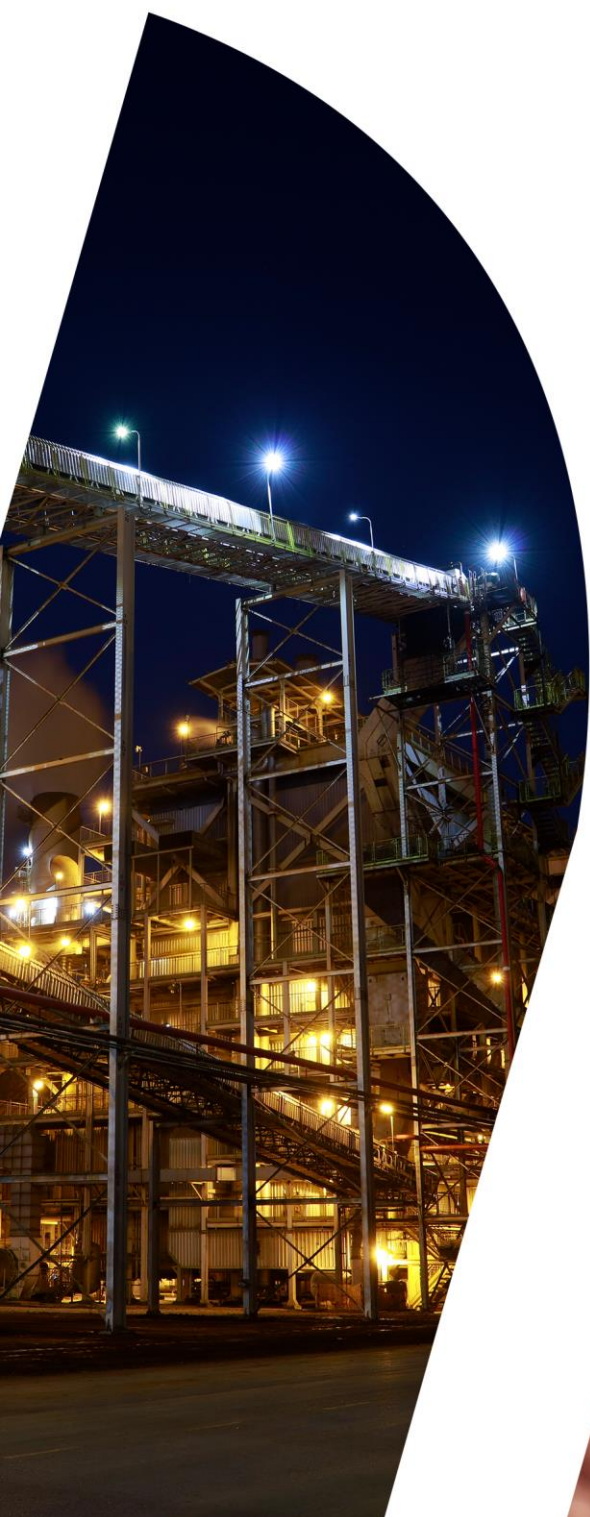


Earnings Release

1st Quarter
2021/2022 Crop Year



São Martinho reports Cash Net Income of R\$238.4 million in 1Q22, up 61.1% on 1Q21

- ✓ **Adjusted EBITDA** of **R\$688.3 million** in 1Q22 (+40.1%), with Adjusted EBITDA margin of 52.1% (+4.2 p.p.), supported by higher average sales prices for all products;
- ✓ **Adjusted EBIT** of **R\$367.4 million** in 1Q22 (+99.4%), with Adjusted EBIT margin of 27.8% (+9.8 p.p.);
- ✓ **Net Income** in 1Q22 of **R\$190.1 million** (+64.3%);
- ✓ Operating Cash Flow² of R\$448 million in 1Q22, advancing 49.7% on 1Q21;
- ✓ **Leverage ratio (Net Debt/Adjusted EBITDA)** of **1.02x** on June 30 (down 30.8% from June 30, 2020);
- ✓ On June 30, 2021, our sugar prices **for the 2022/21 crop year** were hedged for **~713,000 tons** of sugar, which represents **~85% of own cane**, at an average price of **~R\$1,648/ton**. For the **2022/23 crop year**, **~346,000 tons** of sugar were hedged at a price of **~R\$1,782/ton**.

2 – Operating Cash Flow = Adjusted EBITDA – Maintenance Capex

Executive Summary	1Q22	1Q21	Chg. (%)
Net Revenue ¹	1,321,555	1,026,154	28.8%
Adjusted EBITDA	688,307	491,443	40.1%
Adjusted EBITDA Margin	52.1%	47.9%	4.2 p.p.
Adjusted EBIT	367,356	184,197	99.4%
Adjusted EBIT Margin	27.8%	18.0%	9.8 p.p.
Net Income without IFRS 16 effects	189,709	123,167	54.0%
Non-cash effect of IFRS 16 on Net Income	382	(7,461)	n.m.
Net Income	190,091	115,706	64.3%
Cash Net Income	238,406	147,999	61.1%
Net Debt / EBITDA	1.02 x	1.47 x	-30.8%

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

SMT03
R\$36.14 per share

Market Capitalization:
R\$12.8 billion

*On June 30, 2021

Earnings Conference Call

August 10, 2021 (Tuesday)

3:00 Brasília time + 55 11 4210-1803
2:00 New York time +1 412 717-9627
Code: São Martinho

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

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IGCTB3

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SMLLB3

Adoption of IFRS 16/CPC 06 – Leases

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 and its subsidiaries consider as lease any agreement that, against consideration, transfers to the Company the right to control the use of an asset for a given period. Accordingly, agricultural partnership agreements were recognized in accordance with the accounting standard even though they have a legal nature different from that of leases.

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 1Q22 and 1Q21:

Results	1Q22			1Q21			
	Before IFRS 16	Impacts	After IFRS 16	Before IFRS 16	Impacts	After IFRS 16	
Net Revenue¹	1,321,555		1,321,555	1,026,154		1,026,154	
COGS	(844,526)	47,872	(796,654)	(733,177)	31,948	(701,229)	We no longer account for cash cost of agrarian contracts
(-) Leasing Payment		94,985			89,693		→
(+) Right-of-Use Amortization		(47,113)			(57,745)		→ We now account for contract amortization
Gross Income	477,029	47,872	524,901	292,977	31,948	324,925	
Selling/General/Adm. Expenses	(121,334)	(17)	(121,351)	(101,436)	(35)	(101,472)	
(-) Leasing Payment		298			330		
(+) Right-of-Use Amortization		(315)			(366)		
Op. Income Before Financial Result	355,695	47,855	403,550	191,541	31,912	223,453	
Financial Result/Debt Hedge	(113,543)	(47,276)	(160,819)	(31,534)	(43,217)	(74,751)	Adjustment to Present Value (APV) of agrarian contracts is accounted for as net financial result
Lease APV		(47,276)			(43,217)		→
Income before Taxes	242,152	579	242,731	160,007	(11,305)	148,702	
Income tax	(52,443)	(197)	(52,640)	(36,772)	3,776	(32,996)	
Net Income	189,709	382	190,091	123,235	(7,529)	115,706	
Book EBITDA	645,264	95,283	740,547	496,889	90,023	586,912	As we no longer account for cash cost of agrarian contracts, Book EBITDA increased, which effect has been adjusted for the Adjusted EBITDA
Leasing Payment	-	(95,283)	(95,283)	-	(90,023)	(90,023)	→
Other adjustments	43,043	-	43,043	(5,445)	-	(5,445)	
Adjusted EBITDA	688,307	-	688,307	491,443	-	491,443	

¹ - 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 the impacts from the adoption of IFRS 16.

