

Earnings Release

2Q23

2022/2023



NOVEMBER 7, 2022

 **São Martinho**

Cash Net Income of R\$318.2 million in 2Q23

Adjusted EBITDA was R\$ 787.7 million in 2Q23 (-0.3%), with **Adjusted EBITDA margin of 49.7%**. The result reflects mainly the higher average sales prices for ethanol (+2.1%)¹ and sugar (+26.7%) and the lower sugar sales volume (-19.6%) in the period;

Adjusted EBIT was R\$ 420.0 million in 2Q23 (-10.1%), with margin of 26.5%;

Net Income was R\$ 212.6 million (-42.3%) in 2Q23;

Cash Net Income totaled R\$ 318.2 million (-26.3%) in 2Q23;

Operating Cash Flow² amounted to R\$ 996.4 million in 6M23, advancing 6.3% on 6M22;

Leverage Ratio ended the period at 1.27x Net Debt/Adjusted EBITDA;

On September 30, 2022, our sugar prices for the 2022/23 crop year were hedged for ~480,000 tons of sugar at a price of ~R\$ 2,262/ton. For the 2023/24 crop year, ~373,000 tons of sugar were hedged at a price of ~R\$ 2,312/ton;

1- Price net of taxes and selling expenses; 2 - Operating Cash Flow = Adjusted EBITDA - Maintenance Capex.

Executive Summary

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Net Revenue ¹	1,584,671	1,707,416	1,425,702	-7.2%	11.2%	3,292,087	2,747,257	19.8%
Adjusted EBITDA	787,714	875,694	790,094	-10.0%	-0.3%	1,663,408	1,478,400	12.5%
Adjusted EBITDA Margin	49.7%	51.3%	55.4%	-1.6 p.p	-5.7 p.p	50.5%	53.8%	-3.3 p.p
Adjusted EBIT	420,037	464,016	467,250	-9.5%	-10.1%	884,052	834,606	5.9%
Adjusted EBIT Margin	26.5%	27.2%	32.8%	-0.7 p.p	-6.3 p.p	26.9%	30.4%	-3.5 p.p
Net Income before taxes	265,505	217,015	495,841	22.3%	-46.5%	482,520	738,572	-34.7%
Net Income without IFRS 16 effects	241,322	236,501	353,338	2.0%	-31.7%	477,824	543,047	-12.0%
Non-cash effect of IFRS 16 on Net Income	(28,726)	(14,922)	15,074	92.5%	n.m	(43,649)	15,456	n.m
Net Income	212,596	221,579	368,412	-4.1%	-42.3%	434,175	558,503	-22.3%
Cash Income	318,202	226,798	431,890	40.3%	-26.3%	544,999	670,296	-18.7%
Net Debt / EBITDA	1.27 x	0.96 x	1.21 x	32.2%	5.7%	1.27 x	1.21 x	5.7%

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\$ 25.52 per share

Market Capitalization: R\$ 9.0 billion

*On September 30, 2022

Earnings Conference Call

November 8, 2022 (Tuesday)

3:00 p.m. Brasília time +55 11 3181-8565

2:00 p.m. New York time +1 412 717-9627

Dial-in: São Martinho

To access the webcast, [click here](#)

For access via HD Web Phone, [click here](#)

2Q23 EARNINGS

Effects of adoption of IFRS 16/CPC 06

As mentioned in prior quarters, as 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:

1. **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
2. **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 Income Statements for 2Q23 and 6M23:

In R\$ '000

Results	2Q23			6M23			
	Before IFRS 16	Impacts	After IFRS 16	Before IFRS 16	Impacts	After IFRS 16	
Net Revenue¹	1,584,671	-	1,584,671	3,292,087	-	3,292,087	
COGS	(1,076,329)	28,085	(1,048,244)	(2,234,992)	70,351	(2,164,641)	We no longer account for cash cost of agrarian contracts
(-) Leasing Payment		101,433			246,901		→
(+) Right-of-Use Amortization		(73,348)			(176,549)		→
Gross Income	508,342	28,085	536,427	1,057,095	70,351	1,127,446	We now account for contract amortization
Selling/General/Adm. Expenses	(97,418)	207	(97,211)	(164,969)	254	(164,715)	
(-) Leasing Payment		476			825		
(+) Right-of-Use Amortization		(269)			(570)		
Op. Income Before Financial Result	410,924	28,292	439,216	892,125	70,606	962,731	
Financial Result/Debt Hedge	(101,894)	(71,817)	(173,711)	(343,471)	(136,740)	(480,211)	
Lease APV		(71,817)			(136,740)		→
Income before Taxes	309,030	(43,525)	265,505	548,654	(66,134)	482,520	Adjustment to Present Value (APV) of agrarian contracts is accounted for as net financial result
Income tax	(67,707)	14,798	(52,909)	(70,831)	22,486	(48,345)	
Net Income	241,322	(28,726)	212,596	477,824	(43,649)	434,175	
Book EBITDA	778,470	101,909	880,379	1,663,654	247,726	1,911,380	
Leasing Payment	-	(101,909)	(101,909)	-	(247,726)	(247,726)	
Other adjustments	9,244	-	9,244	(247)	-	(247)	
Adjusted EBITDA	787,714	-	787,714	1,663,408	-	1,663,408	As we no longer account for cash cost of agrarian contracts, Book EBITDA increased, which effect has been adjusted for the Adjusted EBITDA

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

Operating Highlights

	6M23	6M22	Δ 6M23/6M22
Crushed Sugarcane ('000 tons)	16,727.0	18,442.4	-9.3%
Own	11,030.8	12,548.1	-12.1%
Third Parties	5,696.3	5,894.3	-3.4%
Agricultural Yield (ton/ha)	71.7	72.4	-1.0%
Average TRS (kg/ton)	139.7	145.6	-4.1%
Production			
Sugar ('000 tons)	1,006.1	1,220.6	-17.6%
Ethanol ('000 m³)	750.8	827.3	-9.2%
Cogeneration ('000 MWh)	580.2	616.2	-5.8%
TRS Produced ('000 tons)	2,336.1	2,686.4	-13.0%
Mix Sugar - Ethanol	45% - 55%	47% - 53%	

In the first half of the 2022/23 crop year, the Company processed a total of 16.7 million tons of sugarcane, 9.3% less than in the same period last crop year. The decline mainly reflects the effects from weather events in the period, such as drought and frosts (the latter occurring in July 2021 on part of our fields, which affected yields on part of the area harvested in the 2022/23 crop year). As mentioned last quarter, another effect was the delay in the start of crushing at the São Martinho and Santa Cruz mills, which began in the second half of April 2022.

Considering the 4.1 % decrease in average Total Recoverable Sugar (TRS) to 139.7 kg/ton, total TRS produced in the first half fell by 13.0% on the same period last crop year.

Financial Highlights

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Net Revenue¹	1,584,671	1,707,416	1,425,702	-7.2%	11.2%	3,292,087	2,747,257	19.8%
Adjusted EBITDA	787,714	875,694	790,094	-10.0%	-0.3%	1,663,408	1,478,400	12.5%
Adjusted EBITDA Margin	49.7%	51.3%	55.4%	-1.6 p.p.	-5.7 p.p.	50.5%	53.8%	-3.3 p.p.
Adjusted EBIT	420,037	464,016	467,250	-9.5%	-10.1%	884,052	834,606	5.9%
Adjusted EBIT Margin	26.5%	27.2%	32.8%	-0.7 p.p.	-6.3 p.p.	26.9%	30.4%	-3.5 p.p.
Consolidated Balance Sheet Indicators								
Total Assets	15,088,596	14,944,304	12,238,391	1.0%	23.3%	15,088,596	12,238,391	23.3%
Shareholders' Equity	5,469,773	5,371,614	4,519,193	1.8%	21.0%	5,469,773	4,519,193	21.0%
EBITDA (LTM)	3,309,876	3,312,256	2,698,224	-0.1%	22.7%	3,309,876	2,698,224	22.7%
Net Debt	4,219,538	3,195,039	3,255,307	32.1%	29.6%	4,219,538	3,255,307	29.6%
Net Debt / EBITDA (LTM)	1.27 x	0.96 x	1.21 x	32.2%	5.7%	1.27 x	1.21 x	5.7%
Net Debt / Shareholders' Equity	77.1%	59.5%	72.0%			77.1%	72.0%	

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

Production Guidance – 2022/23 Harvest

	Updated Guidance 12M23	Guidance 12M23	Chg. (%)
Operational Data			
Crushing ('000 tons)	20,011	20,300	-1.4%
Average TRS (kgs/ton)	140	142	-1.3%
Total TRS Produced (mil tons)	2,805	2,884	-2.7%
Production Data		Max Sugar	Max Ethanol
Sugar ('000 tons)	1,201	1,320	1,040
Ethanol ('000 m³)	903	875	1,055
Cogeneration ('000 MWh)	736	760	740
Mix Sugar - Ethanol	45%-55%	48%-52%	38%-62%

As detailed in the Material Fact published on the November 7, 2022, we have updated the estimates for production and sugarcane available for processing during the 2022/23 crop year.

