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(A free translation of the original in Portuguese)

Parent company and consolidated financial statements

on March 31, 2022
and independent auditor's report

(A free translation of the original in Portuguese)

Independent auditor's report on the parent company and consolidated financial statements

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

Opinion

We have audited the accompanying parent company financial statements of São Martinho S.A. ("Company" or "Parent company"), which comprise the balance sheet as at March 31, 2022 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of São Martinho S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at March 31, 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

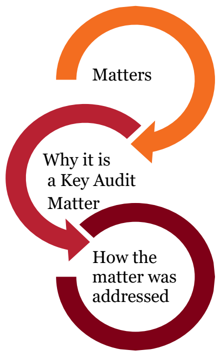
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of São Martinho S.A. and of São Martinho S.A. and its subsidiaries as at March 31, 2022, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the parent company and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Why it is a Key Audit Matter	How the matter was addressed in the audit
Value-added Tax on Sales and Services (ICMS) excluded from the Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) tax bases - Note 22.4	
The Company and its subsidiaries had recognized tax credits in the prior year of R$ 1.4 million, referring to final and unappealable decisions on lawsuits related to the exclusion of ICMS from the PIS and COFINS calculation bases. The amount corresponds to the part of the overpayments of ICMS plus accruals which the Company's management believed was not controversial at March 31, 2021. On May 13, 2021, the Federal Supreme Court (STF) finalized its judgment on the motions for clarification, confirming that ICMS should be excluded from the calculation bases for PIS and COFINS. The modulated decision determined that the amount of ICMS to be excluded is that displayed on the invoice and not the amount paid. This interpretation led the Company and its subsidiaries to record an additional tax credit of R$ 49,539 thousand in the year ended March 31, 2022. The measurement of tax credits relies on complex calculations and significant judgment, mainly, as: (i) the calculation method and bases are not explicitly stated in the court decisions which were favorable to the Company and its subsidiaries; (ii) the motions for clarification of the general repercussion were not addressed by the Federal Supreme Court (STF) until May 13, 2021; (iii) the PIS and COFINS tax rate is based on the sale of ethanol per cubic meter (*ad rem*), in Brazilian Reais; (iv) the periods covered by the Company's and its subsidiaries' lawsuits include periods in which they were members of the cooperative, Copersucar; and (v) the SELIC interest basis used for the accruals. We considered this issue to be a key audit matter because of the complexity and judgments required to determine the tax credits recognized by the Company and its subsidiaries.	Our audit approach considered, among others, the procedures below: • Understanding the main internal controls used to calculate the tax credits; • With the support of our tax specialists, read and analyzed the court decisions for the Company and its subsidiaries, discussed these with the executive board and its tax advisors, and obtained a technical memorandum on the criteria and judgments used in the calculation of the tax credits; • Reading of the STF decision rendered on May 13, 2021; • Analysis of the executive board's understanding that further PIS and COFINS credits arising from the sale of ethanol at the specified (*ad rem)* tax rate are still contingent and, therefore, were not recorded. • We agreed, on a test basis, the calculations for completeness and accuracy of amounts paid by the Company and its subsidiaries, which were used as a basis for the calculation of the tax credits, plus accruals up to March 31, 2022. • Assessed the appropriateness of the disclosures in the parent company and consolidated financial statements. Our audit procedures indicated the judgment and criteria used by the executive board to be reasonable and the disclosures consistent with the information obtained.

Other matters

Statements of value added

The parent company and consolidated Statements of Value Added for the year ended March 31, 2022, prepared under the responsibility of the Company's executive board and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these statements of value added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's executive board is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of executive board and those charged with governance for the parent company and consolidated financial statements

Executive board is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as executive board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, executive board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by executive board.

- Conclude on the appropriateness of executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ribeirão Preto, June 20, 2022

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

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Signed By: MAURICIO CARDOSO DE MORAES:79500838915
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Maurício Cardoso de Moraes
Contador CRC 1PR035795/O-1 "T" SP

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(A free translation of the original in Portuguese)

Balance sheet
March 31, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
CURRENT ASSETS					
Cash and cash equivalents	4	114,874	287,652	114,903	288,350
Financial investments	4	2,663,681	952,142	2,857,864	1,062,154
Trade receivables	5	181,878	170,554	225,707	215,659
Derivative financial instruments	23	228,718	139,904	228,718	139,904
Inventories and advances to suppliers	6	758,732	441,257	764,576	446,313
Biological assets	7	1,219,281	989,540	1,219,281	989,540
Taxes recoverable	8	60,158	11,980	60,303	12,062
Income tax and social contribution	20	65,210	42,248	65,232	42,250
Other assets		16,501	9,131	16,958	9,376
TOTAL CURRENT ASSETS		5,309,033	3,044,408	5,553,542	3,205,608
NON-CURRENT ASSETS					
Long-term receivables					
Financial investments	4	11,374	10,166	11,374	13,644
Inventories and advances to suppliers	6	146,986	106,838	146,986	106,838
Related parties	9	-	30,000	-	-
Derivative financial instruments	23	169,679	48,639	169,679	48,639
Trade receivables	5	-	-	26,872	24,189
Taxes recoverable	8	176,716	95,315	177,844	96,241
Income tax and social contribution	20	8,617	-	8,617	-
Judicial deposits	22	749,120	484,779	749,361	485,029
Other assets		156,471	113,935	156,471	113,935
Total long-term receivables		1,418,963	889,672	1,447,204	888,515
Investments	10	1,751,559	1,486,725	45,565	39,951
Property, plant and equipment	11	4,956,635	4,172,796	6,771,209	5,962,644
Intangible assets	12	423,888	409,093	457,313	451,742
Right-of-use assets	13	3,084,312	1,869,396	3,084,312	1,869,396
TOTAL NON-CURRENT ASSETS		11,635,357	8,827,682	11,805,603	9,212,248
TOTAL ASSETS		16,944,390	11,872,090	17,359,145	12,417,856

LIABILITIES AND EQUITY	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
CURRENT LIABILITIES					
Borrowings	14	581,507	674,504	581,515	674,504
Leases payable	13	82,475	66,264	82,475	66,264
Agricultural partnership payable	13	500,376	285,308	500,376	285,308
Derivative financial instruments	23	245,145	218,685	245,145	218,685
Trade payables	15	412,656	229,644	415,082	221,707
Payables to Copersucar	16	12,753	9,075	12,753	9,075
Salaries and social charges		190,737	170,917	191,786	171,883
Taxes payable		33,396	21,979	34,871	24,229
Income tax and social contribution payable	20	-	-	7,597	7,480
Dividend payable	18	5,971	102,552	5,971	102,552
Advances from customers		27,226	17,393	27,269	17,436
Acquisition of ownership interests	9 and 17	3,669	11,638	3,669	11,638
Other liabilities		52,498	17,126	66,546	30,812
TOTAL CURRENT LIABILITIES		2,148,409	1,825,085	2,175,055	1,841,573
NON-CURRENT LIABILITIES					
Borrowings	14	5,286,808	3,376,459	5,306,834	3,376,459
Leases payable	13	539,057	399,157	539,057	399,157
Agricultural partnership payable	13	1,884,943	1,161,905	1,884,943	1,161,905
Derivative financial instruments	23	34,585	80,227	34,585	80,227
Payables to Copersucar	16	161,277	167,121	161,277	167,121
Deferred income tax and social contribution	20	743,797	306,100	1,111,225	834,822
Provision for contingencies	22	86,351	101,700	87,006	102,256
Acquisition of ownership interests	9 and 17	-	3,650	-	3,650
Taxes with suspended payment	16 (b)	725,834	458,480	725,834	458,480
Other liabilities		14,904	5,617	14,904	5,617
TOTAL NON-CURRENT LIABILITIES		9,477,556	6,060,416	9,865,665	6,589,694
EQUITY	18				
Share capital		2,681,571	2,071,819	2,681,571	2,071,819
Treasury shares		(139,997)	(139,997)	(139,997)	(139,997)
Carrying value adjustments		1,100,474	551,050	1,100,474	551,050
Revenue reserves		1,676,377	1,503,717	1,676,377	1,503,717
TOTAL EQUITY		5,318,425	3,986,589	5,318,425	3,986,589
TOTAL LIABILITIES AND EQUITY		16,944,390	11,872,090	17,359,145	12,417,856

The accompanying notes are an integral part of these financial statements.

Statement of income
Years ended March 31, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
Revenue	27	5,527,316	4,210,492	5,719,953	4,305,083
Cost of goods sold	28	(3,362,718)	(2,804,465)	(3,299,689)	(2,750,835)
Gross profit		2,164,598	1,406,027	2,420,264	1,554,248
Operating income (expenses)					
Selling expenses	28	(148,843)	(170,897)	(160,167)	(173,154)
General and administrative expenses	28	(284,818)	(248,925)	(293,576)	(257,158)
Equity in the results of investees	10	255,219	160,542	7,358	5,776
Other revenue, net	29	435,044	409,344	438,823	421,202
		256,602	150,064	(7,562)	(3,334)
Operating profit		2,421,200	1,556,091	2,412,702	1,550,914
Finance income (costs)	30				
Finance income		132,277	48,227	155,135	63,279
Finance costs		(486,127)	(392,797)	(486,302)	(392,914)
Monetary and foreign exchange variations, net		(84,657)	(14,867)	(84,657)	(14,867)
Derivatives		(57,639)	2,390	(57,637)	2,390
		(496,146)	(357,047)	(473,461)	(342,112)
Profit before income tax and social contribution		1,925,054	1,199,044	1,939,241	1,208,802
Income tax and social contribution	20 (a)				
Current		(214,715)	(157,183)	(229,327)	(167,151)
Deferred		(229,471)	(114,737)	(229,046)	(114,527)
Profit for the year		1,480,868	927,124	1,480,868	927,124
Basic and diluted earnings per share - R$	31	4.2753	2.6766	4.2753	2.6766

The accompanying notes are an integral part of these financial statements.

Statement of comprehensive income
Years ended March 31, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

Parent company and Consolidated	2022	2021
Profit for the year	1,480,868	927,124
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	(56,775)	(154,959)
Foreign exchange derivatives - Options / NDF	336,708	(124,288)
Foreign exchange gains (losses) on borrowings (Trade Finance)	261,683	(136,034)
	541,616	(415,281)
Recognition in operating income		
Commodity derivatives - Futures, options and forward contracts	123,616	69,808
Foreign exchange derivatives - Options / NDF	(72,025)	274,745
Foreign exchange gains (losses) on borrowings (Trade Finance)	29,205	2,376
	80,796	346,929
Write-off due to ineffectiveness		
Commodity derivatives - Futures, options and forward contracts	(9,504)	2,197
Foreign exchange derivatives - Options / NDF	(478)	-
	(9,982)	2,197
Total changes in the period		
Commodity derivatives - Futures, options and forward contracts	57,337	(82,954)
Foreign exchange derivatives - Options / NDF	264,205	150,457
Foreign exchange gains (losses) on borrowings (Trade Finance)	290,888	(133,658)
Deferred taxes on the items above	(208,226)	22,492
	404,204	(43,663)
Comprehensive income for the year	1,885,072	883,461

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity
Years ended March 31, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

					Carrying value adjustments										
					Deemed cost				Revenue reserves						
	Note	Share capital	Capital reserve	Treasury shares	Parent	Investees	Hedge accounting	Others	Legal	Capital budget reserve	Unrealized revenue reserve	Tax incentive reserve	Additional dividends	Retained earnings	Total
At March 31, 2020	18	1,696,652	9,418	(131,361)	126,500	1,031,673	(551,151)	-	142,377	487,851	34,131	487,650	12,936	-	3,346,676
Capital increase with reserves	18 a	375,167	(9,418)	-	-	-	-	-	-	-	-	(365,749)	-	-	-
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	-	(10,313)	(2,560)	-	-	-	-	-	-	-	12,873	-
Realization of revenue reserve through payment of dividends	18 (e)	-	-	-	-	-	-	-	-	-	(6,171)	-	-	-	(6,171)
Payment of prior year's additional dividends		-	-	-	-	-	-	-	-	-	-	-	(12,936)	-	(12,936)
Share buyback		-	-	(8,636)	-	-	-	-	-	-	-	-	-	-	(8,636)
Transfer to tax incentive reserve	18 (d)	-	-	-	-	-	-	-	-	-	-	81,933	-	(81,933)	-
Carrying value adjustments of investees		-	-	-	-	-	-	564	-	-	-	-	-	-	564
Gain (loss) on derivate transactions - hedge accounting	18 (c. ii)	-	-	-	-	-	(43,663)	-	-	-	-	-	-	-	(43,663)
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	-	927,124	927,124
Allocation of profit:															
Transfer to reserves	18 (d)	-	-	-	-	-	-	-	46,356	397,880	-	-	-	(444,236)	-
Interest on capital paid	18 (e)	-	-	-	-	-	-	-	-	-	-	-	-	(120,000)	(120,000)
Mandatory minimum dividends	18 (e)	-	-	-	-	-	-	-	-	-	-	-	-	(96,369)	(96,369)
Additional dividends		-	-	-	-	-	-	-	-	-	-	-	197,459	(197,459)	-
At March 31, 2021	18	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
At March 31, 2021	18	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)	-	-	-
Carrying value adjustments of investees		-	-	-	-	-	-	80	-	-	-	-	-	-	80
Realization of surplus on revaluation of deemed cost	18 c (i)	-	-	-	(9,388)	(3,150)	-	-	-	-	-	-	-	12,538	-
Realization of revenue reserve through payment of dividends	18 (e)	-	-	-	-	-	-	-	-	-	(5,971)	-	-	-	(5,971)
Gain (loss) on derivate transactions - hedge accounting	18 c (ii)	-	-	-	-	-	404,204	-	-	-	-	-	-	-	404,204
Effects of deferred taxes in subsidiaries	20 b	-	-	-	-	157,678	-	-	-	-	-	-	-	-	157,678
Transfer to tax incentive reserve	20 a	-	-	-	-	-	-	-	-	-	-	147,954	-	(147,954)	-
Payment of prior year's additional dividends	18 f	-	-	-	-	-	-	-	-	-	-	-	(197,459)	-	(197,459)
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	-	1,480,868	1,480,868
Allocation of profit:															
Transfer to reserves	18 (d)	-	-	-	-	-	-	-	74,043	632,380	-	-	-	(706,423)	-
Interest on capital paid	18 (e)	-	-	-	-	-	-	-	-	-	-	-	-	(135,000)	(135,000)
Mandatory minimum dividends paid	18 (e)	-	-	-	-	-	-	-	-	-	-	-	-	(198,571)	(198,571)
Early dividends	18 (e)	-	-	-	-	-	-	-	-	-	-	-	-	(173,993)	(173,993)
Additional dividends	18 (e)	-	-	-	-	-	-	-	-	-	-	-	131,465	(131,465)	-
At March 31, 2022	18	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

The accompanying notes are an integral part of these financial statements.

