively (R\$ 1,833 and R\$ 1,284, respectively, on March 31, 2022) (Note 9).

6. Inventories and advances to suppliers

	Parent company		Consolidated	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Current				
Finished products and work-in-process	1,171,444	290,998	1,142,092	290,997
Raw material – Corn	278,187	-	278,187	-
Advances - purchases of sugarcane	58,070	75,449	60,798	75,449
Advances - purchases of inputs and finished products	71,112	184,909	71,112	184,909
RenovaBio - CBIOS(i)	15,039	16,603	15,039	16,603
Land subdivisions	-	-	6,200	5,845
Inputs, maintenance materials and other	245,642	190,773	245,642	190,773
	1,839,494	758,732	1,819,070	764,576
Non-current				
Advances - purchases of sugarcane	218,642	146,986	218,642	146,986
	218,642	146,986	218,642	146,986
	2,058,136	905,718	2,037,712	911,562

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

- (i) On December 31, 2022, the Company had 36,000 registered decarbonization credits (CBIOS) carried at fair value (249,000 CBIOS on March 31, 2022).

7. Biological assets

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

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

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

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- 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	December 31, 2022	March 31, 2022
Estimated total harvested area (ha)	243,441	242,241
Amount of TRS per hectare	11.55	11.50
Projected average price of TRS (in R\$)	1.15	1.09

In this quarterly information, a discount rate of 11.9% p.a. was used to calculate the fair value of biological assets (10.3% p.a. on March 31, 2022).

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

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

Parent Company and Consolidated	December 31, 2022	December 31, 2021
Historical cost	1,263,787	1,040,629
Fair value	(44,506)	(51,089)
Biological assets - opening balance:	1,219,281	989,540
Increases arising from crop treatments	693,841	571,316
Transfer from property, plant and equipment	204,743	284,326
Changes in fair value	(43,236)	16,391
Decreases resulting from harvest	(984,970)	(853,560)
Biological assets - closing balance:	1,089,659	1,008,013
Comprised of:		
Historical cost	1,177,401	1,042,711
Fair value	(87,742)	(34,698)
Biological assets - closing balance:	1,089,659	1,008,013

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

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

Fair value sensitivity analysis

For purposes of the sensitivity analysis, the Company assessed the impact on the fair value of its biological assets on December 31, 2022, 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\$ 90,743. For production volumes, the same 5% variation (up or down) would result in an increase or decrease of R\$ 86,963.

8. Taxes recoverable

Balances of taxes recoverable:

	Parent company		Consolidated	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Current				
PIS and COFINS (i)	157,569	52,683	157,569	52,768
ICMS (ii)	37,084	6,252	37,101	6,282
Others	2,795	1,223	2,859	1,253
	197,448	60,158	197,529	60,303
Non-current				
PIS and COFINS (i)	104,641	119,286	104,641	119,286
ICMS (ii)	122,039	38,763	124,202	39,891
Tax on Financial Transactions (IOF) on derivatives	9,541	9,076	9,541	9,076
INSS	7,300	6,923	7,300	6,923
Reintegra		1,991		1,991
Others	-	677	-	677
	243,521	176,716	245,684	177,844
	440,969	236,874	443,213	238,147

Refers substantially to:

- (i) Pursuant to Complementary Law 194, sale of ethanol are zero rated for PIS and Cofins. Credits will be partially used to offset other federal taxes.
- (ii) Constitutional Amendment 123/22 grants credit for ICMS on ethanol. The amount of R\$ 56,609 was recorded under net revenue - reduction in ICMS expense (Note 27), and the same amount appropriated to a reserve in equity (Note 18(d)).



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All amounts in thousands of reais unless otherwise stated

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

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

	Parent company	Consolidated
From 1/1/2024 to 12/31/2024	177,683	178,939
From 1/1/2025 to 12/31/2025	18,317	18,620
From 1/1/2025 to 12/31/2026	16,315	16,617
From 1/1/2025 to 12/31/2027	14,389	14,691
From 1/1/2028 to 12/31/2028	1,614	1,614
From 1/1/2029 onwards	15,203	15,203
	243,521	245,684

9. Related parties

a) Parent company and consolidated balances:

	Parent company		Consolidated	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Current assets				
Trade receivables (i)				
Bio BV	348	105	-	-
Bio SM	120	222	-	-
Bio SC	14	10	-	-
SM Terras Imobiliárias	67	120	-	-
SM Terras Agrícolas	7	182	-	-
CTC - Centro de Tecnologia Canavieira S.A.	-	870	112	991
Luiz Ometto Participações S.A.	-	169	-	169
Others	454	155	412	124
	1,010	1,833	524	1,284
Current liabilities				
Trade payables				
SM Terras Agrícolas	54,975	5,899	-	-
SM Terras Imobiliárias	-	296	-	-
Bio SC	204	191	-	-
CTC - Centro de Tecnologia Canavieira S.A.	497	477	497	477
Luiz Ometto Participações S.A.	19	-	19	-
Others	75	58	75	58
	55,770	6,921	591	535
Leases and agricultural partnerships payable from stockholders and related parties	632,164	515,136	517,588	515,136
Current and non-current liabilities (Acquisition of ownership interest)				
Luiz Ometto Participações S.A. (Note 17)	3,670	3,669	3,670	3,669

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

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All amounts in thousands of reais unless otherwise stated

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

	Parent company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Sales revenue				
Bio BV	9,366	10,094	-	-
Bio SM	7,571	7,385	-	-
Bio SC	5,932	6,411	-	-
	22,869	23,890	-	-
Reimbursed expenses / Lease revenue (purchase of products and services)				
SM Terras Agrícolas	(70,876)	(96,342)	-	-
CTC - Centro de Tecnologia Canavieira S.A.	(23,319)	(28,003)	(22,264)	(26,769)
SM Terras Imobiliárias	(21,424)	(3,948)	-	-
Bio SC	(901)	(1,166)	-	-
Bio BV	101	45	-	-
Bio SM	63	24	-	-
	(116,356)	(129,390)	(22,264)	(26,769)
Shareholders and related parties				
Sugarcane purchases / land leases / reimbursed expenses				
Agro Pecuária Boa Vista S/A	(45,314)	(39,286)	(45,314)	(39,286)
Others	(15,740)	(21,278)	(15,957)	(21,278)
	(61,054)	(60,564)	(61,271)	(60,564)

Sales revenue relates to sale of steam. Purchases of products and services relate to purchase of sugarcane, electric power, steam production service, and royalties. Expenses reimbursed by subsidiaries or related parties refer to the apportionment of administrative service costs, which is calculated based on agreements signed by the parties.

c) Management compensation:

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

	Parent company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Fixed and variable compensation, and benefits	26,932	36,432	28,689	38,034
Social security contributions	5,216	2,330	5,526	2,330
Total compensation and charges	32,148	38,762	34,215	40,364

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

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

The carrying amount of the liability relating to the new fair value calculation of the Virtual Option Plan is R\$ 11,259 (R\$ 36,496 on March 31, 2022).

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

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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 (i)	2023	2024	2025	2026	2027	2028	2029	
Number of virtual options granted	727,273	882,074	1,133,513	1,072,712	754,980	563,175	1,463,211	6,596,938
Number of virtual options exercised	(712,063)	(848,100)	(708,265)	(356,423)	(33,730)	-	-	(2,658,581)
Number of virtual options to be exercised	15,210	33,974	425,248	716,289	721,250	563,175	1,463,211	3,938,357
Exercise price (R\$)	17.70	17.76	19.07	19.38	24.22	37.17	27.44	

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

10. Investments

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

Company	Ownership interest %			Parent company					
				Book value of investment		Equity in the results of investees			
		Equity		December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022	December 31, 2022	December 31, 2021
		December 31, 2022	March 31, 2022						
Classified as Investments									
SM Terras Agrícolas	100.00%	837,361	837,044	815,290	837,044	45,247	62,939		
SM Terras Imobiliárias	100.00%	672,649	687,891	666,618	688,238	12,330	47,063		
Bio SC	100.00%	47,973	62,059	59,106	78,933	28,072	50,826		
Bio BV	100.00%	33,141	42,415	33,141	42,415	44,476	38,490		
SM Inova	100.00%	41,204	39,486	41,204	39,486	3,888	5,148		
Bio SM	100.00%	28,908	33,358	28,908	33,358	28,300	14,214		
Bioenergia SM	100.00%	31,464	31,070	31,464	31,070	394	623		
SM Logística	100.00%	1,074	1,015	1,074	1,015	59	(1,571)		
Total classified as Investments		1.693.774	1.734.338	1.676.805	1.751.559	162.766	217.732		

				Consolidated			
Company	Ownership interest %	Equity		Book value of investment		Equity in the results of investees	
		December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022	December 31, 2022	December 31, 2021
Classified as Investments							
CTC - Centro de Tecnologia Canaveira S.A. (i)	5.41%	862,959	822,949	46,725	44,558	3,810	5,208
Others		-	-	1,090	1,007	83	73
Total classified as Investments		862,959	822,949	47,815	45,565	3,893	5,281

(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.