The update guidance reflects the effects of weather conditions during the 2021/22 crop year, notably: i) the prolonged drought; and ii) frost in July 2021, which affected yields in a part of the harvested area in the 2022/23 crop year. Moreover, the production mix was revised due to market conditions that benefit the sale of sugar in relation to ethanol.

Note that forward-looking statements are not guarantees of future performance, since they involve risks, uncertainties and assumptions and therefore depend on circumstances that may or may not occur. Readers are cautioned that industry conditions and other operational and weather conditions could affect the Company's future results, leading them to differ materially from those expressed in such forward-looking statements.

Capex Guidance – 2022/23 Harvest

In R\$ million

	Updated Guidance 12M23	Guidance 12M23	Chg. (%)
Maintenance	1,831	1,793	2.1%
Operational Improvements	237	234	1.3%
Upgrading/Expansion	790	570	38.6%
Total Capex	2,858	2,597	10.1%

Regarding the capex guidance for the 2022/23 crop year, we have revised the **maintenance capex** by 2.1% in relation to initial estimates, due to the variation in the prices of inputs used in planting (renewal) and crop treatments, as well as of diesel in the period.

Capex related to **operational improvement** has been revised to R\$237 million, an increase of 1.3% from the guidance disclosed on June 20, 2022.

Regarding **modernization/expansion**, we estimate approximately R\$790 million (38.6%+ vis-à-vis the previous guidance), including new investments approved for the crop year, namely: (i) the water use plan, (ii) flexibility in anhydrous ethanol production in São Paulo; and (iii) the irrigation plan at the São Martinho Mill. All the projects have a deleveraged rate of return close to 18% p.a. on average. Moreover, the estimates include: (i) the corn ethanol plant in Goiás (~R\$400 million); and (ii) the Thermal Power Plant phase II in São Paulo (~R\$150 million).

Considering the abovementioned factors, total capex was revised to approximately R\$2.9 billion

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According to data published by UNICA, since the start of the crop year until October 16, 2022, Brazil's Center-South region processed around 458.7 million tons of sugarcane, 5.9% less than in the same period last crop year, while the state of São Paulo registered a 6.8% decline in the period.

The production mix for the Center-South region registered 54.3% directed to ethanol production, which totaled around 22.9 billion liters, down 4.9% from the prior-year period. Of the total ethanol production, 9.3 billion liters were anhydrous (-2.3% vs. 6M22) and 13.6 billion liters were hydrous (-6.9%).

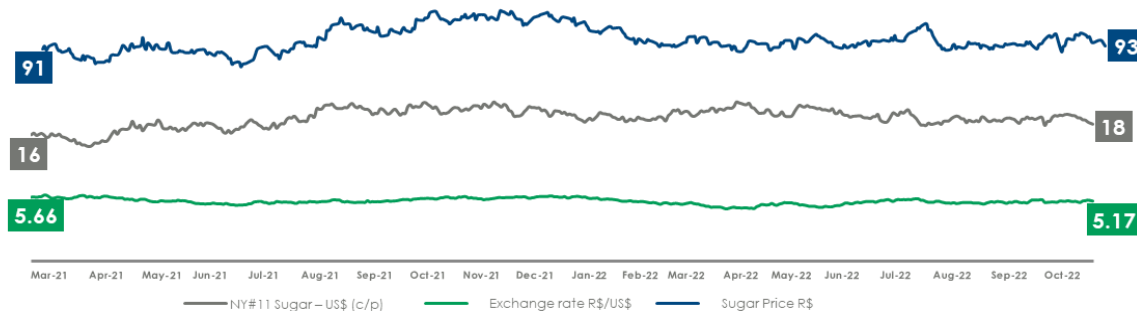
Meanwhile, sugar corresponded to 45.7% of the production mix, with production totaling 28.2 million tons, down 7.3% from the same period last crop year.

Below we comment briefly on the market scenario for sugar and ethanol.

Sugar Market

As noted above, the Center-South produced around 28.2 million tons of sugar in the first half of 2022/23, representing a reduction of 7.3% on the prior-year period, which is mainly explained by the lower yields in the crop year.

As the following chart shows, the sugar price curve (in USD cents/pound) has been showing resilience over recent months, mainly due to the favorable supply-demand scenario for the product, which, combined with the variation in the Brazilian real during the period, led the price in R\$/ton for Brazilian producers to increase considerably year on year.



On September 30, 2022, around 480,000 tons of sugar for the 2022/23 crop year hedged at a price of around R\$ 2,262¹/ton, which represents a good part of the exposure of own cane representing a significant improvement in relation to the prices practiced in the previous crop year. For more details, see the 'Hedge' section in this earnings release.

1- Price net of taxes and selling expenses;

Ethanol Market

In line with the production data mentioned above, Brazil's Center-South region produced around 22.9 billion liters of ethanol, down 4.9% from the same period last crop year

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



Source: UNICA and CEPEA/ESALQ

As the following chart shows, the average ethanol price has been converging to the lower prices of the 2022/23 crop year, reflecting mainly the decline in oil prices in the period combined with the impact from tax measures approved between May and August regarding state and federal taxes.

Net Revenue Breakdown

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Domestic Market	678,698	945,980	837,599	-28.3%	-19.0%	1,624,678	1,501,494	8.2%
Sugar	45,687	48,571	40,519	-5.9%	12.8%	94,258	96,442	-2.3%
Ethanol	414,902	749,846	619,073	-44.7%	-33.0%	1,164,748	1,106,196	5.3%
Energy	78,148	64,673	109,769	20.8%	-28.8%	142,821	186,027	-23.2%
Yeast	22,452	11,609	19,651	93.4%	14.3%	34,061	34,581	-1.5%
Real Estate Development	1,546	2,357	22,010	-34.4%	-93.0%	3,903	32,500	-88.0%
CBIOs	4,547	39,666	6,503	-88.5%	-30.1%	44,213	16,876	162.0%
Others	111,416	29,258	20,074	n.m	n.m	140,674	28,872	n.m
Export Market	905,973	761,436	588,102	19.0%	54.1%	1,667,409	1,245,762	33.8%
Sugar	522,514	465,135	516,936	12.3%	1.1%	987,649	1,092,290	-9.6%
Ethanol	377,194	294,427	68,607	28.1%	n.m	671,621	150,913	n.m
Yeast	6,265	1,874	-	n.m	n.m	8,139	-	n.m
Net Revenue¹	1,584,671	1,707,416	1,425,701	-7.2%	11.2%	3,292,087	2,747,256	19.8%
Sugar	568,201	513,706	557,455	10.6%	1.9%	1,081,907	1,188,732	-9.0%
Ethanol	792,096	1,044,273	687,680	-24.1%	15.2%	1,836,369	1,257,109	46.1%
Energy	78,148	64,673	109,769	20.8%	-28.8%	142,821	186,027	-23.2%
Yeast	28,717	13,483	22,210	113.0%	29.3%	42,200	37,140	13.6%
Real Estate Development	1,546	2,357	22,010	-34.4%	-93.0%	3,903	32,500	-88.0%
CBIOs	4,547	39,666	6,503	-88.5%	-30.1%	44,213	16,876	162.0%
Others	111,416	29,258	20,074	n.m	n.m	140,674	28,872	n.m

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 2022/23 crop year, São Martinho's net revenue grew 11.2% in relation to the same quarter of the 2021/22 crop year, to R\$ 1,584.7 million, driven mainly by the higher volume of ethanol sales (+10.7%), which focused on the export market given the higher prices, and by the higher sales price for sugar (+26.7%). In the first half of the crop year, net revenue came to R\$ 3,292.1 million, representing growth of 19.8% compared to 6M22, due to the same factors affecting the quarter.

Main Adjustments to Net Revenue for 2Q23 and 6M23

1. Debt Maturity (Hedge Accounting)

In 2Q23, there were no settlements of debt or the corresponding expense refers to the effects from exchange variation on *hedge accounting*. Expenses related to exchange variation on liabilities settled in 6M23 designated as hedge accounting were recorded at an exchange rate of R\$4.6/USD. Considering that the exchange rate used for the purposes of cash flow in the period was R\$4.9/USD, an adjustment of R\$ 5.3 million was made to net revenue and EBITDA.