COMPANY OVERVIEW

Operating Highlights

OPERATIONAL DATA	1Q22	1Q21	Chg.(%)
Crushed Sugarcane ('000 tons)	8,723	10,020	-12.9%
Own	5,866	6,810	-13.9%
Third Parties	2,857	3,210	-11.0%
Agricultural Yield (ton/ha)	75.2	88.6	-15.2%
Average TRS (kg/ton)	135.0	131.2	2.9%
Production			
Sugar ('000 tons)	545	596	-8.6%
Ethanol ('000 m ³)	358	406	-11.9%
Cogeneration ('000 MWh)	303	341	-11.0%
TRS Produced	1,178	1,314	-10.4%
Mix Sugar - Ethanol	48% - 52%	47% - 53%	

In the first quarter of the 2021/22 crop year, the Company processed 8.7 million tons of sugarcane, 12.9% less than in the same quarter last crop year, with the decline mainly due to: (i) the drier weather observed in 2020 and in 1Q22; and (ii) the fewer number of harvest days in the first quarter of the crop year at some of the mills in São Paulo, given the later start in relation to 1Q21. Given the increase in average Total Recoverable Sugar (TRS) in the period of 2.9%, total TRS produced decreased 10.4% in relation to the same period last crop year.

As an event after the reporting period, frosts occurred during July, but which should not affect significantly our official guidance given to the market on June 21, 2021.

Financial Indicators

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

	1Q22	1Q21	Chg. (%)
R\$ '000			
Net Revenue ¹	1,321,555	1,026,154	28.8%
Adjusted EBITDA	688,307	491,443	40.1%
Adjusted EBITDA Margin	52.1%	47.9%	4.2 p.p.
Adjusted EBIT	367,356	184,197	99.4%
Adjusted EBIT Margin	27.8%	18.0%	9.8 p.p.
Consolidated Balance Sheet Indicators			
Total Assets	11,420,132	10,383,572	10.0%
Shareholders' Equity	4,524,925	3,423,937	32.2%
EBITDA (LTM)	2,384,379	2,000,252	19.2%
Net Debt	2,428,304	2,941,864	-17.5%
Net Debt / EBITDA (LTM)	1.02 x	1.47 x	-30.8%
Net Debt / Shareholders' Equity	54%	86%	

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

INDUSTRY OVERVIEW

From the start of the crop year to July 16, Brazil's Center-South region processed around 256.7 million tons of sugarcane, 7.4% less than in the previous crop year. In the state of São Paulo, the decline in the volume of cane processed was even more significant, at around 12%. Of the cane processed, 46.1% was allocated to sugar production, of 15.2 million tons, while 53.1% was allocated to ethanol production, of around 11.8 billion liters.

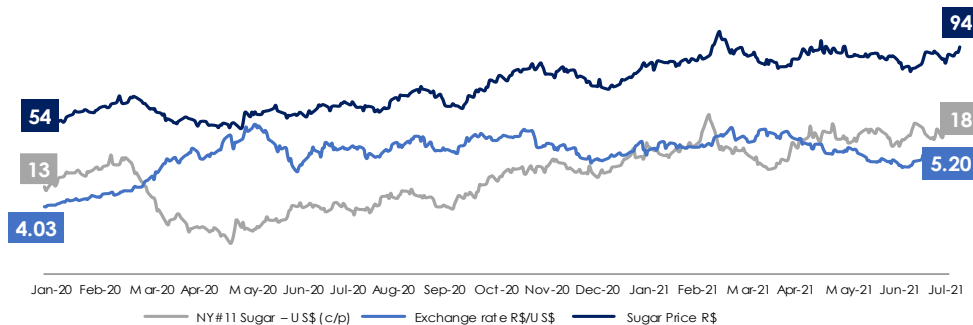
Later in this section, we will briefly comment on the market conditions that we project for sugar and ethanol.

Sugar

According to market data, since the start of the crop year, Brazil's Center-South produced around 15.2 million tons of sugar, or around 7.2% less than in the prior-year period. The lower sugar production in 1Q22 reflects mainly the effects of the prolonged drought, as already mentioned, and the higher production of anhydrous ethanol, which is detailed below.

As the following chart shows, the sugar price in R\$/ton remains at high levels compared to the previous crop year. As already mentioned in prior quarters, this trend reflects the improvement in market fundamentals, with lower production in Brazil and growing signs of a deficit in the global sugar demand-supply balance.

Chart 1



On June 30, we had around 713,000 tons of sugar hedged for the 2021/22 crop year, which represents ~85% of own cane, at an average price of ~R\$1,648¹/ton. For the 2022/23 crop year, on the same date we had 346,000 tons hedged at R\$1,782¹/ton. For more details, see the 'Hedge' section in this earnings release.

1. Considering open position at USD5.20.

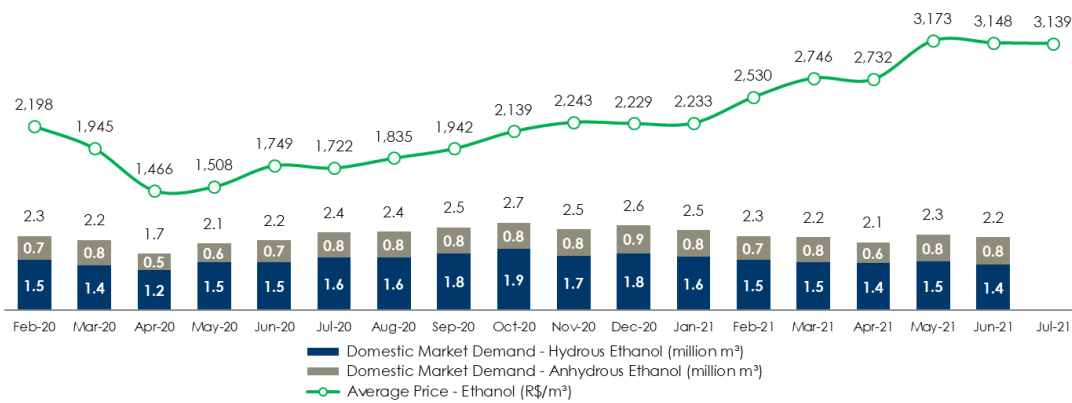
Ethanol

From the start of crop year to July 16, 2021, Brazil's Center-South region produced 11.8 billion liters of ethanol, 3.1% less than in the same period last crop year, reflecting the effects of the drought that started in 2020. Priority was given to the production of anhydrous ethanol (+23.3%) over hydrous ethanol (-13.7%) in the period, given the product's higher profitability in the period.