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

Notes to the quarterly information

December 31, 2022

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

Changes in investments during the period were as follows:

Changes in investments	Parent company		Consolidated	
	2022	2021	2022	2021
At March 31	1,751,559	1,486,725	45,565	39,951
Equity in the results of investees (*)	162,766	217,732	3,893	5,281
Payment of capital	-	30,000	-	-
Dividends paid	(237,600)	(178,143)	(1,723)	(1,394)
Other effects of investments	80	157,758	80	(350)
At December 31	1,676,805	1,714,072	47,815	43,488

(*) The balance consists of the positive equity result of R\$ 199,215 (R\$ 249,623 in 2021) and the adjustment of unrealized profit on sugar and ethanol inventories in the negative amount of R\$ 29,449 (R\$ 31,891 in 2021) relating to the acquisition of sugarcane from subsidiaries.

11. Property, plant and equipment

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

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

Sugarcane plantations correspond to the bearer plants for growing sugarcane. Sugarcane is classified as a permanent crop and its economically productive cycle lasts, on average, eight years after the first harvest. Interest charges on loans 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.



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Parent company	Land	Buildings and facilities	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Other PP&E	Total
At March 31, 2021	96,099	416,133	1,172,051	354,100	227,003	324,217	1,375,872	160,366	46,955	4,172,796
Acquisitions	-	39	6,145	167,149	38,716	34,634	292,309	412,014	3,390	954,396
Transfer of PP&E/biological assets	-	-	-	-	-	-	(284,326)	-	-	(284,326)
Cost of sale	(52)	(42)	(18)	-	(2,009)	(5,128)	-	-	-	(7,249)
Transfer between groups	-	6,755	18,689	-	1,105	(1,291)	9,602	(38,200)	3,340	-
Depreciation	-	(11,663)	(87,722)	(354,781)	(22,243)	(38,420)	-	-	(9,688)	(524,517)
At December 31, 2021	96,047	411,222	1,109,145	166,468	242,572	314,012	1,393,457	534,180	43,997	4,311,100
At March 31, 2022	96,046	418,728	1,147,128	416,916	257,270	331,240	1,521,169	724,727	43,411	4,956,635
Acquisitions	-	41	4,994	155,390	36,620	25,519	327,612	473,897	4,150	1,028,223
Transfer of PP&E/biological assets	-	-	-	-	-	-	(204,743)	-	-	(204,743)
Cost of sale	-	-	(13)	-	(389)	(3,148)	(30)	-	(135)	(3,715)
Transfer between groups	-	61,973	76,974	-	402	(7,538)	7,569	(140,298)	918	-
Depreciation	-	(12,464)	(86,954)	(432,752)	(24,463)	(39,340)	-	-	(9,271)	(605,244)
At December 31, 2022	96,046	468,278	1,142,129	139,554	269,440	306,733	1,651,577	1,058,326	39,073	5,171,156
Total cost	96,046	607,608	2,077,985	572,306	493,908	727,662	1,651,577	1,058,326	196,920	7,482,338
Accumulated depreciation	-	(139,330)	(935,856)	(432,752)	(224,468)	(420,929)	-	-	(157,847)	(2,311,182)
Net book value	96,046	468,278	1,142,129	139,554	269,440	306,733	1,651,577	1,058,326	39,073	5,171,156
Residual value:										
Historical cost	24,759	409,728	980,830	139,554	253,970	290,877	1,651,577	1,058,326	39,073	4,848,694
Surplus on revaluation	71,287	58,550	161,299	-	15,470	15,856	-	-	-	322,462
Annual average depreciation rates/ Transfer of biological assets	-	3%	4%	100%	7%	8%	14%	-	13%	

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

Consolidated	Land	Buildings and facilities	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Improvements and other PPE	Total
At March 31, 2021	1,814,977	419,482	1,238,940	354,831	227,002	324,219	1,375,871	160,364	46,958	5,962,644
Acquisitions	5,764	39	6,145	167,605	38,716	34,634	292,309	435,330	3,391	983,933
Cost of sale	(436)	(2,292)	(18)	-	(2,009)	(5,127)	-	-	-	(9,882)
Transfer from Inventories to Sales	(1,526)	-	-	-	-	-	-	-	-	(1,526)
Transfer of biological assets	-	-	-	-	-	-	(284,326)	-	-	(284,326)
Transfer between groups	-	6,756	18,690	-	1,104	(1,292)	9,602	(38,200)	3,340	-
Depreciation	-	(11,788)	(90,855)	(355,492)	(22,242)	(38,421)	-	-	(9,689)	(528,487)
At December 31, 2021	1,818,779	412,197	1,172,902	166,944	242,571	314,013	1,393,456	557,494	44,000	6,122,356
At March 31, 2022	1,816,933	419,701	1,210,856	418,110	257,269	331,241	1,521,168	752,518	43,413	6,771,209
Acquisitions	-	41	4,994	155,855	36,620	25,519	327,612	493,925	4,150	1,048,716
Cost of sale	(178)	-	(13)	-	(389)	(3,148)	(30)	-	(135)	(3,893)
Transfer of biological assets	-	-	-	-	-	-	(204,743)	-	-	(204,743)
Transfer between groups	-	61,973	76,974	-	402	(7,538)	7,569	(140,299)	918	(1)
Depreciation	-	(12,512)	(90,062)	(434,082)	(24,465)	(39,339)	-	-	(9,270)	(609,730)
At December 31, 2022	1,816,755	469,203	1,202,749	139,883	269,437	306,735	1,651,576	1,106,144	39,076	7,001,558
Total cost	1,816,755	610,662	2,178,348	573,964	493,906	727,663	1,651,576	1,106,144	196,932	9,355,950
Accumulated depreciation	-	(141,459)	(975,599)	(434,081)	(224,469)	(420,928)	-	-	(157,856)	(2,354,392)
Net book value	1,816,755	469,203	1,202,749	139,883	269,437	306,735	1,651,576	1,106,144	39,076	7,001,558
Residual value:										
Historical cost	167,067	409,814	1,028,009	139,883	253,967	290,879	1,651,576	1,106,144	39,076	5,086,415
Surplus on revaluation	1,649,688	59,389	174,740	-	15,470	15,856	-	-	-	1,915,143
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	13%	

Notes to the quarterly information at December 31, 2022

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The amount recorded within "Construction in progress" refers primarily to the construction of the corn ethanol plant and 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\$ 884,484 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\$ 9,031 (R\$ 4,739 on December 31, 2021).

12. Intangible assets

Contractual relationships have a finite useful life, 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	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Goodwill based on future profitability (i)	374,632	374,632	374,632	374,632
Software	41,820	41,820	41,820	41,820
Accumulated amortization	(34,243)	(32,895)	(34,243)	(32,895)
Software in progress	27,417	20,107	27,417	20,107
Rights on sugarcane contracts (ii)	42,443	42,443	42,443	42,443
Amortization of rights on sugarcane contracts (ii)	(24,610)	(23,545)	(24,610)	(23,545)
Cost of rights on electricity contracts (iii)	-	-	103,401	103,401
Amortization of rights on electricity contracts (iii)	-	-	(90,068)	(81,518)
Other assets	9,443	1,326	21,100	12,868
	436,902	423,888	461,892	457,313

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

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Impairment of non-financial assets

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

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

On March 3, 2022, the Company tested its non-current assets for impairment. The assessment was based on calculations of the value in use of each CGU, which use pre-tax cash flow projections, based on financial budgets approved by management. The growth rate does not exceed the long-term average growth rate of the sector in which the CGU operates.

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

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

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

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

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

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, management asserts that there have been no changes and/or reassessments in its lease agreements as a result of the COVID-19 pandemic.

Definitions used:

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All amounts in thousands of reais unless otherwise stated

a) Lease

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

b) 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.

c) The Company as the Lessor

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

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

Right-of-use assets	Parent Company and Consolidated			
	Vehicles	Agricultural partnership	Agricultural lease	Total
At March 31, 2021	16,498	1,415,829	437,069	1,869,396
New contracts	4,357	132,641	10,273	147,271
Updated contracts	-	20,873	44	20,917
Write-offs	(3,280)	(21,473)	(4,749)	(29,502)
Depreciation	(11,079)	(179,922)	(34,272)	(225,273)
At December 31, 2021	6,496	1,367,948	408,365	1,782,809
At March 31, 2022	4,439	2,452,464	627,409	3,084,312
New contracts	11,734	85,534	137,676	234,944
Updated contracts	-	107,279	-	107,279
Write-offs	(32)	(66,076)	(3,899)	(70,007)
Depreciation	(5,459)	(325,990)	(74,700)	(406,149)
At December 31, 2022	10,682	2,253,211	686,486	2,950,379
Useful lives (years)	1 to 2	2 to 29	2 to 20	

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

Leases and agricultural partnerships payable	Parent Company and Consolidated		
	Leases payable	Agricultural partnership	Total
At March 31, 2021	473,950	1,438,682	1,912,632
Offset of advances	-	1,980	1,980
Additions arising from new agreements	14,630	132,641	147,271
Updated contracts	44	20,873	20,917
Write-offs	(9,743)	(21,776)	(31,519)
Payments made	(84,894)	(363,784)	(448,678)
Financial charges	29,746	82,764	112,510
At December 31, 2021	423,733	1,291,380	1,715,113
At March 31, 2022	621,532	2,385,319	3,006,851
Offset of advances	-	8,614	8,614
New contracts	149,410	85,534	234,944
Updated contracts	-	107,279	107,279
Write-offs	(16,429)	(73,085)	(89,514)
Payments made	(113,452)	(337,540)	(450,992)
Financial charges	54,024	178,014	232,038
At December 31, 2022	695,085	2,354,135	3,049,220
Total in current liabilities	99,708	641,415	741,123
Total in non-current liabilities	595,377	1,712,720	2,308,097
At December 31, 2022	695,085	2,354,135	3,049,220

