

(A free translation of the original in Portuguese)

Quarterly information (ITR)

at September 30, 2021
and independent auditor's report on
review of quarterly information





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Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of São Martinho S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2021, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

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



São Martinho S.A.

Other matters

Statements of value added

The Quarterly Information referred to above include the parent company and consolidated statements of value added for the six-month period September 30, 2021. These statements are the responsibility of the Company's management, and are presented as supplementary information for IAS 34 purposes. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria defined in this accounting standard, and in a consistent manner in relation to the parent company and consolidated interim accounting information taken as a whole.

Ribeirão Preto, November 8, 2021

A blue ink signature that reads "PricewaterhouseCoopers" in a cursive script.

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

A blue ink signature that reads "Maurício Cardoso de Moraes" in a cursive script.

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

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Balance sheet

At September 30, and March 31, 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent company		Consolidated	
		September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
CURRENT ASSETS					
Cash and cash equivalents	4	244,752	287,652	246,808	288,350
Financial investments	4	935,882	952,142	1,104,526	1,062,154
Trade receivables	5	434,319	170,554	532,970	215,659
Derivative financial instruments	23	159,634	139,904	159,634	139,904
Inventories and advances to suppliers	6	1,883,942	441,257	1,843,384	446,313
Biological assets	7	859,534	989,540	859,534	989,540
Taxes recoverable	8	54,990	11,980	55,033	12,062
Income tax and social contribution	20	-	42,248	1	42,250
Other assets		15,064	9,131	15,247	9,376
TOTAL CURRENT ASSETS		4,588,117	3,044,408	4,817,137	3,205,608
NON-CURRENT ASSETS					
Long-term receivables					
Financial investments	4	11,461	10,166	11,461	13,644
Inventories and advances to suppliers	6	119,157	106,838	119,157	106,838
Related parties	9	-	30,000	-	-
Derivative financial instruments	23	70,631	48,639	70,631	48,639
Trade receivables	5	-	-	10,744	24,189
Taxes recoverable	8	130,335	95,315	131,271	96,241
Judicial deposits	22	501,710	484,779	501,960	485,029
Other assets		105,555	113,935	105,555	113,935
Total long-term receivables		938,849	889,672	950,779	888,515
Investments					
Property, plant and equipment	10	1,600,894	1,486,725	41,512	39,951
Intangible assets	11	3,951,723	4,172,796	5,752,060	5,962,644
Right-of-use assets	12	418,177	409,093	452,980	451,742
	13	1,800,888	1,869,396	1,800,888	1,869,396
TOTAL NON-CURRENT ASSETS		8,710,531	8,827,682	8,998,219	9,212,248
TOTAL ASSETS		13,298,648	11,872,090	13,815,356	12,417,856

		Parent company		Consolidated		
		September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021	
LIABILITIES AND EQUITY		Note				
CURRENT LIABILITIES						
Borrowings	14		611,949	674,504	611,949	674,504
Leases payable	13		55,067	66,264	55,067	66,264
Agricultural partnership payable	13		358,451	285,308	358,451	285,308
Derivative financial instruments	23		261,199	218,685	261,199	218,685
Trade payables	15		619,055	229,644	592,543	221,707
Payables to Copersucar	16		9,075	9,075	9,075	9,075
Salaries and social charges			214,550	170,917	215,301	171,883
Taxes payable			25,422	21,979	29,876	24,229
Income tax and social contribution payable	20		872	-	13,627	7,480
Dividends payable	18		-	102,552	-	102,552
Advances from customers			16,036	17,393	16,079	17,436
Acquisition of ownership interests	9 and 17		11,656	11,638	11,656	11,638
Other liabilities			14,286	17,126	14,470	30,812
TOTAL CURRENT LIABILITIES			2,197,618	1,825,085	2,189,293	1,841,573
NON-CURRENT LIABILITIES						
Borrowings	14		3,990,847	3,376,459	3,990,847	3,376,459
Leases payable	13		376,846	399,157	376,846	399,157
Agricultural partnership payable	13		997,901	1,161,905	997,901	1,161,905
Derivative financial instruments	23		30,741	80,227	30,741	80,227
Payables to Copersucar	16		161,635	167,121	161,635	167,121
Deferred income tax and social contribution	20		466,872	306,100	991,189	834,822
Provision for contingencies	22		104,874	101,700	105,592	102,256
Acquisition of ownership interests	9 and 17		3,650	3,650	3,650	3,650
Taxes with suspended payment	16 (b)		476,514	458,480	476,514	458,480
Other liabilities			5,407	5,617	5,405	5,617
TOTAL NON-CURRENT LIABILITIES			6,615,287	6,060,416	7,140,320	6,589,694
EQUITY						
Share capital	18		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			679,832	551,050	679,832	551,050
Revenue reserves			756,773	1,503,717	756,773	1,503,717
Retained earnings			507,564	-	507,564	-
TOTAL EQUITY			4,485,743	3,986,589	4,485,743	3,986,589
TOTAL LIABILITIES AND EQUITY			13,298,648	11,872,090	13,815,356	12,417,856

The accompanying notes are an integral part of this quarterly information

Statement of income

Periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company			
	Note	September 30, 2021		September 30, 2020	
		Quarter	Six-month period	Quarter	Six-month period
Revenue	27	1,329,348	2,560,004	886,653	1,880,465
Cost of goods sold	28	(788,975)	(1,593,525)	(601,767)	(1,313,705)
Gross profit		540,373	966,479	284,886	566,760
Operating income (expenses)					
Selling expenses	28	(31,672)	(72,836)	(41,510)	(86,230)
General and administrative expenses	28	(64,557)	(142,905)	(55,467)	(110,967)
Equity in the results of investees	10	88,283	154,730	53,689	92,030
Other revenue, net	29	14,091	16,253	382,041	383,901
		6,145	(44,758)	338,753	278,734
Operating profit		546,518	921,721	623,639	845,494
Finance income (costs)	30				
Finance income		52,923	61,897	10,462	28,264
Finance costs		(124,984)	(213,185)	(155,378)	(253,890)
Monetary and foreign exchange variations, net		(32,870)	(63,291)	(6,904)	(8,237)
Derivatives		48,335	22,799	(1,885)	5,030
		(56,596)	(191,780)	(153,705)	(228,833)
Profit before income taxation		489,922	729,941	469,934	616,661
Income tax and social contribution	20 (a)				
Current		(80,365)	(81,772)	(157,425)	(170,518)
Deferred		(41,145)	(89,666)	19,385	1,457
Profit for the period		368,412	558,503	331,894	447,600
Basic and diluted earnings per share - R\$	31	1.0636	1.6116	0.9573	1.2916

The accompanying notes are an integral part of this quarterly information



Statement of income

Periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Consolidated			
		September 30, 2021		September 30, 2020	
		Quarter	Six-month period	Quarter	Six-month period
Revenue	27	1,417,805	2,705,584	919,728	1,940,748
Cost of goods sold	28	(789,024)	(1,585,678)	(588,631)	(1,289,860)
Gross profit		628,781	1,119,906	331,097	650,888
Operating income (expenses)					
Selling expenses	28	(35,302)	(78,752)	(42,019)	(87,312)
General and administrative expenses	28	(69,666)	(149,011)	(60,352)	(116,681)
Equity in the results of investees	10	1,627	3,302	1,975	2,916
Other revenue, net	29	19,327	21,490	393,089	395,534
		(84,014)	(202,971)	292,693	194,457
Operating profit		544,767	916,935	623,790	845,345
Finance income (costs)	30				
Finance income		60,594	75,343	13,747	33,843
Finance costs		(124,985)	(213,214)	(155,403)	(253,934)
Monetary and foreign exchange variations, net		(32,870)	(63,291)	(6,904)	(8,237)
Derivatives		48,335	22,799	(1,885)	5,030
		(48,926)	(178,363)	(150,445)	(223,298)
Profit before taxation		495,841	738,572	473,345	622,047
Income tax and social contribution	20 (a)				
Current		(87,392)	(92,095)	(161,421)	(176,982)
Deferred		(40,037)	(87,974)	19,970	2,535
Profit for the period		368,412	558,503	331,894	447,600
Basic and diluted earnings per share - R\$	31	1.0636	1.6116	0.9573	1.2916

The accompanying notes are an integral part of this quarterly information



Statement of comprehensive income
Periods ended September 30, 2021 and 2020
All amounts in thousands of reais

(A free translation of the original in Portuguese)

Parent company and Consolidated	September 30, 2021		September 30, 2020	
	Quarter	period	Quarter	period
Profit for the period	368,412	558,503	331,894	447,600
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	(36,253)	(75,275)	(42,617)	(81,768)
Foreign exchange derivatives - Options / NDF	(128,824)	86,520	(51,832)	(115,768)
Foreign exchange differences on borrowings (Trade Finance)	(70,248)	132,478	(60,467)	(154,290)
	(235,325)	143,723	(154,916)	(351,826)
Recognition in operating income				
Commodity derivatives - Futures, options and forward contracts	12,592	69,659	22,786	28,148
Foreign exchange derivatives - Options / NDF	(18,769)	(26,021)	57,322	142,385
Foreign exchange differences on borrowings (Trade Finance)	500	28,563	542	1,144
	(5,677)	72,201	80,650	171,677
Write-off due to ineffectiveness				
Commodity derivatives - Futures, options and forward contracts	(4,070)	(6,791)	1,809	1,976
	(4,070)	(6,791)	1,809	1,976
Total changes in the period				
Commodity derivatives - Futures, options and forward contracts	(27,731)	(12,407)	(18,022)	(51,644)
Foreign exchange derivatives - Options / NDF	(147,593)	60,499	5,490	26,617
Foreign exchange differences on borrowings (Trade Finance)	(69,748)	161,041	(59,925)	(153,146)
Deferred taxes on the items above	83,323	(71,106)	24,635	60,579
	(161,749)	138,027	(47,822)	(117,594)
Total comprehensive income for the period	206,663	696,530	284,072	330,006