2. Purchase Price Allocation (PPA)

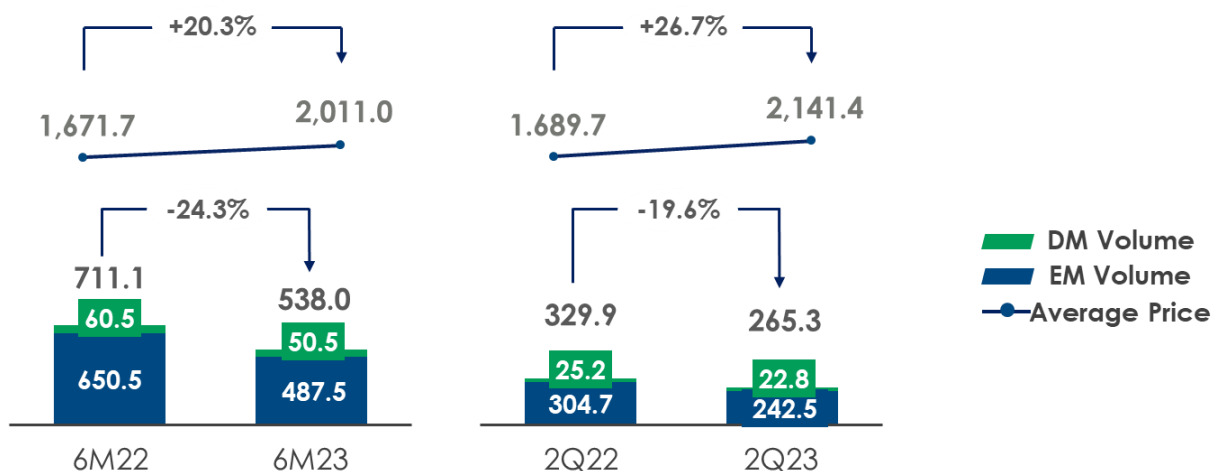
In 2Q23, non-cash income of R\$ 2.7 million was recorded, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of the Santa Cruz Mill. In the crop year to date, the adjustment to net revenue was R\$ 5.0 million.

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 was already being made by the Company in the financial result. Accordingly, adjusted was made net revenue by R\$ 0.1 million in 2Q23 and R\$ 3.5 million in 6M23.

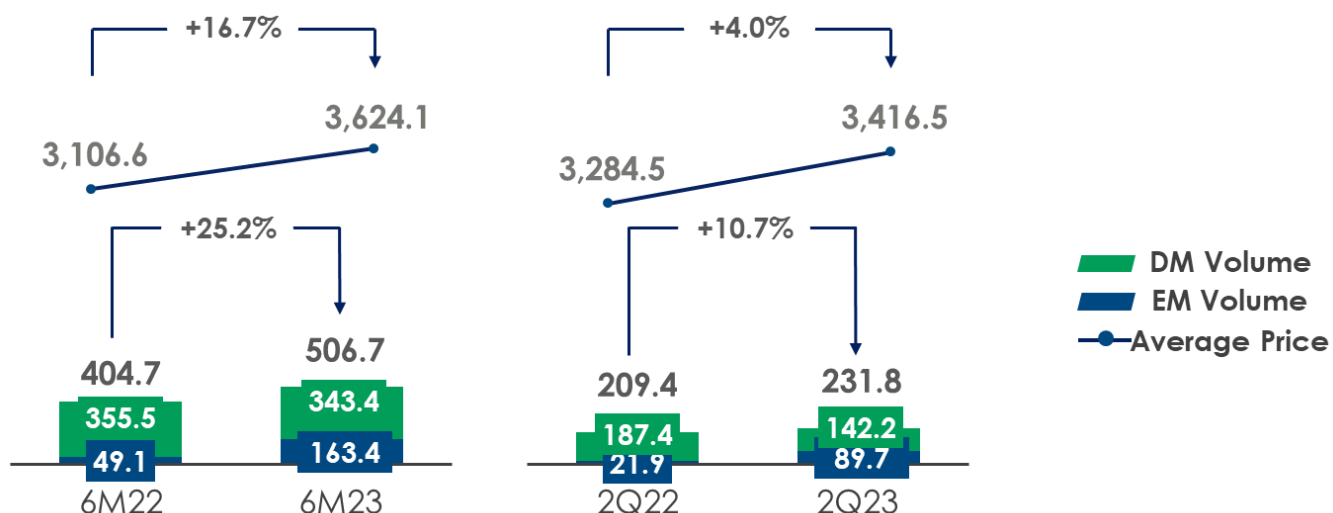
The following charts present a breakdown of the Company's net revenue by product in 2Q23 and 6M23 compared to the prior-year periods.

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



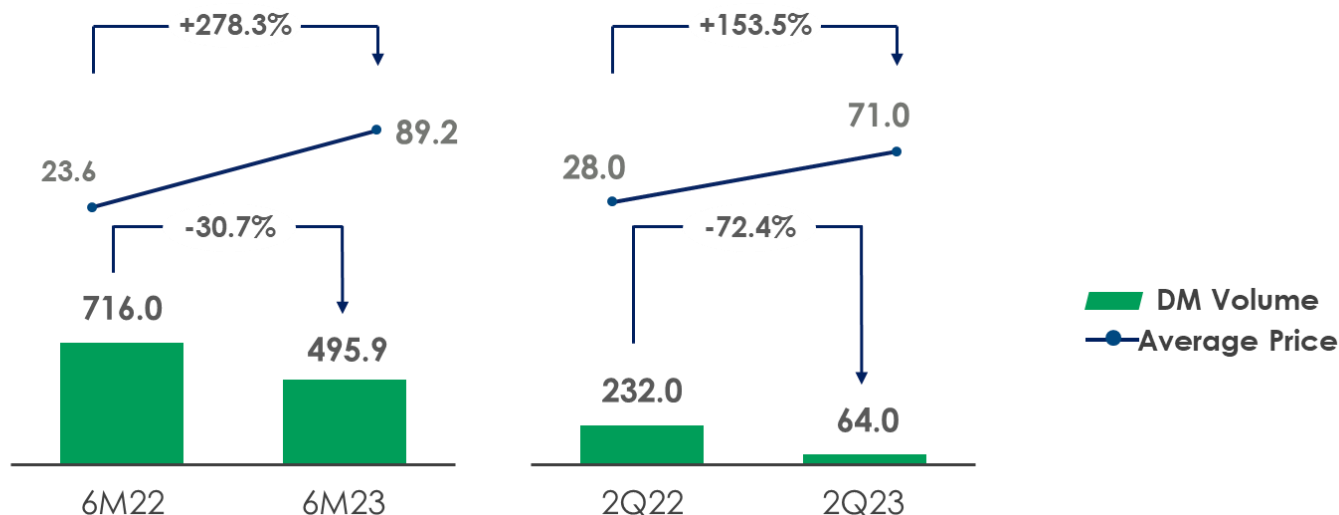
Net revenue from sugar sales amounted to R\$ 568.2 million in 2Q23, increasing 1.9% from the same quarter last crop year, reflecting the 19.6% decline in sales volume, given the decision to concentrate sugar sales over the coming quarters to capture higher prices in R\$/ton. In 6M23, sugar net revenue declined by 9.0%, to R\$ 1,081.9 million, which is aligned with the sales strategy adopted for 2022/23.

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



Net revenue from ethanol sales advanced by 15.2% in 2Q23 in relation to 2Q22, to R\$ 792.1 million. This performance reflects mainly the higher ethanol volumes in the export market in the period, at a net price above that of the domestic market, as well as the higher anhydrous volumes in the domestic market. In 6M23, net revenue grew by 46.1% to R\$ 1,836.4 million, explained by the i) higher export volume, ii) higher anhydrous volume in the domestic market, and iii) higher ethanol prices and volumes in the first two months of the crop year.

