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(A free translation of the original in Portuguese)

Quarterly Information (ITR)

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

(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

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

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

Scope of review

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

Conclusion on the interim information

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

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São Martinho S.A.

Other matters

Statements of value added

The parent company and consolidated quarterly information referred to above includes the parent company and consolidated statements of value added for the quarter ended June 30, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information for the purposes of IAS 34. These statements have been submitted to the same review procedures carried out together with the review of the quarterly information, with the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been prepared, in all material respects, in accordance with the criteria established in CPC 09 and in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Ribeirão Preto, August 9, 2021

PricewaterhouseCoopers

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

Contents

Balance sheet
At June 30 and March 31, 2021
All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	Parent Company June 30, 2021	Parent Company March 31, 2021	Consolidated June 30, 2021	Consolidated March 31, 2021
CURRENT ASSETS					
Cash and cash equivalents	4	44,530	287,652	45,008	288,350
Financial investments	4	1,108,998	952,142	1,281,242	1,062,154
Trade receivables	5	191,048	170,554	268,848	215,659
Derivative financial instruments	23	224,408	139,904	224,408	139,904
Inventories and advances to suppliers	6	952,412	441,257	940,833	446,313
Biological assets	7	945,161	989,540	945,161	989,540
Taxes recoverable	8	17,446	11,980	17,507	12,062
Income tax and social contribution	20	42,296	42,248	42,297	42,250
Dividends receivable		-	-	1,394	-
Other receivables		15,414	9,131	15,605	9,376
TOTAL CURRENT ASSETS		3,541,713	3,044,408	3,782,303	3,205,608
NON-CURRENT ASSETS					
Long-term assets					
Financial investments	4	11,244	10,166	11,244	13,644
Inventories and advances to suppliers	6	114,646	106,838	114,646	106,838
Related parties	9	30,000	30,000	-	-
Derivative financial instruments	23	191,141	48,639	191,141	48,639
Trade receivables	5	-	-	10,734	24,189
Taxes recoverable	8	108,175	95,315	109,965	96,241
Judicial deposits	22	485,066	484,779	485,314	485,029
Other receivables		113,935	113,935	113,935	113,935
Total long-term receivables		1,054,207	889,672	1,036,979	888,515
Investments	10	1,553,124	1,486,725	40,183	39,951
Property, plant and equipment	11	4,128,431	4,172,796	5,920,179	5,962,644
Intangible assets	12	416,550	409,093	455,574	451,742
Right-of-use assets	13	1,873,139	1,869,396	1,873,139	1,869,396
TOTAL NON-CURRENT ASSETS		9,025,451	8,827,682	9,326,054	9,212,248
TOTAL ASSETS		12,567,164	11,872,090	13,108,357	12,417,856

LIABILITIES AND EQUITY	Note	Parent Company June 30, 2021	Parent Company March 31, 2021	Consolidated June 30, 2021	Consolidated March 31, 2021
CURRENT LIABILITIES					
Borrowings	14	346,968	674,504	346,968	674,504
Leases payable	13	60,902	66,264	60,902	66,264
Agricultural partnership payable	13	339,236	285,308	339,236	285,308
Derivative financial instruments	23	203,313	218,685	203,313	218,685
Trade payables	15	432,058	229,644	419,947	221,707
Payables to Copersucar	16	9,075	9,075	9,075	9,075
Salaries and social charges		225,385	170,917	226,622	171,883
Taxes payable		18,562	21,979	21,895	24,229
Income tax and social contribution	20	-	-	8,656	7,480
Dividends payable	18	102,552	102,552	102,552	102,552
Advances from customers		18,418	17,393	18,461	17,436
Acquisition of ownership interests	9 and 17	11,646	11,638	11,646	11,638
Other liabilities		14,116	17,126	26,580	30,812
TOTAL CURRENT LIABILITIES		1,782,231	1,825,085	1,795,853	1,841,573
NON-CURRENT LIABILITIES					
Borrowings	14	3,403,534	3,376,459	3,403,534	3,376,459
Leases payable	13	391,541	399,157	391,541	399,157
Agricultural partnership payable	13	1,100,591	1,161,905	1,100,591	1,161,905
Derivative financial instruments	23	168,004	80,227	168,004	80,227
Payables to Copersucar	16	164,309	167,121	164,309	167,121
Deferred income tax and social contribution	20	509,050	306,100	1,035,935	834,822
Provision for contingencies	22	103,861	101,700	104,549	102,256
Acquisition of ownership interests	9 and 17	3,650	3,650	3,650	3,650
Taxes with suspended payment	16 (b)	458,480	458,480	458,480	458,480
Other liabilities		5,512	5,617	5,510	5,617
TOTAL NON-CURRENT LIABILITIES		6,308,532	6,060,416	6,836,103	6,589,694
EQUITY	18				
Share capital		2,071,819	2,071,819	2,071,819	2,071,819
Treasury shares		(139,997)	(139,997)	(139,997)	(139,997)
Carrying value adjustments		846,628	551,050	846,628	551,050
Revenue reserves		1,530,108	1,503,717	1,530,108	1,503,717
Retained earnings		167,843	-	167,843	-
TOTAL EQUITY		4,476,401	3,986,589	4,476,401	3,986,589
TOTAL LIABILITIES AND EQUITY		12,567,164	11,872,090	13,108,357	12,417,856