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

Maturity	Parent Company and Consolidated
From 1/1/2024 to 12/31/2024	570,163
From 1/1/2025 to 12/31/2025	534,779
From 1/1/2026 to 12/31/2026	495,049
From 1/1/2027 to 12/31/2027	382,420
From 1/1/2028 to 12/31/2028	306,710
From 1/1/2029 to 12/31/2029	218,559
From 1/1/2030 to 12/31/2030	195,363
From 1/1/2031 onwards	812,561
(-) Adjustment to present value	(1,207,507)
	2,308,097

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

Parent Company and Consolidated	Agricultural lease	Adjustment to present value
Lease payment	1,112,573	378,300
Potentially recoverable PIS/COFINS (9.25%)	(77,258)	(25,655)
December 31, 2022	1,035,315	352,645

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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	8.43%
3 years	8.51%
4 years	8.72%
5 years	8.64%
6 years	9.71%
7 years	9.62%
8 years	9.71%
9 years	9.25%
10 years	9.50%
11 years	8.67%
From 12 to 30 years	9.43%

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

Additionally, in compliance with CVM Circular Letter 02/2019, comparative information on lease and agricultural partnership liabilities, right-of-use assets, deferred taxes, depreciation expense and finance costs for the year ended December 31, 2022 and future periods is presented below, using a discounted cash flow that considers using a discounted cash flow that considers future inflation projected in the payment flows, and discounted at the nominal rates presented above:

Parent Company and Consolidated	From 1/1/2023 to 12/31/2023	From 1/1/2024 to 12/31/2024	From 1/1/2025 to 12/31/2025	From 1/1/2026 to 12/31/2026	From 1/1/2027 to 12/31/2027	From 1/1/2028 to 12/31/2032	From 1/1/2026 to 12/31/2037	From 1/1/2038 to 12/31/2042
Right-of-use assets								
IFRS 16	2,384,596	1,958,470	1,561,822	1,198,675	928,319	274,679	57,872	-
CVM Official Letter	3,187,989	2,639,181	2,128,727	1,660,447	1,303,478	405,183	91,911	-
	33.69%	34.76%	36.30%	38.52%	40.41%	47.51%	58.82%	N/A
Lease liability and agricultural partnership								
IFRS 16	2,233,672	1,824,644	1,445,692	1,100,337	845,902	266,380	51,393	-
CVM Official Letter	3,090,243	2,561,733	2,068,144	1,614,312	1,268,554	488,745	117,436	-
	38.35%	40.40%	43.06%	46.71%	49.96%	83.48%	128.51%	N/A
Amortization expense								
IFRS 16	(555,101)	(426,126)	(396,648)	(363,148)	(270,355)	(653,641)	(216,807)	(57,872)
CVM Official Letter	(726,376)	(548,808)	(510,454)	(468,280)	(356,969)	(898,295)	(313,272)	(91,911)
	30.85%	28.79%	28.69%	28.95%	32.04%	37.43%	44.49%	58.82%
Interest expenses								
IFRS 16	(164,390)	(159,055)	(155,727)	(150,388)	(129,813)	(453,120)	(169,556)	(74,755)
CVM Official Letter	(221,586)	(213,479)	(210,070)	(204,533)	(175,083)	(700,504)	(235,825)	(125,319)
	34.79%	34.22%	34.90%	36.00%	34.87%	54.60%	39.08%	67.64%
	IFRS 16/CPC 06	CVM Official Letter						
Amortization expense	(2,939,698)	(3,914,365)						
Interest expenses	(1,456,804)	(2,086,399)						
	(4,396,502)	(6,000,764)						

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14. Borrowings

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

Type	Annual charges		Parent company		Consolidated	
	Rate	Index	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
In local currency						
BNDES credit facility	2.1%	+TJLP	108,913	123,886	108,913	123,886
BNDES credit facility	3.6%	+IPCA	634,921	534,084	674,261	554,118
BNDES credit facilities (ii)	5.3%	Fixed rate	152,728	177,352	152,728	177,352
FINEP	4.0%	Fixed rate	28,707	43,905	28,707	43,905
Agro Export	0.6%	+CDI	89,247	-	89,247	-
Rural credit (iii)	8.0%	Fixed rate	331,158	307,986	331,158	307,986
Agribusiness Receivable Certificate (CRA)	98.6%	CDI	1,195,476	1,160,354	1,195,476	1,160,354
Agribusiness Receivable Certificate (CRA) (iv)	4.9%	+IPCA	551,154	526,839	551,154	526,839
Debentures (v)	6.0%	+IPCA	2,169,071	1,596,996	2,169,071	1,596,996
International Finance Corporation (IFC)	1.5%	+CDI	301,645	306,672	301,645	306,672
Other securitized credits	3.0%	+IGP-M / Fixed rate	32	31	32	31
Total in local currency	101.8%	CDI	5,563,052	4,778,105	5,602,392	4,798,139
In foreign currency						
Export prepayment (PPE) (vi)	1.7%	6M Libor	447,595	402,323	447,595	402,323
Export prepayment (PPE)	1.6%	6M Sofr	157,933	190,395	157,933	190,395
International Finance Corporation (IFC) (vii)	1.5%	6M Libor	467,463	493,455	467,463	493,455
FINEM	2.5%	Currency Basket	326	4,037	326	4,037
Total in foreign currency	5.5%		1,073,317	1,090,210	1,073,317	1,090,210
TOTAL (i)			6,636,369	5,868,315	6,675,709	5,888,349
Total in current liabilities			1,245,105	581,507	1,245,611	581,515
Total in non-current liabilities			5,391,264	5,286,808	5,430,098	5,306,834
			6,636,369	5,868,315	6,675,709	5,888,349

- (i) Total costs of liabilities in local and foreign currency were calculated based on the terms of the portfolios, and on Interbank Deposit (DI) and LIBOR yield curves.
- (ii) 66% of the Agribusiness Receivable Certificates (CRAs) is linked to 53.5% of the DI variation, through a swap contract.
- (iii) 100% of the rural credit amount is linked to 72.95% of the DI variation, through a swap contract.
- (iv) 100% of the Agribusiness Receivable Certificates (CRAs) is linked to 117.8% of the DI rate, through a swap contract.
- (v) 25% of the debentures is linked to the DI rate +1.1% p.a., 23% is linked 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 tied to LIBOR is linked to the DI rate +1.1% p.a., through a swap contract.
- (vii) 50% of the borrowing with *International Finance Corporation* (IFC) is linked to the DI rate +1.15% p.a., and 50% is linked to a fixed rate of 5.0%, through a swap contract.

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Changes in borrowings during the period were as follows:

	Parent company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Changes in debt				
Balance at the beginning of the period	5,868,315	4,050,963	5,888,349	4,050,963
Proceeds from borrowings	659,200	1,951,678	677,200	1,951,678
Repayment of principal	(191,635)	(1,184,332)	(191,635)	(1,184,332)
Payment of interest	(216,682)	(88,403)	(216,902)	(88,403)
Accrued interest and inflation adjustment	407,943	197,591	409,469	197,591
Foreign exchange variation	109,228	(44,265)	109,228	(44,265)
Balance at the end of the period	6,636,369	4,883,232	6,675,709	4,883,232

Long-term borrowings mature as follows:

Parent Company and Consolidated	Parent company	Consolidated
From 1/1/2024 to 12/31/2024	569,187	570,031
From 1/1/2025 to 12/31/2025	1,017,485	1,019,217
From 1/1/2026 to 12/31/2026	585,674	587,467
From 1/1/2027 to 12/31/2027	220,173	222,030
From 1/1/2028 to 12/31/2028	549,107	551,030
From 1/1/2029 to 12/31/2029	369,654	371,646
From 1/1/2030 to 12/31/2030	355,995	358,057
From 1/1/2026 to 12/31/2031	187,300	189,436
From 1/1/2032 to 12/31/2032	679,933	682,145
From 1/1/2033 onwards	856,756	879,039
	5,391,264	5,430,098

São Martinho's debt, of R\$ 884,484, is collateralized as follows: 96% by liens on equipment, vehicles, properties, and buildings, approximately 3% by land, and less than 1% by receivables from electric power trading and stockholders' sureties.

At the reporting date, the carrying amounts of borrowings approximate their fair value. The fair values are based on discounted cash flows using a borrowing rate of 12.5% p.a. (11.6% p.a. on March 31, 2022)) and are classified within Level 2 of the fair value hierarchy.

Covenants

Borrowings of R\$ 4,479,935 include financial covenants determined and measured annually. The Company was in compliance with the covenants for the periods presented.

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15. Trade payables

	Parent company		Consolidated	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Sugarcane	122,299	55,931	68,166	49,736
Materials, services, and other	244,639	356,725	250,600	365,346
	366,938	412,656	318,766	415,082

Includes trade payables due to suppliers of R\$ 55,770 in the parent company, and R\$ 591 in the consolidated (R\$ 6,921 and R\$ 535, respectively, on March 31, 2022) refer to payables to related parties (Note 9).