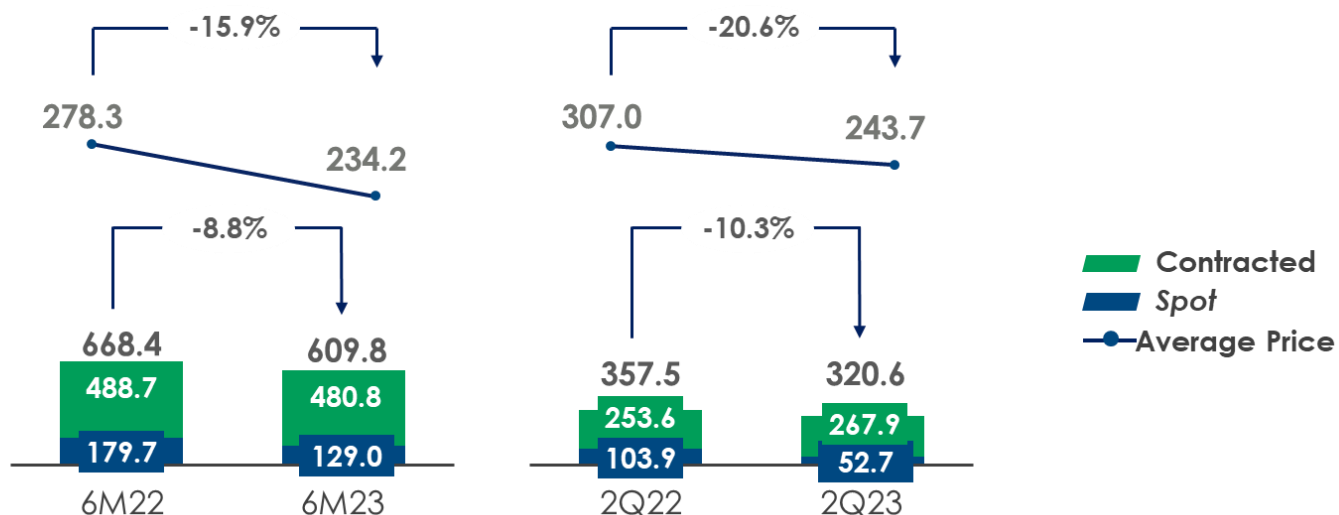
CBIOs - Volume ('000 CBIOs) and Average Price (R\$/CBIO)



In 2Q23, we sold around 64,000 CBIOs (decarbonization credits) at an average net price of R\$ 71.0/CBIO (net of PIS/Cofins and income tax withheld at source of 15%). In 6M23, we sold 495,900 CBIOs at an average net price of R\$ 89.2/CBIO.

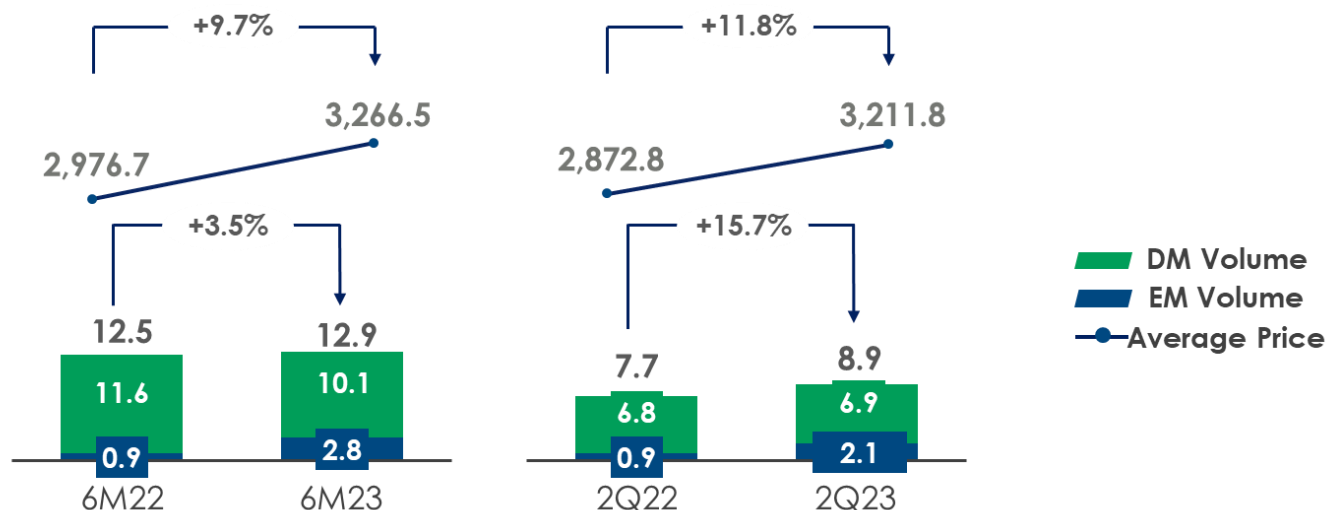
Moreover, as described in the notes to the financial statements ("Inventories and advances to suppliers"), on September 30, 2022, São Martinho had approximately 137,000 CBIOs issued but not yet sold.

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



Net revenue from cogeneration sales totaled R\$ 78.2 million in 2Q23, down 28.8% from 2Q22, due to the lower spot price (PLD) and lower sales volume in the period. In 6M23, cogeneration net revenue fell by 23.2%, reflecting the lower prices (-15.9% vs. 6M22) and lower prices (-8.8%).

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



Net revenue from yeast sales totaled R\$ 28.7 million in 2Q23, increasing 29.3% from the same quarter last crop year, explained by the combination of higher sales volume and prices in the period. In 6M23, net revenue grew 13.6%, mainly reflecting the higher prices 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 September 2022.

Real Estate Development	Type	City	Area (m²)	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	81.4%	100.0%
Park Empresarial - II	Industrial	Iracemápolis	133,794	October-17	35.7%	100.0%
Nova Pradópolis - Phase I	Residence	Pradópolis	246,937	December-15	90.0%	100.0%
Nova Pradópolis - Phase II	Residence	Pradópolis	255,750	July-17	81.5%	100.0%
Nova Iracemápolis	Residence	Iracemápolis	315,027	August-20	98.5%	100.0%
Jardim Irajá	Residence	Américo Brasiliense	161,214	October-20	93.5%	99.8%

In 6M23, we recognized net revenue of R\$ 3.9 million and cash generation of R\$ 10.1 million.

	6M23 Net Revenue	6M23 Cash Generation	Portfolio September/22
Current Projects	3,790	5,873	81,464
Land Monetization	113	4,204	6,485
Total (R\$ '000)	3,903	10,077	87,949

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\$ 0.1 million in 2Q23 and R\$ 3.5 million in 6M23.

Cash COGS

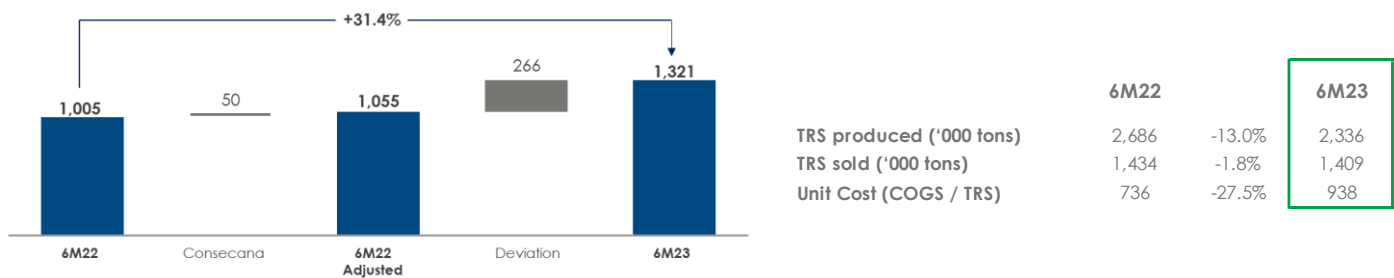
In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Agricultural Costs	544,288	623,884	453,513	-12.8%	20.0%	1,168,172	902,043	29.5%
Suppliers	348,534	352,973	278,484	-1.3%	25.2%	701,507	534,590	31.2%
Partnerships	103,114	153,930	101,735	-33.0%	1.4%	257,045	216,752	18.6%
Own Sugarcane	92,640	116,981	73,295	-20.8%	26.4%	209,621	150,700	39.1%
Industrial	72,670	81,877	49,043	-11.2%	48.2%	154,547	104,731	47.6%
Other Products	71,637	54,005	50,828	32.6%	40.9%	125,642	77,553	62.0%
Total COGS	688,595	759,766	553,384	-9.4%	24.4%	1,448,361	1,084,327	33.6%
TRS Sold ('000 Tons)	676	758	703	-10.8%	-3.8%	1,433	1,434	-0.1%
Unit Cost (Sugar and Ethanol Cash COGS / TRS)	959	947	714	1.2%	34.3%	953	701	35.9%

Data do not include the IFRS 16 impacts

Cash COGS in 2Q23 amounted to R\$ 688.6 million, up 24.2% from the same quarter last crop year, mainly due to: (i) the lower production impacting the dilution of fixed costs; (ii) the variation in input prices, especially diesel, fertilizers and defensives; and (iii) the higher Consecana price (+6.8%) in the period.