Statement of cash flows
Years ended March 31, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2022	2021	2022	2021
Cash flows from operating activities					
Profit for the year		1,480,868	927,124	1,480,868	927,124
Adjustments					
Depreciation and amortization	29	775,759	667,301	779,652	671,008
Biological assets harvested	29	846,612	715,282	846,612	715,282
Change in the fair value of biological assets and agricultural produce	29	(24,004)	(64,979)	(24,004)	(64,979)
Amortization of electric power contracts		-	-	6,096	6,579
Equity in the results of investees	10	(255,219)	(160,542)	(7,358)	(5,776)
Gains (losses) on investments and PP&E written off	11	(2,686)	687	(1,186)	7,547
Interest, monetary and foreign exchange variations, net		224,003	178,930	213,832	171,495
Derivative financial instruments		129,966	345,018	130,048	345,018
Setup of provision for contingencies, net	22.1	13,003	13,784	13,004	13,798
Income tax and social contribution	20.b	444,186	271,920	458,373	281,678
Taxes with suspended payment		267,355	216,292	267,355	216,292
Adjustment to present value and other adjustments		131,334	123,532	137,666	120,587
		4,031,177	3,234,349	4,300,958	3,405,653
Changes in assets and liabilities					
Trade receivables		(58,794)	(31,340)	(151,597)	(40,178)
Inventories		(308,999)	(102,691)	(306,068)	(101,404)
Taxes recoverable		(123,102)	20,258	(123,371)	20,267
Derivative financial instruments		(16,602)	(396,656)	(16,602)	(396,656)
Other assets		(273,928)	(254,458)	(274,127)	(254,455)
Trade payables		226,542	43,076	324,746	46,726
Salaries and social charges		19,821	21,655	19,904	21,635
Taxes payable		(111,949)	(152,551)	(113,398)	(152,671)
Payables to Copersucar		(12,624)	(13,792)	(12,624)	(13,792)
Provision for contingencies - settlement	22.1	(26,261)	(15,476)	(26,261)	(15,489)
Other liabilities		54,332	(9,009)	54,687	(3,545)
Cash from operations		3,399,613	2,343,365	3,676,247	2,516,091
Payment of interest on borrowings and financing	14	(124,009)	(212,512)	(124,009)	(212,512)
Deferred income tax and social contribution		(91,608)	(22,997)	(105,430)	(30,354)
Net cash provided by (used in) financing activities		3,183,996	2,107,856	3,446,808	2,273,225
Cash flow from investing activities					
Investment of funds	31	(12,209)	(12,192)	(12,209)	(12,192)
Return of capital		-	-	-	8
Additions to property, plant and equipment and intangible assets		(1,240,570)	(585,392)	(1,274,813)	(590,604)
Additions to biological assets (planting and crop treatments)	10 and 11	(1,196,750)	(917,711)	(1,196,750)	(917,711)
Financial investments		(1,650,228)	865,758	(1,722,060)	814,115
Proceeds from sale of property, plant and equipment	11	10,929	3,720	10,237	16,041
Advance for future capital increase		-	(30,000)	-	-
Dividends received		178,143	150,462	1,394	249
Net cash used in investing activities		(3,910,685)	(525,355)	(4,194,201)	(690,094)
Cash flows from financing activities					
Payments of lease agreements and partnerships	13	(525,413)	(295,975)	(525,413)	(295,975)
Proceeds from borrowings – third parties	14	3,497,764	212,479	3,517,764	212,479
Repayment of borrowings - third parties	14	(1,610,883)	(1,107,098)	(1,610,848)	(1,107,098)
Acquisition of treasury shares		-	(8,636)	-	(8,636)
Payment of dividends and interest on capital		(807,557)	(187,617)	(807,557)	(187,617)
Net cash used in financing activities		553,911	(1,386,847)	573,946	(1,386,847)
Net increase (decrease) in cash and cash equivalents		(172,778)	195,654	(173,447)	196,284
Cash and cash equivalents at the beginning of the year	4	287,652	91,998	288,350	92,066
Cash and cash equivalents at the end of the year	4	114,874	287,652	114,903	288,350
Additional information					
Balance of financial investments (current assets)	4	2,663,681	952,142	2,857,864	1,062,154
Total available funds	4	2,778,555	1,239,794	2,972,767	1,350,504

The accompanying notes are an integral part of these financial statements.

Statement of value added
Years ended March 31, 2022 and 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenue				
Gross sales of goods and products	5,892,125	4,539,247	6,100,700	4,640,446
Revenue from construction of own assets	1,365,635	1,227,260	1,365,635	1,227,260
Other income	14,623	7,858	12,817	19,804
	7,272,383	5,774,365	7,479,152	5,887,510
Inputs acquired from third parties				
Cost of products and goods sold	(1,312,409)	(1,144,387)	(1,189,790)	(1,049,716)
Material, electric power, third-party services, and other operating expenses	(1,472,561)	(1,185,924)	(1,545,975)	(1,226,886)
	(2,784,970)	(2,330,311)	(2,735,765)	(2,276,602)
Gross value added	4,487,413	3,444,054	4,743,387	3,610,908
Depreciation and amortization	(775,759)	(667,301)	(779,652)	(671,008)
Biological assets harvested	(846,612)	(715,282)	(846,612)	(715,282)
Net value added generated by the entity	2,865,042	2,061,471	3,117,123	2,224,618
Value added received in transfer				
Equity in the results of investees	255,219	160,542	7,358	5,776
Finance income	690,311	799,644	718,855	815,079
Others	473,403	451,032	476,187	450,945
Total value added to be distributed	4,283,975	3,472,689	4,319,523	3,496,418
Distribution of value added				
Personnel and payroll charges				
Direct compensation	625,649	608,033	625,762	608,208
Benefits	217,192	234,227	218,050	235,091
Government Severance Indemnity Fund for Employees (FGTS)	56,965	54,796	56,973	54,809
Management compensation	73,755	55,565	75,032	56,911
Taxes, charges and contributions				
Federal	569,184	362,421	596,186	382,797
State	64,925	68,457	65,247	68,692
Municipal	1,162	1,540	1,310	1,811
Financing entities		-		-
Interest	473,195	309,065	478,361	309,470
Rentals	5,778	4,455	5,778	4,455
Foreign exchange variations	619,950	595,568	620,410	595,568
Others	95,352	251,438	95,546	251,482
Interest on capital	135,000	120,000	135,000	120,000
Profits reinvested in the year	1,345,868	807,124	1,345,868	807,124
Value added distributed	4,283,975	3,472,689	4,319,523	3,496,418

The accompanying notes are an integral part of these financial statements.

1. Operations

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

Approximately 70% of the sugarcane used in the manufacture of products is sourced 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. The supply of raw materials may be impacted by adverse climate conditions. The sugarcane crop takes up to 18 months to mature, and harvest begins, in general, from April to December, which is also the period when sugar and ethanol are produced, and electric power is co-generated.

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

The issue of these financial statements was authorized by the Board of Directors on June 20, 2022.

Possible effects of the Coronavirus pandemic on the financial statements

The potential impacts of the Coronavirus pandemic (COVID-19) were considered in the estimates and judgments used in the preparation of these financial statements.

In summary, in addition to the health and wellbeing effects, most impacts are related to interest rates, exchange rate and consequently the valuations of assets, liabilities and results.

The Company had not identified any significant effects to March 31, 2022, arising from uncertainties that could materially and negatively affect its assets or put its operations at risk.

Russia-Ukraine War

The armed conflict between Russia and Ukraine has affected global markets including the sugar-energy sector. The supply and demand of fertilizers, energy and other commodities were affected and price inflation has affected the markets.

São Martinho has been monitoring this matter since February 2022 and has adopted measures to optimize costs, protect revenue and secure inputs (especially fertilizers) in the short and medium term in addition to development processes with suppliers.

Climate Risks Management

In common with other companies in the Agribusiness sector, São Martinho is exposed to risks from climate change, among which are the effects of prolonged droughts, frost and fires. To mitigate these effects, the Company constantly monitors the risks adopting mitigating actions.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

The parent company and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as well as with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), implemented in Brazil by the Accounting Pronouncements Committee(CPC) through its technical interpretations (ICPC) and guidelines (OCPC), as approved by the Brazilian Securities Commission (CVM).

These financial statements were prepared under the historical cost convention, as modified to reflect the deemed cost of property, plant and equipment on the date of transition to IFRS/CPC, except for certain derivative financial instruments and biological assets measured at fair value, and disclose all significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

The presentation of the parent company and consolidated Statement of value added, which is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to publicly held companies, was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. Under the IFRS the presentation of this statement is not required, being considered supplementary information, and not part of the set of financial statements.

The significant accounting practices adopted by the Company are described in specific notes related to the items presented, and those generally applicable to different aspects of the financial statements are described below.

The Company records dividends received from its subsidiaries as cash flows from investing activities, since it considers these dividends to be returns on investments.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 New accounting standards that are not yet in effect

The following amendments to standards were issued by the IASB but are not effective for the year ended on March 31, 2022. Early adoption of standards, although encouraged by the IASB, is not permitted by the CPC.

- **Amendment to IAS 16/CPC 27 - Property, plant and equipment:** in May 2020, the IASB issued an amendment that prohibits an entity from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the asset is being prepared for its intended use. Such revenues and related costs must be recognized in profit or loss for the year. The effective date of application of this change is January 1, 2022, in the case of the Company, as of April 1, 2022.

- **Amendment to IAS 37 - Provision, Contingent Liabilities and Contingent Assets:** in May 2020, the IASB issued this amendment to clarify that, for the purposes of assessing whether a contract is onerous, the performing cost of the contract includes the incremental costs of its performance and an allocation of other costs that relate directly to the performance of this contract. The effective date of application of this change is January 1, 2022, in the case of the Company, as of April 1, 2022.

- **Amendment to IFRS 3/CPC 15 - Business Combination:** issued in May 2020, with the aim of replacing references from the old version of the conceptual framework to the most recent one. The amendment to IFRS 3 is effective from January 1, 2022, in the case of the Company, from April 1, 2022.

- **Annual improvements - 2018-2020 cycle:** in May 2020, the IASB issued the following changes as part of the annual improvement process, applicable from January 1, 2022, in the case of the Company, from April 1 of 2022.

(i) IFRS 9/CPC 48 - Financial Instruments - clarifies which rates must be included in the 10% test for the write-off of financial liabilities.

(ii) IFRS 16/CPC 06 (R2) - Leases - amendment of example 13 to exclude the example of lessor payments related to improvements in the leased property.

(iii) IFRS 1/CPC 13 - First-time Adoption of International Financial Reporting Standards - simplifies the application of the said standard by a subsidiary that adopts IFRS for the first time after its parent company, in relation to the measurement of the accumulated amount of exchange rate variations.

(iv) IAS 41/CPC 27 - Biological Assets - removal of the requirement to exclude cash flows from taxation when measuring the fair value of biological assets and agricultural products, thus aligning the fair value measurement requirements to IAS 41 with other IFRS standards.

- **Amendment to IAS 1/CPC 26 - Presentation of Financial Statements:** issued in May 2020, with the objective of clarifying that liabilities are classified as current or non-current, depending on the rights that exist at the end of the period. The classification is not affected by the entity's expectations or events after the reporting date (eg, receipt of a waiver or breach of covenant). The amendments also clarify what "settlement" of a liability refers in light of IAS 1. The amendments to IAS 1 are effective from January 1, 2023, in the case of the Company, from April 1, 2023.

- **Amendment to IAS 1/CPC 26 and IFRS Practice Statement 2 - Disclosure of accounting policies:** in February 2021, the IASB issued a new amendment to IAS 1 on disclosure of "material" accounting policies rather than "significant" accounting policies. The amendments define what "material accounting policy information" is and explain how to identify it. It also clarifies that immaterial accounting policy information does not need to be disclosed, but if so, it should not obscure the relevant accounting information. To support this change, the IASB also amended the "IFRS Practice Statement 2 Making Materiality Judgments" to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment is effective as of January 1, 2023, in the case of the Company, as of April 1, 2023.

