

# Earnings Release

2nd Quarter  
2021/2022 Crop Year



## Net Income reaches R\$368.4 million in 2Q22, advancing 11.0%

- ✓ **Adjusted EBITDA** was **R\$790.1 million in 2Q22** (+65.9%), with **Adjusted EBITDA margin of 55.4%**, with the improvement explained mainly by the better average sales prices for sugar (+43.0%), ethanol (+68.2%<sup>1</sup>) and energy (+47.9%);
- ✓ **Adjusted EBIT** was **R\$467.2 million in 2Q22** (+117.6%), with **Adjusted EBIT margin of 32.8%**;
- ✓ **Net Income** was **R\$368.4 million** (+11.0%) in 2Q22; **Cash net income** was **R\$431.9 million** (+37.8%);
- ✓ Operating Cash Flow<sup>2</sup> amounted to R\$938 million in 6M22, advancing 72.1% on 6M21;
- ✓ On September 30, 2021, our sugar prices for the 2021/22 crop year were hedged for **~526,000 tons of sugar** (~100% of own cane), at an average price of **~R\$1,858/ton**. **For the 2022/23 crop year, ~420,000 tons of sugar** were hedged at a price of **~R\$1,929/ton**;
- ✓ On November 8, the Company announced the distribution of shared-based payments in the aggregate amount of **R\$507,564,225.18**, or **R\$1.465360168/share**. The payments will be made on November 30 to shareholders of record as of November 11, 2021.

1 – Price net of taxes; 2 – Operating Cash Flow = Adjusted EBITDA – Maintenance Capex

Executive Summary	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	6M22	6M21	Var (%)
Net Revenue <sup>1</sup>	1,425,702	1,321,555	925,504	7.9%	54.0%	2,747,257	1,951,658	40.8%
Adjusted EBITDA	790,094	688,307	476,248	14.8%	65.9%	1,478,400	967,691	52.8%
Adjusted EBITDA Margin	55.4%	52.1%	51.5%	3.3 p.p.	4.0 p.p.	53.8%	49.6%	4.2 p.p.
Adjusted EBIT	467,250	367,356	214,742	27.2%	117.6%	834,606	398,939	109.2%
Adjusted EBIT Margin	32.8%	27.8%	23.2%	5.0 p.p.	9.6 p.p.	30.4%	20.4%	9.9 p.p.
Copersucar Rights	-	-	383,040	n.m.	n.m.	-	383,040	n.m.
Net Income before taxes	495,841	242,731	473,345	104.3%	4.8%	738,572	622,047	18.7%
Net Income without IFRS 16 effects	353,338	189,709	343,668	86.3%	2.8%	543,047	466,835	16.3%
Non-cash effect of IFRS 16 on Net Income	15,074	382	(11,774)	n.m.	n.m.	15,456	(19,235)	n.m.
Net Income	368,412	190,091	331,894	93.8%	11.0%	558,503	447,600	24.8%
Cash Income	431,890	238,406	313,312	81.2%	37.8%	670,296	461,311	45.3%
Net Debt / EBITDA	1.21 x	1.02 x	1.38 x	18.5%	-12.5%	1.21 x	1.38 x	-12.5%

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

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

**SMT03**  
R\$34.98 per share

**Market Capitalization:**  
R\$12.4 billion

\*On September 30, 2021

**Earnings Conference Call**

November 9, 2021 (Tuesday)

3:00 Brasília time + 55 11 4210-1803  
1:00 New York time +1 412 717-9627  
Code: São Martinho

To access the webcast, [click here](#)  
To access via HD Web Phone, [click here](#)

**SMT0**  
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## Effects of adoption of IFRS 16/CPC 06

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

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

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

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

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

### Impacts from IFRS16 on the Income Statements for 2Q22 and 6M22:

Results	2Q22			6M22		
	Before IFRS 16	Impacts	After IFRS 16	Before IFRS 16	Impacts	After IFRS 16
<b>Net Revenue<sup>1</sup></b>	<b>1,425,702</b>		<b>1,425,702</b>	<b>2,747,257</b>		<b>2,747,257</b>
<b>COGS</b>	<b>(857,252)</b>	<b>68,228</b>	<b>(789,024)</b>	<b>(1,701,778)</b>	<b>116,100</b>	<b>(1,585,678)</b>
(-) Leasing Payment		103,393			198,378	
(+) Right-of-Use Amortization		(35,165)			(82,278)	
<b>Gross Income</b>	<b>568,450</b>	<b>68,228</b>	<b>636,678</b>	<b>1,045,479</b>	<b>116,100</b>	<b>1,161,579</b>
Selling/General/Adm. Expenses	(86,794)	(6)	(86,800)	(208,128)	(23)	(208,151)
(-) Leasing Payment		305			603	
(+) Right-of-Use Amortization		(310)			(625)	
<b>Op. Income Before Financial Result</b>	<b>481,656</b>	<b>68,222</b>	<b>549,878</b>	<b>837,351</b>	<b>116,077</b>	<b>953,428</b>
<b>Financial Result/Debt Hedge</b>	<b>(8,654)</b>	<b>(45,383)</b>	<b>(54,037)</b>	<b>(122,197)</b>	<b>(92,659)</b>	<b>(214,856)</b>
Lease APV		(45,383)			(92,659)	
<b>Income before Taxes</b>	<b>473,002</b>	<b>22,839</b>	<b>495,841</b>	<b>715,154</b>	<b>23,418</b>	<b>738,572</b>
Income tax	(119,664)	(7,765)	(127,429)	(172,107)	(7,962)	(180,069)
<b>Net Income</b>	<b>353,338</b>	<b>15,074</b>	<b>368,412</b>	<b>543,047</b>	<b>15,456</b>	<b>558,503</b>
<b>Book EBITDA</b>	<b>799,389</b>	<b>103,697</b>	<b>903,086</b>	<b>1,444,652</b>	<b>198,981</b>	<b>1,643,633</b>
Leasing Payment	-	(103,697)	(103,697)	-	(198,981)	(198,981)
Other adjustments	(9,295)	-	(9,295)	33,748	-	33,748
<b>Adjusted EBITDA</b>	<b>790,094</b>	<b>-</b>	<b>790,094</b>	<b>1,478,400</b>	<b>-</b>	<b>1,478,400</b>

We no longer account for cash cost of agrarian contracts

We now account for contract amortization

Adjustment to Present Value (APV) of agrarian contracts is accounted for as net financial result

As we no longer account for cash cost of agrarian contracts, Book EBITDA increased, which effect has been adjusted for the Adjusted EBITDA

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

**To improve analysis and comparisons between periods, the data presented in this release exclude impacts from the adoption of IFRS 16.**

## COMPANY OVERVIEW

### Operating Highlights

OPERATIONAL DATA	6M22	6M21	Chg.(%)
<b>Crushed Sugarcane ('000 tons)</b>	<b>18,442</b>	<b>20,117</b>	<b>-8.3%</b>
Own	12,548	13,697	-8.4%
Third Parties	5,894	6,420	-8.2%
Agricultural Yield (ton/ha)	72.4	84.6	-14.4%
Average TRS (kg/ton)	145.6	143.7	1.4%
<b>Production</b>			
Sugar ('000 tons)	1,221	1,337	-8.7%
Ethanol ('000 m <sup>3</sup> )	827	878	-5.7%
Cogeneration ('000 MWh)	616	675	-8.7%
TRS Produced	2,686	2,891	-7.1%
Mix Sugar - Ethanol	48% - 52%	48% - 52%	

In the first half of the 2021/22 crop year, the Company processed 18.4 million tons of sugarcane, 8.3% less than in the same period last crop year, mainly due to the prolonged drought observed in the period and fewer harvest days in relation to 6M21. Given the increase in average Total Recoverable Sugar (TRS) in relation to 6M22 of 1.4% to 145.6 kg/ton, total TRS produced decreased 7.1%.

On November 8, 2021, we disclosed a Material Fact notice announcing the conclusion of the crushing period for the 2021/22 crop year. Compared to the guidance for operating data in the crop year given to the market on June 21, 2021, cane processing volume was 3.2% lower at around 19.9 million tons; however, average TRS was around 0.5% higher than projected, mainly reflecting the effects from drought and frosts in July, which affected temporarily the yields of our sugarcane fields.

Given this scenario, combined with our production mix decision for the crop year, we registered an effective reduction in product in TRS equivalent of approximately 2.3% in relation to our initial guidance, as shown in the table below.

OPERATING DATA	Conclusion crop year 12M22	21/22 harvest Guidance	Chg. (%)	12M21	Var. (%)
<b>Sugarcane crushed ('000 tons)</b>	<b>19,876</b>	<b>20,525</b>	<b>-3.2%</b>	<b>22,522</b>	<b>-11.7%</b>
Agricultural Yield (ton/ha)	72	75	-4.3%	81	-11.2%
Average TRS (kg/ton)	146.7	146.0	0.5%	145.7	0.7%
<b>Production</b>					
Sugar ('000 tons)	1,303	1,205	8.2%	1,483	-12.1%
Anhydrous Ethanol ('000 m <sup>3</sup> )	389	389	0.1%	343	13.5%
Hydrous Ethanol ('000 m <sup>3</sup> )	521	625	-16.6%	676	-22.8%
Cogeneration ('000 MWh) <sup>1</sup>	750	833	-10.0%	880	-14.7%
<b>TRS Produced ('000 tons)</b>	<b>2,916</b>	<b>2,986</b>	<b>-2.3%</b>	<b>3,282</b>	<b>-11.1%</b>
Mix Sugar - Ethanol	47% - 53%	42% - 58%	-	47% - 53%	-

Given the production volume in the crop year mentioned above, combined with ending stocks from the previous crop year, and excluding the volume of products already sold in 6M22 (as detailed later in this earnings release), we have the following volumes available for sale in the coming quarters:

	Production 12M22 + Inventories (prior harvest)	Volume Sold 6M22	Volume Available for Sales
Sugar ('000 tons)	1.354	711	<b>643</b>
Ethanol ('000 m³)	995	405	<b>590</b>

### Financial Indicators

The following table presents São Martinho's financial highlights in the second quarter and first six months of the crop year, which will be discussed in more detail throughout this earnings release.