Compared to 6M22, as mentioned above, unit Cash COGS (considering sugar and ethanol) increased 31.4% in the period.



The following table details the variation in average unit cash COGS for sugar and ethanol from the same period in the 2021/22 crop year.

Cash COGS by Product

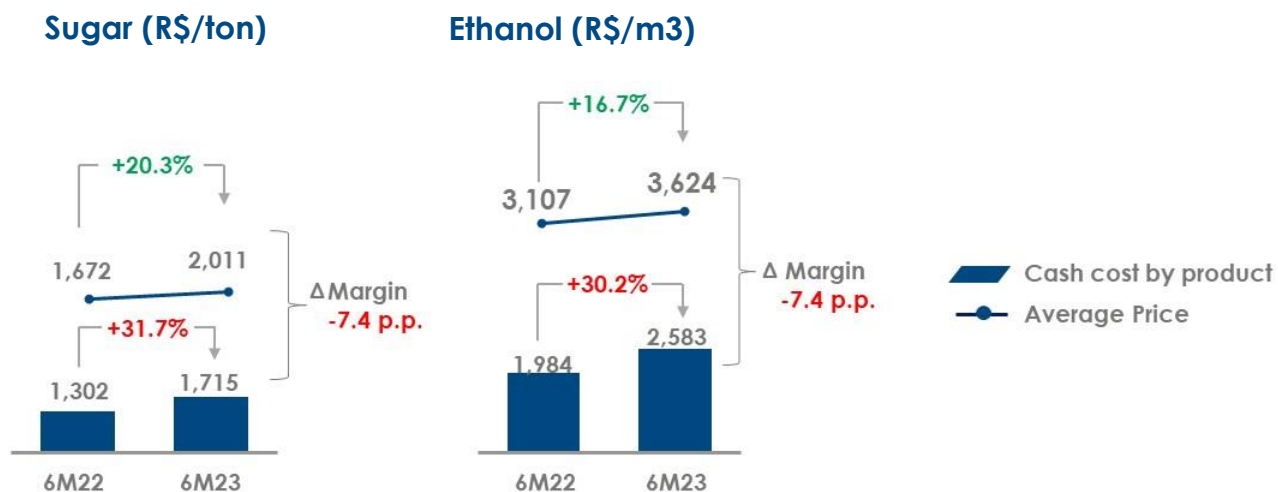
In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
COGS (Cash)	648,255	717,663	501,942	-9.7%	29.1%	1,365,918	1,005,497	35.8%
Sugar	278,744	282,606	260,594	-1.4%	7.0%	561,349	548,285	2.4%
Ethanol	369,511	435,058	241,348	-15.1%	53.1%	804,569	457,212	76.0%
Average Cash Cost Per Unit¹								
Sugar Cash Cost	1,051	1,036.5	789.9	1.3%	33.0%	1,043	771.1	35.3%
Ethanol Cash Cost	1,594	1,582.8	1,152.7	0.7%	38.3%	1,588	1,129.9	40.5%

Data do not include the IFRS 16 impacts

1 - Sugar in R\$/ton; Ethanol in R\$/m³

The following charts detail cash cost by product (sugar and ethanol).



Cash Cost: Cash COGS + Selling, General and Administrative Expenses – Depreciation/Amortization + Maintenance Capex;

2Q23 EARNINGS

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SMTO
B3 LISTED NM

Selling Expenses

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Selling Expenses	51,394	46,171	35,302	11.3%	45.6%	97,565	78,752	23.9%
Port Costs / Freight	47,643	42,457	31,910	12.2%	49.3%	90,100	71,436	26.1%
Other	3,751	3,714	3,391	1.0%	10.6%	7,465	7,316	2.0%
TRS Sold ('000 tons)	676	758	703	-10.8%	-3.8%	1,433	1,434	-0.1%
% of Net Revenue	3.2%	2.7%	2.5%	0.5 p.p	0.8 p.p	3.0%	2.9%	0.1 p.p

Selling expenses amounted to R\$ 51.4 million in the second quarter of the crop year, increasing 45.6% in relation to 2Q22, mainly explained by the expenses related with the higher volume of ethanol exports and by the increase in diesel prices between periods. In 6M23, selling expenses increased by 23.9%, explained by the same factors affecting the quarterly result.

Cash General & Administrative Expenses

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Labor/ General Expenses ¹	67,002	53,346	57,752	25.6%	16.0%	120,348	113,010	6.5%
Stock Option - Vested/ Others	(2,075)	(1,541)	2,767	34.6%	-175.0%	(3,615)	3,493	n.m
Subtotal	64,927	51,805	60,519	25.3%	7.3%	116,732	116,503	0.2%
Litigation	8,629	9,146	5,727	-5.7%	50.7%	17,775	10,765	65.1%
Stock Option - Non-vested	(15,424)	(8,661)	141	78.1%	n.m	(24,086)	15,156	n.m
Total General and Administrative Expenses	58,132	52,290	66,387	11.2%	-12.4%	110,422	142,424	-22.5%

1- General expenses includes initiatives with COVID-19

In 2Q23, general and administrative expenses amounted to R\$ 58.1 million, decreasing 12.4% from the same quarter last crop year, basically reflecting the noncash accounting effect of the mark-to-market adjustment of the Company's share price under the virtual stock options program, given the impact from the decline in the share price in 2Q23. In 6M23, general and administrative expenses came to R\$ 110.4 million, down 22.5% on 6M22, due to the same factors affecting the quarterly result.

EBITDA Reconciliation

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Adjusted EBITDA	787,714	875,694	790,094	-10.0%	-0.3%	1,663,408	1,478,400	12.5%
Adjusted EBITDA Margin	49.7%	51.3%	55.4%	-1.6 p.p.	-5.7 p.p.	50.5%	53.8%	-3.3 p.p.
Non-cash effect of IFRS 16	101,909	145,817	103,697	-30.1%	-1.7%	247,726	198,981	24.5%
Real Estate Results	(131)	(2,374)	(4,611)	-94.5%	-97.2%	(2,505)	(7,929)	-68.4%
Equity Income	1,458	1,169	1,627	24.7%	-10.4%	2,627	3,302	-20.4%
Adjustment to Maturity of Hedge Accounting	-	(5,321)	(500)	-100.0%	-100.0%	(5,321)	(28,564)	-81.4%
Stock Option - Non-vested	15,424	8,661	(141)	78.1%	n.m	24,086	(15,156)	n.m
Biological Assets	(25,995)	7,355	12,920	n.m	n.m	(18,640)	14,599	n.m
Book EBITDA¹	880,379	1,031,001	903,086	-14.6%	-2.5%	1,911,380	1,643,633	16.3%
EBITDA Margin	55.7%	60.7%	63.7%	-5.1 p.p.	-8.0 p.p.	58.3%	60.8%	-2.5 p.p.
(-) Depreciation and Amortization	(441,294)	(515,181)	(358,319)	-14.3%	23.2%	(956,475)	(726,698)	31.6%
(-) Financial Revenue (Expense), net	(173,580)	(298,805)	(48,926)	-41.9%	n.m	(472,385)	(178,363)	164.8%
(=) Operating Income	265,505	217,015	495,841	22.3%	-46.5%	482,520	738,572	-34.7%

¹ - Book EBITDA includes the IFRS 16 impacts

Adjusted EBITDA

Adjusted EBITDA was R\$ 787.7 million in 2Q23 (-0.3%), with Adjusted EBITDA margin of 49.7%. The result reflects mainly the higher average sales prices for ethanol (+2.1%)¹ and sugar (+26.7%) and the lower sugar sales volume (-19.6%) in the period; In 6M23, Adjusted EBITDA was R\$ 1,663.4 million, reflecting the combination of price and volume dynamics similar to those of 2Q23 and higher ethanol volumes and prices in 1Q23.

¹ Price net of taxes and selling expenses²;

Main Adjustments to EBITDA in 2Q23 and 6M23:

1. IFRS16 – Leases

Positive adjustment due to the R\$ 101.9 million decline in EBITDA in 2Q23 related to lease payments that ceased to be recognized as cash cost (COGS) and began to be recognized as amortization of right of use.

2. Biological Assets

Negative adjustment due to the positive contribution of R\$ 25.9 million to reported costs (COGS) – with no cash effect – in 2Q23 related to the mark-to-market adjustment of biological assets due to the variation in the Consecana price.