All amounts in thousands of reais unless otherwise stated

- **Amendment to IAS 8/CPC 23 - Accounting Policies, Changes in Estimates and Error Rectification:** the amendment issued in February 2021 clarifies how entities must distinguish changes in accounting policies from changes in accounting estimates, as changes in estimates accounting policies are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period. Said amendment is effective as of January 1, 2023, in the case of the Company, as of April 1, 2023.

- **Amendment to IAS 12/CPC 32 - Income Taxes:** the amendment issued in May 2021 requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This typically applies to lease transactions (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, as an example, and will require the recognition of additional deferred tax assets and liabilities. The amendment is effective as of January 1, 2023, in the case of the Company, as of April 1, 2023.

There are no other IFRS standards or IFRIC interpretations that have not yet come into force that could have a significant impact on the Group's financial statements.

2.3 Basis of consolidation and investments in subsidiaries

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

The consolidated financial statements include the following wholly-owned subsidiaries:

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

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

2.4 Functional and presentation currency

The financial statements are 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 Real/Reais has been rounded off to the nearest thousand, unless otherwise stated.

2.5 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.

2.6 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 hybrid prospective model of expected and incurred losses, which 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 honor the contractual obligations.

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

a) Financial assets

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

b) Financial liabilities

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

c) Derivative financial instruments

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

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

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

2.7 Business combinations and goodwill

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

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

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

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

Acquisition costs incurred accounted for as expenses

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

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

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

3. Significant accounting estimates and judgments

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

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

a) Impairment losses

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

b) Fair value of biological assets

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

c) Income tax, social contribution and other taxes

The Company recognizes provisions for situations where it is probable that additional taxes will be due. When the outcome of these matters differs from the amounts initially estimated and recorded, such differences will affect current and deferred tax assets and liabilities in the year in which the ultimate amount is determined.

d) Fair value of derivatives and other financial instruments

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

e) Provision for contingencies

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

f) ICMS tax benefits

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

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

All amounts in thousands of reais unless otherwise stated

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

g) Incremental borrowing rate on leases and agricultural partnerships

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

4. Cash and cash equivalents and financial investments

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

	Parent company			Consolidated		
	Annual yield	2022	2021	Annual yield	2022	2021
Cash and banks (in Brazil)		142	1,133		171	1,831
Cash and banks (abroad) (US Dollar)	0.30% p.a.	114,732	286,519	0.30% p.a.	114,732	286,519
Total cash and cash equivalents		**114,874**	**287,652**		**114,903**	**288,350**
Financial investments						
. Investment fund	110.63% of CDI	2,459,996	864,527	110.55% of CDI	2,653,534	973,933
. Bank Deposit Certificate (CDB)	103.69% of CDI	203,685	87,615	103.68% of CDI	204,330	88,221
. Other (i)	100.47% of CDI	11,374	10,166	100.47% of CDI	11,374	13,644
Total financial investments		**2,675,055**	**962,308**		**2,869,238**	**1,075,798**
Total cash and cash equivalents and financial investments		**2,789,929**	**1,249,960**		**2,984,141**	**1,364,148**
In non-current assets		**11,374**	**10,166**		**11,374**	**13,644**
Total available funds		**2,778,555**	**1,239,794**		**2,972,767**	**1,350,504**

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

All amounts in thousands of reais unless otherwise stated

5. Trade receivables

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

The balance of trade receivables is as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Domestic market customers	56,901	75,236	128,355	145,351
Foreign market customers	125,059	95,318	125,059	95,318
(-) Expected impairment loss on trade receivables	(82)	-	(835)	(821)
	181,878	**170,554**	**252,579**	**239,848**
Current assets	**181,878**	**170,554**	**225,707**	**215,659**
Non-current assets	**-**	**-**	**26,872**	**24,189**

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Falling due:	181,719	170,419	252,248	239,487
Overdue and not provisioned				
For 30 days	7	10	41	51
Over 31 days	152	125	290	310
	181,878	**170,554**	**252,579**	**239,848**

Of the amount receivable, R$ 1,830 and R$ 1,281 in the Parent company and Consolidated, respectively (R$ 4,214 and R$ 665, respectively, on March 31, 2021), refer to related parties (Note 9).

All amounts in thousands of reais unless otherwise stated

6. Inventories and advances to suppliers

	Parent company		Consolidated	
	2022	2021	2022	2021
Current				
Finished products and work in progress	290,998	175,325	290,997	175,325
Advances - purchases of sugarcane	75,449	73,937	75,449	73,937
Advances - purchases of inputs and finished products	184,909	79,323	184,909	79,323
RenovaBio - CBIOs(i)	16,603	8,256	16,603	8,256
Land subdivisions	-	-	5,845	5,056
Inputs, maintenance materials, and other	190,773	104,416	190,773	104,416
	758,732	**441,257**	**764,576**	**446,313**
Non-current				
Advances - purchases of sugarcane	146,986	106,838	146,986	106,838
	146,986	**106,838**	**146,986**	**106,838**
	905,718	**548,095**	**911,562**	**553,151**

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 March 31, 2022, the Company had 249,000 registered CBIOs carried at fair value (409,000 on March 31, 2021).

7. Biological assets

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

The measurement at fair value of biological assets is classified as Level 3 - Assets and liabilities for which there is little, if any, market activity, or whose prices or valuation techniques are supported by inputs from a thin, nonexistent, or illiquid market (non-observable inputs).

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

a) Cash inflows obtained by multiplying the: *i)* estimated production measured in kilograms of Total Recoverable Sugar (TRS) by *(ii)* sugarcane futures market price, which is projected based on publicly available data and price estimates of sugar and ethanol; and

All amounts in thousands of reais unless otherwise stated

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, transshipment, 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	2022	2021
Estimated total harvested area (ha)	242,241	241,479
Amount of total recoverable Sugar "ATR" per hectare	11.50	11.88
Projected average price of TRS (in R$)	1.09	0.86

In these financial statements, the discount rate of 10.3% p.a. was used to calculate the fair value of biological assets (6.1% p.a. on March 31, 2021).

Based on estimates of revenue and costs, the Company determines the discounted cash flows to be generated, adjusting them to present value through the use of a discount rate compatible with the return on investment in the circumstances. Changes in the fair value are accounted for under "Biological assets", with a corresponding entry to the sub-account "Changes in the fair value of biological assets", within "Cost of sales" in the statement of income.

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Historical cost	1,040,629	829,616	1,040,629	829,616
Fair value	(51,089)	(116,069)	(51,089)	(116,069)
Biological assets - opening balance:	**989,540**	**713,547**	**989,540**	**713,547**
Changes:				
Increases arising from crop treatments	731,317	559,969	731,317	559,969
Transfer from property, plant and equipment	340,871	359,821	340,871	359,821
Changes in fair value	24,004	64,979	24,004	64,979
Decreases resulting from harvest	(866,451)	(708,776)	(866,451)	(708,776)
Biological assets - closing balance:	**1,219,281**	**989,540**	**1,219,281**	**989,540**
Comprised of:				
Historical cost	1,263,787	1,040,629	1,263,787	1,040,629
Fair value	(44,506)	(51,089)	(44,506)	(51,089)
Biological assets - closing balance:	**1,219,281**	**989,540**	**1,219,281**	**989,540**

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.

All amounts in thousands of reais unless otherwise stated

Fair value sensitivity analysis

For the purpose of the sensitivity analysis, the Company assessed the impact on the fair value of its biological assets on March 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$ 103,219. Regarding the production volume, the same 5% variation (up or down) would result in an increase or decrease of R$ 99,672.

8. Taxes recoverable

Balances of taxes recoverable:

	Parent company		Consolidated	
	2022	2021	2022	2021
Current				
PIS/COFINS (i)	52,683	6,236	52,768	6,278
ICMS	6,252	4,975	6,282	5,015
Others	1,223	769	1,253	769
	60,158	**11,980**	**60,303**	**12,062**
Non-current				
PIS/COFINS (i)	119,286	59,778	119,286	59,778
ICMS	38,763	18,255	39,891	19,184
IOF on derivatives	9,076	8,762	9,076	8,762
INSS	6,923	6,669	6,923	6,666
Reintegra	1,991	1,851	1,991	1,851
Others	677	-	677	-
	176,716	**95,315**	**177,844**	**96,241**
	236,874	**107,295**	**238,147**	**108,303**

(i) The increase refers substantially to the credit of the ICMS process based on PIS/COFINS (notes 29 and 30) and also the credit taken on the review of the last five years of expenses with legal impositions.

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

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

All amounts in thousands of reais unless otherwise stated

	Parent company	Consolidated
From 4/1/2023 to 3/31/2024	130,694	131,672
From 4/1/2024 to 3/31/2025	11,428	11,478
From 4/1/2025 to 3/31/2026	9,416	9,466
From 4/1/2026 to 3/31/2027	8,568	8,618
From 4/1/2027 to 3/31/2028	1,973	1,973
From 4/1/2028 onwards	14,637	14,637
	176,716	**177,844**

9. Related parties

a) Parent company and consolidated balances:

	Parent company		Consolidated	
	2022	2021	2022	2021
Current assets				
Trade receivables (i)				
Bio SM	222	2,800	-	-
SM Terras Imobiliárias	120	36	-	-
SM Terras Agrícolas	182	8	-	-
Bio BV	105	792	-	-
Bio SC	10	15	-	-
Luiz Ometto Participações S.A.	169	43	169	43
CTC - Centro de Tecnologia Canavieira S.A.	870	468	991	578
Others	155	95	124	87
	1,833	**4,257**	**1,284**	**708**
Non-current assets				
Advance for future capital increase				
Bioenergia SM	-	30,000	-	-
	-	**30,000**	**-**	**-**
Current liabilities				
Trade payables				
SM Terras Agrícolas	5,899	7,786	-	-
SM Terras Imobiliárias	296	259	-	-
CTC - Centro de Tecnologia Canavieira S.A.	477	415	477	415
Bio BV	-	2,298	-	-
Bio SC	191	310	-	-
Others	58	11	58	11
	6,921	**11,079**	**535**	**426**
Leases and agricultural partnerships payable				
Stockholders and related parties	515,136	313,822	515,136	313,822
Current and non-current liabilities				
(Acquisition of ownership interest)				
Luiz Ometto Participações S.A. (Note 17)	3,669	15,288	3,669	15,288

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

All amounts in thousands of reais unless otherwise stated

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Sales revenue				
Bio BV	10,184	792	-	-
Bio SC	7,385	8,400	-	-
Bio SM	6,411	5,982	-	-
	23,980	**15,174**	**-**	**-**
Reimbursed expenses / Lease revenue (purchase of products and services)				
SM Terras Agrícolas	(98,159)	(77,172)	-	-
CTC - Centro de Tecnologia Canavieira S.A.	(27,571)	(24,681)	(29,080)	(23,680)
SM Terras Imobiliárias	(3,957)	(2,444)	-	-
Bio SC	(1,154)	(1,239)	-	-
Bio SM	33	50	-	-
Bio BV	61	-	-	-
	(130,747)	**(105,486)**	**(29,080)**	**(23,680)**
Stockholders and related parties				
Sugarcane purchases / land leases / reimbursed expenses				
Agro Pecuária Boa Vista S/A	(59,349)	(38,980)	(59,349)	(38,980)
Others	(22,233)	(20,582)	(22,406)	(20,582)
	(81,582)	**(59,562)**	**(81,755)**	**(59,562)**

Sales revenues relate 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 shown below:

	Parent company		Consolidated	
	2022	2021	2022	2021
Fixed and variable compensation, and benefits	44,160	34,737	46,263	36,733
Social security contributions	10,502	7,708	10,879	8,064
Total compensation and charges	**54,662**	**42,445**	**57,142**	**44,797**

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.

All amounts in thousands of reais unless otherwise stated

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

The carrying amount of the liability relating to the new fair value calculation of the Virtual Stock Option Plan is R$ 36,496 (R$ 18,259 on March 31, 2021).