The accompanying notes are an integral part of this quarterly information

Statements of changes in equity

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Share capital	Capital reserve	Treasury shares	Carrying value adjustments				Revenue reserves						Retained earnings	Total
					Deemed cost		Hedge accounting	Others	Legal reserve	Capital budget reserve	Unrealized revenue reserve	Tax incentive reserve	Additional dividends			
					Parent	Investees										
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)	-	-	-	(8,521)	(159)	-	-	-	-	-	-	-	8,680	-	
Share buyback	18 b	-	-	(8,636)	-	-	-	-	-	-	-	-	-	-	(8,636)	
Gain (loss) on derivate transactions - hedge account	18 c (ii)	-	-	-	-	-	(117,594)	-	-	-	-	-	-	-	(117,594)	
Payment of prior year's additional dividends	18 f	-	-	-	-	-	-	-	-	-	-	-	(12,936)	-	(12,936)	
Transfer to tax incentive reserve	18 d	-	-	-	-	-	-	-	-	-	-	28,083	-	(28,083)	-	
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	-	447,600	447,600	
At September 30, 2020	18	2,071,819	-	(139,997)	117,979	1,031,514	(668,745)	-	142,377	487,851	34,131	149,984	-	428,197	3,655,110	
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		-	-	-	-	-	-	83	-	-	-	-	-	-	83	
Realization of surplus on revaluation of deemed cost	18 c (i)	-	-	-	(8,080)	(1,248)	-	-	-	-	-	-	-	9,328	-	
Gain (loss) on derivate transactions - hedge account	18 c (ii)	-	-	-	-	-	138,027	-	-	-	-	-	-	-	138,027	
Payment of prior year's additional dividends	18 f	-	-	-	-	-	-	-	-	-	-	-	(197,459)	-	(197,459)	
Transfer to tax incentive reserve	18 d	-	-	-	-	-	-	-	-	-	-	60,267	-	(60,267)	-	
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	-	558,503	558,503	
At September 30, 2021	18	2,681,571	-	(139,997)	108,107	1,027,865	(456,787)	647	188,733	397,880	27,960	142,200	-	507,564	4,485,743	

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

Statement of cash flows

Periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cash flows from operating activities					
Profit for the year		558,503	447,600	558,503	447,600
Adjustments					
Depreciation and amortization	29	322,968	326,339	326,196	328,973
Biological assets harvested	29	395,322	338,161	395,322	338,161
Change in the fair value of biological assets	29	(14,599)	(17,700)	(14,599)	(17,700)
Amortization of electric power contracts		-	-	5,180	6,503
Equity in the results of investees	10	(154,730)	(92,030)	(3,302)	(2,916)
Gains (losses) on investments and PP&E written off	11	(1,259)	37	(1,259)	6,871
Interest, monetary and foreign exchange variations, net		112,390	93,294	109,151	91,144
Derivative financial instruments		49,314	166,972	49,396	166,972
Setup of provision for contingencies, net	22.1	11,463	6,719	11,581	6,733
Income tax and social contribution	20 (b)	171,438	169,061	180,069	174,447
Taxes with suspended payment		18,034	201,895	18,034	201,895
Adjustment to present value and other adjustments		92,617	82,510	92,617	81,105
		1,561,461	1,722,858	1,726,889	1,829,788
Changes in assets and liabilities					
Trade receivables		(279,320)	(100,210)	(404,447)	(141,884)
Inventories		(762,229)	(462,529)	(715,860)	(432,218)
Taxes recoverable		(6,382)	37,259	(6,934)	37,073
Derivative financial instruments		(21,353)	(165,029)	(21,353)	(165,029)
Other assets		(2,741)	(51,818)	(2,829)	(51,892)
Trade payables		424,203	162,575	493,004	152,499
Salaries and social charges		43,634	22,712	43,418	22,380
Taxes payable		(52,293)	(166,759)	(50,043)	(165,016)
Payables to Copersucar		(6,270)	(5,042)	(6,270)	(5,042)
Provision for contingencies - settlement	22.1	(11,743)	(7,071)	(11,743)	(7,084)
Other liabilities		(4,410)	(22,251)	(17,918)	(28,385)
Cash from operations		882,557	964,695	1,025,914	1,045,190
Payment of interest on borrowings	14	(57,803)	(163,777)	(57,803)	(163,777)
Deferred income tax and social contribution		(25,163)	(14,809)	(30,259)	(17,272)
Net cash provided by operating activities		799,591	786,109	937,852	864,141
Cash flow from investing activities					
Investment of funds	31	(287)	(358)	(287)	(358)
Additions to property, plant and equipment and intangible assets		(381,138)	(54,024)	(395,263)	(54,131)
Additions to biological assets (planting and crop treatments)	10 and 11	(539,272)	(422,365)	(539,272)	(422,365)
Financial investments		32,213	167,884	(19,874)	137,344
Proceeds from sale of property, plant and equipment	11	7,773	681	6,331	8,403
Dividends received		70,643	53,862	1,394	-
Net cash used in investing activities		(810,068)	(254,320)	(946,971)	(331,107)
Cash flows from financing activities					
Payments of lease agreements and partnerships	13	(322,710)	(238,791)	(322,710)	(238,791)
Proceeds from borrowings – third parties	14	1,201,530	212,479	1,201,530	212,479
Repayment of borrowings - third parties	14	(611,250)	(401,204)	(611,250)	(401,204)
Acquisition of treasury shares	17 b	-	(8,636)	-	(8,636)
Payment of dividends		(299,993)	(67,622)	(299,993)	(67,622)
Net cash used in financing activities		(32,423)	(503,774)	(32,423)	(503,774)
Net increase (decrease) in cash and cash equivalents		(42,900)	28,015	(41,542)	29,260
Cash and cash equivalents at the beginning of the period	4	287,652	91,998	288,350	92,066
Cash and cash equivalents at the end of the period	4	244,752	120,013	246,808	121,326
Additional information					
Balance of financial investments (current assets)	4	935,882	1,629,375	1,104,526	1,716,713
Total available funds	4	1,180,634	1,749,388	1,351,334	1,838,039

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

Statement of value added
Periods ended September 30, 2021 and 2020
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue				
Gross sales of goods and products	2,727,715	1,997,115	2,885,119	2,061,946
Revenue from construction of own assets	443,453	402,863	443,453	402,863
Other income	5,340	2,301	5,034	13,943
	<u>3,176,508</u>	<u>2,402,279</u>	<u>3,333,606</u>	<u>2,478,752</u>
Inputs acquired from third parties				
Cost of products and goods sold	(667,788)	(509,373)	(608,921)	(470,459)
Material, electric power, third-party services, and other operating expenses	(571,499)	(487,205)	(629,929)	(503,020)
	<u>(1,239,287)</u>	<u>(996,578)</u>	<u>(1,238,850)</u>	<u>(973,479)</u>
Gross value added	1,937,221	1,405,701	2,094,756	1,505,273
Depreciation and amortization	(322,968)	(326,339)	(326,196)	(328,973)
Biological assets harvested	(395,322)	(338,161)	(395,322)	(338,161)
Net value added generated by the entity	<u>1,218,931</u>	<u>741,201</u>	<u>1,373,238</u>	<u>838,139</u>
Value added received in transfer				
Equity in the results of investees	154,730	92,030	3,302	2,916
Finance income	431,928	386,468	450,337	392,062
Others	11,999	430,014	14,739	430,008
Total value added to be distributed	<u>1,817,588</u>	<u>1,649,713</u>	<u>1,841,616</u>	<u>1,663,125</u>
Distribution of value added				
Personnel and payroll charges				
Direct compensation	238,459	240,144	238,572	240,286
Benefits	80,369	90,569	80,827	91,025
Government Severance Indemnity Fund for Employees (FGTS)	22,964	22,597	22,973	22,608
Management compensation	28,998	17,257	29,637	17,853
Taxes, charges and contributions				
Federal	233,891	200,885	251,474	212,869
State	27,897	13,765	28,127	13,917
Municipal	741	622	762	648
Financing entities				
Interest	206,527	179,453	210,972	179,453
Rentals	2,373	1,632	2,373	1,632
Foreign exchange variations	318,010	288,336	318,470	288,336
Others	98,856	146,853	98,926	146,898
Profit reinvested in the period	<u>558,503</u>	<u>447,600</u>	<u>558,503</u>	<u>447,600</u>
Value added distributed	<u>1,817,588</u>	<u>1,649,713</u>	<u>1,841,616</u>	<u>1,663,125</u>

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

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

1. Operations

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

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

The Company is a subsidiary of the holding company LJM Participações S.A. ("LJM"), which has a 53.74% interest in its voting capital.

The issue of this quarterly information was authorized by the Board of Directors on November 8, 2021.

RenovaBio - CBIOs

At September 30, 2021, the Company had 104,611 decarbonization credits (Cbios) issued and not yet sold. During the current crop season, 716,072 Cbios were traded, and sales classified as net revenue. Once registered, these credits may be traded mainly with fuel distributors under acquisition targets established in the RenovaBio program.

Effects of the Coronavirus pandemic on the quarterly information

The potential impacts of the Coronavirus pandemic (Covid-19) are reflected in the estimates and judgments used in the preparation of the quarterly information, notably those relating to the fair value of biological assets, derivative financial instruments with foreign exchange exposure, and impairment tests of goodwill.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

On the date the Board of Directors authorized the issue of this quarterly information, management had concluded that there were no material uncertainties which might

cast doubt on the Company's ability to continue as a going concern, and it had not identified any issues affecting this quarterly information.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

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

This quarterly information has been prepared under the historical cost convention, as modified to reflect the deemed cost of items of property, plant and equipment items on the date of transition to IFRS/CPC, adjusted for certain derivative financial instruments and biological assets measured at fair value. This quarterly information, presents all information of significance to the periods presented, which is consistent with the information utilized by management in the performance of its duties.

The significant accounting practices adopted by the Company are described in specific notes related to the items presented, those affecting various aspects of the interim accounting information are described below.

The Company records dividends received from its subsidiaries in the parent company statement of cash flows as investing activities since it considers these dividends to be returns the investments.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

2.2 Basis of consolidation and investments in subsidiaries

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

The consolidated balances in this interim accounting information reflects the 100% equity interest in the following companies:

Company	Core activity
São Martinho Terras Agrícolas S.A. ("SM Terras Agrícolas")	Exploitation 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
Bioenergética Boa Vista S.A. ("Bio BV")	Co-generation of electric power
Bioenergia São Martinho ("Bioenergia SM")	Co-generation of electric power
São Martinho Logística e Participações S.A. ("SM Logística")	General product storage
São Martinho Inova S.A. ("SM Inova")	Investment in other companies.

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

2.3 Functional and presentation currency

The financial information is presented in Brazilian Real/Reais (R\$), which is the currency of the primary economic environment in which the Company operates (the "functional currency").

2.4 Foreign currency translation

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

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

2.5 Financial instruments

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

Impairment of financial instruments is calculated based on a prospective model hybrid of expected and incurred losses, which requires 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 make the contractual payments.

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.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

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.

2.6 Business combinations and goodwill

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

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

Goodwill corresponding to merged 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.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

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 final outcome of these matters differs from the amounts initially estimated and recorded, such differences will affect current and deferred tax assets and liabilities in the year in which the ultimate amount is determined.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

d) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, which include the discounted cash flow model. The assumptions underlying these valuation techniques are based primarily on market conditions existing at the balance sheet date, if available. Where this is not feasible, a certain level of judgment is required to determine fair value, taking into consideration 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, the 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.