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

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

(A free translation of the original in Portuguese)

		Parent Company		Consolidated	
	Note	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenues	27	1,230,656	993,812	1,287,779	1,021,020
Cost of goods sold	28	(804,550)	(711,938)	(796,654)	(701,229)
Gross profit		426,106	281,874	491,125	319,791
Operating income (expenses)					
Selling expenses	28	(41,164)	(44,720)	(43,450)	(45,293)
General and administrative expenses	28	(78,348)	(55,500)	(79,345)	(56,329)
Equity in the results of investees	10	66,447	38,341	1,675	941
Other revenue, net	29	2,162	1,860	2,163	2,445
		(50,903)	(60,019)	(118,957)	(98,236)
Operating profit		375,203	221,855	372,168	221,555
Finance income (costs)	30				
Finance income		8,974	17,802	14,749	20,096
Finance costs		(88,201)	(98,512)	(88,229)	(98,531)
Monetary and foreign exchange variations, net		(30,421)	(1,333)	(30,421)	(1,333)
Derivatives		(25,536)	6,915	(25,536)	6,915
		(135,184)	(75,128)	(129,437)	(72,853)
Profit before income tax and social contribution		240,019	146,727	242,731	148,702
Income tax and social contribution	20 (a)				
Current		(1,407)	(13,093)	(4,703)	(15,561)
Deferred		(48,521)	(17,928)	(47,937)	(17,435)
Profit for the period		190,091	115,706	190,091	115,706
Basic and diluted earnings per share - R$	31	0.5488	0.3337	0.5488	0.3337

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

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

(A free translation of the original in Portuguese)

Parent company and consolidated	June 30, 2021	June 30, 2020
Profit for the year	190,091	115,706
Items that will be subsequently reclassified to profit or loss		
Changes in the period:		
Changes in fair value		
Commodity derivatives - Futures, options and forward contracts	(39,022)	(39,151)
Foreign exchange derivatives - Options / NDF	215,344	(63,936)
Foreign exchange differences on borrowing agreements (Trade Financ	202,727	(93,823)
	379,049	(196,910)
Recognition in operating income		
Commodity derivatives - Futures, options and forward contracts	57,067	5,362
Foreign exchange derivatives - Options / NDF	(7,252)	85,063
Foreign exchange differences on borrowing agreements (Trade Financ	28,063	602
	77,878	91,027
Write-off due to ineffectiveness		
Commodity derivatives - Futures, options and forward contracts	(2,723)	166
	(2,723)	166
Total changes in the period		
Commodity derivatives - Futures, options and forward contracts	15,322	(33,623)
Foreign exchange derivatives - Options / NDF	208,092	21,127
Foreign exchange differences on borrowing agreements (Trade Finance)	230,790	(93,221)
Deferred taxes on the items above	(154,429)	35,944
	299,775	(69,773)
Total comprehensive income for the year	489,866	45,933

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

Statement of changes in equity for the periods ended June 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