	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	6M22	6M21	Chg. (%)
R\$ '000								
Net Revenue <sup>1</sup>	1,425,702	1,321,555	925,504	7.9%	54.0%	2,747,257	1,951,658	40.8%
Adjusted EBITDA	790,094	688,307	476,248	14.8%	65.9%	1,478,400	967,691	52.8%
Adjusted EBITDA Margin	55.4%	52.1%	51.5%	3.3 p.p.	4.0 p.p.	53.8%	49.6%	4.2 p.p.
Adjusted EBIT	467,250	367,356	214,742	27.2%	117.6%	834,606	398,939	109.2%
Adjusted EBIT Margin	32.8%	27.8%	23.2%	5.0 p.p.	9.6 p.p.	30.4%	20.4%	9.9 p.p.
Consolidated Balance Sheet Indicators								
Total Assets	12,238,391	11,420,132	10,923,980	7.2%	12.0%	12,238,391	10,923,980	12.0%
Shareholders' Equity	4,519,193	4,524,925	3,698,089	-0.1%	22.2%	4,519,193	3,698,089	22.2%
EBITDA (LTM)	2,698,224	2,384,379	2,088,642	13.2%	29.2%	2,698,224	2,088,642	29.2%
Net Debt	3,255,307	2,428,304	2,880,017	34.1%	13.0%	3,255,307	2,880,017	13.0%
Net Debt / EBITDA (LTM)	1.21 x	1.02 x	1.38 x	18.5%	-12.5%	1.21 x	1.38 x	-12.5%
Net Debt / Shareholders' Equity	72%	54%	78%			72%	78%	

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

Data do not include the IFRS 16 impacts

## INDUSTRY OVERVIEW

Since the start of the crop year to the first half of October 2021, Brazil's Center-South region processed around 487.3 million tons of sugarcane, approximately 9.6% less than in the previous crop year. In São Paulo state, the volume of cane processed declined even more in the period, by around 12.6%. Of the cane processed, 45.6% was allocated to sugar production, of 30.3 million tons, while 54.4% was allocated to ethanol production, of around 24.0 billion liters.

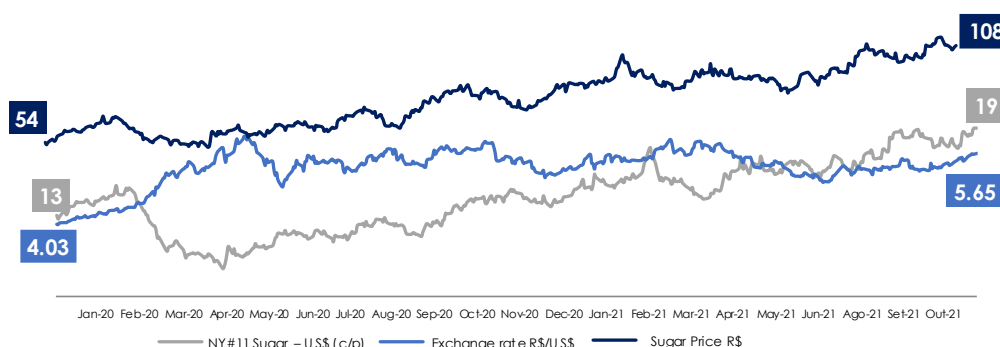
The lower volume of cane processed in this crop year was mainly due to: (i) the effects from the prolonged drought that affected most of the country, (ii) the frosts that affected part of the Center-South region, which also impacted the expected harvest schedule for the crop year, and (iii) the occurrence of wildfires in various regions, given the extremely dry weather. Accordingly, based on market estimates, the 2020/21 crop year could end with cane processing volume of less than 520 million tons.

## Sugar

According to market data, since the start of the crop year, Brazil's Center-South produced around 30.3 million tons of sugar, 12.5% less than in the prior-year period. As already mentioned in previous quarters, the reduction reflects not only the crop shortfall, but also the prioritization of production of anhydrous ethanol, given the product's higher profitability.

The lower supply of sugar produced in Brazil, combined with the scenario of a growing deficit between the product's supply and demand at the global level, has reinforced fundamentals supporting higher sugar prices not only in USD cents/pound, but also in R\$/ton for Brazilian producers, given the weaker Brazilian real, as shown in the following chart.

Chart 1



This scenario naturally benefits the future price curve, which is why we believe in the possibility of obtaining even higher prices than those already hedged, considering the quarter's close on September 30. On that date, we had around 526,000 tons of sugar hedged for the 2021/22 crop year, which represents ~100% of own cane, at an average price of R\$1,858/ton<sup>1</sup>. For the 2022/23 crop year, on the same date, we had 420,000 tons hedged at R\$1,929/ton<sup>1</sup>. For more details, see the 'Hedge' section in this earnings release.

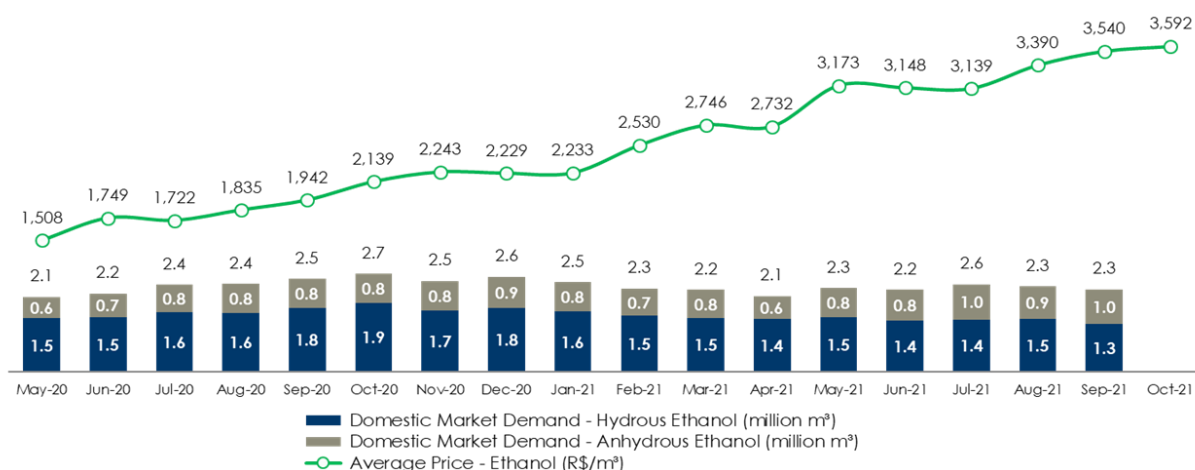
1. Considering open position at USD5.50.

## Ethanol

Since the start of the crop year, Brazil's Center-South region produced 24.0 billion liters of ethanol, 6.3% less than in the same period last crop year, mainly reflecting the prolonged drought in the Center-South, as mentioned above. In the period, priority was given to the production of anhydrous ethanol (+19.9%) over hydrous ethanol (-13.7%), given the product's higher profitability.

As mentioned in previous quarters, we remain optimistic on ethanol prices, given: (i) the recovery in oil prices, which points to continued high prices, and as such their passthrough to prices in Brazil, in line with the international parity policy; (ii) and the rising demand for fuels in Brazil, notably otto cycle fuel, mainly reflecting the growth in mobility.

The following chart shows monthly hydrous and anhydrous ethanol consumption and the average prices practiced over recent months, based on data from ESALQ.



Source: UNICA and CEPEA/ESALQ

## FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	2Q22	1Q22	2Q21	Δ 2Q22/1Q22	Δ 2Q22/2Q21	6M22	6M21	Chg. (%)
R\$ '000								
<b>Domestic Market</b>	<b>837,600</b>	<b>663,895</b>	<b>411,457</b>	<b>26.2%</b>	<b>103.6%</b>	<b>1,501,495</b>	<b>827,739</b>	<b>81.4%</b>
Sugar	40,519	55,923	30,223	-27.5%	34.1%	96,442	68,156	41.5%
Ethanol	619,073	487,123	275,068	27.1%	125.1%	1,106,196	563,369	96.4%
Energy	109,769	76,258	71,009	43.9%	54.6%	186,027	135,497	37.3%
Yeast	19,651	14,930	19,301	31.6%	1.8%	34,581	29,822	16.0%
Real Estate Development	22,010	10,490	6,894	109.8%	n.m	32,500	9,032	n.m
CBIOs	6,503	10,373	132	-37.3%	n.m	16,876	132	n.m
Others	20,075	8,798	8,830	128.2%	127.3%	28,873	21,731	32.9%
<b>Export Market</b>	<b>585,543</b>	<b>657,660</b>	<b>514,047</b>	<b>-11.0%</b>	<b>13.9%</b>	<b>1,243,203</b>	<b>1,123,919</b>	<b>10.6%</b>
Sugar	516,936	575,354	381,555	-10.2%	35.5%	1,092,290	920,930	18.6%
Ethanol	68,607	82,306	132,492	-16.6%	-48.2%	150,913	202,989	-25.7%
<b>Net Revenue¹</b>	<b>1,425,702</b>	<b>1,321,555</b>	<b>925,504</b>	<b>7.9%</b>	<b>54.0%</b>	<b>2,747,257</b>	<b>1,951,658</b>	<b>40.8%</b>
Sugar	557,455	631,277	411,778	-11.7%	35.4%	1,188,732	989,086	20.2%
Ethanol	687,680	569,429	407,560	20.8%	68.7%	1,257,109	766,358	64.0%
Energy	109,769	76,258	71,009	43.9%	54.6%	186,027	135,497	37.3%
Yeast	22,210	14,930	19,301	48.8%	15.1%	37,140	29,822	24.5%
Real Estate Development	22,010	10,490	6,894	109.8%	n.m	32,500	9,032	n.m
CBIOs	6,503	10,373	132	-37.3%	n.m	16,876	132	n.m
Others	20,075	8,798	8,830	128.2%	127.3%	28,873	21,731	32.9%

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

### Net Revenue

In the second quarter of the 2021/22 crop year, the Company's net revenue was R\$1,425.7 million, advancing 54.0% on the prior crop year, mainly due to the higher average sales prices for ethanol (+68.2%), sugar (+43.0%) and cogeneration (+47.9%). In the crop year to date, net revenue rose 40.8% to R\$2,747.3 million, due to the same reasons that affected the quarterly result.