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

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

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	September 30, 2021	March 31, 2021	Annual yield	September 30, 2021	March 31, 2021
Cash and banks - in Brazil		1,825	1,133		3,882	1,831
Cash and banks abroad (US Dollar)	0.30% p.a.	242,927	286,519	0.30% p.a.	242,926	286,519
Total cash and cash equivalents		244,752	287,652		246,808	288,350
Financial investments						
. Investment fund	113.67% of CDI	850,398	864,527	113.67% of CDI	1,018,423	973,933
. Bank Deposit Certificate (CDB)	100.93% of CDI	85,484	87,615	100.92% of CDI	86,103	88,221
. Other (i)	100.07% of CDI	11,461	10,166	100.07% of CDI	11,461	13,644
Total financial investments		947,343	962,308		1,115,987	1,075,798
Total cash and cash equivalents and financial investments		1,192,095	1,249,960		1,362,795	1,364,148
In non-current assets		11,461	10,166		11,461	13,644
Total available funds		1,180,634	1,239,794		1,351,334	1,350,504

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

Notes to the quarterly information at September 30, 2021

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	
	September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
Domestic market customers	244,885	75,236	355,139	145,351
Foreign market customers	189,434	95,318	189,433	95,318
Expected impairment loss on trade receivables	-	-	(858)	(821)
	434,319	170,554	543,714	239,848
Current assets	434,319	170,554	532,970	215,659
Non-current assets	-	-	10,744	24,189

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
Falling due:	434,145	170,419	543,333	239,487
Overdue and not provisioned:				
Up to 30 days	6	10	47	51
Over 31 days	168	125	334	310
	434,319	170,554	543,714	239,848

Of the amount receivable, R\$ 6,620 and R\$ 241 in the Parent company and Consolidated, respectively (R\$ 4,214 and R\$ 665, respectively, at March 31, 2021), refer to related parties, (Note 9).

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

6. Inventories and advances to suppliers

	Parent company		Consolidated	
	September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
Current				
Finished products and work-in-process	1,555,427	175,325	1,510,075	175,325
Advances - purchases of sugarcane	80,949	73,937	80,949	73,937
Advances - purchases of inputs	110,007	79,323	110,007	79,323
RenovaBio - CBIOS(I)	3,251	8,256	3,251	8,256
Land subdivisions	-	-	4,794	5,056
Inputs, maintenance materials and other	134,308	104,416	134,308	104,416
	1,883,942	441,257	1,843,384	446,313
Non-current				
Advances - purchases of sugarcane	119,157	106,838	119,157	106,838
	119,157	106,838	119,157	106,838
	2,003,099	548,095	1,962,541	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) At September 30, 2021, the Company had 104,611 registered CBIOS carried at fair value (410,252 at 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

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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, loading, and transportation costs; (iii) capital costs (land and machinery and equipment); (iv) costs of leases and agricultural partnerships; and (v) taxes levied on positive cash flows.

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

Parent company and Consolidated	September 30, 2021	March 31, 2021
Estimated total harvest area (ha)	241,865	241,479
Expected yield (metric ton/ha)	80.24	88.11
Amount of TRS per metric ton of sugarcane (kg)	136.43	134.81
Projected average price of TRS (in R\$)	0.9505	0.8550

At the reporting date, the discount rate used to calculate the fair value of biological assets was 7.94% p.a. (6.10% p.a. at March 31, 2021).

Based on estimates of revenue and costs, the Company determines the discounted projected cash flows, adjusting them to present value through the use of a discount rate compatible with the return on investment. 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	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
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	361,596	265,896	361,596	265,896
Transfer from property, plant and equipment	268,942	206,680	268,942	206,680
Changes in fair value	25,315	41,308	25,315	41,308
Decreases resulting from harvest	(785,859)	(620,932)	(785,859)	(620,932)
Biological assets - closing balance:	859,534	606,499	859,534	606,499
Comprised of:				
Historical cost	885,309	681,260	885,309	681,260
Fair value	(25,775)	(74,761)	(25,775)	(74,761)
Biological assets - closing balance:	859,534	606,499	859,534	606,499

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All amounts in thousands of reais unless otherwise stated

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

Fair value sensitivity analysis

For the purpose of the sensitivity analysis, the Company assessed the impact on the fair value of its biological assets at September 30, 2021, 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\$ 73,670. Regarding the production volume, the same 5% variation (up or down) would result in an increase or decrease of R\$ 71.165.

8. Taxes recoverable

	Parent company		Consolidated	
	September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
Current				
PIS/COFINS	45,744	6,236	45,750	6,278
ICMS	7,962	4,975	7,999	5,015
Others	1,284	769	1,284	769
	54,990	11,980	55,033	12,062
Non-current				
PIS/COFINS	92,051	59,778	92,051	59,778
Reintegra	984	1,851	984	1,851
IOF on derivatives	8,863	8,762	8,863	8,762
ICMS	21,686	18,255	22,623	19,184
INSS	6,751	6,669	6,750	6,666
	130,335	95,315	131,271	96,241
	185,325	107,295	186,304	108,303

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

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

	company	Consolidated
From 10/1/2022 to 9/30/2023	95,912	96,848
From 10/1/2023 to 9/30/2024	7,680	7,680
From 10/1/2024 to 9/30/2025	5,761	5,761
From 10/1/2025 to 9/30/2026	4,862	4,862
From 10/1/2026 to 9/30/2027	2,120	2,120
From 19/1/2027 onwards	14,000	14,000
	130,335	131,271

9. Related parties

a) Parent company and consolidated balances:

	Parent company		Consolidated	
	September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
Current assets				
Trade receivables (i)				
CTC - Centro de Tecnologia Canavieira S.A.	-	468	129	578
Bio SM	4,436	2,800	-	-
Bio BV	960	792	-	-
SM Terras Imobiliárias	42	36	-	-
Bio SC	1,047	15	-	-
SM Terras Agrícolas	9	8	-	-
Luiz Ometto Participações S.A.	26	-	26	-
Outros	100	95	86	87
	6,620	4,214	241	665
Non-current assets				
Advance for future capital increase				
Bioenergia SM	-	30,000	-	-
	-	30,000	-	-
Current liabilities				
Trade payables				
CTC - Centro de Tecnologia Canavieira S.A.	11,814	415	11,814	415
SM Terras Agrícolas	34,974	7,786	-	-
Bio BV	-	2,298	-	-
Bio SC	743	310	-	-
SM Terras Imobiliárias	1,462	259	-	-
Luiz Ometto Participações S.A.	16	43	16	43
Outros	13	11	13	11
	49,022	11,122	11,843	469
Leases and agricultural partnerships payable				
from stockholders and related parties	292,474	313,822	292,474	313,822
Current and non-current liabilities				
(Acquisition of ownership interest)				
Luiz Ometto Participações S.A. (Note 17)	15,306	15,288	15,306	15,288

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

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All amounts in thousands of reais unless otherwise stated

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

	Parent company		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Sales revenue				
Bio SC	6,306	6,485	-	-
Bio SM	4,161	3,693	-	-
Bio BV	8,495	-	-	-
	18,962	10,178	-	-
Reimbursed expenses/ Lease revenue (purchase of products and services)				
CTC - Centro de Tecnologia Canavieira S.A.	(21,075)	(23,642)	(20,376)	(23,201)
SM Terras Agrícolas	(82,579)	(56,045)	-	-
SM Terras Imobiliárias	(3,447)	(1,822)	-	-
Bio SC	(1,060)	(1,074)	-	-
Bio BV	28	-	-	-
Bio SM	16	24	-	-
	(108,117)	(82,559)	(20,376)	(23,201)
Shareholders and related parties				
Sugarcane purchases / land leases / reimbursed expenses				
Agro Pecuária Boa Vista S/A	(25,060)	(17,097)	(25,060)	(17,097)
Others	(16,574)	(14,099)	(16,574)	(14,099)
	(41,634)	(31,196)	(41,634)	(31,196)

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	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Fixed and variable compensation, and benefits	28,296	14,451	29,363	15,452
Social security contributions	2,265	2,866	2,265	3,045
Total compensation and charges	30,561	17,317	31,628	18,497

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All amounts in thousands of reais unless otherwise stated

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

On December 14, 2020, the Board of Directors approved the granting of 754,980 new options, through the 12th Stock Option Plan, which is regulated by the same terms as those defined in previously approved plans.

The carrying amount of the liability relating to the new fair value calculation of the Virtual Option Plan is R\$ 36,231 (R\$ 18,259 at 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	Total
Plan issue date	12/12/2016	02/05/2018	10/12/2018	09/12/2019	14/12/2020	
Deadline for exercise (i)	2023	2024	2025	2026	2027	
Number of virtual options granted	727,273	882,074	1,133,513	1,072,712	754,980	4,570,552
Number of virtual options exercised	(712,063)	(561,168)	(341,726)	-	-	(1,614,957)
Number of virtual options to be exercised	15,210	320,906	791,787	1,072,712	754,980	2,955,595
Exercise price (R\$)	17.70	17.76	19.07	19.38	24.22	

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.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

10. Investments

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

				Parent company			
Company	Ownership interest %	Equity		Book value of investment		Equity in the results of investees	
		September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021	September 30, 2021	September 30, 2020
Classified as Investments							
SM Terras Imobiliárias	100.00%	181,247	165,439	179,783	165,439	32,022	7,199
Bio SM	100.00%	34,412	26,539	34,412	26,539	7,873	14,623
SM Inova	100.00%	36,467	33,205	36,467	33,205	3,180	2,943
SM Terras Agrícolas	100.00%	1,204,947	1,150,050	1,162,803	1,150,050	37,442	32,988
SM Logística	100.00%	2,505	2,572	2,505	2,572	(67)	(69)
Bio SC	100.00%	92,693	71,368	110,495	94,436	44,335	34,373
Bio BV	100.00%	43,814	14,250	43,814	14,250	29,564	-
Bioenergia SM	100.00%	30,615	234	30,615	234	381	(27)
Total classified as Investments		1,626,700	1,463,657	1,600,894	1,486,725	154,730	92,030

					Consolidated			
Company	Ownership interest %	Equity		Book value of investment		Equity in the results of investees		
		September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021	September 30, 2021	September 30, 2020	
Classified as Investments								
CTC - Centro de Tecnologia Canavieira S.A. (i)	5.41%	749,170	714,746	40,564	38,699	3,258	2,957	
Others		-	-	948	1,252	44	(41)	
Total classified as Investments		749,170	714,746	41,512	39,951	3,302	2,916	

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

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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 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 borrowings costs to finance the construction of property, plant and equipment are capitalized during the period required to construct and prepare the asset for its intended use.