					Carrying value adjustments				Revenue reserve						
					Deemed cost										
	Note	Share capital	Capital reserve	Treasury shares	Parent	Investees	Hedge accounting	Others	Legal reserve	Capital budget	Unrealized revenue reserve	Tax incentive reserve	Supplementary dividends	Retained earnings	Total
At March 31, 2020	18	1,696,652	9,418	(131,361)	126,500	1,031,673	(551,151)	-	142,377	487,851	34,131	487,650	12,936	-	3,346,676
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	-	(3,655)	(65)	-	-	-	-	-	-	-	3,720	-
Gain (loss) on derivate transactions - hedge accounting	18 (c. ii)	-	-	-	-	-	(69,773)	-	-	-	-	-	-	-	(69,773)
Transfer to tax incentive reserve	18 (d)	-	-	-	-	-	-	-	-	-	-	17,628	-	(17,628)	-
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	-	115,706	115,706
At June 30, 2020	18	1,696,652	9,418	(131,361)	122,845	1,031,608	(620,924)	-	142,377	487,851	34,131	505,278	12,936	101,798	3,392,609
At March 31, 2021	18	2,071,819	-	(139,997)	116,187	1,029,113	(594,814)	564	188,733	885,731	27,960	203,834	197,459	-	3,986,589
Realization of surplus on revaluation of deemed cost	18 (c. i)	-	-	-	(3,529)	(85)	-	-	-	-	-	-	-	3,614	-
Transfer to tax incentive reserve	18 (d)	-	-	-	-	-	-	-	-	-	-	25,862	-	(25,862)	-
Carrying value adjustments of investees		-	-	-	-	-	-	(583)	-	-	-	-	529	-	(54)
Gain (loss) on derivate transactions - hedge account	18 (c. ii)	-	-	-	-	-	299,775	-	-	-	-	-	-	-	299,775
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	-	190,091	190,091
At June 30, 2021	18	2,071,819	-	(139,997)	112,658	1,029,028	(295,039)	(19)	188,733	885,731	27,960	229,696	197,988	167,843	4,476,401

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

Statement of cash flows
Periods ended June 30, 2021 and 2020
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent Company		Consolidated	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Cash flows from operating activities					
Profit for the year		190,091	115,706	190,091	115,706
Adjustments					
Depreciation and amortization	29	165,439	175,753	166,973	177,092
Biological assets harvested	29	199,011	185,029	199,011	185,029
Change in the fair value of biological assets	29	(1,679)	(11,039)	(1,679)	(11,039)
Amortization of electricity contracts		-	-	2,395	3,236
Equity in the results of investees	10	(66,447)	(38,341)	(1,675)	(941)
Gains (losses) on investments and PP&E written off	11	(260)	50	(260)	(67)
Interest, monetary and foreign exchange variations, net		41,450	42,307	39,168	41,251
Derivative financial instruments		103,269	84,101	103,269	84,101
Setup of provision for contingencies, net	22.1	5,029	2,836	5,146	2,849
Income tax and social contribution	20 (b)	49,928	31,021	52,640	32,996
Adjustment to present value and other adjustments		47,276	43,217	47,276	42,542
		733,107	630,640	802,355	672,755
Changes in assets and liabilities					
Trade receivables		(40,310)	(94,034)	(57,225)	(106,997)
Inventories		(314,596)	(219,167)	(297,961)	(206,286)
Taxes recoverable		(18,869)	16,223	(19,359)	15,846
Derivative financial instruments		(6,390)	(73,482)	(6,390)	(73,482)
Other receivables		(8,228)	(8,266)	(8,281)	(8,238)
Trade payables		220,125	98,464	215,951	97,529
Salaries and social charges		54,468	51,078	54,739	51,287
Taxes payable		(4,823)	(6,554)	(3,794)	(5,194)
Payables to Copersucar		(3,128)	(1,256)	(3,128)	(1,256)
Provision for contingencies - settlement	22.1	(4,298)	(2,223)	(4,298)	(2,236)
Other liabilities		(2,101)	(19,585)	(3,327)	(23,012)
Cash from operations		604,957	371,838	669,282	410,716
Payment of interest on borrowings	14	(45,654)	(135,117)	(45,654)	(135,117)
Income tax and social contribution paid		-	-	(2,067)	(969)
Net cash provided by operating activities		559,303	236,721	621,561	274,630
Cash flows from investing activities					
Investment of funds	31	(111)	(215)	(111)	(215)
Additions to property, plant and equipment and intangible assets		(209,408)	(35,541)	(212,434)	(35,543)
Additions to biological assets (planting and crop treatments)	10 and 11	(239,791)	(192,121)	(239,791)	(192,121)
Financial investments		(153,811)	479,593	(211,438)	438,586
Proceeds from sale of property, plant and equipment	11	2,927	396	1,102	5,835
Net cash provided by (used in) investing activities		(600,194)	252,112	(662,672)	216,542
Cash flows from financing activities					
Payments of lease agreements and partnerships	13	(128,376)	(112,341)	(128,376)	(112,341)
Proceeds from borrowings – third parties	14	500,000	143,481	500,000	143,481
Repayment of borrowings - third parties	14	(573,855)	(377,519)	(573,855)	(377,519)
Net cash used in financing activities		(202,231)	(346,379)	(202,231)	(346,379)
Net increase (decrease) in cash and cash equivalents		(243,122)	142,454	(243,342)	144,793
Cash and cash equivalents at the beginning of the year	4	287,652	91,998	288,350	92,066
Cash and cash equivalents at the end of the year	4	44,530	234,452	45,008	236,859
Additional information					
Balance of financial investments (current assets)	4	1,108,998	1,307,651	1,281,242	1,405,092
Total available funds	4	1,153,528	1,542,103	1,326,250	1,641,951