### Main adjustments to Net Revenue for 2Q22 and 6M22

### 1) Debt maturity (Hedge Accounting)

Expenses with the effects of exchange variation on liabilities that were settled in 2Q22 and designated as Hedge Accounting at a BRL/USD exchange rate of R\$3.3. Considering that the exchange rate used for the purposes of cash flow in the period was BRL/USD 5.1, we adjusted net revenue and EBITDA by the amount of R\$0.5 million to provide a better understanding of the Company's cash generation in the period. In 6M22, we adjusted by the amount of R\$28.6 million.

### 2) Purchase Price Allocation (PPA)

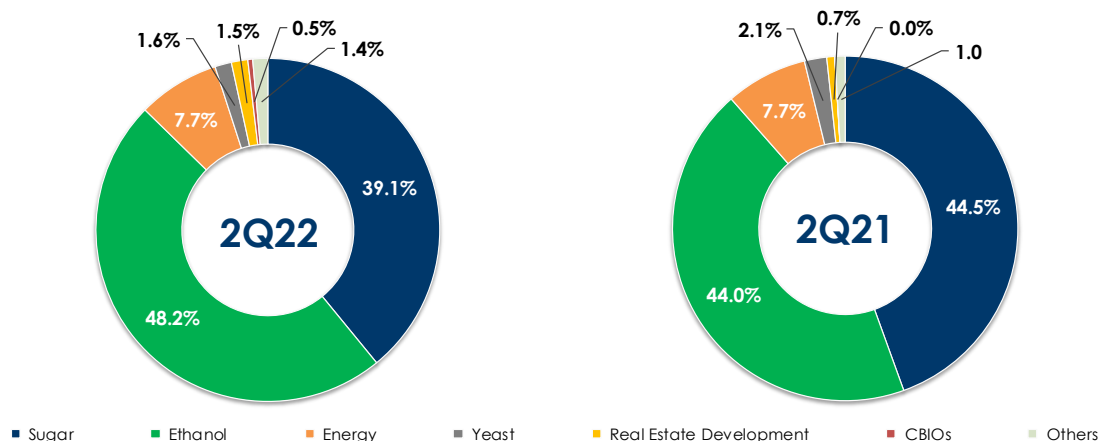
In 2Q22, there was a noncash expense of R\$2.8 million reflecting the amortization of goodwill paid for the future profitability of cogeneration volume at the Santa Cruz Mill. In the crop year to date, we adjusted net revenue by R\$5.2 million.

### 3) Financial Income from Real Estate Development

Adjustment of operating revenue from real estate development related to the present value adjustment (AVP) of trade accounts receivable to better represent the performance of the business. This adjustment already was being made by the Company in the financial result. Accordingly, we adjusted net revenue by R\$4.6 million in 2Q22 and R\$7.9 million in 6M22.

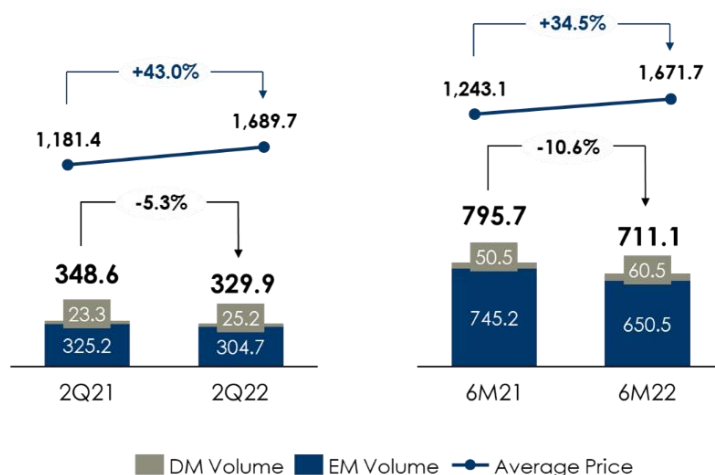
The following charts present a breakdown of the Company's net revenue by product in 2Q22 compared with the same period of the prior crop year.

## Breakdown – Net Revenue



## Sugar

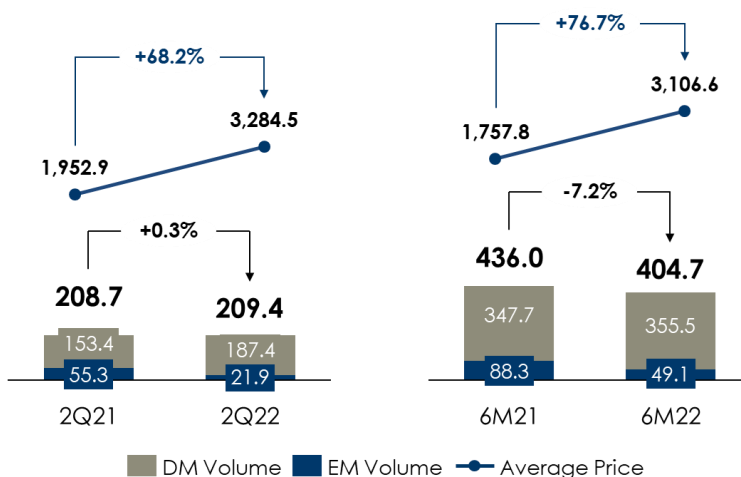
Volume ('000 tons) and Average Price (R\$/ton)



Net revenue from sugar sales amounted to R\$557.5 million in 2Q22, increasing 35.4% on the same period of the previous crop year. In 6M22, net revenue from sugar sales came to R\$1,188.7 million, up 20.2% compared to 6M21. The increase in the periods reflects the product's higher average sales prices, as mentioned earlier in the section 'Industry Overview – Sugar.'

## Ethanol

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



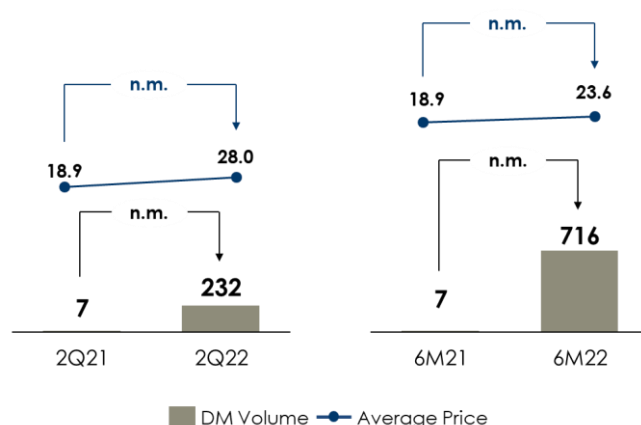
Net revenue from ethanol sales in 2Q22 was R\$687.7 million, up 68.7% in relation to 2Q21. In 6M22, net revenue from ethanol sales increased 64.0% from the previous crop year, to R\$1,257.1 million. The improvement in both comparisons reflects average sales price increases of 68.2% (2Q22 vs. 2Q21) and 76.7% (6M22 vs. 6M21), mainly due to the recovery in oil prices in the period.

## CBIOs

In 2Q22, we sold around 232,000 CBIO decarbonization credits at an average net price of R\$28/CBIO (net of PIS/Cofins and income tax of 15% withheld at source). In 6M22, we sold 716,000 CBIOs at an average price of R\$24/CBIO.

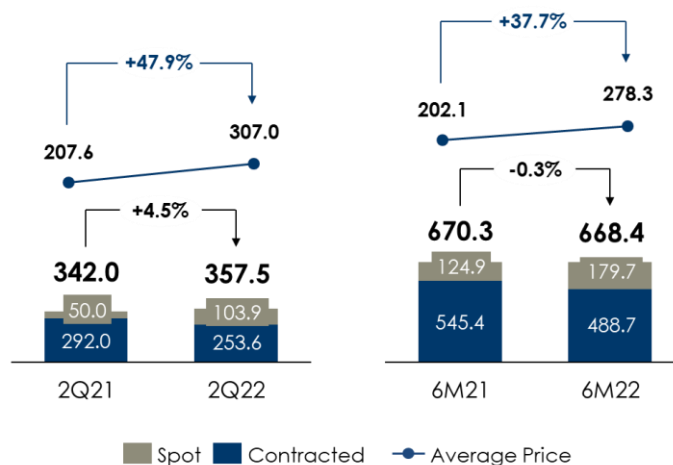
As described in the notes to the financial statements, on September 30, 2021, we had 104,600 CBIOs issued but not sold.