16. Obligations and rights with Copersucar

As part of the withdrawal process from Copersucar, the Company entered into an agreement for obligations and rights that have not yet prescribed. The main obligations and rights are as 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) for which the constitutionality is being challenged in court by the Cooperative and tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

Parent Company and Consolidated	December 31, 2022	March 31, 2022
REFIS - Copersucar - Interest accruals based on the SELIC rate	24,337	32,867
Exchange Bill (LC) - Interest accruals based on the SELIC rate	76,008	73,754
Exchange Bill (LC) - Transfer of funds without imposition of charges	52,356	52,356
Expenses with tax proceedings	9,487	12,753
Others	2,300	2,300
	164,488	174,030
Current liabilities	(13,341)	(12,753)
Non-current liabilities	151,147	161,277

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

Copersucar has been served tax assessment notices with respect to State Value-Added Tax (ICMS) levied on sales of fuel and industrial ethanol through to December 31, 2008, of which the amount attributed to the Company would be approximately R\$ 250 million. Copersucar is confident that its position will prevail and it will successfully defend against fines; the Company's legal counsel has assessed the causes as involving a possible risk of loss.

b) Rights:

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

Included among the lawsuits to which Copersucar is an active party is a claim against the Federal Government to compensate for damages arising from a mandatory freeze of prices of sugar and ethanol in the 1980s.

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

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

	2019	2020	2021	2022	2023
Copersucar rights	March 2019	December 2019	September 2020	October 2021	October 2022
1st Court-ordered debt security	906,287	1,059,956	1,083,223	1,174,400	1,346,041
Supplementary court-ordered debt security	-	1,724,797	1,974,578	2,138,858	2,450,167
Court-ordered debt securities - Copersucar	906,287	2,784,753	3,057,801	3,313,258	3,796,208
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

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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 December 31, 2022, the balance receivable from Copersucar was R\$ 212,962, 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.

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

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

Parent Company and Consolidated	Acquisitions	Disposals	Net balance
	Usina Santa Cruz	Agro Pecuária Boa Vista	
At March 31, 2021	(93,739)	78,451	(15,288)
Repayment of principal	31,210	(19,590)	11,620
Inflation adjustment	(3,486)	2,938	(548)
Repayment of interest	3,301	(2,762)	539
At December 31, 2021	(62,714)	59,037	(3,677)
At March 31, 2022	(62,745)	59,076	(3,669)
Inflation adjustment	(5,817)	5,477	(340)
Repayment of interest	5,793	(5,454)	339
At December 31, 2022	(62,769)	59,099	(3,670)

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

Maturity dates	(Acquisition) / Disposals
January, 2023	(11,620)
January, 2024	(11,620)
January, 2025	19,570
	(3,670)

18. Equity

a) Share capital

Share capital at the reporting date amounted to R\$ 3,161,384 (R\$ 2,681,571 on March 31, 2022), represented by 364,011,329 registered common shares without par value.

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

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

b) Treasury shares

As repurchased equity instruments, treasury shares are recognized at acquisition cost, 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 arose from the surplus increment on revaluation of the deemed cost of land, buildings and industrial facilities, vehicles and machinery, and agricultural implements. The amounts are recorded net of tax effects and their realization made through depreciation, write-off, or sale of the related assets. The realized amounts are transferred to "Retained earnings".

Hedge accounting fair value

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

d) Revenue reserves

Legal reserve

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

Capital budget reserve

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

Unrealized profit reserve

This reserve arises from unearned income comprised of the results from the sale of the interest held in Agro Pecuária 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\$ 145,178 in the parent company and consolidated (R\$ 109,192 on December 31, 2021), of which R\$ 88,569 refers to ICMS Produzir and R\$ 56,609 to the credit granted (Note 8).

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.

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

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

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

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

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\$ 57,135 in the Parent company, and R\$ 57,225 in the Consolidated (R\$ 67,578 and R\$ 67,681 in the Parent company and Consolidated, respectively, on March 31, 2022).

20. Income tax and social contribution

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

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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	
	December 31, 2022	March 31, 2022	December 31, 2022	March 31, 2022
Current assets				
. Prepaid income tax and social contribution	-	21,605	-	21,604
. Income tax and social contribution recoverable	84,626	43,605	85,014	43,628
	84,626	65,210	85,014	65,232
Debts in current liabilities				
. Income tax and social contribution payable	-	-	8,758	7,597

b) Changes in deferred income tax and social contribution balances

Parent company	September 30, 2022	Quarter		December 31, 2022
		Recognized in profit or loss	Recognized in other comprehensive income	
Income tax and social contribution losses	-	195	-	195
Exclusion of IRPJ/CSLL on tax overpayments (20.1)	6,903	-	-	6,903
Derivative financial instruments	130,306	21,453	(24,213)	127,546
Provision for contingencies	85,991	20,656	-	106,647
Foreign exchange gains	19,244	(9,230)	-	10,014
Other assets	36,092	48,252	-	84,344
Total deferred income and social contribution tax assets	278,536	81,326	(24,213)	335,649
Surplus on revaluation of PP&E (deemed cost)	(111,810)	1,986	-	(109,824)
Accelerated depreciation incentive	(532,131)	(23,987)	-	(556,118)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(81,102)	8,467	-	(72,635)
Other liabilities	(17,200)	(516)	-	(17,716)
Total deferred income and social contribution tax liabilities	(940,202)	(14,050)	-	(954,252)
Deferred income tax and social contribution	(661,666)	67,276	(24,213)	(618,603)

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Consolidated	September 30, 2022	Quarter			December 31, 2022
		Recognized in profit or loss	Recognized in other comprehensive income	Consolidation adjustment - Rights on electric power contracts	
Income tax and social contribution losses	-	195	-	-	195
Exclusion of IRPJ/CSLL on tax overpayments (20.1)	6,903	-	-	-	6,903
Derivative financial instruments	130,307	21,452	(24,213)	-	127,546
Provision for contingencies	80,306	20,656	-	-	100,962
Provision for other obligations	13,881	-	-	-	13,881
Foreign exchange gains	19,244	(9,230)	-	-	10,014
Other assets	27,745	48,253	-	-	75,998
Total deferred income and social contribution tax assets	278,386	81,326	(24,213)	-	335,499
Surplus on revaluation of PP&E (deemed cost)	(464,378)	2,025	-	-	(462,353)
Accelerated depreciation incentive	(532,131)	(23,987)	-	-	(556,118)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(6,073)	-	-	336	(5,737)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange losses	(81,102)	8,467	-	-	(72,635)
Other liabilities	(17,047)	(665)	-	-	(17,712)
Total deferred income and social contribution tax liabilities	(1,303,758)	(14,160)	-	336	(1,317,582)
Deferred income tax and social contribution	(1,025,372)	67,166	(24,213)	336	(982,083)

Parent company	March 31, 2022	Nine-month period		December 31, 2022
		Recognized in profit or loss	Recognized in other comprehensive income	
Income tax and social contribution losses	16,111	(15,916)	-	195
Exclusion of IRPJ/CSLL on tax overpayments (i)	6,903	-	-	6,903
Derivative financial instruments	128,519	(4,672)	3,699	127,546
Provision for contingencies	81,319	25,328	-	106,647
Foreign exchange gains	(8,088)	18,102	-	10,014
Other assets	24,359	59,985	-	84,344
Total income and social contribution tax assets	249,123	82,827	3,699	335,649
Surplus on revaluation of PP&E (deemed cost)	(118,544)	8,720	-	(109,824)
Accelerated depreciation incentive	(540,756)	(15,362)	-	(556,118)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(108,345)	35,710	-	(72,635)
Other liabilities	(27,316)	9,600	-	(17,716)
Total income and social contribution tax liabilities	(992,920)	38,668	-	(954,252)
Deferred income tax and social contribution	(743,797)	121,495	3,699	(618,603)

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Consolidated	March 31, 2022	Nine-month period			December 31, 2022
		Recognized in profit or loss	Recognized in other comprehensive income	Consolidation adjustment - Rights on electric power contracts	
Income tax and social contribution losses	16,218	(16,023)	-	-	195
Exclusion of IRPJ/CSLL on tax overpayments (20.1)	6,903	-	-	-	6,903
Derivative financial instruments	128,520	(4,673)	3,699	-	127,546
Provision for contingencies	75,634	25,328	-	-	100,962
Provision for other obligations	13,881	-	-	-	13,881
Foreign exchange gains	(8,088)	18,102	-	-	10,014
Other assets	16,010	59,988	-	-	75,998
Total income and social contribution tax assets	249,078	82,722	3,699	-	335,499
Surplus on revaluation of PP&E (deemed cost)	(471,264)	8,911	-	-	(462,353)
Accelerated depreciation incentive	(540,756)	(15,362)	-	-	(556,118)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(8,693)	-	-	2,956	(5,737)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange losses	(108,345)	35,710	-	-	(72,635)
Other liabilities	(28,218)	10,506	-	-	(17,712)
Total income and social contribution tax liabilities	(1,360,303)	39,765	-	2,956	(1,317,582)
Deferred income tax and social contribution	(1,111,225)	122,487	3,699	2,956	(982,083)
	(1,111,225)	122,487	3,699	2,956	(982,083)

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.

(i) Income tax/social contribution (IRPJ/CSLL) levied on refunds of tax overpayments adjusted by the Selic rate declared to be unconstitutional

On September 24, 2021, the Supreme Court ("STF") judgment of RE No. 1.063.187, through general repercussion (Topic 962) and, by unanimous vote, ruled that income taxes charged on indexation/interest accruals (Selic rate) on amounts received as a refund for tax overpayments to be unconstitutional.