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

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

(A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenues				
Gross sales of goods and products	1,310,313	1,053,761	1,371,012	1,082,944
Revenue from construction of own assets	190,595	183,699	190,595	183,699
Other income	1,958	1,096	1,958	1,689
	1,502,866	1,238,556	1,563,565	1,268,332
Inputs acquired from third parties				
Cost of products and goods sold	(335,927)	(274,443)	(310,590)	(256,602)
Material, electricity, third-party services, and other operating expen:	(252,190)	(211,002)	(272,407)	(218,854)
	(588,117)	(485,445)	(582,997)	(475,456)
Gross value added	914,749	753,111	980,568	792,876
Depreciation and amortization	(165,439)	(175,753)	(166,973)	(177,092)
Biological assets harvested	(199,011)	(185,029)	(199,011)	(185,029)
Net value added generated by the entity	550,299	392,329	614,584	430,755
Value added received in transfer				
Equity in the results of investees	66,447	38,341	1,675	941
Finance income	269,031	195,223	277,187	197,523
Others	538	1,544	538	1,537
Total value added to be distributed	886,315	627,437	893,984	630,756
Distribution of value added				
Personnel and payroll charges				
Direct compensation	118,791	125,619	118,853	125,694
Benefits	45,861	45,686	46,078	45,900
Government Severance Indemnity Fund For Employees (FGTS)	12,060	10,652	12,065	10,657
Management compensation	20,621	10,655	20,920	10,943
Taxes, charges and contributions				
Federal	79,253	45,631	83,829	48,326
State	13,158	2,319	13,259	2,330
Municipal	438	392	447	403
Financing entities				
Interest	84,610	94,569	86,652	94,569
Rentals	1,114	804	1,114	804
Foreign exchange variations	248,518	139,756	248,848	139,756
Others	71,800	35,648	71,828	35,668
Retained profits for the period	190,091	115,706	190,091	115,706
Value added distributed	886,315	627,437	893,984	630,756

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

1. Operations

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

Approximately 70% of the sugarcane used in the production of goods derives from plantations on land owned by either the Company, its stockholders, related companies, or agricultural partnerships. The remaining 30% of sugarcane is supplied by third parties. Businesses in the sugar-ethanol sector are subject to seasonal trends based on the sugarcane growth cycle in the Center-South region of Brazil, which typically begins in April and ends by December, resulting in fluctuations in the Company's inventories. Raw material supply may be impacted by adverse climate conditions. Sugarcane crops take up to 18 months to mature, and harvest begins, in general, from April to December, which is also the period when sugar and ethanol are produced, and electricity is cogenerated.

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

The issue of this interim accounting information was authorized by the Board of Directors on August 9, 2021.

RenovaBio - CBIOs

At June 30, 2021, the Company had 272,171 decarbonization credits (Cbios) issued and not yet sold. During this crop season, 483,843 thousand Cbios were traded, with the proceeds classified within net revenue. After their issuance and registration, these credits are mainly sold to fuel distributors whose acquisition targets have been established by the RenovaBio program.

Effects of the coronavirus pandemic on the interim accounting information

The potential impacts of Covid-19 are reflected in the estimates and judgments used in the preparation of this interim accounting information, notably in those relating to the fair value of biological assets, derivative financial instruments with foreign exchange exposure, and goodwill impairment tests for the period of March 31, 2021, which may affect the Company's future results.