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



## Cogeneration

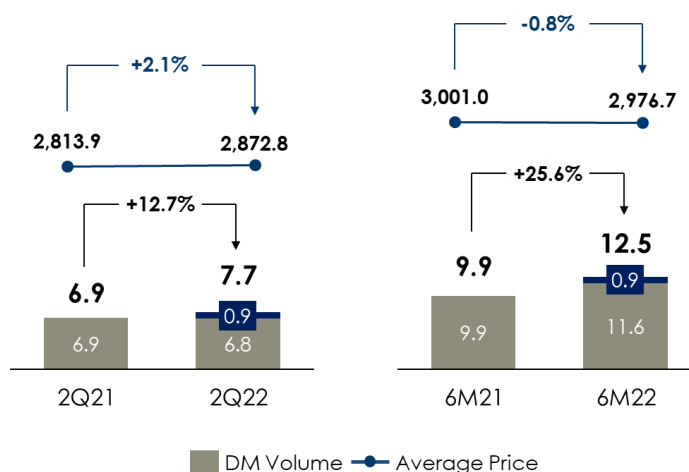
### Volume ('000 MWh) and Average Price (R\$/MWh)



Net revenue from cogeneration sales was R\$109.8 million in 2Q22, 54.6% higher than in 2Q21. In 6M22 year, net revenue increased 37.3%, to R\$186.0 million. The improvement in both periods reflects the average sales price increases of 47.9% (2Q21 vs. 2Q22) and 37.7% (6M22 vs. 6M21), reflecting the higher spot price.

## Yeast

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



Net revenue from yeast sales came to R\$22.2 million in 2Q22, increasing 15.1% from the same quarter last crop year, reflecting the higher sales volume in the period and better prices. In the crop year to date, net revenue from yeast sales grew 24.5%, to R\$37.1 million. The better performance in both periods reflects mainly the higher sales volume, in line with the production increase at the Boa Vista Mill (UBV), as mentioned in previous quarters.

## Real Estate Development

The following table presents an overview of the projects and their sales and percentage of completion (POC) since their launch as of September 2021.

Real Estate Development	Type	City	Area (m <sup>2</sup> )	Launched date	Total lots sold	POC Position
Recanto das Paineiras	Residence	Iracemápolis	376,567	June-14	99.9%	100.0%
Park Empresarial - I	Industrial	Iracemápolis	182,684	September-14	76.1%	100.0%
Park Empresarial - II	Industrial	Iracemápolis	133,794	October-17	33.6%	100.0%
Nova Pradópolis - Phase I	Residence	Pradópolis	246,937	December-15	92.2%	100.0%
Nova Pradópolis - Phase II	Residence	Pradópolis	255,750	July-17	82.9%	100.0%
Nova Iracemápolis	Residence	Iracemápolis	315,027	August-20	98.5%	81.3%
Jardim Irajá	Residence	Américo Brasiliense	161,214	October-20	88.4%	70.1%

In 6M22, the Company recognized net revenue of R\$32.5 million and cash generation of R\$13.6 million.

Real Estate Development	6M22 Net Revenue	6M22 Cash Generation	Portfolio September/21
R\$ '000			
Current Projects	26,126	5,917	64,029
Land Monetization	6,374	7,660	15,031
<b>Total</b>	<b>32,500</b>	<b>13,577</b>	<b>79,060</b>

1- Includes Financial Income from Real Estate Development

As mentioned earlier, the Company began to adjust its operating revenue from real estate development for the present value adjustment (AVP) of trade accounts receivable to better represent the performance of this business. This adjustment was already being made by the Company in the financial result. Accordingly, we adjusted net revenue by R\$4.6 million in 2Q22 and R\$7.9 million in 6M22.

## CASH COGS

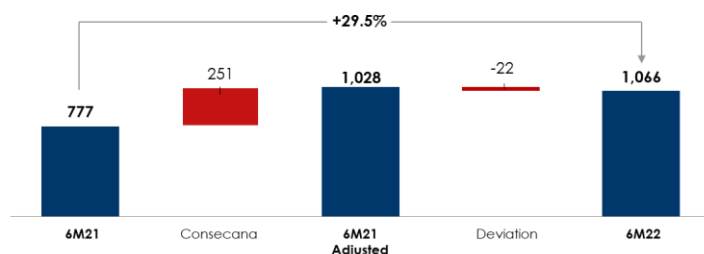
CASH COGS	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	6M22	6M21	Chg. (%)
R\$ '000								
Agricultural Costs	453,513	448,529	306,530	1.1%	48.0%	902,043	683,565	32.0%
Suppliers	278,484	256,106	183,470	8.7%	51.8%	534,590	394,661	35.5%
Partnerships	101,735	115,018	63,171	-11.5%	61.0%	216,752	151,411	43.2%
Own Sugarcane	73,295	77,405	59,890	-5.3%	22.4%	150,700	137,492	9.6%
Industrial	49,043	55,688	39,365	-11.9%	24.6%	104,731	94,312	11.0%
Other Products	50,829	26,725	16,675	90.2%	n.m.	77,554	29,002	n.m.
<b>Total COGS</b>	<b>553,385</b>	<b>530,942</b>	<b>362,570</b>	<b>4.2%</b>	<b>52.6%</b>	<b>1,084,327</b>	<b>806,878</b>	<b>34.4%</b>
TRS Sold ('000 Tons)	703	732	721	-4.0%	-2.6%	1,434	1,576	-9.0%
Unit Cost (Sugar and Ethanol Cash COGS / TRS)	714	688	479	3.8%	49.2%	701	493	42.2%

Data do not include the IFRS 16 impacts

Cash COGS in 2Q22 came to R\$553.4 million, up 52.6% from the same period last crop year, mainly due to the higher Consecana price (+60.1%), which resulted in a 49.2% increase in unit COGS compared to 2Q21. In 6M22, cash COGS was R\$1,084.3 million, up 34.4% in relation to the prior-year period, while unit COGS increased 42.2%, explained by the same factor affecting the quarter.

Excluding the effect from the Consecana price variation in the period (as mentioned above) and considering that the volume of TRS produced in the period (6M22) was around 7.1% lower than in 6M21, unit cash COGS considering both sugar and ethanol increased by 7.4% in the period.

Cash COGS – Sugar and Ethanol (R\$ million)



	6M21		6M22
TRS produced ('000 tons)	2,891	-7.1%	2,686
TRS sold ('000 tons)	1,576	-9.0%	1,434
Unit Cost (COGS / TRS)	652	+7.4%	701

The following table presents details on the variation in average unit cash COGS for both sugar and ethanol compared to the same period last crop year.

Cash COGS per Product	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	6M22	6M21	Chg. (%)
R\$ '000								
<b>COGS (Cash)</b>	<b>501,942</b>	<b>503,555</b>	<b>345,286</b>	<b>-0.3%</b>	<b>45.4%</b>	<b>1,005,497</b>	<b>776,561</b>	<b>29.5%</b>
Sugar	260,594	287,691	179,511	-9.4%	45.2%	548,285	431,099	27.2%
Ethanol	241,348	215,864	165,775	11.8%	45.6%	457,212	345,461	32.3%
<b>Average Cash Cost Per Unit<sup>1</sup></b>								
Sugar Cash Cost	789.9	754.8	515.0	4.7%	53.4%	771.1	541.8	42.3%
Ethanol Cash Cost	1,152.7	1,105.4	794.3	4.3%	45.1%	1,129.9	792.4	42.6%

Data do not include the IFRS 16 impacts

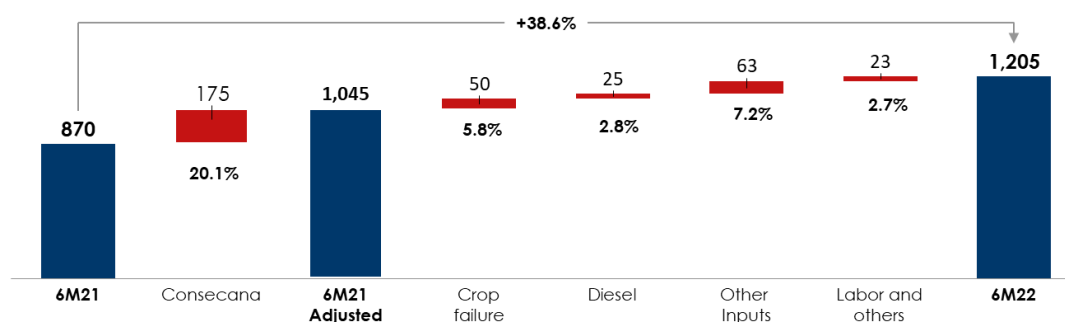
<sup>1</sup> - Sugar in R\$/ton

Ethanol in R\$/m³

## CASH COST BY PRODUCT\*

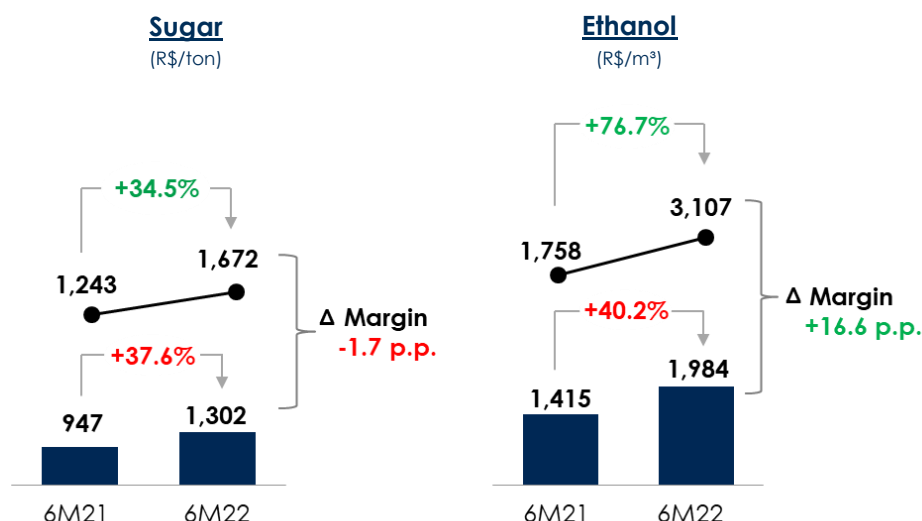
As mentioned above, in the comparison of 6M22 with 6M21, the Consecana price registered an increase of 60.1%, which contributed to increasing the product's cash cost in the period, while diluting unit fixed costs, reflecting the crop shortfall. Another factor in the comparison period was the price increases for diesel (which represents around 7% of cash cost) and inputs, notably NPK fertilizers (which represent around 5% of cash cost), which registered significantly price hikes. However, note that costs linked to the variations in the Consecana and diesel prices have a positive impact on the Company's net revenue.