As mentioned in our last earnings release, we believe that ethanol prices will remain at higher levels than in the previous crop year, mainly due to: (i) the passthrough of higher international oil prices to gasoline prices, and (ii) the expected recovery in Brazilian demand for otto cycle fuel, reflecting the growth in GDP and mobility.

According to market data, Brazil's gasoline price is currently around 12% below international parity, which provides room for price adjustments.

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	1Q22	1Q21	Chg. (%)
R\$ '000			
Domestic Market	663,895	416,282	59.5%
Sugar	55,923	37,933	47.4%
Ethanol	487,123	288,301	69.0%
Energy	76,258	64,488	18.3%
Yeast	14,930	10,521	41.9%
Real Estate Development	10,490	2,138	n.m
CBI Os	10,373	-	n.m
Others	8,798	12,901	-31.8%
Export Market	657,660	609,872	7.8%
Sugar	575,354	539,375	6.7%
Ethanol	82,306	70,497	16.8%
Net Revenue¹	1,321,555	1,026,154	28.8%
Sugar	631,277	577,308	9.3%
Ethanol	569,429	358,798	58.7%
Energy	76,258	64,488	18.3%
Yeast	14,930	10,521	41.9%
Real Estate Development	10,490	2,138	n.m
CBI Os	10,373	-	n.m
Others	8,798	12,901	-31.8%

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 first quarter of the 2021/22 crop year, the Company's net revenue amounted to R\$1,321.5 million, advancing 28.8% on the same period last crop year, supported primarily by the higher average sales prices for ethanol (+84.7%), sugar (+28.3%) and cogeneration (+24.9%), as well as the higher sales volume of CBIOS decarbonization credits.

Main Adjustments to Net Revenue for 1Q22

1) Debt maturity (Hedge Accounting)

Expenses with the effects of exchange variation on liabilities that were settled in 1Q22 and designated as Hedge Accounting at a BRL/USD exchange rate of R\$3.6. Considering that the exchange rate used for the purposes of cash flow in the period was BRL/USD 5.4, we adjusted net revenue and EBITDA by the amount of R\$28.1 million to provide a better understanding of the Company's cash generation in the period.

2) Purchase Price Allocation (PPA)

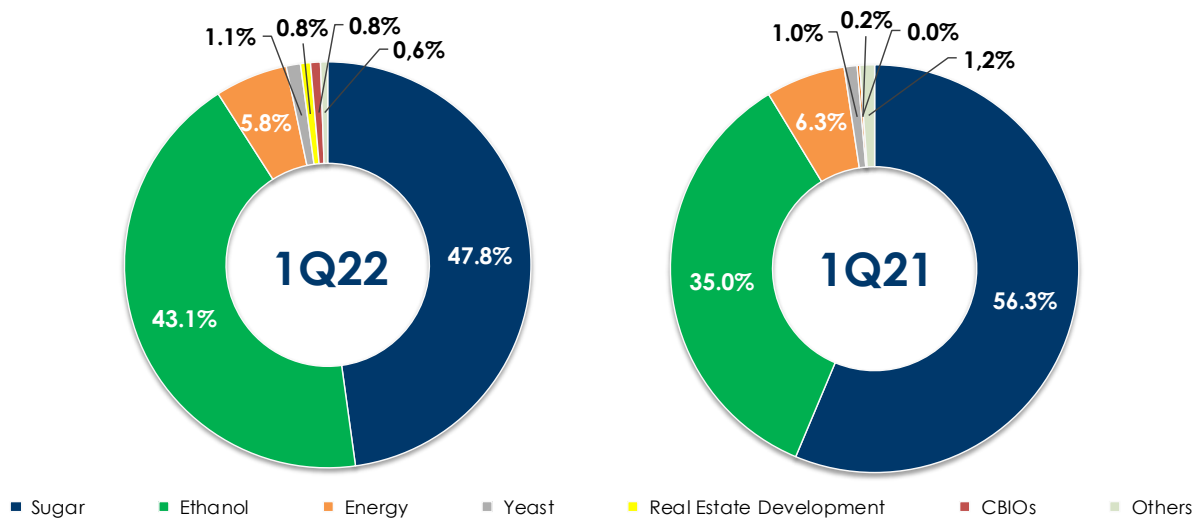
In 1Q22, there was a noncash expense of R\$2.4 million reflecting the amortization of goodwill paid for the future profitability of cogeneration volume at the Santa Cruz Mill.

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\$3.3 million in 1Q22.

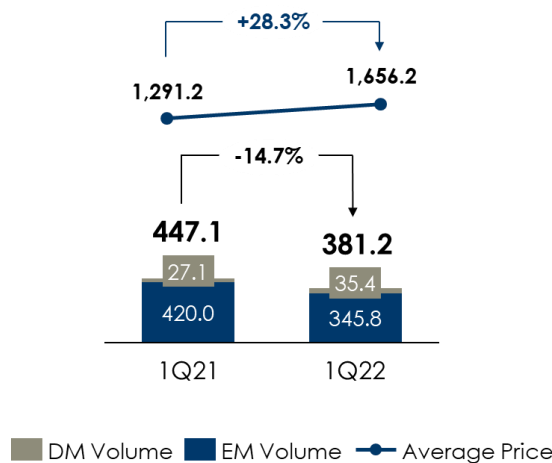
The following charts show a breakdown of the Company's net revenue by product in 1Q22 compared to the same period of the previous crop year.

Net Revenue Breakdown



Sugar

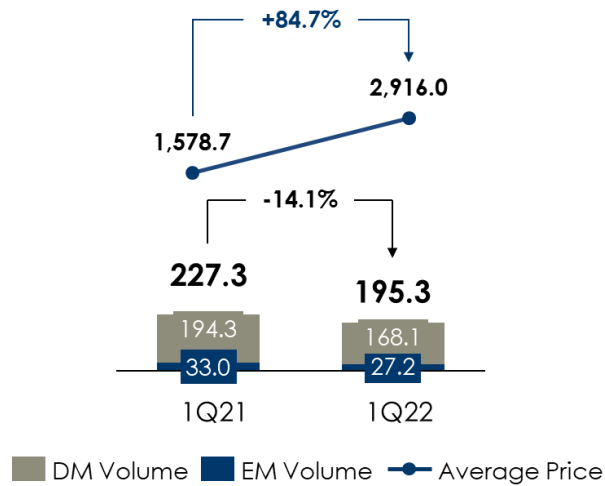
Volume ('000 tons) and Average Price (R\$/ton)



Net revenue from sugar sales amounted to R\$631.3 million in 1Q22, 9.3% higher than in the prior crop year, reflecting the 28.3% increase in the average sales price between periods due to the product's better market fundamentals.