Based on this decision, and in accordance with ICPC 22 / IFRIC 23 - Uncertainty over Tax Treatments, the Company recognized R\$ 15,520 as current and deferred income tax assets for the period, as follows: R\$ 8,617 in non-current assets, as income tax and social contribution recoverable related to periods in which the Company recorded taxable profit; and R\$ 6,903 in non-current liabilities, as deferred income tax and social contribution, due to the adjustment of tax loss carryforwards related

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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	December 31, 2022		December 31, 2021	
	Quarter	Year-to-date	Quarter	Year-to-date
Profit before taxes	526,185	983,430	900,317	1,630,258
Income tax and social contribution at nominal rates (34%)	(178,903)	(334,366)	(306,108)	(554,288)
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	17,475	55,340	21,421	74,029
. Permanent (additions) exclusions, net	(992)	(2,466)	(1,897)	(6,412)
. Cbios	3,610	21,137	5,107	11,798
. Interest on capital	47,600	86,700	45,900	45,900
. State subsidy / Credit granted (Note 27)	14,184	49,361	16,635	37,125
. Tax incentives	527	2,144	38	1,488
. Adjustment to the calculation relating to subsidiary taxed based on deemed pr	-	2,569	15,520	15,519
. Others	6	18	5	24
Income tax and social contribution expenses	(96,493)	(119,563)	(203,379)	(374,817)
Income tax and social contribution at the effective rate	18.3%	12.2%	22.6%	23.0%
Current income tax and social contribution	(163,769)	(241,058)	(137,286)	(219,058)
Deferred income tax and social contribution	67,276	121,495	(66,093)	(155,759)

Consolidated	December 31, 2022		December 31, 2021	
	Quarter	Year-to-date	Quarter	Year-to-date
Profit before taxes	530,032	1,012,552	903,869	1,642,441
Income tax and social contribution at nominal rates (34%)	(180,211)	(344,268)	(307,315)	(558,430)
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	430	1,324	673	1,796
. Permanent (additions) exclusions, net	(1,137)	(2,628)	(1,897)	(6,412)
. Cbios	3,610	21,137	5,107	11,798
. Interest on capital	47,600	86,700	45,900	45,900
. State subsidy / Credit granted (Note 27)	14,184	49,361	16,635	37,125
. Tax incentives	956	2,578	38	1,488
. Adjustment to the calculation relating to subsidiary taxed based on deemed pr	14,211	34,484	18,398	64,213
. Recognition of income tax and social contribution credits from prior years	-	2,569	15,520	15,520
. Others	17	58	10	2
Income tax and social contribution expenses	(100,340)	(148,685)	(206,931)	(387,000)
Income tax and social contribution at the effective rate	18.9%	14.7%	22.9%	23.6%
Current income tax and social contribution	(167,506)	(271,172)	(140,475)	(232,570)
Deferred income tax and social contribution	67,166	122,487	(66,456)	(154,430)

21. Commitments

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

Riparian forests and Legal Reserve areas

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

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

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

Sales commitments

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

	Up to one year	From two to three years	More than three years
Ethanol (m³)	192,073	171,842	624,000
Sugar (metric tons)	1,189,273	1,437,663	2,450,000
Electric power (Mwh)	789,300	1,171,270	6,055,646

Purchases of inputs

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

22 Provision for contingencies

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

22.1 Probable losses

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

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	Parent company			
	Tax claims	Civil and environmental claims	Labor claims	Total
At March 31, 2021	14,514	22,452	64,734	101,700
Additions	1,747	1,703	18,966	22,416
Reversals	(217)	(9,538)	(3,494)	(13,249)
Utilization	(1,439)	(3,599)	(15,504)	(20,542)
Interest/indexation accruals	256	(7,273)	3,280	(3,737)
At December 31, 2021	14,861	3,745	67,982	86,588
At March 31, 2022	14,779	3,983	67,589	86,351
Additions	483	2,465	29,371	32,319
Reversals	(18)	(426)	(6,384)	(6,828)
Utilization	(22)	(498)	(18,569)	(19,089)
Interest/indexation accruals	600	1,921	7,276	9,797
At December 31, 2022	15,822	7,445	79,283	102,550

	Consolidated			
	Tax claims	Civil and environmental claims	Labor claims	Total
At March 31, 2021	14,514	23,008	64,734	102,256
Additions	1,865	1,704	18,966	22,535
Reversals	(335)	(9,538)	(3,494)	(13,367)
Utilization	(1,438)	(3,600)	(15,504)	(20,542)
Restatements	256	(7,201)	3,280	(3,665)
At December 31, 2021	14,862	4,373	67,982	87,217
At March 31, 2022	14,779	4,638	67,589	87,006
Additions	483	2,522	29,371	32,376
Reversals	(18)	(427)	(6,384)	(6,829)
Utilization	(22)	(498)	(18,569)	(19,089)
Restatements	600	2,016	7,276	9,892
At December 31, 2022	15,822	8,251	79,283	103,356

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

Tax lawsuits:

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

Civil and environmental lawsuits:

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

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Labor lawsuits:

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

22.2 Judicial deposits

	Parent company			Consolidated		
	IAA (i)	Others	Total	IAA (i)	Others	Total
At March 31, 2021	458,480	26,299	484,779	458,480	26,549	485,029
Additions	218,808	15,545	234,353	218,808	15,545	234,353
Utilization	-	(7,975)	(7,975)	-	(7,985)	(7,985)
Interest/indexation accruals	21,947	861	22,808	21,947	861	22,808
At December 31, 2021	699,235	34,730	733,965	699,235	34,970	734,205
At March 31, 2022	715,277	33,843	749,120	715,277	34,084	749,361
Additions	250,737	4,748	255,485	250,737	6,167	256,904
Utilization	-	(5,553)	(5,553)	-	(7,209)	(7,209)
Interest/indexation accruals	67,031	2,262	69,293	67,381	1,921	69,302
At December 31, 2022	1,033,045	35,300	1,068,345	1,033,395	34,963	1,068,358

(i) Note 16 (b))

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

22.3 Possible risk of losses

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

Nature		Parent				Consolidated			
		12/31/2022		3/31/2022		12/31/2022		3/31/2022	
		Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount
Environmental		98	8,077	98	8,470	98	8,077	98	8,470
Civil		61	20,409	65	21,025	120	27,604	110	26,697
Labor claims		77	7,352	31	4,532	78	7,370	31	4,532
Tax claims									
Social security contribution	(i)	11	116,111	11	106,044	11	116,111	11	106,044
Computation of IRPJ/CSLL	(ii)	5	256,239	5	234,012	5	256,239	5	234,012
Offset of federal taxes	(iii)	108	207,301	107	191,853	114	207,874	113	192,385
ICMS	(iv)	16	74,358	14	68,620	16	74,358	14	68,620
Federal taxes	(v)	1	1,033,044	1	662,891	1	1,033,044	1	662,891
Other lawsuits	(vi)	30	551,615	27	548,016	35	565,170	32	561,522
Total		407	2,274,506	359	1,845,463	478	2,295,847	415	1,865,173

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Tax lawsuits:

- (i) The levy of the Social Security Contribution (INSS) on export revenue, under the allegation that the exports carried out through the intermediation of a cooperative are eligible for the exemptions set out in Article 149, paragraph 2, of the Brazilian Federal Constitution.
- (ii) Deductibility from the income tax and social contribution tax base, of expenses related to securitized financing, as well as those arising from incentivized accelerated depreciation, as provided for in Article 325 of the Income Tax Regulations (RIR)/2018.
- (iii) Offset IRPJ, CSLL, PIS, COFINS, and other federal taxes as a result of overpayments and/or tax losses, and tax credits proportional to the export revenue, which have been rejected by the Brazilian Federal Revenue Service (RFB), and are currently pending judgment of protest letters/voluntary appeals.
- (iv) The ICMS credits, based on the Control of ICMS Credit on Permanent Assets (CIAP).
- (v) 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), as mentioned in Note 16.
- (vi) Other tax disputes such as: a) Public Civil Action disputing the legality of the decrees of the State of Goiás that granted ICMS credits under the PRODUIR Program; (b) fine for lack of approval of offset; (c) contribution to the National Service for Industrial Training (SENAI); (d) fee payable to the National Department of Mineral Research (DNPM); (e) levy of Property Transfer Tax (ITBI) on merger transaction; and (f) Municipal Real Estate Tax (IPTU) collection claims.

Other proceedings:

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

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

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

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

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

On March 31, 2021, the Company recognized credits of R\$ 1,353, in connection with claims for which final and unappealable decisions were handed down. These credits were computed based on the ICMS paid in the accrual months, which was the understanding of the Brazilian Federal Revenue Service at date, and considering that there were motions for clarification still pending judgment.

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

São Martinho engaged tax experts to assist in assessing the impacts arising from STF's decision and to measure the credits to be accounted for. On December 31, 2022, the amount recorded in assets was R\$ 27,325 (R\$ 49,109 on March 31, 2022). Changes in the balance are shown below:

	Consolidated
Computed credits (principal amount)	21,931
Inflation adjustment	31,650
Offset credits	<u>(4,472)</u>
At March 31, 2022	<u>49,109</u>
Computed credits (principal amount)	212
Restatements	1,153
Offset credits	<u>(23,149)</u>
At December 31, 2022	<u>27,325</u>

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

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

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define the approval authority levels for taking out financial instruments designed to protect product prices and hedge sales performance against foreign exchange fluctuation, price volatility and interest rate.