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

Plan	8th Plan	9th Plan	10th Plan	11th Plan	12th Plan	13th Plan	Total
Plan issue date	12/12/2016	02/05/2018	10/12/2018	09/12/2019	14/12/2020	13/12/2021	
Deadline for exercise *(i)*	2023	2024	2025	2026	2027	2028	
Number of virtual options granted	727,273	882,074	1,133,513	1,072,712	754,980	563,175	5,133,727
Number of virtual options exercised	(712,063)	(848,100)	(708,265)	(356,423)	(33,730)	-	(2,658,581)
Number of virtual options to be exercised	**15,210**	**33,974**	**425,248**	**716,289**	**721,250**	**563,175**	**2,475,146**
Exercise price (R$)	17.70	17.76	19.07	19.38	24.22	37.17	

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

10. Investments

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

				Parent company			
	Ownership interest %		Equity	Book value of investment		Equity in the results of investees	
Company		2022	2021	2022	2021	2022	2021
Classified as Investments							
SM Terras Imobiliárias	100.00%	687,891	165,439	688,238	165,439	50,866	18,853
Bio SM	100.00%	33,358	26,539	33,358	26,539	14,219	8,457
SM Inova	100.00%	39,486	33,205	39,486	33,205	7,202	5,766
SM Terras Agrícolas	100.00%	837,044	1,150,050	837,044	1,150,050	96,115	81,713
SM Logística	100.00%	1,015	2,572	1,015	2,572	(1,557)	(132)
Bio SC	100.00%	62,059	71,368	78,933	94,436	50,573	45,256
Bio BV	100.00%	42,415	14,250	42,415	14,250	36,964	636
Bioenergia SM	100.00%	31,070	234	31,070	234	837	(7)
Total classified as Investments		**1,734,338**	**1,463,657**	**1,751,559**	**1,486,725**	**255,219**	**160,542**

All amounts in thousands of reais unless otherwise stated

							Consolidated
	Ownership interest %		Equity	Book value of investment		Equity in the results of investees	
Company		2022	2021	2022	2021	2022	2021
Classified as Investments							
CTC - Centro de Tecnologia Canavieira S.A. (i)	5.41%	822,949	714,746	44,558	38,699	7,256	5,795
Others		-	-	1,007	1,252	102	(19)
Total classified as Investments		**822,949**	**714,746**	**45,565**	**39,951**	**7,358**	**5,776**

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

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

11. Property, plant and equipment

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

Maintenance costs that extend the useful lives of property, plant and equipment items are capitalized and items that replace others that suffer wear and tear during the crop period are recorded as assets and are 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 that are exclusively used for growing sugarcane. Sugarcane is classified as a permanent crop and its economically productive cycle lasts, on average, eight years after the first harvest. The costs of charges on borrowings taken to finance the construction of property, plant and equipment are capitalized during the period required to construct and prepare the asset for its intended use.

All amounts in thousands of reais unless otherwise stated

Parent company	Land	Buildings and facilities	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Other PP&E	Total
At March 31, 2020	**96,103**	**395,287**	**1,166,760**	**301,311**	**223,751**	**298,255**	**1,350,926**	**174,939**	**51,152**	**4,058,484**
Total cost	96,103	496,251	1,841,782	301,311	377,559	617,139	1,350,926	174,939	178,131	5,434,141
Accumulated depreciation	-	(100,964)	(675,022)	-	(153,808)	(318,884)	-	-	(126,979)	(1,375,657)
Net book value	**96,103**	**395,287**	**1,166,760**	**301,311**	**223,751**	**298,255**	**1,350,926**	**174,939**	**51,152**	**4,058,484**
Acquisitions	-	361	13,392	354,100	20,698	63,089	358,822	142,304	3,341	956,107
Capital contribution to subsidiary (i)	-	-	(13,977)	-	-	-	-	-	-	(13,977)
Transfer of PP&E/biological assets	-	-	-	-	-	-	(359,821)	-	-	(359,821)
Cost of sale	(4)	(512)	(81)	-	(1,905)	(1,888)	(16)	-	(1)	(4,407)
Transfer between groups	-	33,935	94,148	-	11,331	(12,099)	25,961	(156,877)	3,601	-
Depreciation	-	(12,938)	(88,191)	(301,311)	(26,872)	(23,140)	-	-	(11,138)	(463,590)
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**
Total cost	96,099	529,604	1,930,596	354,100	405,478	681,399	1,375,872	160,366	185,050	5,718,564
Accumulated depreciation	-	(113,471)	(758,545)	-	(178,475)	(357,182)	-	-	(138,095)	(1,545,768)
Net book value	**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	8,044	417,597	55,743	56,095	469,308	652,729	4,205	1,663,760
Transfer of PP&E/biological assets	-	-	-	-	-	-	(340,871)	-	-	(340,871)
Cost of sale	(53)	(42)	(18)	-	(2,429)	(5,701)	-	-	-	(8,243)
Transfer between groups	-	16,029	57,567	-	2,672	(8,238)	16,860	(88,368)	3,478	-
Depreciation	-	(13,431)	(90,516)	(354,781)	(25,719)	(35,133)	-	-	(11,227)	(530,807)
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**
Total cost	96,046	545,593	1,996,122	416,916	457,805	713,941	1,521,169	724,727	192,568	6,664,887
Accumulated depreciation	-	(126,865)	(848,994)	-	(200,535)	(382,701)	-	-	(149,157)	(1,708,252)
Net book value	**96,046**	**418,728**	**1,147,128**	**416,916**	**257,270**	**331,240**	**1,521,169**	**724,727**	**43,411**	**4,956,635**
Residual value:										
Historical cost	24,759	357,332	970,042	416,916	240,484	309,692	1,521,169	724,727	43,411	4,608,532
Surplus on revaluation	71,287	61,396	177,086	-	16,786	21,548	-	-	-	348,103
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	13%	

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, 2020	**1,822,005**	**398,817**	**1,222,262**	**302,397**	**223,749**	**298,256**	**1,350,925**	**174,937**	**51,157**	**5,844,505**
Total cost	1,822,005	502,487	1,923,767	303,017	377,558	617,139	1,350,925	174,937	178,135	7,249,970
Accumulated depreciation	-	(103,670)	(701,505)	(620)	(153,809)	(318,883)	-	-	(126,978)	(1,405,465)
Net book value	**1,822,005**	**398,817**	**1,222,262**	**302,397**	**223,749**	**298,256**	**1,350,925**	**174,937**	**51,157**	**5,844,505**
Acquisitions	2,575	361	13,392	354,829	20,698	63,089	358,822	142,304	3,340	959,410
Cost of sale	(11,545)	(513)	(81)	-	(1,904)	(1,887)	(16)	-	(1)	(15,947)
Transfer from Inventories to Sales	1,942	-	-	-	-	-	-	-	-	1,942
Transfer of biological assets	-	-	-	-	-	-	(359,821)	-	-	(359,821)
Transfer between groups	-	33,935	94,148	-	11,331	(12,099)	25,961	(156,877)	3,601	-
Depreciation	-	(13,118)	(90,781)	(302,395)	(26,872)	(23,140)	-	-	(11,139)	(467,445)
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**
Total cost	1,814,977	535,840	2,030,958	355,950	405,479	681,400	1,375,871	160,364	185,062	7,545,901
Accumulated depreciation	-	(116,358)	(792,018)	(1,119)	(178,477)	(357,181)	-	-	(138,104)	(1,583,257)
Net book value	**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	8,044	418,771	55,743	56,095	469,308	680,522	4,205	1,698,491
Cost of sale	(436)	(2,292)	(18)	-	(2,429)	(5,702)	-	-	-	(10,877)
Transfer from Inventories to Sales	(3,372)	-	-	-	-	-	-	-	-	(3,372)
Transfer of biological assets	-	-	-	-	-	-	(340,871)	-	-	(340,871)
Transfer between groups	-	16,029	57,567	-	2,672	(8,238)	16,860	(88,368)	3,478	-
Depreciation	-	(13,557)	(93,677)	(355,492)	(25,719)	(35,133)	-	-	(11,228)	(534,806)
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**
Total cost	1,816,933	548,648	2,096,483	418,562	457,805	713,942	1,521,168	752,518	192,579	8,518,638
Accumulated depreciation	-	(128,947)	(885,627)	(452)	(200,536)	(382,701)	-	-	(149,166)	(1,747,429)
Net book value	**1,816,933**	**419,701**	**1,210,856**	**418,110**	**257,269**	**331,241**	**1,521,168**	**752,518**	**43,413**	**6,771,209**
Residual value:										
Historical cost	167,245	357,425	1,019,659	418,110	240,483	309,693	1,521,168	752,518	43,413	4,829,714
Surplus on revaluation	1,649,688	62,276	191,197	-	16,786	21,548	-	-	-	1,941,495
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	13%	

All amounts in thousands of reais unless otherwise stated

The amount recorded within "Construction in progress" relates mainly 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$ 935.497 were pledged as collateral, of which R$ 32,168 relates to rural properties (1,243 hectares of land).

Financial charges capitalized during the period amounted to R$ 8,645 (R$ 1,402 on March 31, 2021).

12. Intangible assets

Contractual relationships have a finite useful life, and their amortization is calculated based on the quantity of sugarcane harvested during the term of the agreement with the partner or supplier.

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Goodwill based on future profitability (i)	374,632	374,632	374,632	374,633
Software	41,820	40,437	41,820	40,437
Accumulated amortization	(32,895)	(30,999)	(32,895)	(30,999)
Rights on sugarcane contracts (ii)	42,443	42,443	42,443	42,443
Amortization of rights on sugarcane contracts (ii)	(23,545)	(20,285)	(23,545)	(20,285)
Cost of rights on electric power contracts (iii)	-	-	103,401	103,401
Amortization of rights on electric power contracts (iii)	-	-	(81,518)	(72,280)
Other assets	21,433	2,865	32,975	14,392
	423,888	**409,093**	**457,313**	**451,742**

(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).

All amounts in thousands of reais unless otherwise stated

Impairment of non-financial assets

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

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year, or more frequently, if evidence of impairment is found. Annual impairment tests are performed by 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 clearly independent from those generated by another CGU.

On March 31, 2022, the Company tested its non-current assets for impairment. The assessment was based on calculations of the value in use of each CGU, which use pre-tax cash flow projections, based on financial budgets approved by management. The growth rate does not exceed the long-term average growth rate of the industry in which the CGU operates.

The main assumptions and estimates are for sugar and ethanol sales prices, costs related to energy, 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 units	5.00%	11.33%
Santa Cruz production unit	5.00%	11.33%

The effects of the Coronavirus (COVID-19) pandemic did not have a significant impact on the estimates used to assess impairment.

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

a) Leases

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

Definitions:

b) Definition of a lease as per IFRS 16 (CPC 06 (R2))

The Company and its subsidiaries consider as 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.

c) The Company as the Lessee

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

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

d) The Company as the Lessor

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

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

All amounts in thousands of reais unless otherwise stated

	Parent company and Consolidated			
Right-of-use assets	**Vehicles**	**Agricultural partnership**	**Agricultural lease**	**Total**
At March 31, 2020	**2,683**	**1,315,293**	**401,477**	**1,719,453**
New contracts	28,385	190,440	24,581	243,406
Contract update	3,614	(18,482)	(9,017)	(23,885)
Write-offs	(3,636)	(30,875)	(11,746)	(46,257)
Depreciation	(14,548)	(209,497)	(36,539)	(260,584)
Annual remeasurement	-	168,950	68,313	237,263
At March 31, 2021	**16,498**	**1,415,829**	**437,069**	**1,869,396**
New contracts	-	397,710	18,979	416,689
Contract update	6,525	20,873	44	27,442
Write-offs	(3,757)	(21,473)	(4,749)	(29,979)
Depreciation	(14,827)	(248,715)	(45,739)	(309,281)
Annual remeasurement	-	888,240	221,805	1,110,045
At March 31, 2022	**4,439**	**2,452,464**	**627,409**	**3,084,312**
Useful lives (years)	1 to 2	2 to 29	2 to 20	

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

	Parent company and Consolidated			
Leases and agricultural partnerships payable	**Balance of lease agreements**	**Balance of advance payments**	**Adjustment to present value**	**Total**
At March 31, 2020	**2,663,969**	**(108,822)**	**(879,234)**	**1,675,913**
Offset of advances	-	(4,812)	-	(4,812)
Additions arising from new agreements	334,575	-	(91,169)	243,406
Contract update	(33,436)	-	9,551	(23,885)
Write-offs	(69,661)	-	15,400	(54,261)
Annual remeasurement	355,555	-	(118,292)	237,263
Payments made	(295,975)	-	-	(295,975)
Financial charges	-	-	134,985	134,985
At March 31, 2021	**2,955,027**	**(113,634)**	**(928,759)**	**1,912,634**
Offset of advances	-	(41,071)	-	(41,071)
New contracts	704,011	-	(287,322)	416,689
Contract update	45,744	-	(18,302)	27,442
Write-offs	(38,147)	-	6,162	(31,985)
Payments made	(525,413)	-	-	(525,413)
Financial charges	-	-	138,510	138,510
Annual remeasurement	1,573,407	-	(463,362)	1,110,045
At March 31, 2022	**4,714,629**	**(154,705)**	**(1,553,073)**	**3,006,851**

Current liabilities	**582,851**
Leases payable	82,475
Agricultural partnership payable	500,376
Non-current liabilities	**2,424,000**
Leases payable	539,057
Agricultural partnership payable	1,884,943
	3,006,851

All amounts in thousands of reais unless otherwise stated

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

Maturity	Parent company and Consolidated
From 4/1/2023 to 3/31/2024	560,388
From 4/1/2024 to 3/31/2025	516,725
From 4/1/2025 to 3/31/2026	481,748
From 4/1/2026 to 3/31/2027	434,271
From 4/1/2027 to 3/31/2028	355,705
From 4/1/2028 to 3/31/2029	275,173
From 4/1/2029 to 3/31/2030	203,174
From 4/1/2030 onwards	925,441
(-) Adjustment to present value	(1,328,625)
	2,424,000

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

Parent company and Consolidated	Agricultural lease	Adjustment to present value
Lease payment	1,053,345	394,551
Potentially recoverable PIS/COFINS (9.25%)	(71,245)	(26,190)
March 31, 2022	**982,100**	**368,361**

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

Parent company and Consolidated	
Contract terms	**Incremental rate**
2 years	8.10%
3 years	8.65%
4 years	8.79%
5 years	8.59%
6 years	8.69%
7 years	9.35%
8 years	9.15%
9 years	9.28%
10 years	9.23%
11 years	8.90%
From 12 to 30 years	9.25%

All amounts in thousands of reais unless otherwise stated

Pursuant to IFRS 16, the Company measured 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, which is prohibited by the standard.