3. Debt Maturity (Hedge Accounting)

In 2Q23, there were no settlements of debt or the corresponding expense refers to the effects from exchange variation on *hedge accounting*. Expenses related to exchange variation on liabilities settled in 6M23 designated as hedge accounting were recorded at an exchange rate of R\$4.6/USD. Considering that the exchange rate used for the purposes of cash flow in the period was R\$4.9/USD, an adjustment of R\$ 5.3 million was made to net revenue and EBITDA.

Adjusted Cash EBIT

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Chg. %
Adjusted Cash EBIT	440,002	556,400	489,904	-20.9%	-10.2%	1,573,062	1,515,032	3.8%
Adjusted EBIT Margin	27.8%	32.6%	34.4%	-4.8 p.p.	-6.6 p.p.	24.9%	29.6%	-4.7 p.p.
(-) Maintenance Capex	(347,712)	(319,294)	(300,190)	8.9%	15.8%	(1,736,814)	(1,378,953)	26.0%
Adjusted EBITDA	787,714	875,694	790,094	-10.0%	-0.3%	3,309,876	2,893,984	14.4%
Adjusted EBITDA Margin	49.7%	51.3%	55.4%	-1.6 p.p.	-5.7 p.p.	52.5%	56.5%	-4.1 p.p.
Non-cash effect of IFRS 16	101,909	145,817	103,697	-30.1%	-1.7%	578,805	353,558	63.7%
Real Estate Results	(131)	(2,374)	(4,611)	-94.5%	-97.2%	(3,990)	(12,801)	-68.8%
Equity Income	1,458	1,169	1,627	24.7%	-10.4%	6,683	6,162	8.5%
Adjustment to Maturity of Hedge	-	(5,321)	(500)	-100.0%	-100.0%	(5,963)	(29,797)	-80.0%
Stock Option - Non-vested	15,424	8,661	(141)	78.1%	n.m	4,074	(25,874)	-115.7%
Biological Assets	(25,995)	7,355	12,920	n.m	n.m	(9,235)	61,878	-114.9%
Book EBITDA	880,379	1,031,001	903,086	-14.6%	-2.5%	4,312,809	3,647,234	18.2%
EBITDA Margin	55.7%	60.7%	63.7%	-5.1 p.p.	-8.0 p.p.	68.5%	64.4%	4.1 p.p.

Adjusted Cash EBIT in 2Q23 came to R\$ 440.0 million (Adjusted EBIT margin of 27.8%), down 10.2% from 2Q22. Meanwhile, the increase in 6M23 reflects the same factors that positively impacted Adjusted EBITDA in the period.

Hedge Position

In R\$ '000

	Sugar hedged (tons)	Avg. Price (USD c/p)	Avg. Price (R\$/ton)
22/23 Harvest	480,388	17.86	
	416,125	17.86	2,283
	64,263	17.86	not hedged
23/24 Harvest	373,094	18.70	
	362,118	18.70	2,314
	10,976	18.70	not hedged

The table above details our sugar hedge position on September 30, 2022, considering the portion fixed in USD and open positions.

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

Hedge Accounting Effects:

1. On Shareholders' Equity

As of 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 tax and social contribution. In the period from April to September 2022, we recorded a reduction in shareholders' equity of R\$ 54.2 million.

2. On Income Statement

In 2Q23, there were no settlements of debt or the corresponding expense refers to the effects from exchange variation on *hedge accounting*. Expenses related to exchange variation on liabilities settled in 6M23 designated as hedge accounting were recorded at an exchange rate of R\$4.6/USD. Considering that the exchange rate used for the purposes of cash flow in the period was R\$4.9/USD, an adjustment of R\$ 5.3 million was made to net revenue and EBITDA.

Financial Result

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Financial Revenues	72,410	81,029	55,533	-10.6%	30.4%	153,439	66,966	129.1%
Financial Expenses	(106,903)	(197,449)	(79,151)	-45.9%	35.1%	(304,352)	(120,103)	153.4%
Financial Revenues/Expenses	(34,493)	(116,420)	(23,618)	-70.4%	46.0%	(150,913)	(53,137)	184.0%
Exchange Variation/Derivative/Others	(67,401)	(119,836)	15,464	-43.8%	n.m	(187,237)	(40,496)	n.m
IFRS16 Effects - APV	(71,817)	(64,923)	(45,383)	10.6%	58.2%	(136,740)	(92,659)	47.6%
Real Estate Results	131	2,374	4,611	-94.5%	-97.2%	2,505	7,929	-68.4%
Net Financial Result	(173,580)	(298,805)	(48,926)	-41.9%	n.m	(472,385)	(178,363)	164.8%

The net financial result in 2Q23 was an expense of R\$ 173.6 million, an increase of 200% from 2Q22. In 6M23, the net financial result was expense of R\$ 472.4 million. The variation between crop years was mainly due to: (i) the variation in the average Selic rate in the period; (ii) the variation in annual IPCA inflation; (iii) the increase in average net debt between periods, basically reflecting the investments made; and (iv) expenses deferred in shareholders' equity (through *Hedge Accounting*).

Debt

In R\$ '000

	Sep/22	Mar/22	Chg.%
Agribusiness Certificate of Receivables (CRA)	1,696,673	1,687,193	0.6%
BNDES / FINAME	972,678	903,297	7.7%
Working Capital/ NCE (Export Credit Note)	783,397	710,342	10.3%
Debentures	1,644,204	1,596,996	3.0%
PPE (Export prepayment)	164,318	190,395	-13.7%
International Finance Corporation (IFC)	839,032	800,127	4.9%
Obligations from Acquisitions - LOP	3,670	3,668	0.1%
Gross Debt	6,103,972	5,892,017	3.6%
Cash and Cash Equivalents	1,884,434	2,984,141	-36.9%
Net Debt	4,219,538	2,907,876	45.1%
Net Debt / LTM EBITDA - R\$	1.27 x	0.93 x	37.7%
Net Debt / LTM EBITDA - USD ¹	1.14 x	0.94 x	21.0%
LTM Adjusted EBITDA	3,309,876	3,141,952	5.3%

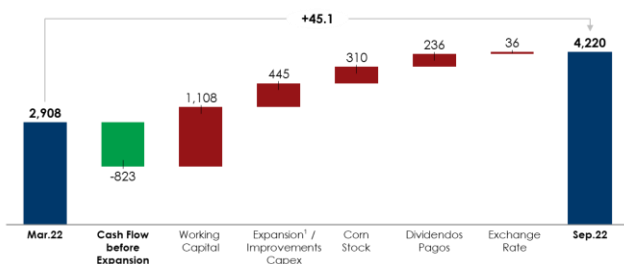
¹ - LTM EBITDA average daily PTAX: Mar/22: R\$ 5.34 and Set/22: R\$ 5.25

At the end of September 2022, the Company's net debt stood at R\$ 4.2 billion, increasing 45.1% from March 2022. The increase the period mainly reflects the higher working capital needs in the period and the ongoing investments already announced by the Company.

The following charts show details of the debt position:

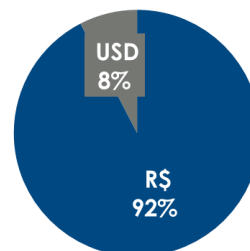
Changes in Net Debt

R\$ million



¹ Expansion/Improvements Capex: Modernization/expansion capex + improvement capex + sales of fixed assets + others