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

23.1 Market risks

a) Foreign exchange risk

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

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

Assets and liabilities exposed to exchange variation

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

Consolidated	December 31, 2022	Equivalent to thousands of US\$
Current and non-current assets		
Cash and cash equivalents (banks - demand deposits)	252,565	48,411
Trade receivables	196,219	37,611
Derivative financial instruments	299,313	57,372
(+) Total assets	748,097	143,394
Current and non-current liabilities:		
Borrowings	1,073,317	205,707
Derivative financial instruments	291,869	55,938
(-) Total liabilities	1,365,186	261,645
Subtotal assets (liabilities)	(617,089)	(118,251)
Borrowings in foreign currency	1,073,317	205,707
Assets - net exposure	456,228	87,456

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

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These assets and liabilities were adjusted and recorded at the exchange rate in effect at the reporting date: R\$ 5.2171 per US\$ 1.00 for assets, and R\$ 5.2177 per US\$ 1.00 for liabilities.

b) Commodity price volatility risk

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

c) Cash flow and fair value interest rate risk

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

d) Market risk sensitivity analysis

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

Consolidated	Risk factor	Impacts on P/L		
		Probable scenario 5%	Possible scenario 25%	Possible scenario 50%
Cash and cash equivalents	Decrease in exchange rate - R\$/US\$	(12,630)	(63,149)	(126,297)
Trade receivables	Decrease in exchange rate - R\$/US\$	(9,812)	(49,060)	(98,121)
Borrowings	Increase in exchange rate - R\$/US\$	(173)	(867)	(1,733)
Derivative financial instruments				
Currency forward contracts	Increase in exchange rate - R\$/US\$	(49)	(243)	(487)
Futures price (sugar and ethanol)	Increase in commodity futures prices	(85)	(426)	(851)
Swap contracts	Decrease in exchange rate - R\$/US\$ and increase in the yield curve	(3,414)	(8,625)	(17,552)
Net exposure		(26,163)	(122,370)	(245,041)

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).

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e) Financial instruments

São Martinho elected to use hedge accounting to record the following derivative financial instruments: a) derivatives of sugar, ethanol and foreign currency - US dollar; and b) foreign currency debts - US dollar - that cover sales of the 2022/23 to 2025/26 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.

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

Parent Company and Consolidated	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
In current assets - Gain				
Margin deposit				9,297
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	30,735	19.68	69,578	1,374
. Purchase commitment	87,583	18.72	188,599	12,651
Commodity forward contracts - Sugar #11				
. Sale commitment	16,765	18.51	35,696	666
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	266,167	5.71	1,519,814	73,017
. Purchase commitment	10,232	5.23	53,513	982
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	20,321	20.00	46,751	1,683
. Bidding position in put options	146,260	17.59	295,940	2,616
Interest rate swap contracts - OTC				6,818
Total derivative financial instruments in current assets				109,104
In non-current assets - Gain				
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	22,138	5.82	128,843	1,690
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in put options	15,596	16.84	30,211	1,509
Flex option contracts - US dollar - OTC				
. Bidding position in put options	22,000	5.67	124,740	8,404
Interest rate swap contracts - OTC				178,606
Total derivative financial instruments in non-current assets				190,209

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Parent Company and Consolidated	December 31, 2022			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
In current liabilities - Loss				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	129,445	18.45	274,723	14,671
. Purchase commitment	58,270	19.43	130,236	3,001
Commodity forward contracts - Sugar #11				
. Sale commitment	102	16.54	194	14
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	151,413	5.34	808,545	13,970
. Purchase commitment	244	5.40	1,318	16
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	150,985	22.39	388,867	6,405
Interest rate swap contracts - OTC				238,229
Total derivative financial instruments in current liabilities				276,306
In non-current liabilities - Loss				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	14,479	17.11	28,497	1,332
. Purchase commitment	13,005	18.26	27,316	523
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	4,743	5.68	26,922	171
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	15,596	18.00	32,292	2,404
Flex option contracts - US dollar - OTC				
. Short position in call options	22,000	6.06	133,320	6,649
Interest rate swap contracts - OTC				4,484
Total derivative financial instruments in non-current liabilities				15,563

Parent Company and Consolidated	March 31, 2022			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
In current assets - Gain				
Margin deposit				3,943
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	14,123	19.55	28,839	90
. Purchase commitment	87,990	18.05	165,890	12,849
Commodity futures contracts - Ethanol				
. Purchase commitment	3,600	3,205.00	11,538	8
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	302,280	5.69	1,719,973	197,704
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	131,883	20.13	277,296	5,235
. Bidding position in put options	183,041	17.64	337,254	8,793
Flex option contracts - US dollar - OTC				
. Bidding position in put options	1,000	4.79	4,790	96
Total derivative financial instruments in current assets				228,718
In non-current assets - Gain				
Interest rate swap contracts - OTC				169,679
Total derivative financial instruments in non-current assets				169,679

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

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

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

At the reporting date, financial instruments designated for hedge accounting were as follows:

Parent Company and Consolidated	Assets	Liabilities	Total in other comprehensive income
Financial instruments:			
Commodity derivatives - Futures, options and forward contracts	20,259	20,860	(601)
Foreign exchange derivatives - Options / NDF	89,443	9,369	80,074
Foreign exchange differences on borrowings (Trade Finance)	16,310	395,465	(379,155)
	126,012	425,694	(299,682)
Deferred taxes on the items above	(42,844)	(144,736)	101,892
	83,168	280,958	(197,790)

f) Estimated realization

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

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Parent company and Consolidated	22/23 crop season	23/24 crop season	24/25 crop season	25/26 crop season	Total
Derivative financial instruments:					
Commodity derivatives - Futures, options and forward contracts	5,108	(5,709)	-	-	(601)
Foreign exchange derivatives - Options / NDF	63,813	16,261	-	-	80,074
Foreign exchange differences on borrowings (Trade Finance)	-	(127,294)	(129,628)	(122,233)	(379,155)
	68,921	(116,742)	(129,628)	(122,233)	(299,682)
Deferred taxes on the items above	(23,433)	39,692	44,074	41,559	101,892
	45,488	(77,050)	(85,554)	(80,674)	(197,790)

23.2 Credit risk

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

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

23.3 Liquidity risk

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

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

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

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

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Parent company	Up to 1 year	From 1 to 3 years	More than 3 years	Total
At December 31, 2022				
Borrowings	394,471	2,451,904	6,016,199	8,862,574
Leases payable	147,454	261,982	666,573	1,076,009
Agricultural partnership payable	843,616	842,960	1,744,089	3,430,665
Derivative financial instruments	276,306	15,563	-	291,869
Trade payables	366,938	-	-	366,938
Acquisition of ownership interest	10,813	(10,095)	-	718
Other liabilities	32,998	2,242	-	35,240
	2,072,596	3,564,556	8,426,861	14,064,013

At March 31, 2022				
Borrowings	768,937	3,104,215	4,082,923	7,956,075
Leases payable	96,717	280,416	518,640	895,773
Agricultural partnership payable	463,671	1,152,328	1,240,853	2,856,852
Derivative financial instruments	245,145	34,585	-	279,730
Trade payables	412,656	-	-	412,656
Acquisition of ownership interest	11,826	10,558	(21,315)	1,069
Other liabilities	52,498	14,904	-	67,402
	2,051,450	4,597,006	5,821,101	12,469,557

Consolidated	Up to 1 year	From 1 to 3 years	More than 3 years	Total
At December 31, 2022				
Borrowings	395,038	2,456,321	6,065,073	8,916,432
Leases payable	147,454	261,982	666,573	1,076,009
Agricultural partnership payable	843,616	842,960	1,744,089	3,430,665
Derivative financial instruments	276,306	15,563	-	291,869
Trade payables	318,766	-	-	318,766
Acquisition of ownership interest	10,813	(10,095)	-	718
Other liabilities	33,498	2,242	-	35,740
	2,025,491	3,568,973	8,475,735	14,070,199

At March 31, 2022				
Borrowings	768,937	3,104,215	4,082,923	7,956,075
Leases payable	96,717	280,416	518,640	895,773
Agricultural partnership payable	463,671	1,152,328	1,240,853	2,856,852
Derivative financial instruments	245,145	34,585	-	279,730
Trade payables	415,082	-	-	415,082
Acquisition of ownership interest	11,826	10,558	(21,315)	1,069
Other liabilities	66,546	14,904	-	81,450
	2,067,924	4,597,006	5,821,101	12,486,031

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 Corporation Law.