Additionally, in compliance with CVM Circular Letter 02/2019, comparative information on lease and agricultural partnership liabilities, right-of-use assets, deferred taxes, depreciation expense and finance costs for the year ended March 31, 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:

Controladora e Consolidado	De 1º/04/2022 a 31/03/2023	De 1º/04/2023 a 31/03/2024	De 1º/04/2024 a 31/03/2025	De 1º/04/2025 a 31/03/2026	De 1º/04/2026 a 31/03/2027	De 1º/03/2027 a 31/03/2031	De 1º/03/2031 a 31/03/2036	De 1º/04/2036 a 31/03/2041
Ativo direito de uso								
IFRS 16	2,572,047	2,145,771	1,761,133	1,407,065	1,093,484	326,089	65,746	-
Ofício CVM	3,351,287	2,819,006	2,333,402	1,883,847	1,484,286	470,601	100,758	-
	30.30%	31.37%	32.49%	33.88%	35.74%	44.32%	53.25%	n/a
Passivo arrendamento e parceria agrícola								
IFRS 16	2,387,829	1,987,819	1,624,825	1,291,520	997,349	315,647	58,939	-
Ofício CVM	3,247,417	2,736,972	2,268,430	1,833,652	1,446,876	557,985	128,324	-
	36.00%	37.69%	39.61%	41.98%	45.07%	76.78%	117.72%	n/a
Despesa com amortização								
IFRS 16	(507,825)	(426,275)	(384,638)	(354,068)	(313,581)	(767,395)	(260,343)	(65,746)
Ofício CVM	(622,973)	(532,281)	(485,604)	(449,554)	(399,562)	(1,013,685)	(369,842)	(100,758)
	22.67%	24.87%	26.25%	26.97%	27.42%	32.09%	42.06%	53.25%
Despesa financeira								
IFRS 16	(161,995)	(159,650)	(155,804)	(151,284)	(143,025)	(499,411)	(199,899)	(81,917)
Ofício CVM	(212,024)	(210,984)	(207,126)	(202,393)	(192,938)	(771,389)	(287,972)	(139,198)
	30.88%	32.15%	32.94%	33.78%	34.90%	54.46%	44.06%	69.93%

	IFRS 16 (CPC 06)	Ofício CVM
Despesa com amortização	(3,079,871)	(3,974,259)
Despesa financeira	(1,552,985)	(2,224,024)
	(4,632,856)	(6,198,283)

All amounts in thousands of reais unless otherwise stated

14. Borrowings

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

Type	Annual charges		Parent company		Consolidated	
	Rate	Index	2022	2021	2022	2021
In local currency						
BNDES credit facility	2.16%	+TJLP	123,886	145,682	123,886	145,682
BNDES credit facility	3.57%	+IPCA	534,084	-	554,118	-
BNDES credit facility	4.92%	Fixed rate	177,352	117,845	177,352	117,845
FINEP	4.00%	Fixed rate	43,905	64,169	43,905	64,169
Rural credit	8.00%	Fixed rate	307,986	-	307,986	-
Agribusiness Receivable Certificate (CRA)	98.62%	CDI	1,160,354	1,442,018	1,160,354	1,442,018
Agribusiness Receivable Certificate (CRA) (iii)	4.88%	+IPCA	526,839	475,325	526,839	475,325
Debentures (iv)	5.59%	+IPCA	1,596,996	-	1,596,996	-
International Finance Corporation (IFC)	1.47%	CDI	306,672	-	306,672	-
Other securitized credits	3.00%	+IGP-M/Fixed rate	31	36	31	36
Leases	5.98%	Fixed rate	-	180	-	180
Total in local currency	**100.2%**	**CDI**	**4,778,105**	**2,245,255**	**4,798,139**	**2,245,255**
In foreign currency						
Export prepayment (PPE) (vi)	1.72%	6M Libor	402,323	1,307,281	402,323	1,307,281
Export prepayment (PPE)	1.60%	6M Sofr	190,395	-	190,395	-
International Finance Corporation (IFC) (v)	1.52%	6M Libor	493,455	344,468	493,455	344,468
Export Credit Note (NCE) (iii)	2.27%	Foreign exchange variation	-	142,513	-	142,513
FINEM	2.69%	Currency Basket	4,037	11,446	4,037	11,446
Total in foreign currency	**3.70%**		**1,090,210**	**1,805,708**	**1,090,210**	**1,805,708**
TOTAL (i)			**5,868,315**	**4,050,963**	**5,888,349**	**4,050,963**
Current			581,507	674,504	581,515	674,504
Non-current			5,286,808	3,376,459	5,306,834	3,376,459

(i) Total costs of liabilities in local and foreign currency were calculated based on the terms of the portfolios, and on Interbank Deposit (DI) and LIBOR curves.

(ii) 100% of the Agribusiness Receivable Certificates (CRAs) is linked to 117.49% of the DI rate, through a swap contract.

(iii) 100% of the Export Credit Note (NCE) amount is linked to the DI rate +1.40% p.a., through a swap contract.

(iv) 33% of the amount of debentures is linked to the DI rate + 1.10% p.a., and the remaining 67%, to 108.15% of the DI rate, through a swap contract.

(v) Of the borrowing with *International Finance Corporation* (IFC). 27% is linked to the DI rate +1.15% p.a., and 35% is linked to a fixed rate of 4.99%, through a swap contract.

(vi) 100% of the Export Credit Note (PPE) amount tied to LIBOR is linked to the DI rate +1.14% p.a., through a swap contract.

All amounts in thousands of reais unless otherwise stated

Changes in borrowings during the period were as follows:

Changes in debt	Parent company		Consolidated	
	2022	2021	2022	2021
Balance at the beginning of the year	4,050,963	4,814,442	4,050,963	4,814,442
Proceeds from borrowings	3,497,764	212,479	3,517,764	212,479
Repayment of principal	(1,610,883)	(1,107,098)	(1,610,848)	(1,107,098)
Payment of interest	(124,009)	(212,512)	(124,009)	(212,512)
Monetary adjustment	301,570	165,155	301,569	165,155
Foreign exchange variation	(247,090)	178,497	(247,090)	178,497
Balance at the end of the period	**5,868,315**	**4,050,963**	**5,888,349**	**4,050,963**

Long-term borrowings mature as follows:

Parent company and Consolidated	Parent company	Consolidated
From 4/1/2023 to 3/31/2024	754,445	754,445
From 4/1/2024 to 3/31/2025	700,453	700,453
From 4/1/2025 to 3/31/2026	718,146	718,146
From 4/1/2026 to 3/31/2027	518,335	518,335
From 4/1/2027 to 3/31/2028	220,647	220,647
From 4/1/2028 to 3/31/2029	360,016	360,016
From 4/1/2029 to 3/31/2030	195,515	195,515
From 4/1/2030 onwards	1,819,251	1,839,277
	5,286,808	**5,306,834**

São Martinho's debt, of R$ 935,497, is collateralized as follows: 96% by liens on equipment, properties, and buildings, approximately 3% by land, and less than 1% by receivables from electric power trading and stockholders' sureties.

At the reporting date, the carrying amounts of borrowings approximate their fair value. The fair values are based on cash flows discounted using the borrowing rate of 11.6% (5.3% on March 31, 2021) and are classified within Level 2 of the fair value hierarchy.

Covenants

Borrowings of R$ 3,849,234 include financial covenants determined and measured annually. These covenants had been complied with in the periods presented.

All amounts in thousands of reais unless otherwise stated

15. Trade payables

	Parent company		Consolidated	
	2022	2021	2022	2021
Sugarcane	55,931	64,026	49,736	55,980
Materials, services, and other	356,725	165,618	365,346	165,727
	412,656	**229,644**	**415,082**	**221,707**

Of the total amount of trade payables, R$ 6,921 in the parent company, and R$ 535 in the consolidated (R$ 11,122 and R$ 469, respectively, on March 31, 2021) refer to related parties (Note 9).

16. Obligations and Rights with Copersucar

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

a) Obligations:

Copersucar provided funds, through bills of exchange, to its members, including the Company during the period of its association, for the purpose of financing their operations. The funds were obtained by the Cooperative and relate to temporary cash surpluses arising from preliminary injunctions in lawsuits claiming suspension of the enforceability of taxes. These cash surpluses relate to provisions for contingencies recorded by the Cooperative as non-current liabilities. However, in the event of unfavorable outcomes in the lawsuits, the Company could be required to reimburse the amount within 120 days. The main amounts included in these liabilities arise from Excise Tax (IPI), of which the constitutionality and basis under law was challenged in court by the Cooperative, and from tax liabilities included in the Tax Recovery Program (REFIS) of Copersucar, as shown below.

Parent company and Consolidated	2022	2021
REFIS - Copersucar - Restated by reference to SELIC rate	32,867	40,896
Exchange Bill (LC) - Restated by reference to SELIC rate	73,754	71,569
Exchange Bill (LC) - Transfer of funds without imposition of charges	52,356	52,356
Expenses with tax proceedings	12,753	9,075
Others	2,300	2,300
Total	**174,030**	**176,196**
Current liabilities	**12,753**	**9,075**
Non-current	**161,277**	**167,121**

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

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

b) **Rights:**

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

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

In June 2017, the first court-ordered debt security of R$ 5.6 billion was issued (of which R$ 730.5 million is due to the Company), and in June 2018, the supplementary court-ordered debt security of R$ 10.6 billion (of which R$ 1.4 billion is due to the Company) was issued.

The excess of R$ 2.2 billion alleged by the Federal Government (of which R$ 286.3 million is due to the Company) is still under dispute.

In March 2019, Copersucar received and transferred to the Cooperative members the first installment of the first court-ordered debt security (R$ 906 million) in December 2019, the second installment of the first court-ordered debt security (R$ 1.06 billion) and the first installment of the supplementary court-ordered debt security (R$ 1.725 billion) were collected. In September 2020 the third installment of the first court-ordered debt security (R$ 1.08 billion) and the second installment of the supplementary court-ordered debt security (R$ 1.975 billion) were received. In October 2021 the fourth installment of the first court-ordered debt security (R$ 1.74 billion) and the third installment of the supplementary court-ordered debt security (R$ 2.13 billion) were collected.

Upon transferring the funds, Copersucar withheld a portion to cover legal costs and PIS and COFINS taxes, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. On March 31, 2022, the balance receivable from

All amounts in thousands of reais unless otherwise stated

Copersucar, of R$ 154,626 (R$ 103,710 on March 31, 2021) was recognized within "Other non-current assets".

The Company, in coordination with the measures taken by Copersucar, also filed a lawsuit, supported by a judicial deposit, claiming the suspension of the enforceability of IRPJ/CSLL/PIS/COFINS payment. The judicial deposit is included in: "Taxes with suspended payment". As established in the Agreement for Purchase and Sale of Shares of Santa Cruz S.A. Açúcar e Álcool ("USC"), the Company transferred R$ 54,132 to Luiz Ometto Participações S.A.

On March 31, 2022, after deducting the legal expenses and taxes under litigation, the balance of R$ 415,476 was recorded within "Other income, (net)". Management considers the receipt of the remaining credit to be probable, though not virtually certain, and therefore, the amount has not been recorded.

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

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

	Acquisitions	Disposals	
Parent company and Consolidated	Usina Santa Cruz	Agro Pecuária Boa Vista	Net balance
At March 31, 2020	**(125,043)**	**98,109**	**(26,934)**
Repayment of principal	31,210	(19,590)	11,620
Interest accruals	(2,625)	2,079	(546)
Repayment of interest	2,719	(2,147)	572
At March 31, 2021	**(93,739)**	**78,451**	**(15,288)**
Repayment of principal	31,210	(19,590)	11,620
Interest accruals	(4,988)	4,398	(590)
Repayment of interest	4,772	(4,183)	589
At March 31, 2022	**(62,745)**	**59,076**	**(3,669)**
		Current liabilities	(3,669)
		Non-current liabilities	-
			(3,669)

All amounts in thousands of reais unless otherwise stated

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

Maturities	(Acquisition) / Disposal
From 1/1/2023 to 12/31/2024	(11,620)
From 1/1/2024 to 12/31/2025	(11,620)
From 10/1/2025 to 12/31/2026	19,571
	(3,669)

18. Equity

a) Share capital

Share capital at the reporting date amounted to R$ 2,681,571 (R$ 2,071,819 on March 31, 2021), represented by 354,011,329 registered common shares without par value.

The Company is authorized to increase capital up to 372,000,000 common shares, without seeking prior amendments to its bylaws, upon resolution by the Board of Directors, which will determine the share issue conditions, including price and payment term.

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

b) Treasury shares

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

c) Carrying value adjustments

Deemed cost

These adjustments correspond to the surplus 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 is based on the 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. The balance is reversed, as the related transactions mature/products shipped.

d) Revenue reserves

Legal reserve

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

Capital budget reserve

The capital budget reserve is to earmark fun for investments to expand production capacity and other projects to improve processes and finance working capital.

On March 31, 2022, the amount of R$ 607,383 relates to completed projects, the capitalization of which will be proposed by the Board of Directors at the next Annual General Meeting.

Unrealized profit reserve

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

Tax incentive reserve

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

The benefit related to the reduction in the payment of ICMS 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 as "Deductions from gross revenue", reducing the "ICMS payable" account. Since this amount may cannot be distributed as dividends, a tax incentive reserve is set up, with an appropriation from "Retained earnings".