To better illustrate the above comments, the following chart details the impacts on the cash cost of sugar and ethanol equivalent, in R\$/TRS:



Under the same analysis by product in 6M22, the average cash cost of sugar was R\$1,302/ton, up 37.6% from 6M21. Given that in the period the average sales price increased 34.5%, the product's margin contracted by 1.7 p.p. from 6M21.

For ethanol, the average total cash cost in 6M22 was R\$1,984/m³, 40.2% higher than in the same period last crop year. However, given the increase in the average sales price of 76.7% in 6M22, margin expanded by 16.6 p.p. in the period.



\*CASH COST: Cash COGS + General and Administrative Expenses – Depreciation/Amortization + Maintenance Capex

## SELLING EXPENSES

	2Q22	1Q22	2Q21	Δ 2Q22/1Q22	Δ 2Q22/2Q21	6M22	6M21	Chg. (%)
R\$ '000								
Port Costs / Freight	31,910	39,526	38,591	-19.3%	-17.3%	71,436	80,810	-11.6%
Other	3,391	3,924	3,428	-13.6%	-1.1%	7,316	6,503	12.5%
<b>Selling Expenses</b>	<b>35,302</b>	<b>43,450</b>	<b>42,019</b>	<b>-18.8%</b>	<b>-16.0%</b>	<b>78,752</b>	<b>87,312</b>	<b>-9.8%</b>
TRS Sold ('000 tons)	703	732	721	-4.0%	-2.6%	1,434	1,576	-9.0%
% of Net Revenue	2.5%	3.3%	4.5%	-0.8 p.p.	-2.1 p.p.	2.9%	4.5%	-1.6 p.p.

In 2Q22, selling expenses amounted to R\$35.3 million, down 16.0% from the same period last crop year. In 6M22, selling expenses decreased 9.8% compared to 6M21. The reduction in both periods mainly reflects the lower sugar and ethanol exports.

## CASH GENERAL & ADMINISTRATIVE EXPENSES

	2Q22	1Q22	2Q21	Δ 2Q22/1Q22	Δ 2Q22/2Q21	6M22	6M21	Chg. (%)
R\$ '000								
Labor/ General Expenses <sup>1</sup>	57,752	46,440	50,788	24.4%	13.7%	104,192	94,262	10.5%
Stock Option - Vested	2,767	9,544	216	-71.0%	n.m.	12,311	1,705	n.m.
<b>Subtotal</b>	<b>60,519</b>	<b>55,984</b>	<b>51,004</b>	<b>8.1%</b>	<b>18.7%</b>	<b>116,503</b>	<b>95,966</b>	<b>21.4%</b>
Litigation	5,727	5,038	3,715	13.7%	54.2%	10,765	6,307	70.7%
Stock Option - Non-vested	141	15,015	1,574	-99.1%	-91.0%	15,156	6,210	144.1%
<b>Total General and Administrative Expenses</b>	<b>66,387</b>	<b>76,037</b>	<b>56,293</b>	<b>-12.7%</b>	<b>17.9%</b>	<b>142,424</b>	<b>108,484</b>	<b>31.3%</b>

1- General expenses includes initiatives with COVID-19

In 2Q22, general and administrative expenses amounted to R\$66.4 million, increasing 17.9% from the same period last crop year, mainly due to: (i) the effects from inflation in the periods; and (ii) the schedule effect between quarters related to litigation expenses.

## EBITDA

EBITDA RECONCILIATION	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	6M22	6M21	Chg. (%)
R\$ '000								
<b>Adjusted EBITDA</b>	<b>790,094</b>	<b>688,307</b>	<b>476,248</b>	<b>14.8%</b>	<b>65.9%</b>	<b>1,478,400</b>	<b>967,691</b>	<b>52.8%</b>
Adjusted EBITDA Margin	55.4%	52.1%	51.5%	3.3 p.p.	4.0 p.p.	53.8%	49.6%	4.2 p.p.
Non-cash effect of IFRS 16	103,697	95,283	68,230	8.8%	52.0%	198,981	158,253	25.7%
Biological Assets	12,920	1,679	6,661	n.m.	94.0%	14,599	17,700	-17.5%
Equity Income	1,627	1,675	1,975	-2.9%	-17.6%	3,302	2,916	13.2%
Real Estate Results	(4,611)	(3,318)	(1,969)	39.0%	134.2%	(7,929)	(3,265)	142.8%
Stock Option - Non-vested	(141)	(15,015)	(1,574)	-99.1%	-91.0%	(15,156)	(6,210)	144.0%
Adjustment to Maturity of Hedge Accounting	(500)	(28,064)	(541)	-98.2%	-7.6%	(28,564)	(1,143)	n.m.
Copersucar Rights	-	-	383,040	n.m.	n.m.	-	383,040	n.m.
<b>Book EBITDA<sup>1</sup></b>	<b>903,086</b>	<b>740,547</b>	<b>932,070</b>	<b>21.9%</b>	<b>-3.1%</b>	<b>1,643,633</b>	<b>1,518,982</b>	<b>8.2%</b>
EBITDA Margin	63.7%	57.5%	101.3%	6.2 p.p.	-37.6 p.p.	60.7%	78.3%	-17.5 p.p.
(-) Depreciation and Amortization	(358,319)	(368,379)	(308,280)	-2.7%	16.2%	(726,698)	(673,637)	7.9%
(-) Financial Revenue (Expense), net	(48,926)	(129,437)	(150,445)	-62.2%	-67.5%	(178,363)	(223,298)	-20.1%
(=) Operating Income	495,841	242,731	473,345	104.3%	4.8%	738,572	622,047	18.7%

<sup>1</sup> - Book EBITDA includes the IFRS 16 impacts

### Adjusted EBITDA

Adjusted EBITDA in 2Q22 amounted to R\$790.1 million (adjusted EBITDA margin of 55.4%), advancing 65.9% from 2Q21, mainly due to the higher average sales prices for ethanol (+68.2%), sugar (+43.0%) and cogeneration (+47.9%). In 6M22, Adjusted EBITDA grew 52.8% to R\$1,478.4 million (Adjusted EBITDA margin of 53.8%), reflecting the same reasons that affected the quarterly result.

### Main Adjustments to EBITDA in 2Q22 and 6M22

#### 1) IFRS 16 - Leases

Reduction in Adjusted EBITDA compared to accounting EBITDA of R\$103.7 million in 2Q22 related to the payment of leases that ceased to be recognized under cash cost (COGS) to instead be recognized under amortization of right of use. In 6M22, this amount was R\$199.0 million.

#### 2) Biological assets

Noncash reduction to adjusted EBITDA of R\$12.9 million in accounting costs (COGS) in 2Q22 related to the mark-to-market adjustment of biological assets, reflecting primarily the variation in Consecana price. In 6M22, we adjusted by the amount of R\$14.6 million.

#### 3) Debt maturity (Hedge Accounting)

Expenses with the effects of exchange variation on liabilities that were settled in 2Q22 and designated as Hedge Accounting at a BRL/USD exchange rate of R\$3.3. Considering that the exchange rate used for the purposes of cash flow in the period was BRL/USD 5.1, we adjusted net revenue and EBITDA by the amount of R\$0.5 million to provide a better understanding of the Company's cash generation in the period. In 6M22, we adjusted by the amount of R\$28.6 million.

## Operating Cash Generation (Adjusted Cash EBIT)

	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	2T22 LTM	2T21 LTM	Chg.%
R\$ '000								
<b>Adjusted Cash EBIT</b>	<b>489,904</b>	<b>447,697</b>	<b>245,747</b>	<b>9.4%</b>	<b>99.4%</b>	<b>1,319,272</b>	<b>917,569</b>	<b>43.8%</b>
Adjusted EBIT Margin	34.4%	33.9%	26.6%	0.5 p.p.	7.8 p.p.	25.8%	22.2%	3.6 p.p.
(-) Maintenance Capex	(300,190)	(240,610)	(230,501)	24.8%	30.2%	(1,378,953)	(1,171,073)	17.8%
<b>Adjusted EBITDA</b>	<b>790,094</b>	<b>688,307</b>	<b>476,248</b>	<b>14.8%</b>	<b>65.9%</b>	<b>2,698,224</b>	<b>2,088,642</b>	<b>29.2%</b>
Adjusted EBITDA Margin	55.4%	52.1%	51.5%	3.3 p.p.	4.0 p.p.	52.7%	50.6%	2.1 p.p.
Non-cash effect of IFRS 16	103,697	95,283	68,230	8.8%	52.0%	353,558	343,800	2.8%
Biological Assets	12,920	1,679	6,661	n.m.	94.0%	61,878	(12,480)	n.m.
Equity Income	1,627	1,675	1,975	-2.9%	-17.6%	6,162	2,333	n.m.
Real Estate Results	(4,611)	(3,318)	(1,969)	39.0%	134.2%	(12,801)	(3,265)	n.m.
Stock Option - Non-vested	(141)	(15,015)	(1,574)	-99.1%	-91.0%	(25,874)	(5,958)	n.m.
Adjustment to Maturity of Hedge	(500)	(28,064)	(541)	-98.2%	-7.6%	(29,797)	(1,630)	n.m.
Non Recurring Operating Income (Expenses)	-	-	-	n.m.	n.m.	17,083	(3,994)	n.m.
Copersucar Rights	-	-	383,040	n.m.	n.m.	-	732,096	n.m.
<b>Book EBITDA</b>	<b>903,086</b>	<b>740,547</b>	<b>932,070</b>	<b>21.9%</b>	<b>-3.1%</b>	<b>3,068,434</b>	<b>3,139,543</b>	<b>-2.3%</b>
EBITDA Margin	63.7%	57.5%	101.3%	6.2 p.p.	-37.6 p.p.	60.5%	76.3%	-15.8 p.p.