Notes to the quarterly information at September 30, 2021

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 in subsidiary	-	-	(13,977)	-	-	-	-	-	-	(13,977)
Transfer of 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	4,250	681	31,593	22,051	178,793	274,589	2,871	514,867
Transfer of PP&E/biological assets	-	-	-	-	-	-	(268,942)	-	-	(268,942)
Cost of sale	-	-	(3)	-	(1,494)	(5,017)	-	-	-	(6,514)
Transfer between groups	-	6,745	15,660	-	290	(4,727)	6,078	(27,386)	3,340	-
Depreciation	-	(9,234)	(77,541)	(315,562)	(17,344)	(33,591)	-	-	(7,212)	(460,484)
At September 30, 2021	96,099	413,683	1,114,417	39,219	240,048	302,933	1,291,801	407,569	45,954	3,951,723
Total cost	96,099	536,388	1,950,464	354,781	433,525	678,813	1,291,801	407,569	191,186	5,940,626
Accumulated depreciation	-	(122,705)	(836,047)	(315,562)	(193,477)	(375,880)	-	-	(145,232)	(1,988,903)
Net book value	96,099	413,683	1,114,417	39,219	240,048	302,933	1,291,801	407,569	45,954	3,951,723
Residual value										
Historical cost	24,812	351,504	935,418	39,219	222,609	279,267	1,291,801	407,569	45,954	3,598,153
Surplus on revaluation	71,287	62,179	178,999	-	17,439	23,666	-	-	-	353,570
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	13%	

Notes to the quarterly information at September 30, 2021

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	(3)	39	4,250	681	31,593	22,051	178,793	289,145	2,871	529,420
Cost of sale	(383)	-	(3)	-	(1,494)	(5,017)	-	-	-	(6,897)
Transfer from Inventories to Sales	(409)	-	-	-	-	-	-	-	-	(409)
Transfer of biological assets	-	-	-	-	-	-	(268,942)	-	-	(268,942)
Transfer between groups	-	6,745	15,660	-	290	(4,727)	6,078	(27,386)	3,340	-
Depreciation	-	(9,340)	(80,156)	(316,114)	(17,344)	(33,591)	-	-	(7,211)	(463,756)
At September 30, 2021	1,814,182	416,926	1,178,691	39,398	240,047	302,935	1,291,800	422,123	45,958	5,752,060
Total cost	1,814,182	542,624	2,050,825	355,510	433,525	678,815	1,291,800	422,123	191,199	7,780,603
Accumulated depreciation	-	(125,698)	(872,134)	(316,112)	(193,478)	(375,880)	-	-	(145,241)	(2,028,543)
Net book value	1,814,182	416,926	1,178,691	39,398	240,047	302,935	1,291,800	422,123	45,958	5,752,060
Residual values:										
Historical cost	161,534	353,861	985,509	39,398	222,608	279,268	1,291,800	422,123	45,958	3,802,059
Surplus on revaluation	1,652,648	63,065	193,182	-	17,439	23,667	-	-	-	1,950,001
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	13%	

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All amounts in thousands of reais unless otherwise stated

The amount recorded within "Construction in progress" relates mainly to projects for the implementation of data transmission technology (4G), construction of a corn ethanol plant, and fire prevention

Under the terms of certain borrowing agreements entered into by São Martinho, property, plant and equipment items totaling R\$ 816,814 were pledged as collateral, of which R\$ 32,364 relates to rural properties (1,243 hectares of land).

Financial charges capitalized during the period amounted to R\$ 2,606 (R\$ 586 at September 30, 2020).

12. Intangible assets

Contractual relationships have a finite useful life 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. and is tested annually for impairment.

	Parent company		Consolidated	
	September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
Goodwill based on future profitability (i)	374,632	374,632	374,633	374,633
Software	41,061	40,437	41,061	40,437
Accumulated amortization	(32,029)	(30,999)	(32,029)	(30,999)
Rights on sugarcane contracts (ii)	42,443	42,443	42,443	42,443
Amortization of rights on sugarcane contracts (ii)	(22,730)	(20,285)	(22,730)	(20,285)
Cost of rights on electric power contracts (iii)	-	-	103,401	103,401
Amortization of rights on electric power contracts (iii)	-	-	(80,129)	(72,280)
Other assets	14,800	2,865	26,330	14,392
	418,177	409,093	452,980	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).

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.

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

At March 3, 2021, 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 at March 31, 2021):

Cash-generating Units	Average growth rate of net operating revenue	Nominal perpetuity growth rate	Nominal discount rate
São Martinho and Itacema production units	0,8%	3,9%	6,5%
Santa Cruz production unit	1,3%	3,9%	6,5%

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.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

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

The Company and its subsidiaries consider as leases any contract that conveys the right to control the use of an asset for a period of time, 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 year-end, based on the index disclosed by the Council of Sugarcane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA).

No assets or liabilities were recognized for low value items (computers, telephones and small 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.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

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

Right-of-use assets	Parent company and Consolidated			
	Vehicles	Agricultural partnership	Agricultural lease	Total
At March 31, 2020	2,683	1,315,293	401,477	1,719,453
New contracts	28,385	190,440	24,581	243,406
Updated contracts	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	3,339	75,627	10,056	89,022
Updated contracts	-	20,873	44	20,917
Write-offs	(2,609)	(21,473)	(4,749)	(28,831)
Depreciation	(7,356)	(119,137)	(23,123)	(149,616)
At September 30, 2021	9,872	1,371,719	419,297	1,800,888
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:

Leases and agricultural partnerships payable	Parent company and Consolidated			
	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
Updated contracts	(33,436)	-	9,551	(23,885)
Write-offs	(69,661)	-	15,400	(54,261)
Annual remeasurement	355,555	-	(118,292)	237,263
Payments	(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	-	22,850	-	22,850
New contracts	136,540	-	(47,518)	89,022
Updated contracts	39,051	-	(18,134)	20,917
Write-offs	(37,099)	-	6,147	(30,952)
Payments	(322,710)	-	-	(322,710)
Financial charges	-	-	96,504	96,504
At September 30, 2021	2,770,809	(90,784)	(891,760)	1,788,265
Current liabilities				413,518
Leases payable				55,067
Land partnership payable				358,451
Non-current liabilities				1,374,747
Leases payable				376,846
Land partnership payable				997,901
				1,788,265

Notes to the quarterly information at September 30, 2021

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 10/1/2022 to 9/30/2023	314,333
From 10/1/2023 to 9/30/2024	291,812
From 10/1/2024 to 9/30/2025	269,856
From 10/1/2025 to 9/30/2026	248,356
From 10/1/2026 to 9/30/2027	205,653
From 10/1/2027 to 9/30/2028	160,702
From 10/1/2028 to 9/30/2029	124,019
From 10/1/2029 onwards	528,867
(-) Adjustment to present value	(768,851)
	1,374,747

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	722,680	276,342
Potentially recoverable PIS/COFINS (9.25%)	(48,603)	(18,245)
September 30, 2021	674,077	258,097

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, and adjusted for its economic circumstances:

Contract terms	Incremental rate
2 years	8.10%
3 years	8.56%
4 years	8.52%
5 years	8.48%
6 years	8.67%
7 years	8.52%
8 years	8.73%
9 years	9.06%
10 years	9.21%
11 years	8.67%
From 12 to 30 years	9.09%

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Pursuant to IFRS 16, the Company measured and remeasured its lease liabilities and right-of-use assets using the discounted cash flow methodologies, 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 six-month period ended September 30, 2021 and future periods is presented below, using a discounted cash flow that considers future inflation projected in the payment flows, and discounted at the nominal rates presented above:

Parent company and Consolidated	From 10/1/2021 to 9/30/2021	From 10/1/2022 to 9/30/2022	From 10/1/2023 to 9/30/2023	From 10/1/2024 to 9/30/2024	From 10/1/2025 to 9/30/2025	From 10/1/2026 to 9/30/2030	From 10/1/2031 to 9/30/2035	From 10/1/2036 to 9/30/2040
Right-of-use assets								
IFRS 16	1,441,009	1,207,368	994,816	805,121	634,729	182,141	22,593	-
CVM Official Letter	2,067,235	1,747,632	1,455,666	1,188,821	944,553	284,838	43,211	-
	43.46%	44.75%	46.33%	47.66%	48.81%	56.38%	91.26%	N/A
Liabilities of leases and agricultural partnerships								
IFRS 16	1,322,514	1,109,797	915,239	741,095	584,522	206,307	32,450	-
CVM Official Letter	1,968,607	1,669,909	1,394,171	1,140,954	908,498	336,876	60,807	-
	48.85%	50.47%	52.33%	53.96%	55.43%	63.29%	87.39%	N/A
Depreciation expenses								
IFRS 16	(262,299)	(233,641)	(212,552)	(189,695)	(170,392)	(452,588)	(159,548)	(22,593)
CVM Official Letter	(358,002)	(319,603)	(291,967)	(266,845)	(244,268)	(659,715)	(241,627)	(43,211)
	36.49%	36.79%	37.36%	40.67%	43.36%	45.77%	51.44%	91.26%
Interest expense								
IFRS 16	(84,337)	(83,175)	(81,441)	(78,447)	(75,023)	(301,344)	(101,329)	(10,930)
CVM Official Letter	(128,417)	(127,278)	(125,002)	(121,651)	(117,573)	(484,832)	(179,104)	(39,742)
	52.27%	53.02%	53.49%	55.07%	56.72%	60.89%	76.75%	263.60%

	IFRS 16/CPC 06	CVM Official Letter
Depreciation expenses	(1,703,308)	(2,425,238)
Interest expenses	(816,026)	(1,323,599)
	(2,519,334)	(3,748,837)

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14. Borrowings

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

Type	Annual charges		Consolidated	
	Rate	Index	September 30, 2021	March 31, 2021
In local currency				
BNDES credit facility	2.18%	+TJLP	134,735	145,682
BNDES credit facility	3.52%	+IPCA	172,422	-
BNDES credit facility	3.36%	-	98,304	117,845
FINEP	4.00%	-	54,032	64,169
Agribusiness Receivable Certificate (CRA)	98.06%	CDI	1,121,786	1,442,018
Agribusiness Receivable Certificate (CRA) (a) (iii)	4.88%	+IPCA	497,004	475,325
Debentures (iv)	4.69%	+IPCA	509,787	-
International Finance Corporation (IFC)	1.47%	CDI	296,944	-
Other securitized credits	3.00%	+IGP-M/PRE	36	36
Leases	5.98%	Fixed rate	90	180
Total in local currency	105.2%	CDI	2,885,140	2,245,255
In foreign currency				
Export prepayment (PPE) (vi)	1.56%	6M Libor	1,004,974	1,307,281
International Finance Corporation (IFC) (v)	1.52%	6M Libor	567,372	344,468
Export Credit Note (NCE) (iii)	2.27%	gn exchange vari	137,631	142,513
FINEM	2.72%	Currency Basket	7,679	11,446
Total in foreign currency	3.98%		1,717,656	1,805,708
TOTAL (i)			4,602,796	4,050,963
Current			611,949	674,504
Non-current			3,990,847	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) 52% of the Agribusiness Receivable Certificates (CRAs) is linked to 121.87% 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) 100% of the amount of debentures is linked to the DI rate + 1.10% p.a., through a swap contract.
- (v) 43% of the borrowing with International Finance Corporation (IFC) is linked to the DI rate +1.15% p.a. through a swap contract.
- (vi) 46% of the Export Credit Note (PPE) amount is linked to the DI variation +1.14% p.a., through a swap contract.