During the year ended March 31, 2022, R$ 147,954 in Parent Company and Consolidated (R$ 81,933 on March 31, 2021) was transferred from Retained earnings to the Tax incentive reserve.

e) Dividends and interest on capital

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

At the Annual General Meeting held on November 8, 2021, a stockholder distribution advance 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 dividends.

In accordance with the Distribution Policy the stockholders are entitled to a dividend and/or interest on capital of at least 40% of the annual cash profit, calculated as shown below and in the financial chart disclosed by the Company's chart of accounts, or 25% of the profit for the year, after deduction of accumulated deficit and transfer to the legal reserve, whichever is greater.

The minimum distribution of 40% of the cash profit may not occur, upon recommendation of the Board of Directors, in the following hypotheses:

- investment of significant funds in the business operations, share buyback program, and/or mergers and acquisitions;
- leverage indicators, such as a ratio of net debt to adjusted EBITDA of more than 2 times, determined at year-end, which is required to maintain the investment grade rating assigned by S&P;
- changes in tax legislation; and
- transfer to mandatory reserves, or restrictions on the allocation of a portion of these reserves, which could affect profit distribution.

All amounts in thousands of reais unless otherwise stated

The table below shows the dividends based on the distribution policy:

Cash profit calculation	2022	2021
EBT	1,939,241	1,208,802
IR/CS - book value	(458,373)	(281,678)
Profit for the year	1,480,868	927,124
Non-cash effect of IFRS on EBT	(113,339)	37,940
IR/CS - book value	458,373	281,678
IR/CS paid	(105,430)	(30,354)
Judicial deposit (IR/CS IAA)	(167,893)	(154,905)
Adjustment of biological assets	(24,004)	(64,979)
Cash profit	**1,528,575**	**996,504**
Dividend policy	**639,029**	**413,829**
Unrealized profit reserve	5,971	6,171
Total profit to be distributed	**645,000**	**420,000**

The table below shows the proposed allocation of profit for the year. At the Board of Directors' meeting held on June 20, 2022, the proposal for additional distribution of dividends in the amount of R$ 305,458 (R$ 0.8819 per share) was approved, to be ratified at the Annual General Meeting.

	2022	2021
Profit for the year	1,480,868	927,124
Transfer to legal reserve - 5%	(74,043)	(46,356)
Transfer to tax incentive reserve	(147,954)	(81,933)
Minimum mandatory dividend calculation basis	1,258,871	798,835
Minimum mandatory dividend - 25%	314,718	199,709
Interest on capital	135,000	120,000
IRRF on interest on capital	(18,853)	(16,660)
Mandatory minimum dividends, paid	198,571	96,369
Early dividends	173,993	-
Recognition of unrealized profit reserve	5,971	6,171
Additional dividends	131,465	197,459
Total	626,147	403,339
Dividends per share	1.8077	1.1645
Quantity of shares, net of treasury shares - March 31	346,375	346,375

19. Profit sharing

The Company has a profit-sharing program for its employees, linked to a pre-agreed plan of operating and financial targets. Profit sharing totaled R$ 67,578 in the Parent company and R$ 67,681 in the Consolidated (R$ 65,318 and R$ 65,386 in the Parent company and Consolidated, respectively, on March 31, 2021).

All amounts in thousands of reais unless otherwise stated

20. Income tax and social contribution

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

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future profitability based on internal assumptions and future economic scenarios, which may, therefore, suffer changes.

The Company adopts 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 should be followed. The Company did not identify any impacts from the adoption of this interpretation.

a) Balances

	Parent company		Consolidated	
	2022	2021	2022	2021
Current assets				
. Prepaid income tax and social contribution	21,605	-	21,604	-
. Income tax and social contribution recoverable	43,605	42,248	43,628	42,250
	65,210	**42,248**	**65,232**	**42,250**
Debts in current liabilities				
. Income tax and social contribution payable	-	-	7,597	7,480

All amounts in thousands of reais unless otherwise stated

b) Changes in deferred income tax and social contribution balances

Parent company	2021	Recognized in the statement of income	Recognized in other comprehensive income	2022
Income tax and social contribution losses	63,293	(47,182)	-	16,111
Non levy of IRPJ/CSLL on tax overpayments *(i)*	-	6,903	-	6,903
Derivative financial instruments	317,620	19,125	(208,226)	128,519
Provision for contingencies	74,922	6,397	-	81,319
Foreign exchange gains	22,745	(30,833)	-	(8,088)
Other assets	58,387	(34,028)	-	24,359
Total deferred income and social contribution tax assets	**536,967**	**(79,618)**	**(208,226)**	**249,123**
Surplus on revaluation of PP&E (deemed cost)	(130,297)	11,753	-	(118,544)
Accelerated depreciation incentive	(424,017)	(116,739)	-	(540,756)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(67,182)	(41,163)	-	(108,345)
Other liabilities	(23,612)	(3,704)	-	(27,316)
Total deferred income and social contribution tax liabilities	**(843,067)**	**(149,853)**	**-**	**(992,920)**
Deferred income tax and social contribution	**(306,100)**	**(229,471)**	**(208,226)**	**(743,797)**

Consolidated	2021	Recognized in the statement of income	Recognized in other comprehensive income	Consolidation adjustment - Rights on electric power contracts	Write-off due to spin-off	2022
Income tax and social contribution losses	63,292	(47,074)	-	-	-	16,218
Non levy of IRPJ/CSLL on tax overpayments *(i)*	-	6,903	-	-	-	6,903
Derivative financial instruments	317,621	19,125	(208,226)	-	-	128,520
Provision for contingencies	69,237	6,397	-	-	-	75,634
Provision for other obligations	13,881	-	-	-	-	13,881
Foreign exchange gains	22,745	(30,833)	-	-	-	(8,088)
Other assets	50,038	(34,028)	-	-	-	16,010
Total deferred income and social contribution tax assets	**536,814**	**(79,510)**	**(208,226)**	**-**	**-**	**249,078**
Surplus on revaluation of PP&E (deemed cost)	(641,012)	12,070	-	-	157,678	(471,264)
Accelerated depreciation incentive	(424,017)	(116,739)	-	-	-	(540,756)
Tax benefit on merged goodwill	(197,959)	-	-	-	-	(197,959)
Intangible assets	(11,884)	-	-	3,191	-	(8,693)
Gain from change in interest held in CTC	(5,068)	-	-	-	-	(5,068)
Foreign exchange losses	(67,182)	(41,163)	-	-	-	(108,345)
Other liabilities	(24,514)	(3,704)	-	-	-	(28,218)
Total deferred income and social contribution tax liabilities	**(1,371,636)**	**(149,536)**	**-**	**3,191**	**157,678**	**(1,360,303)**
Deferred income tax and social contribution	**(834,822)**	**(229,046)**	**(208,226)**	**3,191**	**157,678**	**(1,111,225)**

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 profits. These projections, the horizon for which does not exceed ten years, are reviewed annually.

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

All amounts in thousands of reais unless otherwise stated

On November 8, 2021, a partial spin-off of São Martinho Terras Agrícolas S.A. ("SMTA") was carried out, followed by the merger of the spun-off portion into São Martinho Terras Imobiliárias S.A. ("SMTI") As a result of this transaction, São Martinho S.A. recognized R$ 157,678 as deferred taxes on the surplus value of deemed cost of land, within Carrying value adjustments, in equity, with a corresponding entry to the Investments account.

(i) Income tax/social contribution levied on interest receivable (SELIC rate) from tax overpayments declared unconstitutional

On September 24, 2021, the Federal Supreme Court ("STF") judgment of RE 1.063.187 unanimously recognized, with general repercussion (Theme 962), that IRPJ and CSLL levied on interest receivable (SELIC rate) from tax overpayments is unconstitutional.

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

Based on the projections of taxable profit approved by management, including the expected realization of temporary differences, the recovery of deferred tax assets is estimated as follows:

Parent company	Expected realization
22/23 crop season	89,269
23/24 crop season	83,498
24/25 crop season	41,216
25/26 crop season	62,980
26/27 crop season	35,428
From 27/28 crop season onwards	(63,268)
	249,123

All amounts in thousands of reais unless otherwise stated

c) Reconciliation of the income tax and social contribution expense

	Parent company		Consolidated	
Parent company	**2022**	**2021**	**2022**	**2021**
Profit before taxes	1,925,054	1,199,044	1,939,241	1,208,802
Income tax and social contribution at nominal rates (34%)	**(654,518)**	**(407,675)**	**(659,342)**	**(410,993)**
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	86,774	54,584	2,502	1,964
. Permanent (additions) exclusions, net	7,428	8,171	7,428	8,171
. Interest on capital	45,900	40,800	45,900	40,800
. State subsidy	50,304	27,857	50,304	27,857
. Tax incentives	1,567	201	1,567	201
. Adjustment related to subsidiary taxed based on deemed profit	-	-	74,932	46,188
. Recognition of income tax and social contribution credits from prior years	18,330	4,118	18,330	4,118
. Others	29	24	6	16
Income tax and social contribution expenses	**(444,186)**	**(271,920)**	**(458,373)**	**(281,678)**
Income tax and social contribution at the effective rate	23.1%	22.7%	23.6%	23.3%
Current income tax and social contribution	(214,715)	(157,183)	(229,327)	(167,151)
Deferred income tax and social contribution	(229,471)	(114,737)	(229,046)	(114,527)

21. Commitments

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

<u>Riparian forests and Legal Reserve areas</u>

The Company 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.

The Company is committed to the best environmental practices and sustainable actions as 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.

All amounts in thousands of reais unless otherwise stated

Sale commitment

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

	Up to one year	From two to three years	More than three years
Ethanol (m^3)	336,843	96,000	624,000
Sugar (metric tons)	1,030,300	963,663	350,000
Electric power (Mwh)	623,760	1,112,534	6,055,646

Purchases of inputs

The Company regularly enters into purchase agreements for the acquisition of agricultural inputs to be used in the maintenance of its crops 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 risk of loss

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

	Parent company			
	Tax claims	Civil and environmental claims	Labor claims	Total
At March 31, 2021	**14,514**	**22,452**	**64,734**	**101,700**
Additions	1,756	1,790	24,580	28,126
Reversals	(315)	(9,591)	(5,217)	(15,123)
Utilization	(1,449)	(3,610)	(21,202)	(26,261)
Interest/indexation accruals	273	(7,058)	4,694	(2,091)
At March 31, 2022	**14,779**	**3,983**	**67,589**	**86,351**

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	Tax claims	Civil and environmental claims	Labor claims	Total
At March 31, 2021	**14,514**	**23,008**	**64,734**	**102,256**
Additions	1,874	1,790	24,580	28,244
Reversals	(432)	(9,591)	(5,217)	(15,240)
Utilization	(1,449)	(3,610)	(21,202)	(26,261)
Interest/indexation accruals	272	(6,959)	4,694	(1,993)
At March 31, 2022	**14,779**	**4,638**	**67,589**	**87,006**

At the reporting date, the nature of the main lawsuits with provisions was as follows (parent company and consolidated):

Tax

Relate to success fees payable to lawyers hired to defend the Company in the related lawsuits.

Civil and environmental

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

Labor

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

All amounts in thousands of reais unless otherwise stated

22.2 Judicial deposits

	Parent company			Consolidated		
	IAA (i)	Others	Total	IAA (i)	Others	Total
At March 31, 2020	**242,188**	**28,684**	**270,872**	**242,188**	**28,872**	**271,060**
Additions	201,895	3,875	205,770	201,895	3,885	205,780
Utilization	-	(7,778)	(7,778)	-	(7,787)	(7,787)
Interest/indexation accruals	14,397	1,518	15,915	14,397	1,579	15,976
At March 31, 2021	**458,480**	**26,299**	**484,779**	**458,480**	**26,549**	**485,029**
Additions	218,808	15,963	234,771	218,808	15,963	234,771
Utilization	-	(9,752)	(9,752)	-	(9,762)	(9,762)
Interest/indexation accruals	37,989	1,333	39,322	37,989	1,334	39,323
At March 31, 2022	**715,277**	**33,843**	**749,120**	**715,277**	**34,084**	**749,361**

(i) Note 16 (b))

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

22.3 Possible risk of loss

São Martinho is a party to various litigations involving tax, environmental, civil and labor matters that were assessed under the advice of legal counsel as likely resulting in possible losses. The nature and the amounts are as follows:

		Parent company				Consolidated			
		2022		2021		2022		2021	
Nature		Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount
Environmental		98	8,470	86	5,863	98	8,470	86	5,863
Civil		65	21,025	73	40,406	110	26,697	76	40,441
Labor		31	4,532	47	3,914	31	4,532	48	3,914
Tax									
Social security contribution	(i)	11	106,044	16	167,132	11	106,044	16	167,132
Computation of IRPJ/CSLL	(ii)	5	234,012	5	264,754	5	234,012	5	264,754
Offset of federal taxes	(iii)	107	191,853	101	173,629	113	192,385	106	177,854
ICMS	(iv)	14	68,620	14	56,317	14	68,620	14	56,317
Federal taxes	(v)	1	662,891	1	444,083	1	662,891	1	444,083
Other lawsuits	(vi)	27	548,016	23	509,520	32	561,522	28	522,999
Total		**359**	**1,845,463**	**366**	**1,665,618**	**415**	**1,865,173**	**380**	**1,683,357**

Tax lawsuits:

(i) The lawsuits relate to the levy of the Social Security Contribution (INSS) on export revenue, under the allegation that the exports carried out through the intermediation of a cooperative are not included in the exemptions provided for in Article 149, paragraph 2, of the Brazilian Federal Constitution.