Up to the date the issue of this interim accounting information was authorized by the Board of Directors, management had not identified any material uncertainties which might cast doubt on the Company's ability to continue as a going concern, or any situation that could affect the interim accounting information at June 30, 2021.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

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

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

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

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

2.2 Basis of consolidation and investments in subsidiaries

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

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

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

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

2.3 Functional and presentation currency

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

2.4 Foreign currency translation

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

2.5 Financial instruments

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

Impairment of financial instruments is calculated based on a hybrid expected and incurred loss model, which requires relevant judgment on how changes in economic factors affect expected credit losses. The corresponding provisions are determined for: (i) 12-month expected credit losses, (ii) lifetime expected credit losses, i.e., credit losses that result from all possible default events over the expected life of a financial instrument and (iii) credit losses incurred due to failure of the issuer of the instrument to make the contractual payments.

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

a) **Financial assets**

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

b) **Financial liabilities**

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

c) **Derivative financial instruments**

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

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

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

2.6 Business combinations and goodwill

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

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

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

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

Acquisition costs incurred accounted for as expenses

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

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

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

3. Significant accounting estimates and judgments

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

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

a) Impairment losses

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

b) Fair value of biological assets

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

c) Income tax, social contribution and other taxes

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

d) Fair value of derivatives and other financial instruments

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

e) Provision for contingencies

São Martinho is a party to labor, civil and tax claims, filed at different judicial levels. Provisions for contingencies, set up to cover potential losses arising from unfavorable outcome of ongoing lawsuits, are determined and restated based on management's assessment, which is guided by the opinion of legal consultants, and requires a high degree of judgment on the matters involved.

f) ICMS tax benefits

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

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

The Company's management, together with its legal advisors, is following up on this matter, through the Treasury Department of Goiás.

g) Incremental borrowing rate on leases and agricultural partnerships

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

4. Cash and cash equivalents and financial investments

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

All amounts in thousands of reais unless otherwise stated

	Parent company			Consolidated		
	Annual yield	June 30, 2021	March 31, 2021	Annual yield	June 30, 2021	March 31, 2021
Cash and banks (in Brazil)		1,849	1,133		2,327	1,831
Cash and banks (abroad) (US dollar)	0.30% p.a.	42,681	286,519	0.30% p.a.	42,681	286,519
Total cash and cash equivalents		**44,530**	**287,652**		**45,008**	**288,350**
Financial investments						
. Investment fund	115.35% of CDI	1,024,568	864,527	115.35% of CDI	1,196,201	973,933
. Bank Deposit Certificate (CDB)	100.93% of CDI	84,430	87,615	100.92% of CDI	85,041	88,221
. Other (i)	98.50% of CDI	11,244	10,166	98.70% of CDI	11,244	13,644
Total financial investments		**1,120,242**	**962,308**		**1,292,486**	**1,075,798**
Total cash and cash equivalents and financial investments		**1,164,772**	**1,249,960**		**1,337,494**	**1,364,148**
In non-current assets		**11,244**	**10,166**		**11,244**	**13,644**
Total available funds		**1,153,528**	**1,239,794**		**1,326,250**	**1,350,504**

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

5. Trade receivables

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

The balance of trade receivables is broken down as follows:

	Parent company		Consolidated	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
Domestic customers	110,914	75,236	200,322	145,351
Foreign market customers	80,134	95,318	80,134	95,318
Expected impairment loss on trade receivables			(874)	(821)
	191,048	**170,554**	**279,582**	**239,848**
Current assets	**191,048**	**170,554**	**268,848**	**215,659**
Non-current assets	**-**	**-**	**10,734**	**24,189**

The aging list of trade receivables is as follows:

	Parent company		Consolidated	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
Falling due:	190,882	170,419	279,243	239,487
Overdue and not provided for:				
Up to 30 days	-	10	30	51
Over 31 days	166	125	309	310
	191,048	**170,554**	**279,582**	**239,848**

All amounts in thousands of reais unless otherwise stated

Of the amount receivable, R$ 3,970 and R$ 228 in the Parent Company and Consolidated, respectively (R$ 4,214 and R$ 665, respectively, at March 31, 2021), refer to related parties, as detailed in Note 9.