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24 Classification and fair value of financial instruments

24.1 Classification

Financial assets and liabilities are classified as follows:

Parent company			
	Classification	December 31, 2022	March 31, 2022
Financial assets			
Cash and cash equivalents	Amortized cost	252,846	114,874
Financial investments	Fair value through profit or loss	2,364,316	2,675,055
Trade receivables	Amortized cost	338,645	181,878
	Fair value through other comprehensive income	113,889	228,718
Derivative financial instruments	Fair value through profit or loss	185,424	169,679
Derivative financial instruments	Amortized cost	1,068,345	749,120
Judicial deposits	Amortized cost	218,094	162,186
Other assets, except prepayments			
		4,541,559	4,281,510
Financial liabilities			
Borrowings	Fair value through profit or loss	32	31
Borrowings	Amortized cost	6,636,337	5,868,284
	Fair value through other comprehensive income	49,156	37,737
Derivative financial instruments	Fair value through profit or loss	242,713	241,993
Derivative financial instruments	Amortized cost	3,049,220	3,006,851
Leases and agricultural partnerships payable	Amortized cost	366,938	412,656
Trade payables	Amortized cost	3,670	3,669
Acquisition of ownership interests	Amortized cost	35,240	67,402
Other liabilities			
		10,383,306	9,638,623

Consolidated			
	Classification	December 31, 2022	March 31, 2022
Financial assets			
Cash and cash equivalents	Amortized cost	252,859	114,903
Financial investments	Fair value through profit or loss	2,447,758	2,869,238
Trade receivables	Amortized cost	413,898	252,579
	Fair value through other comprehensive income	113,889	228,718
Derivative financial instruments	Fair value through profit or loss	185,424	169,679
Derivative financial instruments	Amortized cost	1,068,358	749,361
Judicial deposits	Amortized cost	218,286	162,254
Other assets, except prepayments			
		4,700,472	4,546,732
Financial liabilities			
Borrowings	Fair value through profit or loss	32	31
Borrowings	Amortized cost	6,675,677	5,888,318
	Fair value through other comprehensive income	49,156	37,737
Derivative financial instruments	Fair value through profit or loss	242,713	241,993
Derivative financial instruments	Amortized cost	318,766	415,082
Trade payables	Amortized cost	3,049,220	3,006,851
Leases and agricultural partnerships payable	Amortized cost	3,670	3,669
Acquisition of ownership interests	Amortized cost	35,740	81,450
Other liabilities			
		10,374,974	9,675,131

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

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

25 Fair value

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

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

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

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

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

Parent company	December 31, 2022			March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	2,364,316	-	-	2,675,055	-
Derivative financial instruments	19,833	279,480	-	26,975	371,422	-
Biological assets	-	-	1,089,659	-	-	1,219,281
	19,833	2,643,796	1,089,659	26,975	3,046,477	1,219,281
Liabilities						
Derivative financial instruments	21,931	269,938	-	25,235	254,495	-
Borrowings	-	32	-	-	31	-
	21,931	269,970	-	25,235	254,526	-

Consolidated	December 31, 2022			March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	2,447,758	-	-	2,869,238	-
Derivative financial instruments	19,833	279,480	-	26,975	371,422	-
Biological assets	-	-	1,089,659	-	-	1,219,281
	19,833	2,727,238	1,089,659	26,975	3,240,660	1,219,281
Liabilities						
Derivative financial instruments	21,931	269,938	-	25,235	254,495	-
Borrowings	-	32	-	-	31	-
	21,931	269,970	-	25,235	254,526	-

Futures and Options - ICE

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

Currency options

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

Forward contracts

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

Other financial assets and liabilities

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

26 Segment information (Consolidated)

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

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

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

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

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

Consolidated result by segment

December 31, 2022								
Consolidated	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Other products	Not by segment	Total
Gross revenue								
Domestic market	157,796	1,827,206	206,988	4,773	48,219	205,069	-	2,450,051
Foreign market	1,438,602	993,888	-	-	10,614	-	-	2,443,104
Gain/loss on derivatives	68,935	(488)	-	-	1,438	-	-	69,885
Amortization of electricity supply contract	-	-	-	-	-	-	(5,643)	(5,643)
(-) Taxes, contributions, and deductions on sales	(10,977)	(74,197)	(14,242)	(3,425)	(5,996)	(35,212)	-	(144,049)
Net revenue	1,654,356	2,746,409	192,746	1,348	54,275	169,857	(5,643)	4,813,348
Cost of goods sold	(1,185,162)	(1,831,713)	(46,719)	352	(21,621)	(84,821)	-	(3,169,684)
Change in the market value of biological assets, agricultural produce, and CBOs	16,255	(60,209)	-	-	-	(18,984)	-	(62,938)
Gross profit	485,449	854,487	146,027	1,700	32,654	66,052	(5,643)	1,580,726
Gross margin	29.3%	31.1%	75.8%	126.1%	60.2%	38.9%	-	32.8%
Selling expenses	(83,312)	(63,937)	(11,086)	-	-	(4)	-	(158,339)
Other operating expenses, net	-	-	-	-	-	-	335,935	335,935
Operating profit	402,137	790,550	134,941	1,700	32,654	66,048	330,292	1,758,322
Operating margin	24.3%	28.8%	70.0%	126.1%	60.2%	38.9%	-	36.5%
Other income and expenses not by segment	-	-	-	-	-	-	(894,455)	(894,455)
Profit for the period	-	-	-	-	-	-	-	863,867

December 31, 2021								
Consolidated	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Other products	Not by segment	Total
Gross revenue								
Domestic market	165,168	2,173,200	244,324	46,249	46,868	101,708	-	2,777,517
Foreign market	1,576,225	272,791	-	-	4,567	-	-	1,853,583
Gain/loss on derivatives	(91,405)	1,597	-	-	-	-	-	(89,808)
Amortization of electricity supply contract	-	-	-	-	-	-	(6,055)	(6,055)
(-) Taxes, contributions, and deductions on sales	(10,380)	(239,719)	(15,384)	(3,548)	(5,810)	(23,079)	-	(297,920)
Net revenue	1,639,608	2,207,869	228,940	42,701	45,625	78,629	(6,055)	4,237,317
Cost of goods sold	(1,088,804)	(1,201,089)	(74,532)	(2,205)	(21,199)	(37,020)	-	(2,424,849)
Changes in the market value of biological assets, and agricultural produce	-	-	-	-	-	-	10,495	10,495
Gross profit	550,804	1,006,780	154,408	40,496	24,426	41,609	4,440	1,822,963
Gross margin	33.6%	45.6%	67.4%	94.8%	53.5%	52.9%	-	43.0%
Selling expenses	(83,784)	(17,645)	(10,181)	-	-	-	-	(111,610)
Other operating income, net	-	-	-	3,710	-	-	238,578	242,288
Operating profit	467,020	989,135	144,227	44,206	24,426	41,609	243,018	1,953,641
Operating margin	28.5%	44.8%	63.0%	103.5%	53.5%	52.9%	-	46.1%
Other income and expenses not by segment	-	-	-	-	-	-	(698,200)	(698,200)
Profit for the period	-	-	-	-	-	-	-	1,255,441

On December 31, 2022, net revenue from Cbios (decarbonization credits), amounting to R\$ 53,320, (R\$ 29,270 on December 31, 2021) is recorded within "Other products".

Consolidated operating assets by segment

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

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

December 31, 2022							
	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Not by segment	Total
Trade receivables	155,741	147,709	24,754	50,334	717	34,643	413,898
Inventories and advances to suppliers	875,909	1,126,302	-	6,200	1,637	27,664	2,037,712
Biological assets	673,882	415,777	-	-	-	-	1,089,659
Property, plant and equipment	3,109,335	3,703,137	151,783	-	37,303	-	7,001,558
Intangible assets	277,357	171,201	13,334	-	-	-	461,892
Right-of-use assets	1,469,274	1,481,105	-	-	-	-	2,950,379
Total assets allocated	6,561,498	7,045,231	189,871	56,534	39,657	62,307	13,955,098
Other unallocated assets	-	-	-	-	-	4,900,668	4,900,668
Total	6,561,498	7,045,231	189,871	56,534	39,657	4,962,975	18,855,766

March 31, 2022							
	Sugar	Ethanol	Electric power	Real estate businesses	Yeast	Not by segment	Total
Trade receivables	93,956	64,414	6,015	63,320	-	24,874	252,579
Inventories and advances to suppliers	375,665	450,134	-	5,844	76	79,843	911,562
Biological assets	513,788	705,493	-	-	-	-	1,219,281
Property, plant and equipment	3,152,288	3,445,694	135,011	-	38,216	-	6,771,209
Intangible assets	257,226	178,203	21,884	-	-	-	457,313
Right-of-use assets	1,543,593	1,540,719	-	-	-	-	3,084,312
Total assets allocated	5,936,516	6,384,657	162,910	69,164	38,292	104,717	12,696,256
Other unallocated assets	-	-	-	-	-	-	4,662,889
Total	5,936,516	6,384,657	162,910	69,164	38,292	104,717	17,359,145

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

27 Revenue

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

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

For the real estate development segment, the Company adopts the provisions of the Technical Interpretation 02 (OCPC 04), in accordance with guidance from the Brazilian Securities Commission (CVM), recognizing revenue over time (Percentage of Completion (PoC) method). The amount recognized at the reporting date was R\$ 1,503 (R\$ 25,176 on December 31, 2021).

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

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

a) Sale of goods and rendering of services

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

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

At the reporting date, the Company had customers representing more than 10% of its net revenue. The Company's three largest customers of sugar sales account for about 23% of net revenue; for the ethanol sold, the three largest customers account 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 sales in installments of land with completed infrastructure projects, revenue is recognized when the sale is made, regardless of the receipt of the contractual amount, and is measured at the fair value of the consideration received and receivable. The amounts receivable are adjusted to present value.