(ii) The lawsuits relate to deductibility from the income tax and social contribution tax base, of expenses related to securitized financing, as well as those from incentive accelerated depreciation, as provided for in Article 325 of the Income Tax Regulations (RIR)/2018.

(iii) The lawsuits relate to requests to offset IRPJ, CSLL, PIS, COFINS, and other federal taxes as a result of overpayments and/or tax losses, and tax credits proportional to the export revenue, which have been rejected by the Brazilian Federal Revenue Service (RFB), and are currently pending judgment.

(iv) These lawsuits have challenged the ICMS credits, based on the Control of ICMS Credit on Permanent Assets (CIAP).

(v) The lawsuit relates to the levy of IRPJ/CSLL/PIS/COFINS on court-ordered debt payment received pursuant to the Sugar Pricing Lawsuit filed against the Sugar and Alcohol Institute (IAA), Note 16.

(vi) The proceedings deal with 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 PRODUZIR Program; (b) tax assessment notices related to a fine for lack of approval of offset; (c) contribution to the National Service for Industrial Training (SENAI); (d) fee payable to the National Department of Mineral Research (DNPM); (e) levy of Property Transfer Tax (ITBI) on merger transaction; and (f) Municipal Real Estate Tax (IPTU) collection claims.

Other proceedings:

Civil proceedings comprise lawsuits for damage, in general arising from *(i)* traffic accidents; *(ii)* review of contracts; and (iii) fires.

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

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

22.4 Assets – ICMS on the PIS/COFINS tax base

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

On March 31, 2021, the Company recognized credits, totaling R$ 1,353, regarding claims for which final and unappealable decisions were obtained. These credits were computed based on the ICMS paid in the accrual months, since, at the reporting date, this was the understanding of the Brazilian Federal Revenue Service, but subject to motions for clarification.

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 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.

The Company hired tax specialists to support the assessment of the impacts of the STF decision and measure the credits. As of March 31, 2022 the amount recorded as an asset was R$ 49,109, of which R$ 21,931 refers to the credits (Note 29), R$ 31,650 to interest accruals (Note 30(ii)); offsets in the year were R$ 4,472. Additionally, credits referring to the special ethanol regime ("ad rem") subject to recovery are being calculated, and no effects have as yet been recorded as the Company is discussing in court the right to recognize the respective credits.

23 Risk management and derivative financial instruments

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

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

Non-Derivable Forwards (NDF), swaps and natural hedge (such as debt or foreign currency purchases) and option strategies are used to manage this risk. 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.

<u>Assets and liabilities exposed to exchange variation</u>

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

All amounts in thousands of reais unless otherwise stated

Consolidated	2022	Equivalent to thousands of US$
Current and non-current assets		
Cash and cash equivalents (banks - demand deposits	114,732	21,833
Trade receivables	125,059	23,798
Derivative financial instruments	398,397	75,813
Total assets	638,188	121,444
Current and non-current liabilities:		
Borrowings	1,090,210	230,109
Derivative financial instruments	279,730	59,042
Total liabilities	1,369,940	289,151
Subtotal assets (liabilities)	(731,752)	(167,707)
(-) Borrowings in foreign currency	1,090,210	230,109
Net asset exposure	**358,458**	**62,402**

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

These assets and liabilities were adjusted and recorded at the exchange rate in effect at the reporting date: R$ 5.2550 per US$ 1.00 for assets, and R$ 4.7378 per US$ 1.00 for liabilities.

b) Commodity price volatility risk

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

c) Cash flow and fair value interest rate risk

São Martinho aims to limit loans and financing to floating rates. Local currency loans and financing generally bear floating rates. Foreign currency loans and financing, interest rate and currency risks are mitigated by offshore financial investments, exports and derivative instruments such as swaps.

d) Market risk sensitivity analysis

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

All amounts in thousands of reais unless otherwise stated

Consolidated	Risk factor	Impacts on P/L Probable scenarios 5%	Possible scenarios 25%	Possible scenarios 50%
Cash and cash equivalents	Decrease in exchange rate - R$/US$	(5,741)	(28,705)	(57,411)
Trade receivables	Decrease in exchange rate - R$/US$	(6,024)	(30,118)	(60,235)
Borrowings	Increase in exchange rate - R$/US$	(44)	(221)	(441)
Derivative financial instruments				
Currency forward contracts	Increase in exchange rate - R$/US$	(432)	(2,161)	(4,321)
Futures price (sugar and ethanol)	Increase in commodity futures prices	(287)	(1,434)	(2,867)
Swap contracts	Decrease in exchange rate - R$/US$ and increase in the yield curve	(8,518)	(21,526)	(43,835)
Net exposure		**(21,046)**	**(84,165)**	**(169,110)**

The sensitivity analysis for interest rates considers the effects of an increase or decrease of 5bps, 25bps and 50bps (basis points) in the pricing of the Interbank Deposit (DI) yield curve of the derivative instrument. For risk variables, the variation of 5%, 25% and 50% was applied for their associated risk (foreign exchange and commodities prices).

e) Financial instruments

São Martinho elected to use hedge accounting to record the following derivative financial instruments: a) derivatives of sugar, ethanol and foreign currency (US dollar); and b) foreign currency debts (US dollar) that cover sales of the 2020/2021to 2025/2026 crop seasons and were classified as cash flow hedge of highly probable forecast transactions (future sales).

To apply hedge accounting, prospective and retrospective tests were carried out to verify the effectiveness. These tests showed that the hedge-designated instruments qualify as highly effective hedges against the effects of price fluctuations on the value of future sales.

In relation to sugar hedges, the 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), swap and option strategies, and foreign currency borrowings from top-tier financial institutions and within the Risk Management criteria (Note 23.2).

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:

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	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**

Parent company and Consolidated	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	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**
In non-current liabilities - Loss				
Interest rate swap contracts - OTC				34,585
Total derivative financial instruments in non-current liabilities				**34,585**

All amounts in thousands of reais unless otherwise stated

	2021			
Parent company and Consolidated	Contracted amount/ volume	Average price/rate	Notional value - R$	Fair value - R$
In current assets - Gain				
Margin deposit				55,372
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	75,543	15.51	147,166	7,014
. Purchase commitment	229,728	13.06	376,843	50,035
Commodity futures contracts - Ethanol				
. Sale commitment	8,130	2,248.08	18,277	36
. Purchase commitment	16,560	2,345.00	38,833	-
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	74,925	5.73	429,320	5,589
. Purchase commitment	669	5.36	3,586	200
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	25,604	13.85	44,541	4,348
. Bidding position in put options	151,747	13.16	250,830	6,385
Interest rate swap contracts - OTC				10,925
Total derivative financial instruments in current assets				**139,904**
In non-current assets - Gain				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Purchase commitment	14,021	12.95	22,806	1,520
Commodity forward contracts - Sugar #11				
. Sale commitment	8,789	14.66	16,184	364
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	16,757	6.13	102,720	1,363
. Purchase commitment	625	5.73	3,581	125
Interest rate swap contracts - OTC				45,267
Total derivative financial instruments in non-current assets				**48,639**

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Contracted amount/ volume	Average price/rate	Notional value - R$	Fair value - R$
				2021
In current liabilities - Loss				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	266,662	12.10	405,275	90,427
. Purchase commitment	89,666	15.51	174,680	8,158
Commodity futures contracts - Ethanol				
. Sale commitment	3,300	2,231.82	7,365	1
Commodity forward contracts - Sugar #11				
. Sale commitment	19,102	13.05	31,311	4,117
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	254,249	5.48	1,393,285	63,054
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	172,068	14.60	315,541	26,648
. Bidding position in put options	5,283	12.00	7,963	60
Interest rate swap contracts - OTC				26,220
Total derivative financial instruments in current liabilities				**218,685**
In non-current liabilities - Loss				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	21,439	12.93	34,818	2,375
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	76,854	5.82	446,914	16,425
. Purchase commitment	900	6.05	5,447	30
Interest rate swap contracts - OTC				61,397
Total derivative financial instruments in non-current liabilities				**80,227**

Margin deposit balances relate current accounts with brokers to cover the initial and variation margins established by the Commodities Exchange on which the contracts are executed, and used to secure outstanding contracts and net remittances in relation to the 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.

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	12,939	25,236	(12,297)
Foreign exchange derivatives - Options / NDF	186,955	14	186,941
Foreign exchange gains (losses) on borrowings (Trade Finance)	40,933	504,383	(463,450)
	240,827	529,633	(288,806)
Deferred taxes on the items above	(81,881)	(180,077)	98,196
	158,946	**349,556**	**(190,610)**

All amounts in thousands of reais unless otherwise stated

f) Estimated realization

The impacts recorded in the Company's equity on March 31, 2021, and the estimated realization through income are shown below:

Parent company and Consolidated	22/23 crop season	23/24 crop season	24/25 crop season	25/26 crop season	Total
Derivative financial instruments:					
Commodity derivatives - Futures, options and forward contracts	(12,297)	-	-	-	(12,297)
Foreign exchange derivatives - Options / NDF	186,941	-	-	-	186,941
Foreign exchange gains (losses) on borrowings (Trade Finance)	(120,287)	(115,297)	(117,631)	(110,235)	(463,450)
	54,357	(115,297)	(117,631)	(110,235)	(288,806)
Deferred taxes on the items above	(18,481)	39,201	39,995	37,481	98,196
	35,876	**(76,096)**	**(77,636)**	**(72,754)**	**(190,610)**

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.

With respect to default risk, the credit risk associated with each individual customer is assessed annually. Whenever a new customer is included in the Company’s customer base, an individual credit limit is established, based on the risk identified.

23.3 Liquidity risk

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

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

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

The table below analyzes the financial liabilities by maturity based on undiscounted future cash flows.

All amounts in thousands of reais unless otherwise stated

Parent company	Up to 1 year	From 2 to 3 years	More than 3 years	Total
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**
March 31, 2021				
Borrowings	735,737	1,546,631	2,258,785	4,541,153
Leases payable	68,300	63,669	456,352	588,321
Agricultural partnership payable	279,041	254,328	1,162,543	1,695,912
Derivative financial instruments	218,685	80,227	-	298,912
Trade payables	229,644	-	-	229,644
Acquisition of ownership interest	12,156	22,665	(20,781)	14,040
Other liabilities	17,126	-	5,617	22,743
	1,560,689	**1,967,520**	**3,862,516**	**7,390,725**

Consolidated	Up to 1 year	From 2 to 3 years	More than 3 years	Total
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**
March 31, 2021				
Borrowings	735,737	1,546,631	2,258,785	4,541,153
Leases payable	68,300	63,669	456,352	588,321
Agricultural partnership payable	279,041	254,328	1,162,543	1,695,912
Derivative financial instruments	218,685	80,227	-	298,912
Trade payables	221,707	-	-	221,707
Acquisition of ownership interest	12,156	22,665	(20,781)	14,040
Other liabilities	30,812	-	5,617	36,429
	1,566,438	**1,967,520**	**3,862,516**	**7,396,474**

All amounts in thousands of reais unless otherwise stated

23.4 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to 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 meet these objectives, as permitted by the Brazilian Corporation Law.