Ethanol

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



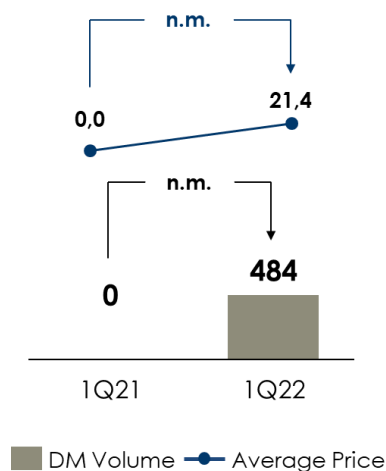
Net revenue from ethanol sales amounted to R\$569.4 million in 1Q22, increasing 58.7% in relation to 1Q21. The increase is explained by the 84.7% higher average sales price than in 1Q21, reflecting basically the recovery in oil prices in the period.

CBIOs

In 1Q22, we sold around 484,000 CBIO decarbonization credits at an average net price of R\$21.4/CBIO (net of PIS/Cofins taxes and income tax withheld at source of 15%).

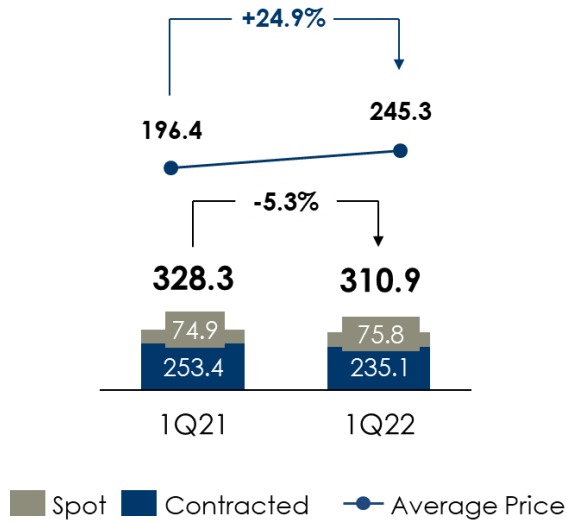
As described in the notes to the financial statements, on June 30, 2021, we held 272.2 thousand CBIOs issued but not sold.

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



Cogeneration

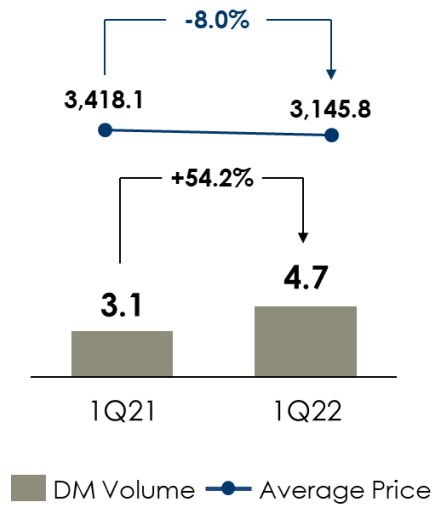
Volume ('000 MWh) and Average Price (R\$/MWh)



Net revenue from cogeneration sales amounted to R\$76.3 million in 1Q22, 18.3% higher than in 1Q21, reflecting the 24.9% increase in average price due to the higher spot price (+148.3%) in 1Q22 compared to 1Q21.

Yeast

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



Net revenue from yeast sales amounted to R\$14.9 million in 1Q22, increasing 41.9% from the same quarter last crop year, reflecting the higher sales volume in the period.

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 June 2021.

Real Estate Development	Type	City	Area (m ²)	Launched date	Total lots sold	POC Position
Recanto das Paineiras	Residence	Iracemápolis	376,567	June-14	99.9%	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	91.2%	100.0%
Nova Pradópolis - Phase II	Residence	Pradópolis	255,750	July-17	81.3%	100.0%
Nova Iracemápolis	Residence	Iracemápolis	315,027	August-20	98.3%	41.9%
Jardim Irajá	Residence	Américo Brasiliense	161,214	October-20	73.6%	48.8%

In 1Q22, the Company recognized net revenue of R\$10.5 million and cash generation of R\$6.6 million.

Real Estate Development	1Q22 Net Revenue	1Q22 Cash Generation	Portfolio June/21
R\$ '000			
Current Projects	10,490	2,232	38,695
Land Monetization	0	4,417	8,534
Total	10,490	6,649	47,229

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 made net revenue adjustments of R\$3.3 million in 1Q22.

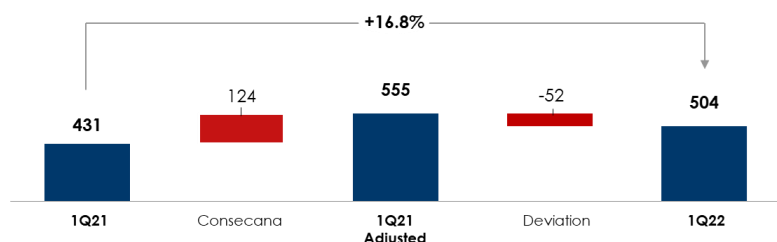
CASH COGS

CASH COGS	1Q22	1Q21	Chg. (%)
R\$ '000			
Agricultural Costs	448,529	377,034	19.0%
Suppliers	256,106	211,192	21.3%
Partnerships	115,018	88,240	30.3%
Own Sugarcane	77,405	77,602	-0.3%
Industrial	55,688	54,947	1.3%
Other Products	26,725	12,327	116.8%
Total COGS	530,942	444,309	19.5%
TRS Sold ('000 Tons)	732	854	-14.4%
Unit Cost (Sugar and Ethanol Cash COGS / TRS)	688	505	36.3%

Data do not include the IFRS 16 impacts

Cash COGS in 1Q22 amounted to R\$530.9 million, increasing 19.5% from the same period last crop year, mainly due to the higher Consecana price (+52.8%), which resulted in a 36.3% increase in unit COGS.

Considering that the volume of TRS produced in the quarter was around 10.4% lower than in 1Q21 and excluding the effect from the variation in the Consecana price in the period, unit cash COGS considering both sugar and ethanol increased by 5.9% in relation to 1Q21.