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Changes in borrowings during the period were as follows:

Changes in debt	Parent company and Consolidated	
	September 30, 2021	September 30, 2020
Previous balance	4,050,963	4,814,442
Proceeds from borrowings	1,201,530	212,479
Repayment of principal amount	(611,250)	(401,204)
Payment of interest	(57,803)	(163,777)
Monetary adjustment	102,643	90,632
Foreign exchange variation	(83,287)	171,657
	4,602,796	4,724,229

Long-term borrowings mature as follows:

Maturity	Parent company and Consolidated
From 10/1/2022 to 9/30/2023	925,023
From 10/1/2023 to 9/30/2024	328,282
From 10/1/2024 to 9/30/2025	1,000,148
From 10/1/2025 to 9/30/2026	589,171
From 10/1/2026 to 9/30/2027	189,754
From 10/1/2028 to 9/30/2028	352,455
From 10/1/2028 to 9/30/2029	161,605
From 10/1/2029 onwards	444,409
	3,990,847

São Martinho's debt, of R\$ 816,813, is collateralized as follows: 96% by liens on equipment, properties, and buildings, approximately 4% by land, and 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 9.1% (5.3% at March 31, 2021) and are classified within Level 2 of the fair value hierarchy.

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Covenants

Borrowings of R\$ 2,800,466 include financial covenants determined and measured annually. These covenants had been complied with for the periods presented.

15. Trade payables

	Parent company		Consolidated	
	September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
Sugarcane	295,187	64,026	258,752	55,980
Materials, services, and other	323,868	165,618	333,791	165,727
	619,055	229,644	592,543	221,707

Of the total amount of trade payables, R\$ 49,022 in the parent company, and R\$ 11,843 in the consolidated (R\$ 11,122 and R\$ 469, respectively, at March 31, 2021) refer to related parties (Note 9).

16. Obligations and Rights with Copersucar

As part of the withdrawal process from Copersucar, the Company entered into an agreement that established obligations and rights that have not 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.

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Parent company and Consolidated	September 30, 2021	March 31, 2021
REFIS - Copersucar - Restated by reference to SELIC rate	35,011	40,896
Exchange Bill (LC) - Restated by reference to SELIC rate	71,968	71,569
Exchange Bill (LC) - Transfer of funds without imposition of charges	52,356	52,356
Expenses with tax proceedings	9,075	9,075
Others	2,300	2,300
Total	170,710	176,196
Current liabilities	9,075	9,075
Non-current liabilities	161,635	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 up to

December 31, 2008, of which the amount attributed to the Company would be R\$ 258,420. 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 cooperative member, has a right to a proportion of these credits, and will inform the market when a 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.

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In March 2019, Copersucar received and transferred to the Cooperative members the first installment of the first court-ordered debt security (R\$ 906 million). Additionally, 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 30, 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 collected.

Upon transferring the funds, Copersucar withheld a portion to cover legal costs and the levy of PIS and COFINS taxes, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. At March 31, 2021, the balance receivable from Copersucar was R\$ 103,710, 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 was provided for within: "Taxes with suspended payment" As established in the Agreement for Purchase and Sale of Shares of Santa Cruz S.A. Açúcar e Alcool ("USC"), the Company transferred R\$ 54,132 to Luiz Ometto Participações S.A.

After deducting the legal expenses and taxes under litigation, the balance of R\$ 383,040 was recorded within "Other income, (net)". Management classifies the receipt of the remaining credit as probable, though not virtually certain, and therefore, the amount has not been recorded.

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All amounts in thousands of reais unless otherwise stated

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:

Parent company and Consolidated	Acquisitions	Disposals	Net balance
	Usina Santa Cruz	Agro Pecuária Boa Vista	
At March 31, 2021	(93,739)	78,451	(15,288)
Monetary adjustment	(1,870)	1,565	(305)
Repayment of interest	1,756	(1,469)	287
At September 30, 2021	(93,853)	78,547	(15,306)
		Current liabilities	(11,656)
		Non-current liabilities	(3,650)
			(15,306)

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

Maturity	(Acquisition) / Disposal
From 10/1/2022 to 09/30/2023	(11,620)
From 10/1/2023 to 09/30/2024	(11,620)
From 10/1/2024 to 09/30/2025	(11,620)
From 10/1/2025 to 09/30/2026	19,554
	(15,306)

18. Equity

a) Share capital

Share capital at the reporting date and at March 31, 2021 totaled R\$ 2,681,571 (R\$ 2,071,819 at March 31, 2020), represented by 354,011,329 registered common shares with no par value.

The Company is authorized to increase capital up to the limit of 372,000,000 (three hundred and seventy-two million) common shares, regardless of amendments to its bylaws, upon resolution by the Board of Directors, which will determine the share issue conditions, including price and payment term.

Notes to the quarterly information at September 30, 2021

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At the Extraordinary General Meeting held on July 30, 2021, the stockholders approved a capital increase of R\$ 609,752, through the transfer of R\$ 487,851 from the Capital Budget Reserve, and R\$ 121,901 from the Tax Incentive Reserve.

b) Treasury shares

Since these are repurchased equity instruments, treasury shares are recognized at acquisition cost in an account 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 the "Retained earnings" line item.

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 over time from equity, as the related transactions mature/are 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

This reserve is intended to fund investments to increase the production capacity and other process improvement projects.

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 earnings resulting from changes in shareholding.

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Tax incentive reserve

The Company benefits from a tax incentive program introduced by the State of Goiás and effective until 2033, in the form of deferral of ICMS payment, named "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, which relate to factors 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 within "Deductions from gross revenue", reducing the "ICMS payable" account. Since this amount may not be allocated as dividends, a tax incentive reserve is set up at the amount determined for the grant, with a corresponding entry to "Retained earnings".

The incentive amount benefitting was R\$ 60,267 in the parent and consolidated (R\$ 81,933 at March 31, 2021).

e) Dividends and interest on capital

The stockholders are entitled to a minimum dividend of 25% on profit for the year, after the deduction of accumulated losses, and appropriations to the legal reserve.

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

19. Profit sharing

As part of its policy, the Company manages a profit-sharing program for its employees, linked to a previously established plan of operating and financial targets. The amounts of profit sharing for the reporting period totaled R\$ 31,951 in the Parent company and R\$ 32,000 in the Consolidated (R\$ 65,318 and R\$ 65,386 in the Parent company and Consolidated, respectively, at March 31, 2021).

Notes to the quarterly information at September 30, 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 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 has adopted IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments, which addresses the accounting for income taxes in cases where the tax treatments involve uncertainty that affects the application of IAS 12 (CPC 32). The Company determines whether it considers each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that best predicts the resolution of uncertainties is followed. No impacts were identified from the adoption of this interpretation.

a) Changes in deferred income tax and social contribution

Parent company	June 30, 2021	Quarter		September 30, 2021
		Recognized in profit or loss	Recognized in other comprehensive income	
Income tax and social contribution losses	36,487	(31,659)	-	4,828
Derivative financial instruments	176,698	(17,812)	83,323	242,209
Provision for contingencies	75,657	342	-	75,999
Foreign exchange variation	4,053	15,904	-	19,957
Other receivables	46,231	(30,001)	-	16,230
assets	339,126	(63,226)	83,323	359,223
Surplus on revaluation of PP&E (deemed cost)	(125,572)	5,170	-	(120,402)
Accelerated depreciation incentive	(440,630)	14,555	-	(426,075)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(63,033)	-	-	(63,033)
Other payables	(20,982)	2,356	-	(18,626)
Total income and social contribution tax liabilities	(848,176)	22,081	-	(826,095)
Deferred income tax and social contribution	(509,050)	(41,145)	83,323	(466,872)

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

Consolidated	June 30, 2021	Quarter			September 30, 2021
		Recognized in profit or loss	Recognized in other comprehensive income	Consolidation adjustment - Rights on electric power contracts	
Income tax and social contribution losses	36,486	(31,659)	-	-	4,827
Derivative financial instruments	176,699	(17,811)	83,323	-	242,211
Provision for contingencies	69,972	342	-	-	70,314
Foreign exchange variation	4,053	15,904	-	-	19,957
Other assets	52,273	(30,001)	-	-	22,272
Total income and social contribution tax assets	339,483	(63,225)	83,323	-	359,581
Surplus on revaluation of PP&E (deemed cost)	(636,214)	5,390	-	-	(630,824)
Accelerated depreciation incentive	(440,630)	14,555	-	-	(426,075)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(10,631)	-	-	1,460	(9,171)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange losses	(63,032)	-	-	-	(63,032)
Other liabilities	(21,345)	3,243	-	-	(18,102)
Total income and social contribution tax liabilities	(1,374,879)	23,188	-	1,460	(1,350,231)
Deferred income tax and social contribution	(1,035,396)	(40,037)	83,323	1,460	(990,650)
Other deferred taxes	(539)	-	-	-	(539)
	(1,035,935)	(40,037)	83,323	1,460	(991,189)

Parent company	March 31, 2021	Six-month period		September 30, 2021
		Recognized in the statement of income	Recognized in other comprehensive income	
Income tax and social contribution losses	63,293	(58,465)	-	4,828
Derivative financial instruments	317,620	(4,304)	(71,106)	242,210
Provision for contingencies	74,922	1,077	-	75,999
Foreign exchange variation	22,745	(2,788)	-	19,957
Other assets	58,387	(42,157)	-	16,230
Total income and social contribution tax assets	536,967	(106,637)	(71,106)	359,224
Surplus on revaluation of PP&E (deemed cost)	(130,297)	9,895	-	(120,402)
Accelerated depreciation incentive	(424,017)	(2,058)	-	(426,075)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange variation	(67,182)	4,149	-	(63,033)
Other liabilities	(23,612)	4,985	-	(18,627)
Total income and social contribution tax liabilities	(843,067)	16,971	-	(826,096)
Deferred income tax and social contribution	(306,100)	(89,666)	(71,106)	(466,872)

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Consolidated	March 31, 2021	Recognized in the statement of income	Recognized in other comprehensive income	Consolidation adjustment - Rights on electric power contracts	September 30, 2021
Income tax and social contribution losses	63,292	(58,465)	-	-	4,827
Derivative financial instruments	317,621	(4,304)	(71,106)	-	242,211
Provision for contingencies	69,237	1,077	-	-	70,314
Foreign exchange variation	22,745	(2,788)	-	-	19,957
Other assets	63,919	(41,647)	-	-	22,272
Total income and social contribution tax assets	536,814	(106,127)	(71,106)	-	359,581
Surplus on revaluation of PP&E (deemed cost)	(641,012)	10,188	-	-	(630,824)
Accelerated depreciation incentive	(424,017)	(2,058)	-	-	(426,075)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(11,884)	-	-	2,713	(9,171)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange variation	(67,182)	4,150	-	-	(63,032)
Other liabilities	(23,975)	5,873	-	-	(18,102)
Total income and social contribution tax liabilities	(1,371,097)	18,153	-	2,713	(1,350,231)
Deferred income tax and social contribution	(834,283)	(87,974)	(71,106)	2,713	(990,650)
Other deferred taxes	(539)	-	-	-	(539)
	(834,822)	(87,974)	(71,106)	2,713	(991,189)

The 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 relate to the same tax authority.