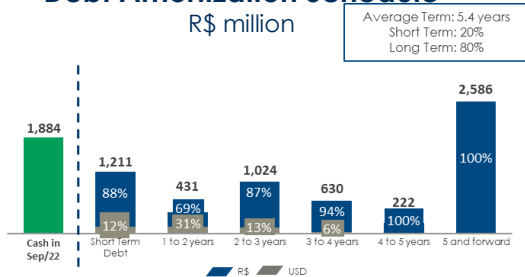
Currency - Net Debt*



*Includes SWAP contracts

Debt Amortization Schedule

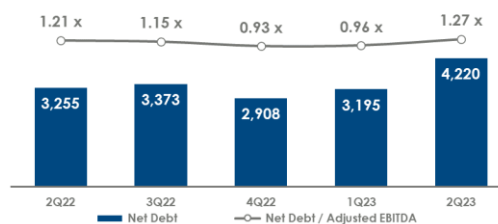
R\$ million



Average Term: 5.4 years
Short Term: 20%
Long Term: 80%

Net Debt/EBITDA LTM

R\$ million



2Q23 EARNINGS

CAPEX & CASH NET INCOME

SMTO
B3 LISTED NM

CAPEX Breakdown

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Maintenance	347,712	319,294	300,190	8.9%	15.8%	667,006	540,799	23.3%
Sugarcane Planting - Renovation	111,967	100,868	98,102	11.0%	14.1%	212,835	178,793	19.0%
Off-Season Maintenance (Industrial/Agricultural)	-	14,027	-	-100.0%	n.m.	14,027	410	n.m.
Crop Treatment	235,745	204,399	202,088	15.3%	16.7%	440,144	361,596	21.7%
Operational Improvements	27,229	35,721	40,952	-23.8%	-33.5%	62,950	71,217	-11.6%
Equipment/Replacements	21,954	29,659	31,616	-26.0%	-30.6%	51,613	52,965	-2.6%
Environmental/Legal	5,275	6,062	9,335	-13.0%	-43.5%	11,337	18,253	-37.9%
Upgrading/Expansion	160,737	209,553	129,659	-23.3%	24.0%	370,290	291,290	29.0%
Corn Ethanol Project	131,919	83,083	64,621	58.8%	104.1%	215,002	166,633	29.0%
UTE Phase II	16,436	86,943	37,176	-81.1%	-55.8%	103,379	42,878	141.1%
Other Projects	12,382	39,527	27,862	-68.7%	-55.6%	51,909	81,779	-36.5%
GRAND TOTAL	535,678	564,567	470,800	-5.1%	13.8%	1,100,245	903,306	21.8%

The Company's maintenance capex in 2Q23 amounted to R\$ 347.7 million, increasing 15.8% in the period. The higher capex was mainly due to inflationary effects on input prices, especially diesel and fertilizers. In 6M23, maintenance capex came to R\$ 667.0 million, increasing 23.3% on 6M22, reflecting inflationary pressures on input prices and the longer intercrop period, given the postponement of the start of crushing operations to the second half of April at the São Martinho and Santa Cruz mills.

Capex related to operational improvements totaled R\$ 27.2 million in 2Q23, decreasing 34% from 2Q22, reflecting mainly the concentration of investments in equipment, fleet replacement and environmental compliance (ESG) in 2Q22. In 6M23, operational improvement capex decreased by 11.6%, to R\$ 62.9 million, due to the concentration of fleet replacement in 1Q23.

Expansion capex in 2Q23 totaled R\$ 160.7 million in 2Q23 and R\$ 370.9 million in 6M23, which was mainly associated with investments in: (i) the Thermal Power Plant (A-6 auction in 2019); (ii) the Corn Ethanol Project; and (iii) the lower amounts related to the closed water circuit project at the São Martinho Mill, among other projects.

Cash Net Income

In R\$ '000

	2Q23	1Q23	2Q22	Δ 2Q23/1Q23	Δ 2Q23/2Q22	6M23	6M22	Δ 6M23/6M22
Net Income	212,596	221,579	368,412	-4.1%	-42.3%	434,175	558,503	-22.3%
Non-cash effect of IFRS 16 on Net Income before taxes	43,525	22,610	(22,839)	92.5%	n.m.	66,134	(23,418)	n.m.
Income Tax booked	52,909	(4,564)	127,429	n.m.	-58.5%	48,345	180,069	-73.2%
Income Tax paid	(16,823)	(5,472)	(28,192)	n.m.	-40.3%	(22,295)	(30,259)	-26.3%
Biological Asset/Others	25,995	(7,355)	(12,920)	n.m.	n.m.	18,640	(14,599)	n.m.
Cash Income	318,202	226,798	431,890	40.3%	-26.3%	544,999	670,296	-18.7%
Total Shares ex-treasury (in thousand)	346,375	346,375	346,375	0.0%	0.0%	346,375	346,375	0.0%
Cash Income per share	0.92	0.65	1.25	40.3%	-26.3%	1.57	1.94	-18.7%

Obligations

On September 30, 2022, São Martinho recognized on its Balance Sheet debt of R\$ 166.2 million with Copersucar. In accordance with the terms negotiated for the withdrawal from Copersucar, we will continue to book 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 is also a plaintiff in lawsuits 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), 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 dispute.

Copersucar transferred to the Company the amounts received from the Federal Government related to this process, as shown in the following table.

Copersucar Rights

In R\$ '000

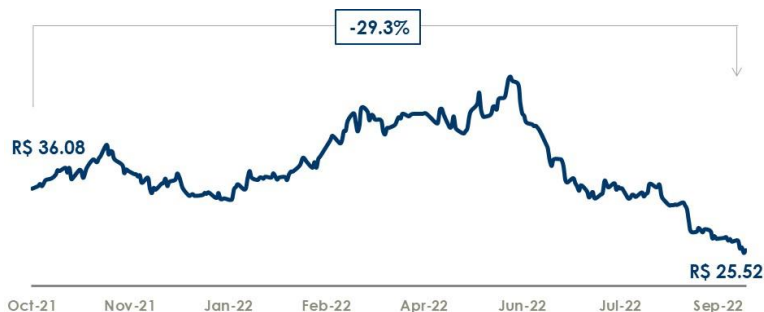
	2019	2020	2021	2022
	March/2019	December/2019	September/2020	October/2021
First court-ordered debt security	906,287	1,059,956	1,083,223	1,174,400
Complementary court-ordered debt security	-	1,724,797	1,974,578	2,138,858
Precatórios Copersucar	906,287	2,784,753	3,057,801	3,313,258
PIS/COFINS withheld by Copersucar	(13,927)	(42,794)	(46,990)	(50,915)
Luiz Ometto Participações S.A. transfer	(3,313)	(24,119)	(26,700)	(28,697)
Other retentions and expenses	(26,824)	(46,665)	(51,266)	(55,348)
Other net Revenues SMSA	106,499	349,056	383,040	415,476

Upon transferring the funds, Copersucar withheld a portion to cover legal costs and the levy of PIS and COFINS taxes, while undertaking to transfer the corresponding amounts in the event of a favorable outcome. At September 30, 2022, the balance receivable from Copersucar was R\$ 154,626, booked under "Other long-term assets." The Company, in coordination with the measures taken by Copersucar, also filed a lawsuit, supported by a judicial deposit, claiming the suspension of the enforceability of IRPJ/CSLL/PIS/COFINS payment. The judicial deposit was provided for within: "Taxes with suspended payment."

As established in the Agreement for Purchase and Sale of Shares of Santa Cruz S.A. Açúcar e Álcool ("USC"), the Company transferred R\$ 82,829 to Luiz Ometto Participações S.A.

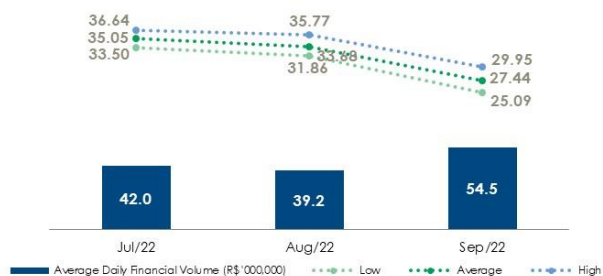
SMTO3 Performance – 12 months

R\$ million



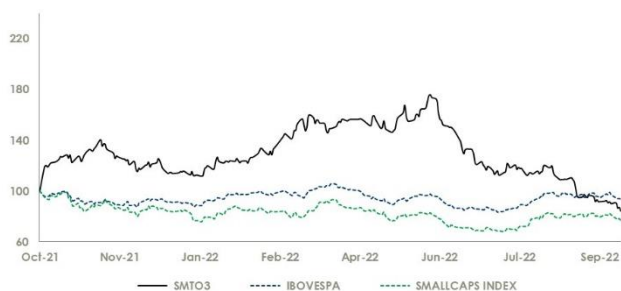
Price and Volume

In R\$



SMTO3 vs. Stock Indexes

Base 100



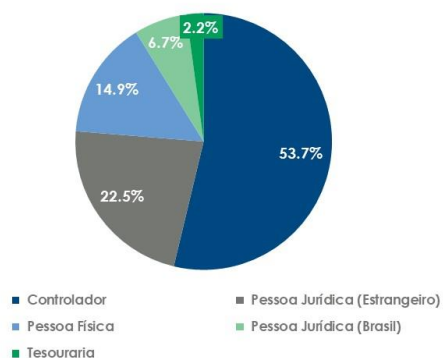
Average Daily Trading Volume

R\$ million

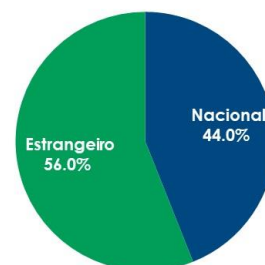


Ownership Structure

Base: September 30, 2022



Free-Float Composition



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.