TRS produced ('000 tons)	1.314	-10,4%	1.178
TRS sold ('000 tons)	854	-14,4%	732
Unit Cost (COGS / TRS)	650	+5,9%	688

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	1Q22	1Q21	Chg. (%)
R\$ '000			
COGS (Cash)	503,555	431,275	16.8%
Sugar	287,691	251,588	14.3%
Ethanol	215,864	179,687	20.1%
Average Cash Cost Per Unit¹			
Sugar Cash Cost	754.8	562.7	34.1%
Ethanol Cash Cost	1,105.4	790.6	39.8%

Data do not include the IFRS 16 impacts

¹ - Sugar in R\$/ton

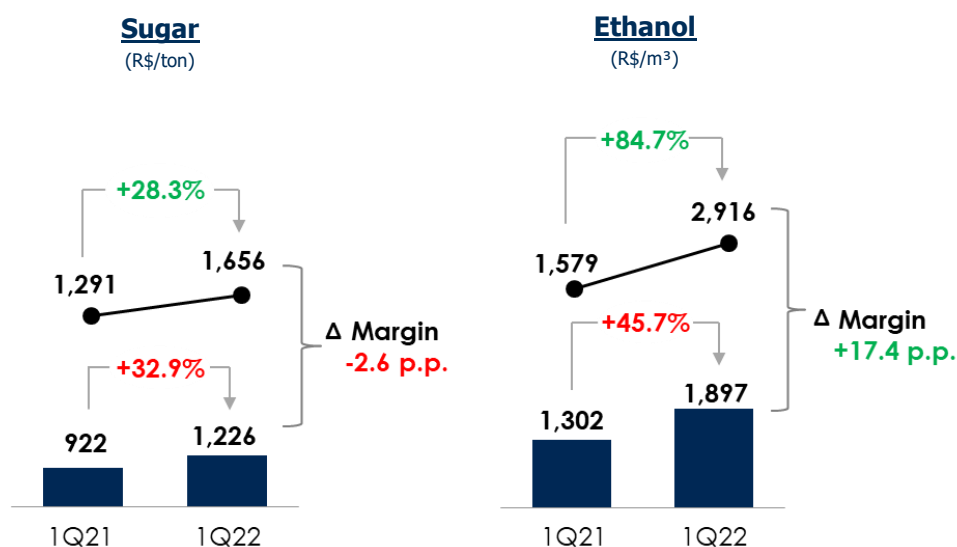
Ethanol in R\$/m³

CASH COST BY PRODUCT*

As mentioned earlier, in the comparison of 1Q22 with 1Q21, the Consecana price registered a significant increase of 52.8%, which contributed to the product's higher cost in the period as well as economies of scale gains in unit fixed costs.

Therefore, as shown below, the average sugar cash cost in 1Q22 was R\$1,226/ton, 32.9% higher than in 1Q21. Given that in the same period the average sales price increased 28.3%, the product's margin contracted by 2.6 p.p. from 1Q21.

For ethanol, the average total cash cost in 1Q22 was R\$1,897/m³, 45.7% higher than in the same period of the previous crop year. In addition to all the effects on costs in the quarter cited above, the contribution to the sale mix of the mills in São Paulo state increased in relation to 1Q21, which, as already mentioned in prior quarters, have higher production costs than the Boa Vista Mill in Goiás. However, given the increase in the average sales price of 84.7% in the quarter, margin expanded by 17.4 p.p. in the period.



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

SELLING EXPENSES

	1Q22	1Q21	Chg. (%)
R\$ '000			
Port Costs / Freight	39,526	42,218	-6.4%
Other	3,924	3,075	27.6%
Selling Expenses	43,450	45,293	-4.1%
TRS Sold ('000 tons)	732	854	-14.4%
% of Net Revenue	3.3%	4.4%	-1.1 p.p.

In 1Q22, selling expenses amounted to R\$43.4 million, 4.1% lower than in 1Q21. The proportionately lower nominal reduction in sales volume in the period was due to: (i) the higher freight cost, given the higher diesel price in the comparison period; and (ii) the higher sugar volume of CIF mode to domestic market in relation to 1Q21, which however does not affect the product's margin.

CASH GENERAL & ADMINISTRATIVE EXPENSES

	1Q22	1Q21	Chg. (%)
R\$ '000			
Labor/ General Expenses ¹	46,440	43,473	6.8%
Stock Option - Vested/ Others	9,544	1,489	n.m.
Subtotal	55,984	44,962	24.5%
Contingencies	5,038	2,592	94.4%
Stock Option - Non-vested	15,015	4,636	n.m.
Total General and Administrative Expenses	76,037	52,190	45.7%

1- General expenses includes initiatives with COVID-19

In 1Q22, general and administrative expenses amounted to R\$76.0 million, increasing 45.7% from the same period last crop year, reflecting basically the noncash accounting effect of the mark-to-market adjustment of the Company's share price under the virtual options program.

EBITDA

EBITDA RECONCILIATION	1Q22	1Q21	Chg. (%)
R\$ '000			
Adjusted EBITDA	688,307	491,443	40.1%
Adjusted EBITDA Margin	52.1%	47.9%	4.2 p.p.
Non-cash effect of IFRS 16	95,283	90,023	5.8%
Biological Assets	1,679	11,039	-84.8%
Equity Income	1,675	941	78.0%
Real Estate Results	(3,318)	(1,296)	156.0%
Stock Option - Non-vested	(15,015)	(4,636)	n.m.
Adjustment to Maturity of Hedge Accounting	(28,064)	(602)	n.m.
Book EBITDA¹	740,547	586,912	26.2%
(-) Depreciation and Amortization	(368,379)	(365,357)	0.8%
(-) Financial Revenue (Expense), net	(129,437)	(72,853)	77.7%
(=) Operating Income	242,731	148,702	63.2%

1 - Book EBITDA includes the IFRS 16 impacts

Adjusted EBITDA

Adjusted EBITDA in 1Q22 amounted to R\$688.3 million (adjusted EBITDA margin of 52.1%), advancing 40.1% on 1Q21, mainly due to the higher average sales prices for ethanol (+84.7%), sugar (+28.3%) and cogeneration (+24.9%), as well as the higher sales volume of CBIOS credits during the period.

Main Adjustments to EBITDA in 1Q22

1) IFRS 16 - Leases

Reduction in Adjusted EBITDA compared to accounting EBITDA of R\$95.3 million in 1Q22 related to the payment of leases that ceased to be recognized at cash cost (COGS), rather than at the amortization of right of use.

2) Biological assets

Noncash reduction in adjusted EBITDA of R\$1.7 million in accounting costs (COGS) in 1Q22 related to the mark-to-market adjustment of biological assets.

3) Debt maturity (Hedge Accounting)

Expense related to the effect from exchange variation on liabilities settled in 1Q22 that were designated as Hedge Accounting, at a BRL/USD exchange rate of R\$3.6. Considering that the exchange rate used for the purposes of cash flow in the period was BRL/USD 5.4, we adjusted the amount of R\$28.1 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period.