6. Inventories and advances to suppliers

	Parent company		Consolidated	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
Current				
Finished products and work-in-process	679,119	175,325	662,571	175,325
Advances - purchases of sugarcane	87,801	73,937	87,801	73,937
Advances - purchases of inputs	67,402	79,323	67,402	79,323
RenovaBio - CBIOs (i)	5,349	8,256	5,349	8,256
Land subdivisions	-	-	4,969	5,056
Inputs, ancillary materials for maintenance and other	112,741	104,416	112,741	104,416
	952,412	**441,257**	**940,833**	**446,313**
Non-current				
Advances - purchases of sugarcane	114,646	106,838	114,646	106,838
	114,646	**106,838**	**114,646**	**106,838**
	1,067,058	**548,095**	**1,055,479**	**553,151**

Inventories are carried at average acquisition or production cost, adjusted, where necessary, by a provision for impairment. Inventories of land (land subdivisions) relate to real estate developments and are stated at acquisition cost, increased by the surplus on revaluation of the deemed cost.

(i) At June 30, 2021, the Company had 272,171 registered CBIOs carried at fair value.

7. Biological assets

Biological assets correspond to the agricultural products under development (standing sugarcane) produced by bearer plants, which, when harvested, will be used as raw material in the manufacture of sugar and ethanol. These assets are carried at fair value less costs to sell.
The fair value measurement of biological assets is classified within Level 3 of the fair value hierarchy - Assets and liabilities for which there is little, if any, market activity, or whose prices or valuation techniques are supported by inputs from a thin, nonexistent, or illiquid market (non-observable inputs).

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

All amounts in thousands of reais unless otherwise stated

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

b) Cash outflows represented by the estimated *(i)* costs necessary for the biological transformation of sugarcane (crop treatments) up to the harvest; *(ii)* harvesting/cutting, loading, and transportation costs; *(iii)* capital costs (land and machinery and equipment); *(iv)* costs of leases and agricultural partnerships; and *(v)* taxes levied on positive cash flows.

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

Parent Company and Consolidated	June 30, 2021	March 31, 2021
Total estimated harvested area (ha)	241,569	241,479
Expected yield (metric ton/hectare)	84.79	88.11
Amount of TRS per metric ton of sugarcane (in kilograms)	139.73	134.81
Projected average price of TRS (in R$)	0.8621	0.8550

At the reporting date, the discount rate used to calculate the fair value of biological assets was 6.77% p.a. (6.10% p.a. at March 31, 2021).

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

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

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Historical cost	1,040,629	829,616	1,040,629	829,616
Fair value	(51,089)	(116,069)	(51,089)	(116,069)
Biological assets - opening balance:	**989,540**	**713,547**	**989,540**	**713,547**
Changes:				
Increases arising from crop treatments	159,509	125,893	159,509	125,893
Transfer from property, plant and equipment	106,969	98,155	106,969	98,155
Changes in fair value	10,002	31,649	10,002	31,649
Decreases resulting from harvest	(320,859)	(279,568)	(320,859)	(279,568)
Biological assets - closing balance:	**945,161**	**689,676**	**945,161**	**689,676**
Comprised of:				
Historical cost	986,248	774,095	986,248	774,095
Fair value	(41,087)	(84,419)	(41,087)	(84,419)
Biological assets - closing balance:	**945,161**	**689,676**	**945,161**	**689,676**

The operating activities of sugarcane cultivation are exposed to the risk of damage caused by climate changes, pests and diseases, forest fires, and other forces of nature, which may impact them, either by increasing or reducing the yield of future harvests.

Fair value sensitivity analysis

For the purpose of the sensitivity analysis, the Company assessed the impact on the fair value of its biological assets at June 30, 2021, considering an increase/decrease in the following variables: (i) price of the sugarcane metric ton; and (ii) sugarcane production volume. The other variables were held constant. Accordingly, a 5% increase or decrease in the price of the metric ton of sugarcane would result in an increase or decrease of R$ 81,668. Regarding the production volume, the same 5% variation (up or down) would result in an increase or decrease of R$ 76,047.