Sales revenues were as follows:

	Parent company			
	December 31, 2022		December 31, 2021	
	Quarter	Nine-month period	Quarter	Nine-month period
Gross sales revenue				
Domestic market	670,366	2,297,851	1,043,240	2,566,160
Foreign market	825,133	2,443,104	574,561	1,853,583
Gain/loss on derivatives	31,071	69,885	(17,607)	(89,808)
	1,526,570	4,810,840	1,600,194	4,329,935
Taxes (i), contributions, and deductions on sales	(29,318)	(128,682)	(114,356)	(284,093)
	1,497,252	4,682,158	1,485,838	4,045,842

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	December 31, 2022		December 31, 2021	
	Quarter	Nine-month period	Quarter	Nine-month period
Gross sales revenue				
Domestic market	711,695	2,450,051	1,093,000	2,777,517
Foreign market	825,133	2,443,104	574,561	1,853,583
Gain/loss on derivatives	31,071	69,885	(17,607)	(89,808)
	<u>1,567,899</u>	<u>4,963,040</u>	<u>1,649,954</u>	<u>4,541,292</u>
Amortization of electric power supply contract (ii)	(635)	(5,643)	(875)	(6,055)
	<u>1,567,264</u>	<u>4,957,397</u>	<u>1,649,079</u>	<u>4,535,237</u>
Taxes (i), contributions, and deductions on sales	(33,170)	(144,049)	(117,346)	(297,920)
	<u>1,534,094</u>	<u>4,813,348</u>	<u>1,531,733</u>	<u>4,237,317</u>

(i) R\$ 56,609 refers to the credit granted (Note 8).

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

28 Costs and expenses by nature

The presentation of expenses by nature is as follows:

Parent company	December 31, 2022		December 31, 2021	
	Quarter	Nine-month period	Quarter	Nine-month period
Depreciation and amortization (including biological assets harvested)	(517,938)	(1,466,255)	(407,053)	(1,125,343)
Raw materials and consumables	(308,777)	(1,086,905)	(287,726)	(879,520)
Personnel expenses	(137,503)	(376,884)	(112,188)	(364,853)
Maintenance parts and services	(47,292)	(128,767)	(31,240)	(94,872)
Freight on sales	(43,058)	(117,500)	(25,731)	(90,556)
Material for resale	(58,472)	(170,177)	(12,127)	(23,521)
Third-party services	(27,797)	(69,786)	(19,496)	(57,081)
Litigation	(6,498)	(24,216)	2,690	(7,959)
Other expenses	(28,591)	(111,628)	(36,716)	(109,747)
Changes in the fair value of biological assets, agricultural produce, and CBIOs	(44,298)	(62,938)	(4,104)	10,495
	<u>(1,220,224)</u>	<u>(3,615,056)</u>	<u>(933,691)</u>	<u>(2,742,957)</u>
Classified as:				
Cost of goods sold	(1,093,761)	(3,288,828)	(851,044)	(2,444,569)
Selling expenses	(57,833)	(149,811)	(30,279)	(103,115)
General and administrative expenses	(68,630)	(176,417)	(52,368)	(195,273)
	<u>(1,220,224)</u>	<u>(3,615,056)</u>	<u>(933,691)</u>	<u>(2,742,957)</u>

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

Consolidated	December 31, 2022		December 31, 2021	
	Quarter	Nine-month period	Quarter	Nine-month period
Depreciation and amortization (including biological assets harvested)	(519,050)	(1,470,520)	(407,714)	(1,129,233)
Raw materials and consumables	(281,221)	(1,023,806)	(260,928)	(811,923)
Personnel expenses	(139,087)	(381,833)	(113,078)	(367,837)
Maintenance parts and services	(47,332)	(128,976)	(31,415)	(95,270)
Freight on sales	(43,058)	(117,500)	(25,731)	(90,556)
Material for resale	(59,020)	(172,930)	(15,594)	(52,175)
Third-party services	(28,965)	(71,853)	(19,768)	(56,977)
Litigation	(6,497)	(24,272)	2,807	(7,958)
Other expenses	(32,249)	(124,939)	(38,440)	(124,954)
Changes in the fair value of biological assets, agricultural produce, and CBIOS	(44,298)	(62,938)	(4,104)	10,495
Cost of land sales	290	352	(1,187)	(2,205)
	(1,200,487)	(3,579,215)	(915,152)	(2,728,593)
Classified as:				
Cost of goods sold	(1,067,981)	(3,232,622)	(828,676)	(2,414,354)
Selling expenses	(60,774)	(158,339)	(32,858)	(111,610)
General and administrative expenses	(71,732)	(188,254)	(53,618)	(202,629)
	(1,200,487)	(3,579,215)	(915,152)	(2,728,593)

29 Other income, net

In this quarterly information, consolidated Other income includes R\$ 475,761 relating to the compensation received by Copersucar and transferred to the Company (Note 16.b), and R\$ 32,844 for out-of-period tax credits for expenses now treated as being essential to the production process (based on legal understanding).

30 Finance income (costs)

Parent company	December 31, 2022		December 31, 2021	
	Quarter	Nine-month period	Quarter	Nine-month period
Finance income				
Interest received and earned	63,078	203,029	24,908	50,726
Other income	1,906	8,592	10,994	49,562
PIS/COFINS on finance income	(2,994)	(9,783)	(1,234)	(4,215)
	61,990	201,838	34,668	96,073
Finance costs				
Interest on borrowings	(138,406)	(409,010)	(95,814)	(196,834)
Adjustment to present value (i)	(73,383)	(210,123)	(15,183)	(107,842)
Interest paid	(8,962)	(24,730)	(13,887)	(27,205)
Bank guarantee commission	(2,009)	(6,277)	(3,231)	(5,589)
Payables to Copersucar	(1,626)	(5,089)	(1,621)	(4,481)
Other expenses	(1,693)	(10,915)	(466)	(944)
	(226,079)	(666,144)	(130,202)	(342,895)
Exchange and monetary variation, net				
Trade receivables and payables	(8,769)	(1,622)	1,491	(3,127)
Available funds	(8,326)	5,442	7,390	(2,088)
Borrowings	398	(188,201)	(50,001)	(99,196)
	(16,697)	(184,381)	(41,120)	(104,411)
Derivatives - not designated for hedge accounting				
Gain/loss on swap transactions	(92,547)	(125,277)	11,902	(6,017)
Gain (loss) on ethanol transactions	21	(500)	2,713	9,884
Foreign exchange variation, net	(325)	2,364	2,107	(587)
Gain (loss) on sugar transactions	(20,578)	(14,631)	(8,997)	21,600
Gain (loss) on foreign exchange transactions	16,903	22,419	(5,059)	1,728
Cost of stock exchange transactions	(120)	(572)	(447)	(1,590)
	(96,646)	(116,197)	2,219	25,018
Finance income (costs)	(277,432)	(764,884)	(134,435)	(326,215)

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

Consolidated	December 31, 2022		December 31, 2021	
	Quarter	Nine-month period	Quarter	Nine-month period
Finance income				
Interest received and earned	67,944	223,130	29,365	62,192
Other income	1,590	9,321	8,060	53,287
PIS/COFINS on finance income	(3,022)	(9,994)	(1,117)	(4,278)
	66,512	222,457	36,308	111,201
Finance costs				
Interest on borrowings	(138,872)	(410,536)	(95,814)	(196,834)
Adjustment to present value (i)	(73,383)	(210,123)	(15,183)	(107,842)
Interest paid	(8,925)	(24,520)	(13,889)	(27,211)
Bank guarantee commission	(2,011)	(6,283)	(3,231)	(5,589)
Payables to Copersucar	(1,626)	(5,089)	(1,621)	(4,481)
Other expenses	(1,737)	(11,098)	(506)	(1,051)
	(226,554)	(667,649)	(130,244)	(343,008)
Exchange and monetary variation, net				
Trade receivables and payables	(8,769)	(1,622)	7,390	(3,127)
Available funds	(8,326)	5,442	1,492	(2,088)
Borrowings	398	(188,201)	(50,002)	(99,196)
	(16,697)	(184,381)	(41,120)	(104,411)
Derivatives - not designated for hedge accounting				
Gain/loss on swap transactions	(92,547)	(125,277)	11,902	(6,017)
Gain (loss) on ethanol transactions	21	(500)	2,713	9,884
Foreign exchange variation, net	(325)	2,364	2,107	(587)
Gain (loss) on sugar transactions	(20,578)	(14,631)	(8,997)	21,600
Gain (loss) on foreign exchange transactions	16,903	22,419	(5,059)	1,728
Cost of stock exchange transactions	(120)	(572)	(447)	(1,590)
	(96,646)	(116,197)	2,219	25,018
Finance income (costs)	(273,385)	(745,770)	(132,837)	(311,200)

(i) Mainly leases and agricultural partnerships payable.

31 Earnings per share

	December 31, 2022		December 31, 2021	
	Quarter	Nine-month period	Quarter	Nine-month period
Profit for the period attributed to stockholders of the Company	429,692	863,867	696,938	1,255,441
Weighted average number of common shares in the period - in thousands	346,375	346,375	346,375	346,375
Basic and diluted earnings per share - R\$	1.2405	2.4940	2.0121	3.6245

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 (information not reviewed) to cover potential losses, if any, on its assets and liabilities. The amounts covered by the insurance policies in effect at the reporting date are as follows:

Notes to the quarterly information at December 31, 2022

All amounts in thousands of reais unless otherwise stated

Parent Company and Consolidated Item	Insured risks	Maximum coverage (i)
Operational Risks (ii)	Any material damage to buildings, facilities, inventories, agricultural and industrial machinery and equipment.	1,179,884
Loss of Income	Loss of income due to material damages to facilities, buildings, industrial machinery and equipment, and power generation.	1,037,031
Civil Liability	Damages caused to third parties as a result of professional errors or omissions (E&O insurance).	2,537,670
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.

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