Operating Cash Generation (Adjusted Cash EBIT)

	1Q22	1Q21	Chg.%	1T22 LTM	1T21 LTM	Chg.%
R\$ '000						
Adjusted Cash EBIT	447,697	299,092	49.7%	1,075,115	852,971	26.0%
Adjusted EBIT Margin	33.9%	29.1%	4.7 p.p.	23.3%	21.5%	1.8 p.p.
(-) Maintenance Capex	(240,610)	(192,351)	25.1%	(1,309,264)	(1,147,281)	14.1%
Adjusted EBITDA	688,307	491,443	40.1%	2,384,379	2,000,252	19.2%
Adjusted EBITDA Margin	52.1%	47.9%	4.2 p.p.	51.6%	50.4%	1.3 p.p.
Non-cash effect of IFRS 16	95,283	90,023	5.8%	318,091	308,732	3.0%
Biological Assets	1,679	11,039	-84.8%	55,619	(28,837)	n.m.
Equity Income	1,675	941	78.0%	6,510	1,158	n.m.
Real Estate Results	(3,318)	(1,296)	156.0%	(10,159)	(1,296)	n.m.
Stock Option - Non-vested	(15,015)	(4,636)	n.m.	(27,307)	(4,384)	n.m.
Adjustment to Maturity of Hedge	(28,064)	(602)	n.m.	(29,838)	(1,273)	n.m.
Non Recurring Operating Income (Expenses)	-	-	n.m.	17,083	(7,988)	n.m.
Copersucar Rights	-	-	n.m.	383,040	349,056	9.7%
Book EBITDA	740,547	586,912	26.2%	3,097,418	2,615,419	18.4%

Adjusted Cash Earnings Before Taxes (EBIT) in 1Q22 came to R\$447.7 million (Adjusted EBIT margin of 33.9%), increasing 49.7% from 1Q21. In the last 12 months, Adjusted Cash EBIT amounted to R\$1,075.1 million (Adjusted EBIT Margin of 23.3%), increasing 26.0% on the prior-year period, reflecting mainly the same effects that benefited EBITDA.

HEDGE

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

	Sugar hedged (tons)	Avg. Price (USD c/p)	Avg. Price (R\$/ton)
21/22 Harvest	712,657	14.14	
	568,937	14.14	1,655
	143,720	14.14	<i>not hedged</i>
22/23 Harvest	346,117	14.20	
	262,437	14.20	1,831
	83,680	14.20	<i>not hedged</i>

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 June 2021, we recorded an increase in shareholders' equity of R\$299.8 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 1Q22, a total of US\$15.3 million in debt was recognized, with the exchange rate of R\$3.6/US\$ adopted for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R\$5.4/USD, we made an adjustment of R\$28.1 million to net revenue and EBITDA to provide a better understanding of the Company's operating cash generation.

NET FINANCIAL RESULT

FINANCIAL RESULTS	1Q22	1Q21	Chg.%
R\$ '000			
Financial Revenues	11,431	18,800	-39.2%
Financial Expenses	(40,952)	(55,313)	-26.0%
Exchange Variation/Derivative/Others	(8,425)	13,810	n.m
Financial Revenues/Expenses	(37,946)	(22,703)	67.1%
Debt Hedge - Financial	(47,533)	(8,229)	n.m
IFRS16 Effects - APV	(47,276)	(43,217)	9.4%
Real Estate Results	3,318	1,296	156.0%
Net Financial Result	(129,437)	(72,853)	77.7%

The net financial result in 1Q22 was an expense of R\$129.4 million, representing an increase of 77.7% compared to 1Q21. The result mainly reflects the non-cash accounting effect of exchange variation on liabilities that were prepaid, as described in the table above in the line 'Debt Hedge – Net Financial Result.'

COPERSUCAR

Obligations

On June 30, 2021, São Martinho recognized on its Balance Sheet debt of R\$173.4 million with Copersucar. 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). 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. 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.

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.

After the transfer and withholding of the amounts related to court expenses and the taxes under litigation, the balance of R\$383,040 thousand was recorded under "Other expenses (income), net." Management classifies the receipt of the remainder as probable, but not practically certain, therefore, the amount was not recorded.

DEBT

INDEBTEDNESS	Jun/21	Mar/21	Chg.%
R\$ '000			
Agribusiness Certificate of Receivables (CRA)	1,591,047	1,917,343	-17.0%
BNDES / FINAME	317,277	339,321	-6.5%
Working Capital/ NCE (Export Credit Note)	125,880	286,649	-56.1%
Debentures	500,000	-	n.m
PPE (Export prepayment)	922,435	1,163,182	-20.7%
International Finance Corporation (IFC)	293,728	344,468	-14.7%
Obligations from Acquisitions - LOP	15,296	15,288	0.1%
Gross Debt	3,765,664	4,066,251	-7.4%
Cash and Cash Equivalents	1,337,494	1,364,148	-2.0%
Net Debt	2,428,170	2,702,103	-10.1%
Net Debt / LTM EBITDA - R\$	1.02 x	1.24 x	-17.6%
Net Debt / LTM EBITDA - USD ¹	0.98 x	1.05 x	-6.1%
LTM Adjusted EBITDA	2,384,379	2,187,515	9.0%

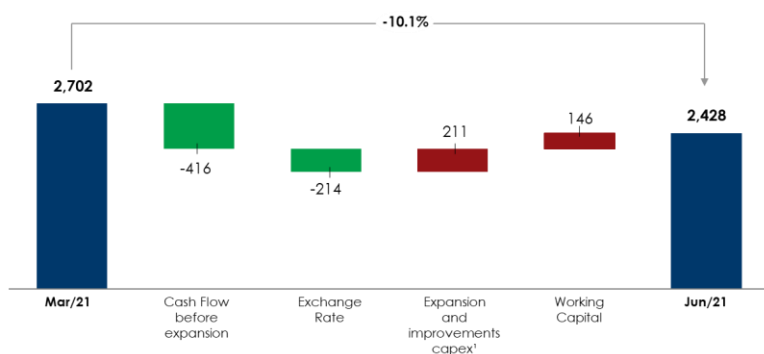
¹ - LTM EBITDA average daily PTAX: mar/21: R\$ 5.70 and jun/21: R\$ 5.00

In June 2021, the Company's net debt stood at R\$2.4 billion, down 10.1% from March 2021, basically reflecting the higher operating cash flow in the period.

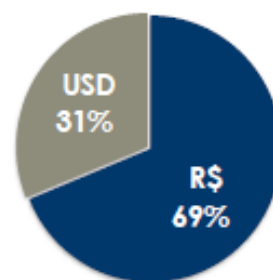
The following charts show the details of the debt position:

Changes in Net Debt

R\$ - Million

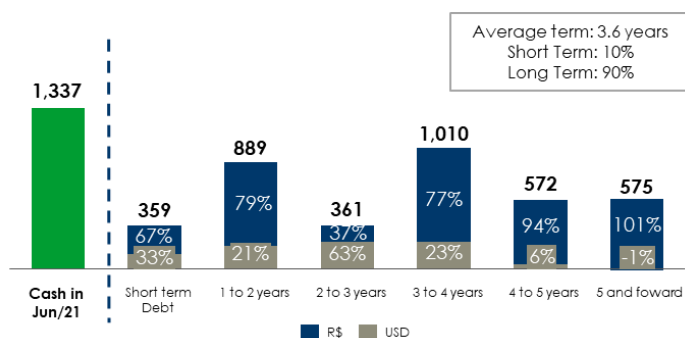


Currency – Net Debt*



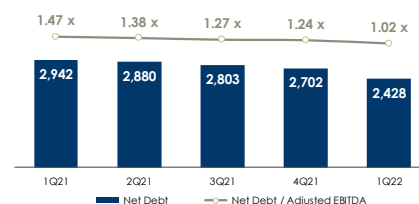
Debt Amortization Schedule

R\$ - million



Net Debt/LTM EBITDA Evolution

R\$ - Million



CAPEX

(Maintenance)	1Q22	1Q21	Chg. %
R\$ '000			
Sugarcane Planting - Renovation	80,691	66,458	21.4%
Off-Season Maintenance (Industrial/Agricultural)	410	-	n.m.
Crop Treatment	159,508	125,894	26.7%
Total	240,610	192,351	25.1%
(Operational Improvements)			
Equipment/Replacements	21,348	8,093	163.8%
Environmental/Legal	8,917	9,668	-7.8%
Total	30,266	17,761	70.4%
(Upgrading/Expansion)			
R\$ '000			
Projects (Industrial/Agricultural)	161,631	13,179	n.m.
Total	161,631	13,179	n.m.
GRAND TOTAL	432,507	223,292	93.7%

The Company's maintenance capex amounted to R\$240.6 million in 1Q22, up 25.1% on the same period of the previous crop year, mainly reflecting the time-difference and calendar effect of the expansion in planting and treatment areas in 1Q22 versus 1Q21, which should normalize by the end of the crop year. Furthermore, in the comparison period, the price of inputs, notably of fertilizers, increased, which partially affected the line related to crop treatments.

Capex related to operational improvements involved investments in: (i) agricultural and industrial equipment and replacements, and (ii) environmental/legal investments, which amounted to R\$30.3 million in 1Q22, up 70.4% from 1Q21, due to the time-difference effect of the calendar of disbursements scheduled for the crop year.

Expansion capex, which amounted to R\$161.6 million in 1Q22, was related to investments mainly in (i) the Corn Ethanol Project, which amounted to R\$102 million in 1Q22 (IRR of ~25%), (ii) Modernization (retrofit) of boilers at the Boa Vista Mill: R\$21.6 million and IRR of ~14% (industrial efficiency gains, with a marginal increase in ethanol production and lower energy use), and (iii) Optimizing the harvest and crop treatment processes: R\$16.6 million and IRR of ~22% p.a. (expansion of equipment capacity and use of innovative technologies, such as remote monitoring and drones).

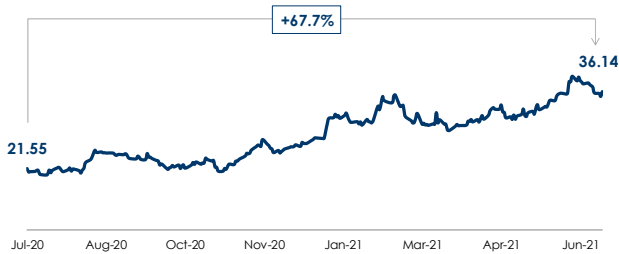
CASH NET INCOME

Cash net income amounted to R\$238.4 million in 1Q22, increasing 61.1% on the same period of the previous crop year, driven mainly by EBITDA growth in the period.

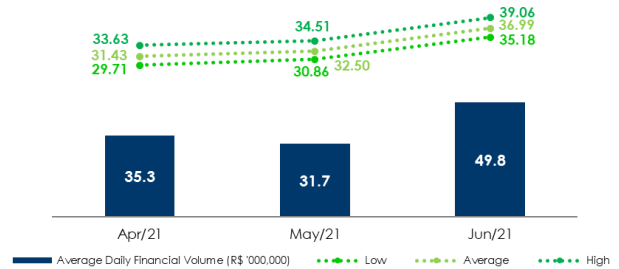
Cash Net Income	1Q22	1Q21	Chg. (%)
R\$ '000			
Net Income	190,091	115,706	64.3%
Non-cash effect of IFRS 16 on Net Income before taxes	(579)	11,305	n.m.
Income Tax booked	52,640	32,996	59.5%
Income Tax paid	(2,067)	(969)	113.3%
Biological Asset/Others	(1,679)	(11,039)	-84.8%
Cash Net Income	238,406	147,999	61.1%
Total Shares ex-treasury (in thousand)	346,375	346,744	-0.1%
Cash Net Income per share	0.69	0.43	61.3%

CAPITAL MARKETS

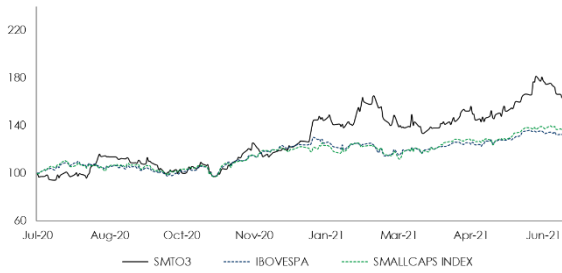
SMTO3 Performance – 12 months
in R\$



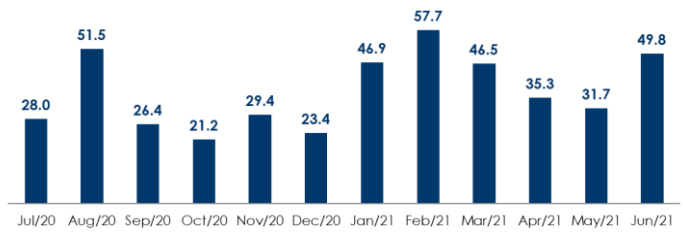
Price and Volume
in R\$



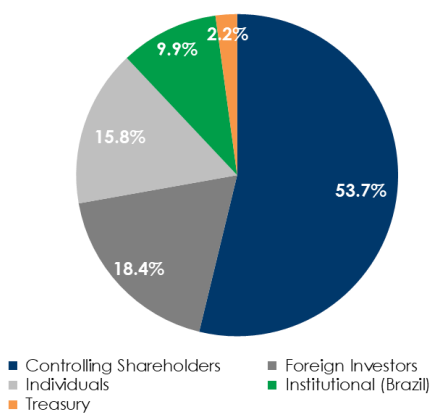
SMTO3 Performance vs. Stock Indexes
Base 100



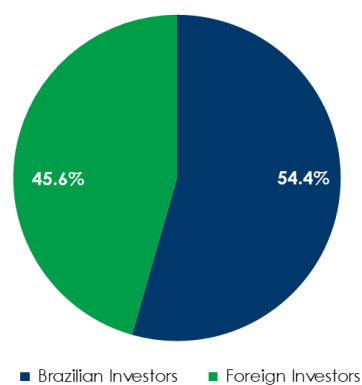
Average Daily Trading Volume
R\$ million