The Company recognizes deferred tax assets based on projections of taxable profit for the following years. These projections, which do 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.

b) Reconciliation of the income tax and social contribution expense

Parent company	September 30, 2021		September 30, 2020	
	Quarter	Year-to-date	Quarter	Year-to-date
Profit before taxation	489,922	729,941	469,934	616,661
Income tax and social contribution at nominal rates - 34%	(166,573)	(248,180)	(159,778)	(209,665)
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	30,016	52,608	18,254	31,290
. Permanent (additions) exclusions, net	2,038	2,175	(302)	(762)
. State subsidy	11,697	20,490	3,555	9,549
. Others and tax incentives	1,312	1,469	231	527
Income tax and social contribution expenses	(121,510)	(171,438)	(138,040)	(169,061)
Income tax and social contribution at the effective rate	24.8%	23.5%	29.4%	27.4%
Current income tax and social contribution	(80,365)	(81,772)	(157,425)	(170,518)
Deferred income tax and social contribution	(41,145)	(89,666)	19,385	1,457

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Consolidated	September 30, 2021		September 30, 2020	
	Quarter	Year-to-date	Quarter	Year-to-date
Profit before taxation	495,841	738,572	473,345	622,047
Income tax and social contribution at nominal rates - 34%	(168,586)	(251,114)	(160,937)	(211,496)
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	553	1,123	671	991
. Permanent (additions) exclusions, net	2,038	2,176	(302)	(762)
. State subsidy	11,697	20,490	3,555	9,549
. Adjustment to the calculation relating to subsidiary taxed based on deemed profit	25,583	45,815	15,332	15,610
. Recognition of income tax and social contribution credits from prior years			122	11,534
. Others	1,286	1,441	107	127
Income tax and social contribution expenses	(127,429)	(180,069)	(141,452)	(174,447)
Income tax and social contribution at the effective rate	25.7%	24.4%	29.9%	28.0%
Current income tax and social contribution	(87,392)	(92,095)	(161,421)	(176,982)
Deferred income tax and social contribution	(40,037)	(87,974)	19,970	2,535

21. Commitments

In the ordinary course of its business, the Company assumes various commitments, among which the following should be highlighted:

Riparian forests and Legal Reserve areas

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

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

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

Sale commitment

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

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	Up to one year	From 2 to 3 years	More than 3 years
Ethanol (m³)	715,248	174,280	672,000
Sugar (metric tons)	1,488,664	1,975,253	1,300,000
electric power (Mwh)	707,432	1,153,408	6,600,260

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 losses

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	Judicial deposits
At March 31, 2021	14,514	22,452	64,734	101,700	484,779
Additions	1,694	1,526	11,385	14,605	15,361
Reversals	(183)	(1,126)	(1,833)	(3,142)	-
Utilization	(1,435)	(3,151)	(7,157)	(11,743)	(6,815)
Restatements	51	1,763	1,640	3,454	8,385
At September 30, 2021	14,641	21,464	68,769	104,874	501,710

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	Consolidated				
	Tax claims	Civil and environmental claims	Labor claims	Total	Judicial deposits
At March 31, 2021	14,514	23,008	64,734	102,256	485,029
Additions	1,812	1,527	11,384	14,723	15,361
Reversals	(183)	(1,126)	(1,833)	(3,142)	-
Utilization	(1,436)	(3,152)	(7,155)	(11,743)	(6,815)
Restatements	51	1,807	1,640	3,498	8,385
At September 30, 2021	14,758	22,064	68,770	105,592	501,960

Judicial deposits are related to active and passive lawsuits, and they are monetarily linked and not non-current assets. About additions for the year, see Note 16 (b).

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

Tax lawsuits:

Relate to: (i) taxes of which the payment is being challenged by the Company, with the respective amounts deposited in court; and (ii) success fees payable to lawyers hired to defend the Company in the related lawsuits.

Civil and environmental lawsuits:

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

Labor lawsuits:

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.

22.2 Possible losses

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

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Nature	Parent company				Consolidated			
	September 30, 2021		March 31, 2021		September 30, 2021		March 31, 2021	
	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount
Environmental	95	7,578	86	5,863	95	7,578	86	5,863
Civil								
Indemnities	47	26,885	45	23,376	47	26,885	45	23,376
Review of contracts	11	1,781	11	1,480	11	1,781	11	1,480
Other lawsuits	17	15,738	17	15,550	30	16,973	20	15,585
Labor	30	4,200	47	3,914	31	4,200	48	3,914
Tax								
Social security contribution	(i) 14	160,374	16	167,132	14	160,374	16	167,132
Computation of IRPJ/CSLL	(ii) 5	269,500	5	264,754	5	269,500	5	264,754
Offset of federal taxes	(iii) 106	186,356	101	173,629	112	190,747	106	177,854
ICMS	(iv) 13	60,190	14	56,317	13	60,190	14	56,317
Federal taxes	(v) 1	444,083	1	444,083	1	444,083	1	444,083
Other proceedings	(vi) 27	536,283	23	509,520	32	549,771	28	522,999
TOTAL	366	1,712,968	366	1,665,618	391	1,732,082	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 exemption established in Article 149, paragraph 2, of the Federal Constitution.
- (ii) The lawsuits relate to deductibility from the income tax and social contribution calculation basis, of expenses related to securitized financing, as well as those arising 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 of protest letters/voluntary appeals.
- (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), as mentioned in 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.

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Other proceedings:

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

Environmental proceedings relate to assessment notices issued by the Environmental Company of São Paulo State (CETESB) and/or for breach of environmental policy due to 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.

22.3 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 as final and unappealable.

At March 31, 2021, the Company recognized credits, totaling R\$ 1,353, for claims for which final and unappealable decisions were handed down. 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, and there were motions for clarification filed by the Federal Government pending judgment.

On May 13, 2021, the Federal Supreme Court (STF) rendered a 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.

São Martinho engaged tax experts to assist in the calculation of the credits accounted for up to September 30, 2020, which totaled R\$ 49,539 recorded in assets and relating to credits computed (R\$ 20,043 (Note 29)) and interest/indexation accruals (R\$ 29,496 (Note 30(i))). Additionally, the credits referring to the special ethanol regime ("ad rem") that can be recovered are being calculated, and so far, there has not been the respective accounting since the Company is evaluating the right to the recognition of the respective credits in court.

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22.4 Assets – ICMS on the PIS/COFINS tax base

On September 24, 2021, the Supreme Court ("STF") judgment of RE No. 1.063.187, recognized general repercussion (Topic 962) and, by unanimous vote, ruled the incidence of income taxes on indexation/interest accruals (Selic rate) on tax overpayments due for recovery to be unconstitutional.

Based on this judgment of the Supreme Court, the Company evaluated the survey of credits related to the subject, and because it is not material, said credits will be accounted for in the next periods.

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 risk

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), and swap 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.

Assets and liabilities exposed to exchange variation

The table below summarizes the assets and liabilities denominated in foreign currency (U.S. dollars), recorded in the balance sheet at September 30, 2021:

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

Consolidated	September 30, 2021	Equivalent to thousands of US\$
Current and non-current assets		
Cash and cash equivalents (banks - demand deposits)	242,926	44,665
Trade receivables	189,433	34,830
Derivative financial instruments	230,265	42,337
Total assets	662,624	121,832
Current and non-current liabilities		
Borrowings	1,717,656	315,780
Derivative financial instruments	291,940	53,671
Total liabilities	2,009,596	369,451
Subtotal assets (liabilities)	(1,346,972)	(247,619)
(-) Borrowings in foreign currency	1,717,656	315,780
Assets - net exposure	370,684	68,161

Borrowings in foreign currency are not included in the calculation of net exposure, since these will be settled with resources from future export revenue and are, therefore, 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\$ 5.4388 per US\$ 1.00 for assets, and R\$ 5.4394 per US\$ 1.00 for liabilities.

b) Commodity price volatility risk

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

c) Cash flow and fair value interest rate risk

The Company's borrowings are contracted at floating rates. For borrowings in local currency, the risk of fluctuation in interest rates is mitigated naturally since all financial investments are linked to floating rates. For borrowings in foreign currency, swaps may be contracted to mitigate possible interest-rate fluctuations (LIBOR).

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.

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Consolidated	Risk factor	Impacts on P/L		
		Probable scenarios 5%	scenarios 25%	scenarios 50%
Cash and cash equivalents	Decrease in exchange rate - R\$/US\$	(12,150)	(60,748)	(121,495)
Trade receivables	Decrease in exchange rate - R\$/US\$	(9,439)	(47,195)	(94,391)
Borrowings	Increase in exchange rate - R\$/US\$	(74)	(371)	(741)
Derivative financial instruments				
Currency forward contracts	Increase in exchange rate - R\$/US\$	(6)	(32)	(64)
Futures price (sugar and ethanol)	Increase in commodity futures prices	(1,781)	(8,906)	(17,813)
Swap contracts	Decrease in exchange rate - R\$/US\$ and increase in the yield curve	(5,049)	(12,708)	(25,705)
Net exposure		(28,499)	(129,960)	(260,209)

The sensitivity analysis of variations in interest curves considers the effects of an increase or decrease of 5bps, 25bps and 50bps (basis points) in the pricing curve of the derivative instrument. The exposure to rates relates exclusively to changes in the Interbank Deposit (DI) yield curve.

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 2020/2021 to 2025/2026 crop seasons, and were classified as cash flow hedge of highly probable forecast transactions (future sales).

In order to apply hedge accounting, prospective and retrospective tests were carried out to verify their 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 were designated as cash flow hedges mitigate 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 over-the-counter 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.