Adjusted Cash Earnings Before Taxes (EBIT) in 2Q22 came to R\$489.9 million (Adjusted EBIT margin of 34.4%), increasing 99.4% from 2Q21. In the last 12 months, Adjusted Cash EBIT amounted to R\$1,319.3 million (Adjusted EBITDA margin of 25.8%), advancing 43.8% on the prior-year period. The increase in the periods reflects mainly the same effects that had a positive impact on EBITDA.

## HEDGE

The following table details our sugar hedge position on September 30, 2021, considering the portion fixed in USD and open positions.

	Sugar hedged (tons)	Avg. Price (USD c/p)	Avg. Price (R\$/ton)
<b>21/22 Harvest</b>	<b>526,516</b>	<b>15.26</b>	
	302,037	15.26	1,864
	224,480	15.26	not hedged
<b>22/23 Harvest</b>	<b>419,984</b>	<b>15.16</b>	
	405,453	15.16	1,932
	14,531	15.16	not hedged

The open positions in USD on said date are mainly related to the exposure on the purchase of dollarized inputs for the crop year, as well as other obligations in foreign currency.

## Hedge Accounting

### Effect on Shareholders' Equity

In March 2010, inclusive, the Company began to adopt hedge accounting for derivatives classified as hedge instruments, as well as debt denominated in foreign currency.

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income and social contribution taxes. In the period from April to September 2021, we recorded an increase in shareholders' equity of R\$138.0 million.

### Effect on Income Statement

As previously mentioned, certain foreign-denominated liabilities have been designated to Hedge Accounting, which will impact our net revenue.

In 2Q22, a total of US\$0.3 million in debt was recognized, with the exchange rate of R\$3.3/USD\$ adopted for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R\$5.1/USD, we made an adjustment of R\$0.5 million to net revenue and EBITDA to provide a better understanding of the Company's operating cash generation.

## NET FINANCIAL RESULT

FINANCIAL RESULTS	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	6M22	6M21	Chg.%
R\$ '000								
Financial Revenues	26,037	11,431	11,778	127.8%	121.1%	37,468	30,578	22.5%
Financial Expenses	(79,152)	(40,952)	(50,349)	93.3%	57.2%	(120,104)	(105,663)	13.7%
<b>Financial Revenues/Expenses</b>	<b>(53,116)</b>	<b>(29,521)</b>	<b>(38,571)</b>	<b>79.9%</b>	<b>37.7%</b>	<b>(82,637)</b>	<b>(75,085)</b>	<b>10.1%</b>
Exchange Variation/Derivative/Others	15,465	(55,958)	(74,550)	n.m.	n.m.	(40,493)	(68,968)	-41.3%
IFRS16 Effects - APV	(45,383)	(47,276)	(39,293)	-4.0%	15.5%	(92,659)	(82,510)	12.3%
Real Estate Results	4,611	3,318	1,969	39.0%	134.2%	7,929	3,265	142.8%
ICMS on PIS/Cofins base	29,496	-	-	n.m.	n.m.	29,496	-	n.m.
<b>Net Financial Result</b>	<b>(48,926)</b>	<b>(129,437)</b>	<b>(150,445)</b>	<b>-62.2%</b>	<b>-67.5%</b>	<b>(178,363)</b>	<b>(223,298)</b>	<b>-20.1%</b>

The net financial result in 2Q22 was an expense of R\$48.9 million, representing a reduction of 67.5%, compared to 2Q21. In 6M22, the net financial expense decreased by 20.1% to R\$178.4 million. The better result is mainly due to the gain on derivative operations in the quarter linked to sugar sales, combined with the positive effect of R\$29.5 million from the exclusion of ICMS from the PIS/COFINS calculation base, which had a positive effect on the financial result in 2Q22.

## COPERSUCAR

### Obligations

On September 30, 2021, São Martinho recognized the amount of R\$170.7 million in obligations payable to Copersucar under Liabilities on its balance sheet. In accordance with the terms negotiated for the withdrawal from Copersucar, we will continue to recognize under "Obligations - Copersucar" all liabilities related to the contingencies currently in litigation conducted by the attorneys at Copersucar. The total amount of these obligations is secured by bank sureties.

### Rights

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

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

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

The excess of R\$2.2 billion claimed by the Federal Government (R\$286.3 million proportional to the Company) is still in litigation.

In March 2019, Copersucar received and transferred to cooperative members the first installment of the court-ordered debt security (R\$906 million). In addition, 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. Later, in September 2020, the third installment of the first court-ordered debt security (R\$1.08 billion) and the second installment of the supplementary court-ordered debt security (R\$1.975 billion) were collected.

Upon the transfer of funds, Copersucar withheld a portion for litigation seeking damages and the levy of PIS and COFINS taxes, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. On March 31, 2021, the balance receivable from Copersucar is R\$103,710, registered under Other long-term assets.

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

In the period ended September 30, 2020, after the transfer and withholding of the amounts related to court expenses and the taxes under litigation, the balance of R\$383,040 was recorded under "Other expenses (income), net." Management classifies receipt of the remaining balance as probable, but not practically certain, therefore, the amount was not recorded.

## DEBT

INDEBTEDNESS	Sep/21	Mar/21	Chg.%
R\$ '000			
Agribusiness Certificate of Receivables (CRA)	1,618,791	1,917,343	-15.6%
BNDES / FINAME	467,171	339,321	37.7%
Working Capital/ NCE (Export Credit Note)	137,757	286,649	-51.9%
Debentures	509,787	-	n.m
PPE (Export prepayment)	1,004,974	1,163,182	-13.6%
International Finance Corporation (IFC)	864,316	344,468	150.9%
Obligations from Acquisitions - LOP	15,306	15,288	0.1%
<b>Gross Debt</b>	<b>4,618,102</b>	<b>4,066,251</b>	<b>13.6%</b>
Cash and Cash Equivalents	1,362,795	1,364,148	-0.1%
<b>Net Debt</b>	<b>3,255,307</b>	<b>2,702,103</b>	<b>20.5%</b>
Net Debt / LTM EBITDA - R\$	1.21 x	1.24 x	-2.3%
Net Debt / LTM EBITDA - USD <sup>1</sup>	1.07 x	1.05 x	2.3%
<b>LTM Adjusted EBITDA</b>	<b>2,698,224</b>	<b>2,187,515</b>	<b>23.3%</b>

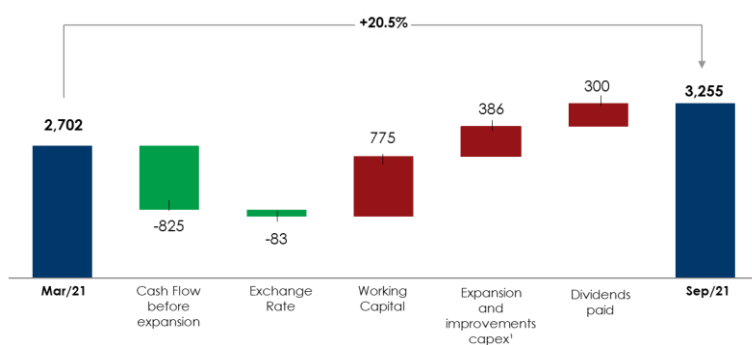
<sup>1</sup> - LTM EBITDA average daily PTAX: Mar/21: R\$ 5.41 and Sep/21: R\$ 5.35

In September 2021, the Company's net debt stood at R\$3.2 billion, increasing 20.5% from March 2021, basically due to the higher allocation to working capital, notably inventories, which should be converted into cash over the coming quarters.