Ownership structure
Base: June 30, 2021



Free-float composition



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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	1Q22	1Q21	Chg. (%)
R\$ '000			
Gross Revenue	1,373,141	1,083,399	26.7%
Deductions from Gross Revenue	(85,362)	(62,379)	36.8%
Net Revenue	1,287,779	1,021,020	26.1%
Cost of Goods Sold (COGS)	(796,654)	(701,229)	13.6%
Gross Profit	491,125	319,791	53.6%
Gross Margin (%)	38.1%	31.3%	6.8 p.p
Operating income (expenses)	(118,957)	(98,236)	21.1%
Selling Expenses	(43,450)	(45,293)	-4.1%
General and Administrative Expenses	(79,345)	(56,329)	40.9%
Equity in the results of investees	1,675	941	78.0%
Other income (expenses), net	2,163	2,445	-11.5%
Operating profit	372,168	221,555	68.0%
Finance income (costs)	(129,437)	(72,853)	77.7%
Finance income	14,749	20,096	-26.6%
Finance costs	(88,229)	(98,531)	-10.5%
Monetary and foreign exchange variations, net	(30,421)	(1,333)	n.m.
Derivatives	(25,536)	6,915	n.m.
Profit before taxation	242,731	148,702	63.2%
Income Tax and Social Contribution - Current	(4,703)	(15,561)	-69.8%
Income Tax and Social Contribution - Deferred	(47,937)	(17,435)	174.9%
Net Income	190,091	115,706	64.3%
Net Margin (%)	14.8%	11.3%	3.4 p.p

BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS		
R\$ '000		
ASSETS	Jun/21	Mar/21
CURRENT ASSETS		
Cash and Cash Equivalents	45,008	288,350
Financial investments	1,281,242	1,062,154
Trade Receivables	268,848	215,659
Derivative Financial Instruments	224,408	139,904
Inventories and advance to suppliers	940,833	446,313
Biological Assets	945,161	989,540
Taxes Recoverable	17,507	12,062
Income Tax and Social Contribution	42,297	42,250
Dividends Receivable	1,394	-
Other assets	15,605	9,376
TOTAL CURRENT ASSETS	3,782,303	3,205,608
NON-CURRENT ASSETS		
Long-term Receivables		
Financial investments	11,244	13,644
Inventories and advance to suppliers	114,646	106,838
Derivative Financial Instruments	191,141	48,639
Trade Receivables	10,734	24,189
Taxes Recoverable	109,965	96,241
Judicial Deposits	485,314	485,029
Other Assets	113,935	113,935
	1,036,979	888,515
Investments	40,183	39,951
Property, plant and equipment	5,920,179	5,962,644
Intangible assets	455,574	451,742
Right-of-use assets	1,873,139	1,869,396
TOTAL NON-CURRENT ASSETS	9,326,054	9,212,248
TOTAL ASSETS	13,108,357	12,417,856

BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED - LIABILITIES			
R\$ '000			
<u>LIABILITIES AND EQUITY</u>	Jun/21	Mar/21	
CURRENT LIABILITIES			
Borrowings	346,968	674,504	
Leases payable	60,902	66,264	
Agricultural partnership payable	339,236	285,308	
Derivative Financial Instruments	203,313	218,685	
Trade Payables	419,947	221,707	
Payables to Copersucar	9,075	9,075	
Salaries and Social Charges	226,622	171,883	
Taxes recoverable	21,895	24,229	
Income tax and social contribution payable	8,656	7,480	
Dividends Payable	102,552	102,552	
Advances from Customers	18,461	17,436	
Acquisition of Ownership interests	11,646	11,638	
Other Liabilities	26,580	30,812	
TOTAL CURRENT LIABILITIES	1,795,853	1,841,573	
NON-CURRENT LIABILITIES			
Borrowings	3,403,534	3,376,459	
Leases payable	391,541	399,157	
Agricultural partnership payable	1,100,591	1,161,905	
Derivative Financial Instruments	168,004	80,227	
Payables to Copersucar	164,309	167,121	
Deferred Income Tax and Social Contribution	1,035,935	834,822	
Provision for Contingencies	104,549	102,256	
Acquisition of Ownership interests	3,650	3,650	
Taxes with suspended payment	458,480	458,480	
Other Liabilities	5,510	5,617	
TOTAL NON-CURRENT LIABILITIES	6,836,103	6,589,694	
EQUITY			
Share Capital	2,071,819	2,071,819	
Treasury Shares	(139,997)	(139,997)	
Carrying Value Adjustments	846,628	551,050	
Revenue Reserves	1,530,108	1,503,717	
Retained Earnings	167,843	-	
TOTAL EQUITY	4,476,401	3,986,589	
TOTAL LIABILITIES AND EQUITY	13,108,357	12,417,856	

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	1Q22	1Q21
R\$ '000		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	190,091	115,706
Adjustments		
Depreciation and amortization	166,973	177,092
Biological assets harvested	199,011	185,029
Change in the fair value of biological assets	(1,679)	(11,039)
Amortization of electricity contracts	2,395	3,236
Equity in the results of investees	(1,675)	(941)
Gains (losses) on investments and PP&E written off	(260)	(67)
Interest, monetary and exchange variations, net	39,168	41,251
Derivative financial instruments	103,269	84,101
Setup of provision for contingences, net	5,146	2,849
Income tax and social contribution	52,640	32,996
Adjustment to present value and other adjustments	47,276	42,542
	802,355	672,755
Changes in asset and liabilities		
Trade receivables	(57,225)	(106,997)
Inventories	(297,961)	(206,286)
Taxes recoverable	(19,359)	15,846
Derivative financial instruments	(6,390)	(73,482)
Other assets	(8,281)	(8,238)
Trade payables	215,951	97,529
Salaries and social charges	54,739	51,287
Taxes payable	(3,794)	(5,194)
Payables to Copersucar	(3,128)	(1,256)
Provision for contingencies - settlement	(4,298)	(2,236)
Other liabilities	(3,327)	(23,012)
	669,282	410,716
Cash from operations	669,282	410,716
Payment of interest on borrowings	(45,654)	(135,117)
Income tax and social contribution paid	(2,067)	(969)
Net cash provided by (used in) operating activities	621,561	274,630
CASH FLOW FROM INVESTING ACTIVITIES		
Investment of funds	(111)	(215)
Purchases of property, plant and equipment and intangible assets	(212,434)	(35,543)
Additions to biological assets (planting and crop treatments)	(239,791)	(192,121)
Financial investments	(211,438)	438,586
Proceeds from sale of property, plant and equipment	1,102	5,835
Net cash provided by (used in) investing activities	(662,672)	216,542
CASH FLOW FROM FINANCING ACTIVITIES		
Amortization of lease and partnership agreements	(128,376)	(112,341)
Proceeds from borrowings – third parties	500,000	143,481
Repayment of borrowings - third parties	(573,855)	(377,519)
Net cash provided by (used in) financing activities	(202,231)	(346,379)
Increase (decrease) in cash and cash equivalents	(243,342)	144,793
Cash and cash equivalents at the beginning of the period	288,350	92,066
Cash and cash equivalents at the end of the period	45,008	236,859
Additional information		
Balance of financial investments (current assets)	1,281,242	1,405,092
Total available funds	1,326,250	1,641,951