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At the reporting date and at March 31, 2021, the balances of assets and liabilities related to transactions involving derivative financial instruments and the respective maturity dates were as follows:

Parent company and Consolidated	September 30, 2021			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current assets - Gain</u>				
Margin deposit				37,266
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	152	20.62	376	4
. Purchase commitment	49,482	15.42	91,499	27,074
Commodity futures contracts - Ethanol				
. Sale commitment	1,800	2,219.00	3,994	-
. Purchase commitment	5,790	2,540.54	14,710	-
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	116,983	5.70	666,803	8,958
. Purchase commitment	1,251	5.53	6,918	139
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	290,437	18.82	655,475	81,500
. Bidding position in put options	94,391	12.71	143,867	188
Interest rate swap contracts - OTC				4,505
Total derivative financial instruments in current assets				159,634
<u>In non-current assets - Gain</u>				
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	10,084	6.15	62,017	1,623
Interest rate swap contracts - OTC				69,008
Total derivative financial instruments in non-current assets				70,631

Parent company and Consolidated	September 30, 2021			
	Contracted amount/volume	Average price/rate	Notional value - R\$	Fair value - R\$
<u>In current liabilities - Loss</u>				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	48,516	13.20	76,797	38,053
. Purchase commitment	2,134	20.54	5,256	53
Commodity forward contracts - Sugar #11				
. Sale commitment	8,789	14.66	15,451	5,356
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	191,113	5.49	1,049,210	20,375
. Purchase commitment	6,289	5.61	35,281	358
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	384,828	19.59	904,036	113,731
Interest rate swap contracts - OTC				83,273
Total derivative financial instruments in current liabilities				261,199
<u>In non-current liabilities - Loss</u>				
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	45,083	5.83	262,965	7,057
Interest rate swap contracts - OTC				23,684
Total derivative financial instruments in non-current liabilities				30,741

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Parent company and Consolidated	March 31, 2021			
	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

Parent company and Consolidated	March 31, 2021			
	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	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

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Margin deposit balances relate to funds maintained in current accounts with brokers to cover the initial and variation margins established by the Commodities Exchange on which the contracts were transacted, are 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	32,444	114,485	(82,041)
Foreign exchange derivatives - Options / NDF	10,668	27,432	(16,764)
Foreign exchange differences on borrowings (Trade Finance)	3,255	596,552	(593,297)
	46,367	738,469	(692,102)
Deferred taxes on the items above	(15,765)	(251,080)	235,315
	30,602	487,389	(456,787)

f) Estimated realization

The impacts recorded in the Company's equity and the estimated realization through profit or loss are shown below:

Parent company and Consolidated	21/22 crop season	22/23 crop season	23/24 crop season	24/25 to 25/26 crop season	Total
Derivative financial instruments:					
Commodity derivatives - Futures, options and forward contracts	(74,755)	(7,286)	-	-	(82,041)
Foreign exchange derivatives - Options / NDF	(8,105)	(8,659)	-	-	(16,764)
Foreign exchange differences on borrowings (Trade Finance)	(60,060)	(140,288)	(132,576)	(260,373)	(593,297)
	(142,920)	(156,233)	(132,576)	(260,373)	(692,102)
Deferred taxes on the items above	48,593	53,119	45,076	88,527	235,315
	(94,327)	(103,114)	(87,500)	(171,846)	(456,787)

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 rating of the financial institution.

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With respect to customers' default risk, the credit risk associated with each individual customer is assessed annually, and whenever a new customer is included in the Company's customer base, when 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 previously established.

The table below analyzes the financial liabilities into relevant maturity groupings, which correspond to the remaining period from the balance sheet date to the contractual maturity date, based on undiscounted future cash flows.

Parent company	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At September 30, 2021				
Borrowings	456,462	2,375,164	2,871,179	5,702,806
Leases payable	64,874	128,184	434,253	627,311
Agricultural partnership payable	314,333	561,668	1,267,597	2,143,598
Derivative financial instruments	261,199	30,741	-	291,940
Trade payables	619,055	-	-	619,055
Acquisition of ownership interest	12,016	22,313	(21,406)	12,923
Other liabilities	14,286	5,407	-	19,693
	1,742,225	3,123,477	4,551,623	9,417,326
At 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

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Consolidated	Up to 1 year	From 2 to 3 years	More than 3 years	Total
At September 30, 2021				
Borrowings	456,462	2,375,164	2,871,179	5,702,806
Leases payable	64,874	128,184	434,253	627,311
Agricultural partnership payable	314,333	561,668	1,267,597	2,143,598
Derivative financial instruments	261,199	30,741	-	291,940
Trade payables	592,543	-	-	592,543
Acquisition of ownership interest	12,016	22,313	(21,406)	12,923
Other liabilities	14,470	5,405	-	19,875
	1,715,897	3,123,475	4,551,623	9,390,996
At 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

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 for stockholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

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

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24. Classification and fair value of financial instruments

24.1 Classification

Financial assets and liabilities are classified as follows:

		Parent company	
	Classification	September 30, 2021	March 31, 2021
Financial assets			
Cash and cash equivalents	Amortized cost	244,752	287,652
Financial investments	Fair value through profit or loss	947,343	962,308
Trade receivables	Amortized cost	434,319	170,554
	Fair value through other comprehensive income	161,257	132,351
Derivative financial instruments	Fair value through profit or loss	69,008	56,192
Judicial deposits	Amortized cost	501,710	484,779
Related parties	Amortized cost	-	30,000
Other assets, except prepayments	Amortized cost	108,069	114,777
		2,466,458	2,238,613
Financial liabilities			
Borrowings	Fair value through profit or loss	126	216
Borrowings	Amortized cost	4,602,670	4,050,747
	Fair value through other comprehensive income	184,983	211,295
Derivative financial instruments	Fair value through profit or loss	106,957	87,617
Leases and agricultural partnerships payable	Amortized cost	1,788,265	1,912,634
Trade payables	Amortized cost	619,055	229,644
Acquisition of ownership interests	Amortized cost	15,306	15,288
Other liabilities	Amortized cost	19,693	22,743
		7,337,055	6,530,184

		Consolidated	
	Classification	September 30, 2021	March 31, 2021
Financial assets			
Cash and cash equivalents	Amortized cost	246,808	288,350
Financial investments	Fair value through profit or loss	1,115,987	1,075,798
Trade receivables	Amortized cost	543,714	239,848
	Fair value through other comprehensive income	161,257	132,351
Derivative financial instruments	Fair value through profit or loss	69,008	56,192
Judicial deposits	Amortized cost	501,960	485,029
Other assets, except prepayments	Amortized cost	108,112	114,862
		2,746,846	2,392,430
Financial liabilities			
Borrowings	Fair value through profit or loss	126	216
Borrowings	Amortized cost	4,602,670	4,050,747
	Fair value through other comprehensive income	184,983	211,295
Derivative financial instruments	Fair value through profit or loss	106,957	87,617
Trade payables	Amortized cost	592,543	221,707
Leases and agricultural partnerships payable	Amortized cost	1,788,265	1,912,634
Acquisition of ownership interests	Amortized cost	15,306	15,288
Other liabilities	Amortized cost	19,875	36,429
		7,310,725	6,535,933

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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).

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	September 30, 2021			March 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	947,343	-	-	962,308	-
Derivative financial instruments	108,766	121,499	-	24,892	163,651	-
Biological assets	-	-	859,534	-	-	989,540
	108,766	1,068,842	859,534	24,892	1,125,959	989,540
Liabilities						
Derivative financial instruments	43,462	248,478	-	92,863	206,049	-
Borrowings	-	126	-	-	216	-
	43,462	248,604	-	92,863	206,265	-

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Consolidated	September 30, 2021			March 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Financial investments	-	1,115,987	-	-	1,075,798	-
Derivative financial instruments	108,766	121,499	-	24,892	163,651	-
Biological assets	-	-	859,534	-	-	989,540
	108,766	1,237,486	859,534	24,892	1,239,449	989,540
Liabilities						
Derivative financial instruments	43,462	248,478	-	92,863	206,049	-
Borrowings	-	126	-	-	216	-
	43,462	248,604	-	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.

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.

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All amounts in thousands of reais unless otherwise stated

26. Segment information (Consolidated)

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

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

- (i) Sugar;
- (ii) Ethanol;
- (iii) 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

September 30, 2021								
Consolidated	Sugar	Ethanol	Electric power	Real estate ventures	Yeast	Other products	Not by segment	Total
Gross revenue								
Domestic market	114,388	1,244,131	198,796	26,782	39,519	60,900	-	1,684,516
Foreign market	1,132,804	143,652	-	-	2,566	-	-	1,279,022
Gain/loss on derivatives	(79,820)	7,619	-	-	-	-	-	(72,201)
Amortization of electric power supply contract	-	-	-	-	-	-	(5,179)	(5,179)
(-) Taxes, contributions, and deductions on sales	(7,205)	(138,293)	(12,770)	(2,211)	(4,945)	(15,150)	-	(180,574)
Net Revenue	1,160,167	1,257,109	186,026	24,571	37,140	45,750	(5,179)	2,705,584
Cost of goods sold	(774,906)	(721,232)	(63,561)	(1,017)	(17,276)	(22,285)	-	(1,600,277)
Change in the market value of biological assets	-	-	-	-	-	-	14,599	14,599
Gross profit	385,261	535,877	122,465	23,554	19,864	23,465	9,420	1,119,906
Gross margin	33.2%	42.6%	65.8%	95.9%	53.5%	51.3%	-	41.4%
Selling expenses	(61,101)	(10,440)	(7,211)	-	-	-	-	(78,752)
Other operating expenses	-	-	-	2,497	-	-	(126,716)	(124,219)
Operating profit	324,160	525,437	115,254	26,051	19,864	23,465	(117,296)	916,935
Operating margin	27.9%	41.8%	62.0%	106.0%	53.5%	51.3%	-	33.9%
Other income and expenses not by segment	-	-	-	-	-	-	(358,432)	(358,432)
Profit for the period	-	-	-	-	-	-	-	558,503

September 30, 2020								
Consolidated	Sugar	Ethanol	Electric power	Real estate ventures	Yeast	Other products	Not by segment	Total
Gross revenue								
Domestic market	75,380	658,110	146,929	6,372	34,601	26,937	-	948,329
Foreign market	1,089,518	203,299	-	-	-	-	-	1,292,817
Gain/loss on derivatives	(172,000)	323	-	-	-	-	-	(171,677)
Amortization of electric power supply contract	-	-	-	-	-	-	(6,502)	(6,502)
(-) Taxes, contributions, and deductions on sales	(4,954)	(95,374)	(11,432)	(605)	(4,778)	(5,076)	-	(122,219)
Net Revenue	987,944	766,358	135,497	5,767	29,823	21,861	(6,502)	1,940,748
Cost of goods sold	(686,350)	(569,017)	(29,530)	(861)	(9,144)	(12,658)	-	(1,307,560)
Change in the market value of biological assets	-	-	-	-	-	-	17,700	17,700
Gross profit	301,594	197,341	105,967	4,906	20,679	9,203	11,198	650,888
Gross margin	30.5%	25.8%	78.2%	85.1%	69.3%	42.1%	-	33.5%
Selling expenses	(66,429)	(14,432)	(6,133)	-	-	(318)	-	(87,312)
Other operating income, net	-	-	-	11,176	-	-	270,593	281,769
Operating profit	235,165	182,909	99,834	16,082	20,679	8,885	281,791	845,345
Operating margin	23.8%	23.9%	73.7%	278.9%	69.3%	40.6%	-	43.6%
Other income and expenses not by segment	-	-	-	-	-	-	(397,745)	(397,745)
Profit for the period	-	-	-	-	-	-	-	447,600

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

At September 30, 2021, net revenue from Cbios (decarbonization credits), amounting to R\$ 16,486, is recorded within "Other products"

Consolidated operating assets by segment

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

September 30, 2021							
	Sugar	Ethanol	Electric power	Real estate ventures	Yeast	Not by segment	Total
Trade receivables	166,830	238,821	58,154	63,518	663	15,728	543,714
Inventories and advances to suppliers	864,835	1,077,285	-	4,794	1,583	14,044	1,962,541
Biological assets	346,172	513,362	-	-	-	-	859,534
Property, plant and equipment	2,712,600	2,878,807	119,171	-	39,111	2,371	5,752,060
Intangible assets	253,547	176,161	23,272	-	-	-	452,980
Right-of-use assets	925,910	874,978	-	-	-	-	1,800,888
Total assets allocated	5,269,894	5,759,414	200,597	68,312	41,357	32,143	11,371,717
Other unallocated assets	-	-	-	-	-	2,443,639	2,443,639
Total	5,269,894	5,759,414	200,597	68,312	41,357	2,475,782	13,815,356

March 31, 2021							
	Sugar	Ethanol	Electric power	Real estate ventures	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	2,351,535
Total	4,903,364	4,845,882	199,933	46,093	40,012	2,382,572	12,417,856

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

27. Revenue

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

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

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

Regarding the real estate development segment, the Company adopts the provisions of the Technical Interpretation 02 (OCPC 04), in accordance with CVM guidance, recognizing revenue over time (Percentage of Completion (PoC)). The year-to-date amount recognized at September 30, 2021 totaled R\$ 18,198 (R\$ 2,145 at September 30, 2020).