24 Classification and fair value of financial instruments

24.1 Classification

Financial assets and liabilities are classified as follows:

		Parent company	
	Classification	2022	2021
Financial assets			
Cash and cash equivalents	Amortized cost	114.874	287.652
Financial investments	Fair value through profit or loss	2.675.055	962.308
Trade receivables	Amortized cost	181.878	170.554
Derivative financial instruments	Fair value through other comprehensive income	228.718	132.351
Derivative financial instruments	Fair value through profit or loss	169.679	56.192
Judicial deposits	Amortized cost	749.120	484.779
Related parties	Amortized cost	-	30.000
Other assets, except prepayments	Amortized cost	162.186	114.777
		4.281.510	**2.238.613**
Financial liabilities			
Borrowings	Fair value through profit or loss	31	216
Borrowings	Amortized cost	5.868.284	4.050.747
Derivative financial instruments	Fair value through other comprehensive income	37.737	211.295
Derivative financial instruments	Fair value through profit or loss	241.993	87.617
Leases and agricultural partnerships payable	Amortized cost	3.006.851	1.912.634
Trade payables	Amortized cost	412.656	229.644
Acquisition of ownership interests	Amortized cost	3.669	15.288
Other liabilities	Amortized cost	67.402	22.743
		9.638.623	**6.530.184**

All amounts in thousands of reais unless otherwise stated

			Consolidated
	Classification	2022	2021
Financial assets			
Cash and cash equivalents	Amortized cost	114,903	288,350
Financial investments	Fair value through profit or loss	2,869,238	1,075,798
Trade receivables	Amortized cost	252,579	239,848
Derivative financial instruments	Fair value through other comprehensive income	228,718	132,351
Derivative financial instruments	Fair value through profit or loss	169,679	56,192
Judicial deposits	Amortized cost	749,361	485,029
Other assets, except prepayments	Amortized cost	162,254	114,862
		4,546,732	**2,392,430**
Financial liabilities			
Borrowings	Fair value through profit or loss	31	216
Borrowings	Amortized cost	5,888,318	4,050,747
Derivative financial instruments	Fair value through other comprehensive income	37,737	211,295
Derivative financial instruments	Fair value through profit or loss	241,993	87,617
Trade payables	Amortized cost	415,082	221,707
Leases and agricultural partnerships payable	Amortized cost	3,006,851	1,912,634
Acquisition of ownership interests	Amortized cost	3,669	15,288
Other liabilities	Amortized cost	81,450	36,429
		9,675,131	**6,535,933**

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

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

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

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

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

All amounts in thousands of reais unless otherwise stated

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

Parent company	2022 Level 1	2022 Level 2	2022 Level 3	2021 Level 1	2021 Level 2	2021 Level 3
Assets						
Financial investments	-	2,675,055	-	-	962,308	-
Derivative financial instruments	26,975	371,422	-	24,892	163,651	-
Biological assets	-	-	1,219,281	-	-	989,540
	26,975	**3,046,477**	**1,219,281**	**24,892**	**1,125,959**	**989,540**
Liabilities						
Derivative financial instruments	25,235	254,495	-	92,863	206,049	-
Borrowings	-	31	-	-	216	-
	25,235	**254,526**	**-**	**92,863**	**206,265**	**-**

Consolidated	2022 Level 1	2022 Level 2	2022 Level 3	2021 Level 1	2021 Level 2	2021 Level 3
Assets						
Financial investments	-	2,869,238	-	-	1,075,798	-
Derivative financial instruments	26,975	371,422	-	24,892	163,651	-
Biological assets	-	-	1,219,281	-	-	989,540
	26,975	**3,240,660**	**1,219,281**	**24,892**	**1,239,449**	**989,540**
Liabilities						
Derivative financial instruments	25,235	254,495	-	92,863	206,049	-
Borrowings	-	31	-	-	216	-
	25,235	**254,526**	**-**	**92,863**	**206,265**	**-**

Futures and Options - ICE

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

Currency options

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

Forward contracts

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

All amounts in thousands of reais unless otherwise stated

Other financial assets and liabilities

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

26 Segment information (Consolidated)

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

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

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

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

Consolidated result by segment

								2022
Consolidated	**Sugar**	**Ethanol**	**Electric power**	**Real estate businesses**	**Yeast**	**Other products**	**Not by segment**	**Total**
Gross revenue								
Domestic market	222,091	2,863,472	245,640	47,336	47,709	125,865	-	3,552,113
Foreign market	2,208,198	408,707	-	-	4,567	-	-	2,621,472
Gain/loss on derivatives	(98,266)	17,470	-	-	-	-	-	(80,796)
Amortization of electric power supply contract	-	-	-	-	-	-	(6,096)	(6,096)
(-) Taxes, contributions, and deductions on sales	(14,508)	(299,114)	(15,687)	(4,598)	(5,911)	(26,922)	-	(366,740)
Net Revenue	**2,317,515**	**2,990,535**	**229,953**	**42,738**	**46,365**	**98,943**	**(6,096)**	**5,719,953**
Cost of goods sold	(1,525,440)	(1,663,964)	(76,437)	(2,930)	(21,503)	(33,419)	-	(3,323,693)
Change in the market value of biological assets	-	-	-	-	-	17,421	6,583	24,004
Gross profit	**792,075**	**1,326,571**	**153,516**	**39,808**	**24,862**	**82,945**	**487**	**2,420,264**
Gross margin	34.2%	44.4%	66.8%	93.1%	53.6%	83.8%	-	42.3%
Selling expenses	(117,901)	(28,331)	(13,935)	-	-	-	-	(160,167)
Other operating income, net	-	-	-	3,430	-	-	149,175	152,605
Operating profit	**674,174**	**1,298,240**	**139,581**	**43,238**	**24,862**	**82,945**	**149,662**	**2,412,702**
Operating margin	29.1%	43.4%	60.7%	101.2%	53.6%	83.8%	-	42.2%
Other income and expenses not by segment	-	-	-	-	-	-	(931,834)	(931,834)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,480,868**

All amounts in thousands of reais unless otherwise stated

								2021
Consolidated	**Sugar**	**Ethanol**	**Electric power**	**Real estate businesses**	**Yeast**	**Other products**	**Not by segment**	**Total**
Gross revenue								
Domestic market	162,806	1,920,806	217,461	15,040	51,017	106,869	-	2,473,999
Foreign market	2,121,033	401,362	-	-	-	-	-	2,522,395
Gain/loss on derivatives	(335,190)	(11,739)	-	-	-	-	-	(346,929)
Amortization of electric power supply contract	-	-	-	-	-	-	(6,578)	(6,578)
(-) Taxes, contributions, and deductions on sales	(12,678)	(278,258)	(17,186)	(1,605)	(7,574)	(20,503)	-	(337,804)
Net revenue	**1,935,971**	**2,032,171**	**200,275**	**13,435**	**43,443**	**86,366**	**(6,578)**	**4,305,083**
Cost of goods sold	(1,260,552)	(1,434,539)	(69,585)	(1,288)	(14,792)	(35,058)	-	(2,815,814)
Change in the market value of biological assets	-	-	-	-	-	-	64,979	64,979
Gross profit	**675,419**	**597,632**	**130,690**	**12,147**	**28,651**	**51,308**	**58,401**	**1,554,248**
Gross margin	34.9%	29.4%	65.3%	90.4%	66.0%	59.4%	-	36.1%
Selling expenses	(120,816)	(39,433)	(12,600)	-	(305)	-	-	(173,154)
Other operating income, net	-	-	-	12,209	-	-	157,611	169,820
Operating profit	**554,603**	**558,199**	**118,090**	**24,356**	**28,346**	**51,308**	**216,012**	**1,550,914**
Operating margin	28.6%	27.5%	59.0%	181.3%	65.2%	59.4%	-	36.0%
Other income and expenses not by segment	-	-	-	-	-	-	(623,790)	(623,790)
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**927,124**

On March 31, 2022, net revenue from Cbios (decarbonization credits), amounting to R$ 36,503, 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.

							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**

							2021
	Sugar	**Ethanol**	**Electric power**	**Real estate businesses**	**Yeast**	**Not by segment**	**Total**
Trade receivables	109,133	34,661	43,630	41,037	721	10,666	239,848
Inventories and advances to suppliers	270,296	259,856	-	5,056	17	17,926	553,151
Biological assets	421,222	568,318	-	-	-	-	989,540
Property, plant and equipment	2,904,233	2,891,509	125,183	-	39,274	2,445	5,962,644
Intangible assets	247,568	173,054	31,120	-	-	-	451,742
Right-of-use assets	950,912	918,484	-	-	-	-	1,869,396
Total assets allocated	**4,903,364**	**4,845,882**	**199,933**	**46,093**	**40,012**	**31,037**	**10,066,321**
Other unallocated assets	-	-	-	-	-	-	2,351,535
Total	**4,903,364**	**4,845,882**	**199,933**	**46,093**	**40,012**	**31,037**	**12,417,856**

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

27 Revenue

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

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

For the real estate development segment, the Company adopts the provisions of the Technical Interpretation 02 (OCPC 04), in accordance with guidance from the Brazilian Securities Commission (CVM), recognizing revenue over time (Percentage of Completion (PoC). The amount recognized to March 31, 2022 totaled R$ 25,213 (R$ 7,720 - March 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.

a) Sale of goods and rendering of services

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

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

At the reporting date, the Company had customers that represented over 10% of its net revenue. The Company's three largest customers of sugar sales account for about 29% of net revenue; for the ethanol, the three largest customers account for 40% of sales.

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 CVM and detailed above.

All amounts in thousands of reais unless otherwise stated

For the 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 revenue is comprised as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Gross sales revenue				
Domestic market	3,338,153	2,365,363	3,552,113	2,473,999
Foreign market	2,621,472	2,522,395	2,621,472	2,522,395
Gain/loss on derivatives	(80,796)	(346,929)	(80,796)	(346,929)
	5,878,829	4,540,829	6,092,789	4,649,465
Amortization of electric power supply contract (i)	-	-	(6,096)	(6,578)
	5,878,829	4,540,829	6,086,693	4,642,887
Taxes, contributions, and deductions on sales	(351,513)	(330,337)	(366,740)	(337,804)
	5,527,316	**4,210,492**	**5,719,953**	**4,305,083**

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

28 Costs and expenses by nature

Expenses by nature were follows:

	Parent company		Consolidated	
Parent company	2022	2021	2022	2021
Depreciation and amortization (including biological assets harvested)	(1,622,371)	(1,382,583)	(1,626,264)	(1,386,290)
Raw materials and consumables	(1,179,708)	(938,580)	(1,077,071)	(858,731)
Personnel expenses	(510,633)	(475,373)	(514,220)	(478,633)
Maintenance parts and services	(127,427)	(130,249)	(127,825)	(132,613)
Freight on sales	(160,168)	(142,934)	(160,168)	(142,934)
Third-party services	(49,402)	(60,002)	(49,705)	(59,720)
Material for resale	(29,502)	(24,294)	(59,869)	(43,187)
Change in the fair value of biological assets and agricultural produce	24,004	64,979	24,004	64,979
Cost of land sales	(725)	-	(2,930)	(1,288)
Other expenses	(128,923)	(122,869)	(147,862)	(130,334)
Litigation	(11,524)	(12,382)	(11,522)	(12,396)
	(3,796,379)	**(3,224,287)**	**(3,753,432)**	**(3,181,147)**
Classified as:				
Cost of goods sold	(3,362,718)	(2,804,465)	(3,299,689)	(2,750,835)
Selling expenses	(148,843)	(170,897)	(160,167)	(173,154)
General and administrative expenses	(284,818)	(248,925)	(293,576)	(257,158)
	(3,796,379)	**(3,224,287)**	**(3,753,432)**	**(3,181,147)**

All amounts in thousands of reais unless otherwise stated

29 Other income, net

On March 31, 2022, of the total balance recorded in Other income, R$ 415,476 relates to the compensation received by Copersucar and transferred to the Company (Note 16.b) and R$ 21,931 relates to credits arising from the exclusion of ICMS from the PIS/COFINS tax base (Note 22.4).

30 Finance income (costs)

	Parent company		Consolidated	
	2022	2021	2022	2021
Finance income				
Interest received and earned	86,114	32,948	102,950	37,704
Other income (ii)	52,133	17,325	58,356	27,847
PIS/COFINS on finance income	(5,970)	(2,046)	(6,171)	(2,272)
	132,277	**48,227**	**155,135**	**63,279**
Finance costs				
Interest on borrowings	(302,833)	(167,121)	(302,867)	(167,132)
Adjustment to present value (i)	(130,966)	(123,533)	(130,966)	(123,533)
Interest paid	(31,688)	(19,109)	(31,682)	(19,117)
Bank guarantee commission	(6,898)	(1,082)	(6,898)	(1,082)
Payables to Copersucar	(6,092)	(8,017)	(6,092)	(8,017)
Other expenses	(7,650)	(73,935)	(7,797)	(74,033)
	(486,127)	**(392,797)**	**(486,302)**	**(392,914)**
Exchange and monetary variation, net				
Trade receivables and payables	(22,642)	3,172	(22,642)	3,172
Available funds	(47,420)	17,560	(47,420)	17,560
Borrowings	(14,595)	(35,599)	(14,595)	(35,599)
	(84,657)	**(14,867)**	**(84,657)**	**(14,867)**
Derivatives - not designated for hedge accounting				
Gain/loss on swap transactions	(119,231)	18,229	(119,229)	18,229
Gain (loss) on ethanol transactions	9,653	551	9,653	551
Foreign exchange gain (loss), net	(6,509)	7,480	(6,509)	7,480
Gain (loss) on sugar transactions	7,043	(9,141)	7,043	(9,141)
Gain (loss) on foreign exchange transactions	53,329	(13,365)	53,329	(13,365)
Cost of stock exchange transactions	(1,924)	(1,364)	(1,924)	(1,364)
	(57,639)	**2,390**	**(57,637)**	**2,390**
Finance income (costs)	**(496,146)**	**(357,047)**	**(473,461)**	**(342,112)**

(i) Mainly represented by leases and agricultural partnerships payable;

(ii) The R$ 31,650 relates to interest/ indexation accruals on taxes overpaid upon the exclusion of ICMS from PIS and COFINS tax bases (Note 22.4).

31 Earnings per share

	2022	2021
Profit for the period attributed to stockholders of the Company	1,480,868	927,124
Weighted average number of common shares in the period - in thousands	346,375	346,375
Basic and diluted earnings per share - R$	**4.2753**	**2.6766**

32 Insurance coverage

São Martinho maintains a standard program of safety, training, and quality in its units, which, among other purposes, aims at reducing the risks of accidents. In addition, insurance policies are taken out at amounts considered sufficient to cover significant losses. The amounts covered by the insurance policies in effect at the reporting date are as follows:

Parent company and Consolidated Item	Insured risks	Maximum coverage *(i)*
Operational Risks (ii)	Material damage to buildings, facilities, inventories, agricultural and industrial machinery and equipment.	1,080,551
Loss of Income	Loss of profit due to material damages to facilities, buildings, industrial machinery and equipment, and power generation.	1,023,706
Civil Liability	Damages caused to third parties as a result of professional errors or omissions (E&O insurance).	2,469,810
Environmental Responsibility	Environmental accidents that may lead to breaches of environmental laws.	30,000

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

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

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