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 - Consolidated In R\$ '000

	2Q23	2Q22	Δ 2T23/2T22	6M23	6M22	Δ 6M23/6M22
Gross Revenue	1,586,666	1,513,018	4.9%	3,390,133	2,886,159	17.5%
Deductions from Gross Revenue	(4,871)	(95,213)	-94.9%	(110,879)	(180,575)	-38.6%
Net Revenue	1,581,795	1,417,805	11.6%	3,279,254	2,705,584	21.2%
Cost of Goods Sold (COGS)	(1,048,244)	(789,024)	32.9%	(2,164,641)	(1,585,678)	36.5%
Gross Profit	533,551	628,781	-15.1%	1,114,613	1,119,906	-0.5%
Gross Margin (%)	33.7%	44.3%	-10.6 p.p	34.0%	41.4%	-7.4 p.p
Operating income (expenses)	(94,466)	(84,014)	12.4%	(159,708)	(202,971)	-21.3%
Selling Expenses	(51,394)	(35,302)	45.6%	(97,565)	(78,752)	23.9%
General and Administrative Expenses	(61,116)	(69,666)	-12.3%	(116,522)	(149,011)	-21.8%
Equity in the results of investees	1,458	1,627	-10.4%	2,627	3,302	-20.4%
Other income (expenses), net	16,586	19,327	-14.2%	51,752	21,490	140.8%
Operating profit	439,085	544,767	-19.4%	954,905	916,935	4.1%
Finance income (costs)	(173,580)	(48,926)	254.8%	(472,385)	(178,363)	164.8%
Finance income	72,541	60,144	20.6%	155,945	74,893	108.2%
Finance costs	(178,721)	(124,535)	43.5%	(441,095)	(212,764)	107.3%
Monetary and foreign exchange variations, net	(35,144)	(32,870)	6.9%	(167,684)	(63,291)	164.9%
Derivatives	(32,256)	48,335	-166.7%	(19,551)	22,799	-185.8%
Profit before taxation	265,505	495,841	-46.5%	482,520	738,572	-34.7%
Income Tax and Social Contribution - Current	(82,279)	(87,392)	-5.9%	(103,666)	(92,095)	12.6%
Income Tax and Social Contribution - Deferred	29,370	(40,037)	-173.4%	55,321	(87,974)	-162.9%
Net Income	212,596	368,412	-42.3%	434,175	558,503	-22.3%
Net Margin (%)	13.4%	26.0%	-12.5 p.p	13.2%	20.6%	-7.4 p.p

Balance Sheet (Assets)

São Martinho - Consolidated In R\$ '000

	Sep/22	Mar/22
CURRENT ASSETS		
Cash and Cash Equivalents	130,568	114,903
Financial investments	1,744,590	2,857,864
Trade Receivables	448,218	225,707
Derivative Financial Instruments	101,359	228,718
Inventories and advance to suppliers	2,205,738	764,576
Biological Assets	1,028,173	1,219,281
Taxes Recoverable	202,520	60,303
Income Tax and Social Contribution	17,774	65,232
Other assets	39,653	16,958
TOTAL CURRENT ASSETS	5,918,593	5,553,542
NON-CURRENT ASSETS		
Long-term Receivables		
Financial investments	9,276	11,374
Inventories and advance to suppliers	186,284	146,986
Deferred Income Tax and Social Contribution	47	-
Derivative Financial Instruments	200,026	169,679
Trade Receivables	45,817	26,872
Taxes Recoverable	239,505	177,844
Income Tax and Social Contribution	8,617	8,617
Judicial Deposits	789,381	749,361
Other Assets	156,471	156,471
	1,635,424	1,447,204
Investments	46,540	45,565
Property, plant and equipment	6,811,348	6,771,209
Intangible assets	455,464	457,313
Right-of-use assets	3,199,637	3,084,312
TOTAL NON-CURRENT ASSETS	12,148,413	11,805,603
TOTAL ASSETS	18,067,006	17,359,145

Balance Sheet (Liabilities)

São Martinho - Consolidated In R\$ '000

	Sep/22	Mar/22
CURRENT LIABILITIES		
Borrowings	1,206,862	581,515
Leases payable	123,543	82,475
Agricultural partnership payable	581,854	500,376
Derivative Financial Instruments	248,880	245,145
Trade Payables	630,687	415,082
Payables to Copersucar	9,075	12,753
Salaries and Social Charges	210,639	191,786
Taxes recoverable	25,681	34,871
Income tax and social contribution payable	15,589	7,597
Dividends Payable	30	5,971
Advances from Customers	83,868	27,269
Acquisition of Ownership interests	3,670	3,669
Other Liabilities	20,170	66,546
TOTAL CURRENT LIABILITIES	3,160,548	2,175,055
NON-CURRENT LIABILITIES		
Borrowings	4,893,440	5,306,834
Leases payable	703,456	539,057
Agricultural partnership payable	1,794,846	1,884,943
Derivative Financial Instruments	8,590	34,585
Payables to Copersucar	157,123	161,277
Deferred Income Tax and Social Contribution	1,025,372	1,111,225
Provision for Contingencies	100,916	87,006
Taxes with suspended payment	767,219	725,834
Other Liabilities	3,474	14,904
TOTAL NON-CURRENT LIABILITIES	9,454,436	9,865,665
EQUITY		
Share Capital	3,161,384	2,681,571
Treasury Shares	(139,997)	(139,997)
Carrying Value Adjustments	1,039,429	1,100,474
Revenue Reserves	1,168,559	1,676,377
Retained Earnings	222,647	-
TOTAL EQUITY	5,452,022	5,318,425
TOTAL LIABILITIES AND EQUITY	18,067,006	17,359,145

Consolidated Cash Flow

São Martinho - Consolidated In R\$ '000

	6M23	6M22
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	434,175	558,503
Adjustments		
Depreciation and amortization	466,315	326,196
Biological assets harvested	485,153	395,322
Change in the fair value of biological assets	18,640	(14,599)
Amortization of electricity contracts	5,007	5,180
Equity in the results of investees	(2,627)	(3,302)
Gains (losses) on investments and PP&E written off	(1,375)	(1,259)
Interest, monetary and exchange variations, net	279,801	109,151
Derivative financial instruments	(19,217)	49,396
Setup of provision for contingences, net	18,009	11,581
Income tax and social contribution	48,345	180,069
Taxes with suspended payment	41,384	18,034
Adjustment to present value and other adjustments	138,504	92,617
	1,912,114	1,726,889
Changes in asset and liabilities		
Trade receivables	(247,902)	(404,447)
Inventories	(935,532)	(715,860)
Taxes recoverable	(152,297)	(6,934)
Derivative financial instruments	(28,022)	(21,353)
Other assets	(20,646)	(2,829)
Trade payables	242,549	493,004
Salaries and social charges	18,853	43,418
Taxes payable	(99,372)	(50,043)
Payables to Copersucar	(10,268)	(6,270)
Provision for contingencies - settlement	(12,313)	(11,743)
Other liabilities	(1,219)	(17,918)
Cash from operations	665,945	1,025,914
Payment of interest on borrowings	(166,313)	(57,803)
Income tax and social contribution paid	(22,295)	(30,259)
Net cash provided by operating activities	477,337	937,852
CASH FLOW FROM INVESTING ACTIVITIES		
Investment of funds	(223)	(287)
Purchases of property, plant and equipment and intangible assets	(465,771)	(395,263)
Additions to biological assets (planting and crop treatments)	(651,953)	(539,272)
Financial investments	1,260,711	(19,874)
Proceeds from sale of property, plant and equipment	3,599	6,331
Dividends received	1,723	1,394
Net cash provided by investing activities	148,086	(946,971)
CASH FLOW FROM FINANCING ACTIVITIES		
Amortization of lease and partnership agreements	(328,402)	(322,710)
Proceeds from borrowings - third parties	88,000	1,201,530
Repayment of borrowings - third parties	(133,515)	(611,250)
Payment of dividends and Interest on Equity	(235,841)	(299,993)
Net cash provided by financing activities	(609,758)	(32,423)
Increase (decrease) in cash and cash equivalents	15,665	(41,542)
Cash and cash equivalents at the beginning of the period	114,903	288,350
Cash and cash equivalents at the end of the period	130,568	246,808
Additional information		
Balance of financial investments (current assets)	1,744,590	1,104,526
Total available funds	1,875,158	1,351,334



INVESTOR RELATIONS

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 **São Martinho**

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