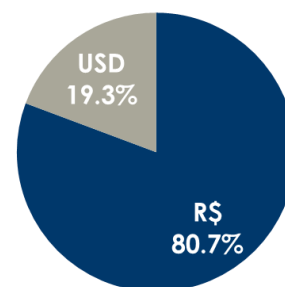
The following charts show details of the debt position:

### Changes in Net Debt

R\$ - Million



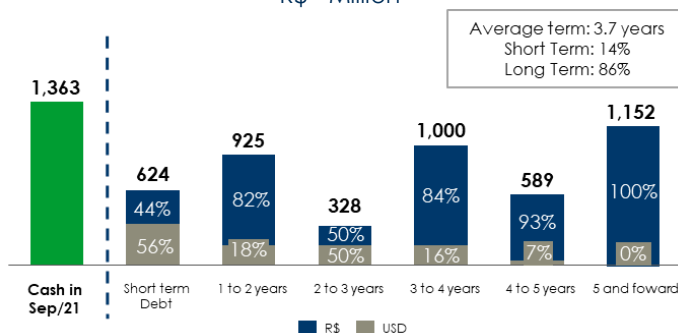
### Currency – Net Debt \*



\*Includes SWAP contracts

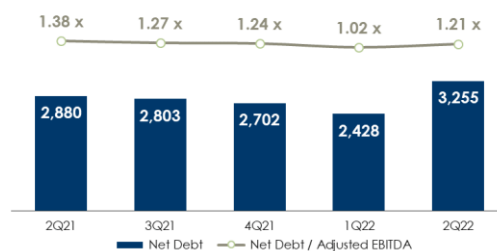
### Debt Amortization Schedule

R\$ - Million



### Net Debt/LTM EBITDA Evolution

R\$ - Million



## CAPEX

(Maintenance)	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	6M22	6M21	Chg.%
R\$ '000								
Sugarcane Planting - Renovation	98,102	80,691	90,499	21.6%	8.4%	178,793	156,956	13.9%
Off-Season Maintenance (Industrial/Agricultural)	-	410	-	n.m.	n.m.	410	-	n.m.
Crop Treatment	202,088	159,508	140,003	26.7%	44.3%	361,596	265,896	36.0%
<b>Total</b>	<b>300,190</b>	<b>240,610</b>	<b>230,501</b>	<b>24.8%</b>	<b>30.2%</b>	<b>540,799</b>	<b>422,852</b>	<b>27.9%</b>
<b>(Operational Improvements)</b>								
Equipment/Replacements	31,616	21,348	11,063	48.1%	185.8%	52,965	19,157	176.5%
Environmental/Legal	9,335	8,917	5,014	4.7%	86.2%	18,253	14,682	24.3%
<b>Total</b>	<b>40,952</b>	<b>30,266</b>	<b>16,077</b>	<b>35.3%</b>	<b>154.7%</b>	<b>71,217</b>	<b>33,839</b>	<b>110.5%</b>
<b>(Upgrading/Expansion)</b>								
R\$ '000								
Corn Ethanol Project	64,621	102,012	34	-36.7%	n.m.	166,632	4,935	n.m.
UTE Phase II	37,176	5,702	325	n.m.	n.m.	42,878	549	n.m.
Other Projects	27,862	53,918	2,999	-48.3%	n.m.	81,780	11,054	n.m.
<b>Total</b>	<b>129,659</b>	<b>161,631</b>	<b>3,358</b>	<b>-19.8%</b>	<b>n.m.</b>	<b>291,290</b>	<b>16,538</b>	<b>n.m.</b>
<b>GRAND TOTAL</b>	<b>470,800</b>	<b>432,507</b>	<b>249,937</b>	<b>8.9%</b>	<b>88.4%</b>	<b>903,307</b>	<b>473,229</b>	<b>90.9%</b>

The Company's maintenance capex amounted to R\$300.2 million in 2Q22, up 30.2% in the period, reflecting (in line with the same effects impacting the first quarter of the crop year) the time-difference and calendar effect of the expansion in planting and treatment areas in relation to 2Q21, which should normalize by the end of the crop year. Furthermore, in the comparison period, the price of inputs, notably of fertilizers, increased, which mainly affected the line related to crop treatments, as mentioned earlier in the 'Cash Cost by Product' section of this earnings release. In 6M22, the increase was 27.9%, mainly due to the same factors affecting the quarter.

Capex related to operational improvements involved investments in: (i) agricultural and industrial equipment and replacements, and (ii) environmental/legal investments, which amounted to R\$41.0 million in 2Q22, up 154.7% from 2Q21, due to the calendar effect of disbursements scheduled over the crop year related to replacing the Company's fleet. In 6M22, this increase was 110.5%, to R\$71.2 million.

Expansion capex, which amounted to R\$129.7 million in 2Q22, was related to investments mainly in: (i) the Corn Ethanol Project, which amounted to R\$64.6 million in 2Q22 (IRR of ~35%); (ii) Thermal Power Plant Phase II, which came to R\$37.2 million in 2Q22 (IRR of ~12%); and (iii) other projects, which amounted to R\$27.9 million in the quarter.

**For the 2021/22 crop year**, we project total capex of approximately R\$2.5 billion, which is R\$400 million higher than our initial guidance - as reported in the 4Q21 earnings release. The following chart presents the main changes:

Maintenance Capex (+ R\$220 million): Higher prices for inputs, especially fertilizers (R\$70 million), intensification of field nutrition to repair damage from drought and frost (R\$80 million) and anticipation of intercrop maintenance (accounting effect increasing capex by R\$70 million), with a reducing effect from a similar amount of OPEX;

Growth/Efficiency Capex (+ R\$180 million): i) approval of projects to capture agricultural and industrial efficiency gains that combined amount to R\$100 million, with an IRR of around 25% p.a. One of the main projects involves closing the water circuit at the São Martinho mill to reduce water withdrawals for industrial processes and consequently optimize the cooling system, with deactivation of the treatment lakes. Considering said investments, part of the wastewater will be reused for irrigation, which will improve fertility and the development of part of the fields; and ii) the remaining R\$80 million refers to

anticipating the investment calendar for the corn ethanol plant (attached to UBV) and cogeneration (thermal power plant at USM).

## CASH NET INCOME

Cash net income amounted to R\$431.9 million in 2Q22, increasing 344.7% on the same period last crop year, driven mainly by EBITDA growth in the period. In 6M22, cash net income was R\$670.3 million, advancing 45.3% in relation to 6M21, reflecting the same factor affecting the quarter.

Cash Income	2Q22	1Q22	2Q21	$\Delta$ 2Q22/1Q22	$\Delta$ 2Q22/2Q21	6M22	6M21	Chg.%
R\$ '000								
Net Income	368,412	190,091	331,894	93.8%	11.0%	558,503	447,600	24.8%
Non-cash effect of IFRS 16 on Net Income before taxes	(22,839)	(579)	17,837	n.m.	n.m.	(23,418)	29,141	n.m.
Income Tax booked	127,429	52,640	141,451	142.1%	-9.9%	180,069	174,447	3.2%
Income Tax paid	(28,192)	(2,067)	(16,303)	n.m.	72.9%	(30,259)	(17,272)	75.2%
Judicial Deposit (Income Tax/Social Contribution-Copersucar)	-	-	(154,905)	n.m.	n.m.	-	(154,905)	nm.
Biological Asset/Others	(12,920)	(1,679)	(6,661)	n.m.	94.0%	(14,599)	(17,700)	-17.5%
<b>Cash Income</b>	<b>431,890</b>	<b>238,406</b>	<b>313,312</b>	<b>81.2%</b>	<b>37.8%</b>	<b>670,296</b>	<b>461,311</b>	<b>45.3%</b>
<b>Total Shares ex-treasury (in thousand)</b>	<b>346,375</b>	<b>346,375</b>	<b>346,375</b>	<b>0.0%</b>	<b>0.0%</b>	<b>346,375</b>	<b>346,375</b>	<b>0.0%</b>
<b>Cash Income per share</b>	<b>1.25</b>	<b>0.69</b>	<b>0.90</b>	<b>81.2%</b>	<b>37.8%</b>	<b>1.94</b>	<b>1.33</b>	<b>45.3%</b>

## PAYMENT OF DIVIDENDS AND INTEREST ON EQUITY

The Board of Directors Meeting held on November 8, 2021 approved the distribution of share-based payments in the aggregate amount of R\$507,564,225.18, or R\$1.465360168/share, with: (i) interim dividends relative to the results for the 2021/22 crop year of R\$372,564,225.18 or R\$1.075609250/share; and (ii) interest on equity (IOE) in the gross amount of R\$135,000,000.00 or R\$0.389750918/share.

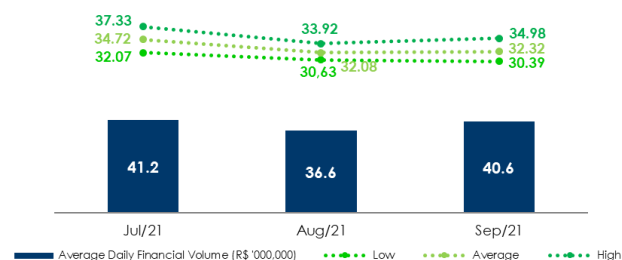
The payments will be made on November 30 to shareholders of record on November 11, 2021.

## CAPITAL MARKETS

### SMT03 Performance – 12 months in R\$



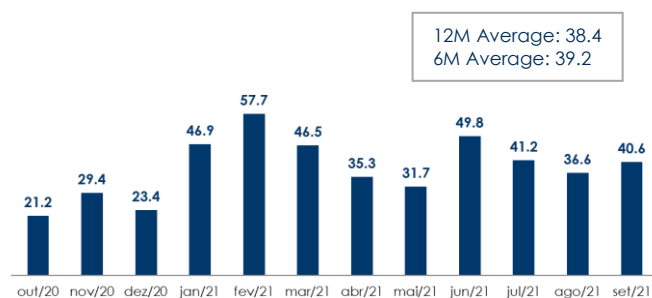
### Price and Volume in R\$



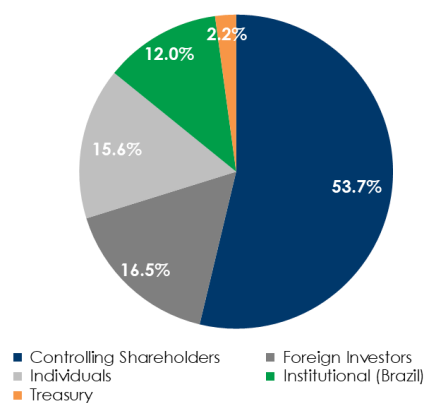
### SMT03 Performance vs. Stock Indexes Base 100