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 32% of net revenue, for the ethanol sold, the three largest customers account for 31%.

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.

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.

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

Sales revenue is broken down as follows:

	Parent company			
	September 30, 2021		September 30, 2020	
	Quarter	Six-month period	Quarter	Six-month period
Gross sales revenue				
Domestic market	836,216	1,522,920	430,854	876,785
Foreign market	575,712	1,279,022	593,620	1,292,817
Gain/loss on derivatives	5,677	(72,201)	(80,650)	(171,677)
	<u>1,417,605</u>	<u>2,729,741</u>	<u>943,824</u>	<u>1,997,925</u>
Taxes, contributions, and deductions on sales	(88,257)	(169,737)	(57,171)	(117,460)
	<u>1,329,348</u>	<u>2,560,004</u>	<u>886,653</u>	<u>1,880,465</u>

	Consolidated			
	September 30, 2021		September 30, 2020	
	Quarter	Six-month period	Quarter	Six-month period
Gross sales revenue				
Domestic market	934,414	1,684,516	469,865	948,329
Foreign market	575,712	1,279,022	593,620	1,292,817
Gain/loss on derivatives	5,677	(72,201)	(80,650)	(171,677)
	<u>1,515,803</u>	<u>2,891,337</u>	<u>982,835</u>	<u>2,069,469</u>
Amortization of electric power supply contract (i)	(2,785)	(5,179)	(3,267)	(6,502)
	<u>1,513,018</u>	<u>2,886,158</u>	<u>979,568</u>	<u>2,062,967</u>
Taxes, contributions and deductions on sales	(95,213)	(180,574)	(59,840)	(122,219)
	<u>1,417,805</u>	<u>2,705,584</u>	<u>919,728</u>	<u>1,940,748</u>

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

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

28. Costs and expenses by nature

The reconciliation of expenses by nature is as follows:

Parent company	September 30, 2021		September 30, 2020	
	Quarter	Year-to-date	Quarter	Year-to-date
Raw materials and consumables	300,385	591,794	188,289	402,917
Personnel expenses	114,898	252,665	97,364	216,068
Depreciation and amortization (including biological assets harvests)	354,225	718,290	303,718	664,500
Third-party services	19,018	35,547	9,440	28,461
Freight on sales	29,973	66,863	40,857	75,508
Maintenance parts and services	30,297	63,632	27,313	66,058
Litigation	5,730	10,649	3,714	6,294
Changes in the fair value of biological assets	(12,920)	(14,599)	(6,661)	(17,700)
Resale material	8,094	11,394	4,631	7,359
Other expenses	35,504	73,031	30,079	61,437
	885,204	1,809,266	698,744	1,510,902
<u>Classified as:</u>				
Cost of goods sold	788,975	1,593,525	601,767	1,313,705
Selling expenses	31,672	72,836	41,510	86,230
General and administrative expenses	64,557	142,905	55,467	110,967
	885,204	1,809,266	698,744	1,510,902

Consolidated	September 30, 2021		September 30, 2020	
	Quarter	Year-to-date	Quarter	Year-to-date
Raw materials and consumables	275,166	550,995	172,255	374,388
Personnel expenses	116,017	254,759	98,232	217,780
Depreciation and amortization (including biological assets harvests)	355,939	721,518	305,013	667,134
Third-party services	18,520	35,170	9,028	68,527
Freight on sales	29,973	66,863	40,857	34,651
Maintenance parts and services	30,370	63,855	27,386	66,396
Litigation	5,727	10,765	3,715	6,307
Changes in the fair value of biological assets	(12,920)	(14,599)	(6,661)	(17,700)
Material for resale	29,731	29,731	5,816	8,544
Cost of land sales	930	1,017	794	861
Other expenses	44,539	93,367	34,567	66,965
	893,992	1,813,441	691,002	1,493,853
<u>Classified as:</u>				
Cost of goods sold	789,024	1,585,678	588,631	1,289,860
Selling expenses	35,302	78,752	42,019	87,312
General and administrative expenses	69,666	149,011	60,352	116,681
	893,992	1,813,441	691,002	1,493,853

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

29. Other income, net

The consolidated includes other income of, R\$ 20.043 relate to credits arising from the exclusion of ICMS from the PIS/COFINS tax base (Note 22.3).

For the comparative period, R\$ 393,089 recorded within other income in the consolidated, R\$ 383,040 relates to the indemnity received by Copersucar and transferred to the Company (Note 16.b).

30. Finance income (costs)

Parent company	September 30, 2021		September 30, 2020	
	Quarter	Year-to-date	Quarter	Year-to-date
Finance income				
Interest received and earned	17,940	25,818	5,905	19,734
PIS/COFINS on finance income	(2,548)	(2,979)	(513)	(1,238)
Other income (ii)	37,531	39,058	5,070	9,768
	52,923	61,897	10,462	28,264
Finance costs				
Adjustment to present value (i)	(45,383)	(92,659)	(39,293)	(82,511)
Interest on borrowings	(68,987)	(101,020)	(41,695)	(88,200)
Interest paid	(7,785)	(13,318)	(69,927)	(75,049)
Bank guarantee commission	(1,999)	(2,358)	(375)	(458)
Payables to Copersucar	(830)	(2,860)	(2,114)	(4,230)
Other expenses	-	(970)	(1,974)	(3,442)
	(124,984)	(213,185)	(155,378)	(253,890)
Exchange and monetary variation, net				
Available funds	18,007	(3,581)	3,536	8,923
Trade receivables and payables	9,505	(10,517)	(2,038)	229
Borrowings	(60,382)	(49,193)	(8,402)	(17,389)
	(32,870)	(63,291)	(6,904)	(8,237)
Derivatives - not designated for hedge accounting				
Gain (loss) on sugar transactions	25,449	30,597	(5,787)	(4,951)
Gain (loss) on ethanol transactions	4,070	7,171	141	549
Gain (loss) on foreign exchange transactions	(14,034)	6,787	(2,344)	(7,185)
Gain (loss) on swap transactions	27,941	(17,919)	3,860	11,773
Cost of stock exchange transactions	(517)	(1,143)	(334)	(679)
Foreign exchange variation, net	5,426	(2,694)	2,579	5,523
	48,335	22,799	(1,885)	5,030
Finance income (costs)	(56,596)	(191,780)	(153,705)	(228,833)

Notes to the quarterly information at September 30, 2021

All amounts in thousands of reais unless otherwise stated

Consolidated	September 30, 2021		September 30, 2020	
	Quarter	Year-to-date	Quarter	Year-to-date
Finance income				
Interest received and earned	22,559	32,827	7,112	22,173
PIS/COFINS on finance income	(2,642)	(3,164)	(564)	(1,318)
Other income (ii)	40,677	45,680	7,199	12,988
	60,594	75,343	13,747	33,843
Finance costs				
Adjustment to present value (i)	(45,382)	(92,208)	(39,293)	(82,511)
Interest on borrowings	(68,987)	(101,020)	(41,695)	(88,200)
Interest paid	(7,787)	(13,322)	(69,928)	(74,994)
Bank guarantee commission	(1,999)	(2,358)	(375)	(458)
Payables to Copersucar	(830)	(2,860)	(2,114)	(4,230)
Other expenses	-	(1,446)	(1,998)	(3,541)
	(124,985)	(213,214)	(155,403)	(253,934)
Exchange and monetary variation, net				
Available funds	18,008	(3,580)	3,536	8,923
Trade receivables and payables	9,505	(10,517)	(2,038)	229
Borrowings	(60,383)	(49,194)	(8,402)	(17,389)
	(32,870)	(63,291)	(6,904)	(8,237)
Derivatives - not designated for hedge accounting				
Gain (loss) on sugar transactions	25,449	30,597	(5,787)	(4,951)
Gain (loss) on ethanol transactions	4,070	7,171	141	549
Gain (loss) on foreign exchange transactions	(14,034)	6,787	(2,344)	(7,185)
Gain (loss) on swap transactions	27,941	(17,919)	3,860	11,773
Cost of stock exchange transactions	(517)	(1,143)	(334)	(679)
Foreign exchange variation, net	5,426	(2,694)	2,579	5,523
	48,335	22,799	(1,885)	5,030
Finance income (costs)	(48,926)	(178,363)	(150,445)	(223,298)

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

(ii) The amount of R\$ 29.496 relates to indexation accruals on amounts of taxes overpaid upon exclusion of ICMS from the PIS and COFINS tax bases (Note 22.3).

31. Earnings per share

	September 30, 2021		September 30, 2020	
	Quarter	Year-to-date	Quarter	Year-to-date
Profit for the period attributed to stockholders of the Compa	368,412	558,503	331,894	447,600
Weighted average number of common shares in the period - in thousands	346,375	346,548	346,696	346,548
Basic and diluted earnings per share - R\$	1.0636	1.6116	0.9573	1.2916

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All amounts in thousands of reais unless otherwise stated

32. Insurance coverage

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

Parent company and Consolidated Item	Risks covered	Maximum coverage (i)
Operational Risks (ii)	Any material damage to buildings, facilities, inventories, agricultural and industrial machinery and equipment.	1,169,735
Loss of Income	Loss of income 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).	2,667,620
Environmental Responsibility	Environmental accidents that may lead to breaches of environmental laws.	30,000

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

(ii) Insurance coverage against material damages (operating risks) to vehicles are excluded, as the reference used is 100% of the Economic Research Institute (FIPE) table.

33. Events after the reporting period

On November 8, 2021, the Board of Directors approved the partial spin-off of São Martinho Terras Agrícolas S.A. ("SMTA") followed by the merger of the spun-off portion by São Martinho Terras Imobiliárias S.A. ("SMTI") in the amount of R\$ 338,932. As of this spin-off, in the amount of R\$ 32,850, there was a reduction in SMTA's capital, with the cancellation of common shares and an increase in SMTI's capital stock, but without the issuance of new shares.

* * *