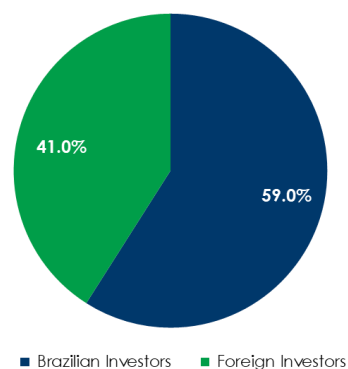
### Average Daily Trading Volume R\$ million



### Ownership structure Base: Sept. 30, 2021



### Free-float composition



## **INVESTOR RELATIONS TEAM**

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## **DISCLAIMER**

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

## **FINANCIAL STATEMENTS**

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

## INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	2Q22	2Q21	Chg. (%)	6M22	6M21	Chg. (%)
R\$ '000						
Gross Revenue	1,513,018	979,568	54.5%	2,886,159	2,062,967	39.9%
Deductions from Gross Revenue	(95,213)	(59,840)	59.1%	(180,575)	(122,219)	47.7%
<b>Net Revenue</b>	<b>1,417,805</b>	<b>919,728</b>	<b>54.2%</b>	<b>2,705,584</b>	<b>1,940,748</b>	<b>39.4%</b>
Cost of Goods Sold (COGS)	(789,024)	(588,631)	34.0%	(1,585,678)	(1,289,860)	22.9%
<b>Gross Profit</b>	<b>628,781</b>	<b>331,097</b>	<b>89.9%</b>	<b>1,119,906</b>	<b>650,888</b>	<b>72.1%</b>
Gross Margin (%)	44.3%	36.0%	8.3 p.p	41.4%	33.5%	7.9 p.p
<b>Operating income (expenses)</b>	<b>(84,014)</b>	<b>292,693</b>	<b>n.m.</b>	<b>(202,971)</b>	<b>194,457</b>	<b>n.m.</b>
Selling Expenses	(35,302)	(42,019)	-16.0%	(78,752)	(87,312)	-9.8%
General and Administrative Expenses	(69,666)	(60,352)	15.4%	(149,011)	(116,681)	27.7%
Equity in the results of investees	1,627	1,975	-17.6%	3,302	2,916	13.2%
Other income (expenses), net	19,327	393,089	-95.1%	21,490	395,534	-94.6%
<b>Operating profit</b>	<b>544,767</b>	<b>623,790</b>	<b>-12.7%</b>	<b>916,935</b>	<b>845,345</b>	<b>8.5%</b>
<b>Finance income (costs)</b>	<b>(48,926)</b>	<b>(150,445)</b>	<b>-67.5%</b>	<b>(178,363)</b>	<b>(223,298)</b>	<b>-20.1%</b>
Finance income	60,594	13,747	340.8%	75,343	33,843	122.6%
Finance costs	(124,985)	(155,403)	-19.6%	(213,214)	(253,934)	-16.0%
Monetary and foreign exchange variations, net	(32,870)	(6,904)	n.m.	(63,291)	(8,237)	n.m.
Derivatives	48,335	(1,885)	n.m.	22,799	5,030	n.m.
<b>Profit before taxation</b>	<b>495,841</b>	<b>473,345</b>	<b>4.8%</b>	<b>738,572</b>	<b>622,047</b>	<b>18.7%</b>
Income Tax and Social Contribution - Current	(87,392)	(161,421)	-45.9%	(92,095)	(176,982)	-48.0%
Income Tax and Social Contribution - Deferred	(40,037)	19,970	n.m.	(87,974)	2,535	n.m.
<b>Net Income</b>	<b>368,412</b>	<b>331,894</b>	<b>11.0%</b>	<b>558,503</b>	<b>447,600</b>	<b>24.8%</b>
Net Margin (%)	26.0%	36.1%	-10.1 p.p	20.6%	23.1%	-2.4 p.p

**BALANCE SHEET (ASSETS)**

<b>SÃO MARTINHO S.A. CONSOLIDATED - ASSETS</b>		
R\$ '000		
<b>ASSETS</b>	<b>Sep/21</b>	<b>Mar/21</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	246,808	288,350
Financial investments	1,104,526	1,062,154
Trade Receivables	532,970	215,659
Derivative Financial Instruments	159,634	139,904
Inventories and advance to suppliers	1,843,384	446,313
Biological Assets	859,534	989,540
Taxes Recoverable	55,033	12,062
Income Tax and Social Contribution	1	42,250
Other assets	15,247	9,376
<b>TOTAL CURRENT ASSETS</b>	<b>4,817,137</b>	<b>3,205,608</b>
<b>NON-CURRENT ASSETS</b>		
<b>Long-term Receivables</b>		
Financial investments	11,461	13,644
Inventories and advance to suppliers	119,157	106,838
Derivative Financial Instruments	70,631	48,639
Trade Receivables	10,744	24,189
Taxes Recoverable	131,271	96,241
Judicial Deposits	501,960	485,029
Other Assets	105,555	113,935
	<b>950,779</b>	<b>888,515</b>
<b>Investments</b>	41,512	39,951
<b>Property, plant and equipment</b>	5,752,060	5,962,644
<b>Intangible assets</b>	452,980	451,742
<b>Right-of-use assets</b>	1,800,888	1,869,396
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,998,219</b>	<b>9,212,248</b>
<b>TOTAL ASSETS</b>	<b>13,815,356</b>	<b>12,417,856</b>

## BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED - LIABILITIES		
R\$ '000		
LIABILITIES AND EQUITY	Sep/21	Mar/21
<b>CURRENT LIABILITIES</b>		
Borrowings	611,949	674,504
Leases payable	55,067	66,264
Agricultural partnership payable	358,451	285,308
Derivative Financial Instruments	261,199	218,685
Trade Payables	592,543	221,707
Payables to Copersucar	9,075	9,075
Salaries and Social Charges	215,301	171,883
Taxes recoverable	29,876	24,229
Income tax and social contribution payable	13,627	7,480
Dividends Payable	-	102,552
Advances from Customers	16,079	17,436
Acquisition of Ownership interests	11,656	11,638
Other Liabilities	14,470	30,812
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,189,293</b>	<b>1,841,573</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	3,990,847	3,376,459
Leases payable	376,846	399,157
Agricultural partnership payable	997,901	1,161,905
Derivative Financial Instruments	30,741	80,227
Payables to Copersucar	161,635	167,121
Deferred Income Tax and Social Contribution	991,189	834,822
Provision for Contingencies	105,592	102,256
Acquisition of Ownership interests	3,650	3,650
Taxes with suspended payment	476,514	458,480
Other Liabilities	5,405	5,617
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,140,320</b>	<b>6,589,694</b>
<b>EQUITY</b>		
Share Capital	2,681,571	2,071,819
Treasury Shares	(139,997)	(139,997)
Carrying Value Adjustments	679,832	551,050
Revenue Reserves	756,773	1,503,717
Retained Earnings	507,564	-
<b>TOTAL EQUITY</b>	<b>4,485,743</b>	<b>3,986,589</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>13,815,356</b>	<b>12,417,856</b>

## CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	6M22	6M21
R\$ '000		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	558,503	447,600
Adjustments		
Depreciation and amortization	326,196	328,973
Biological assets harvested	395,322	338,161
Change in the fair value of biological assets	(14,599)	(17,700)
Amortization of electricity contracts	5,180	6,503
Equity in the results of investees	(3,302)	(2,916)
Gains (losses) on investments and PP&E written off	(1,259)	6,871
Interest, monetary and exchange variations, net	109,151	91,144
Derivative financial instruments	49,396	166,972
Setup of provision for contingencies, net	11,581	6,733
Income tax and social contribution	180,069	174,447
Taxes with suspended payment	18,034	201,895
Adjustment to present value and other adjustments	92,617	81,105
	<b>1,726,889</b>	<b>1,829,788</b>
Changes in asset and liabilities		
Trade receivables	(404,447)	(141,884)
Inventories	(715,860)	(432,218)
Taxes recoverable	(6,934)	37,073
Derivative financial instruments	(21,353)	(165,029)
Other assets	(2,829)	(51,892)
Trade payables	493,004	152,499
Salaries and social charges	43,418	22,380
Taxes payable	(50,043)	(165,016)
Payables to Copersucar	(6,270)	(5,042)
Provision for contingencies - settlement	(11,743)	(7,084)
Other liabilities	(17,918)	(28,385)
	<b>1,025,914</b>	<b>1,045,190</b>
Cash from operations		
Payment of interest on borrowings	(57,803)	(163,777)
Income tax and social contribution paid	(30,259)	(17,272)
<b>Net cash provided by (used in) operating activities</b>	<b>937,852</b>	<b>864,141</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment of funds	(287)	(358)
Purchases of property, plant and equipment and intangible assets	(395,263)	(54,131)
Additions to biological assets (planting and crop treatments)	(539,272)	(422,365)
Financial investments	(19,874)	137,344
Proceeds from sale of property, plant and equipment	6,331	8,403
Dividends received	1,394	-
<b>Net cash provided by (used in) investing activities</b>	<b>(946,971)</b>	<b>(331,107)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amortization of lease and partnership agreements	(322,710)	(238,791)
Proceeds from borrowings – third parties	1,201,530	212,479
Repayment of borrowings - third parties	(611,250)	(401,204)
Payment of dividends	(299,993)	(67,622)
Acquisition of treasury shares	-	(8,636)
<b>Net cash provided by (used in) financing activities</b>	<b>(32,423)</b>	<b>(503,774)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(41,542)</b>	<b>29,260</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>288,350</b>	<b>92,066</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>246,808</b>	<b>121,326</b>
<b>Additional information</b>		
Balance of financial investments (current assets)	1,104,526	1,716,713
Total available funds	1,351,334	1,838,039