All amounts in thousands of reais unless otherwise stated

8. Taxes recoverable

Breakdown of taxes recoverable:

	Parent company		Consolidated	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
Current				
PIS/COFINS	8,230	6,236	8,251	6,278
ICMS	8,277	4,975	8,317	5,015
Others	939	769	939	769
	17,446	**11,980**	**17,507**	**12,062**
Non-current				
PIS/COFINS	69,540	59,778	69,540	59,778
Reintegra program	997	1,851	997	1,851
IOF on derivatives	8,801	8,762	8,801	8,762
ICMS	22,136	18,255	23,926	19,184
INSS	6,701	6,669	6,701	6,666
	108,175	**95,315**	**109,965**	**96,241**
	125,621	**107,295**	**127,472**	**108,303**

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

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

	company	Consolidated
From 7/1/2022 to 6/30/2023	74,561	76,351
From 7/1/2023 to 6/30/2024	6,964	6,964
From 7/1/2024 to 6/30/2025	5,201	5,201
From 7/1/2025 to 6/30/2026	4,289	4,289
From 7/1/2026 to 6/30/2027	2,422	2,422
From 7/1/2027 onwards	14,738	14,738
	108,175	**109,965**

All amounts in thousands of reais unless otherwise stated

9. Related parties

a) Parent company and consolidated balances:

	Parent company		Consolidated	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
Current assets				
Trade receivables (i)				
CTC - Centro de Tecnologia Canavieira S.A.	1	468	114	578
Bioenergética São Martinho S.A.	713	2,800	-	-
Bioenergética Boa Vista S.A.	2,065	792	-	-
São Martinho Terras Imobiliárias S.A.	18	36	-	-
Bioenergética Santa Cruz S.A.	1,048	15	-	-
São Martinho Terras Agrícolas S.A.	7	8	-	-
Others	118	95	114	87
	3,970	**4,214**	**228**	**665**
Non-current assets				
Advance for future capital increase				
Bioenergia São Martinho Ltda.	30,000	30,000	-	-
	30,000	**30,000**	**-**	**-**
Current liabilities				
Trade payables				
CTC - Centro de Tecnologia Canavieira S.A.	213	415	213	415
São Martinho Terras Agrícolas S.A.	13,078	7,786	-	-
Bioenergética Boa Vista S.A.	-	2,298	-	-
Bioenergética Santa Cruz S.A.	644	310	-	-
São Martinho Terras Imobiliárias S.A.	966	259	-	-
Luiz Ometto Participações S.A.	55	43	55	43
Others	11	11	11	11
	14,967	**11,122**	**279**	**469**
Leases and agricultural partnerships payable				
From stockholders and related parties	302,932	313,822	302,932	313,822
Current and non-current liabilities				
(Acquisition of ownership interest)				
Luiz Ometto Participações S.A. (Note 17)	15,296	15,288	15,296	15,288

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

All amounts in thousands of reais unless otherwise stated

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

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Sales revenue				
Bioenergética Santa Cruz S.A.	3,187	3,059	-	-
Bioenergética São Martinho S.A.	2,147	1,900	-	-
Bioenegética Boa Vista S.A.	4,302	-	-	-
	9,636	**4,959**	**-**	**-**
Reimbursed expenses/ Lease revenue (purchase of products and services)				
CTC - Centro de Tecnologia Canavieira S.A.	(1,055)	(120)	(722)	100
São Martinho Terras Agrícolas S.A.	(29,803)	(23,663)	-	-
São Martinho Terras Imobiliárias S.A.	(2,289)	(1,599)	-	-
Bioenergética Santa Cruz S.A.	(523)	(471)	-	-
Bioenergética São Martinho S.A.	11	11	-	-
	(33,659)	**(25,842)**	**(722)**	**100**
Stockholders and related parties				
Sugarcane purchases / land leases / agricultural partnership and land lease/ reimbursed expenses				
Agro Pecuária Boa Vista S/A	(11,849)	(8,590)	(11,849)	(8,590)
Others	(3,966)	(4,639)	(3,966)	(4,639)
	(15,815)	**(13,229)**	**(15,815)**	**(13,229)**

Sales revenue relates to sale of steam. Purchases of products and services relate to purchase of sugarcane, electricity, steam production service, and royalties. The expenses reimbursed by subsidiaries or related parties refer to the apportionment of administrative service costs, which is calculated based on agreements signed by the parties.

c) Management compensation

The compensation paid or payable for management's services is shown below:

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Fixed and variable compensation, and benefit	19,685	7,005	20,185	7,490
Social security contributions	3,910	1,380	4,000	1,467
Total compensation and charges	**23,595**	**8,385**	**24,185**	**8,957**

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

On December 14, 2020, the Board of Directors approved the granting of 754,980 new options, through the 12th Stock Option Plan, whose regulation follows that of other plans already existing in the Company.

All amounts in thousands of reais unless otherwise stated

At the reporting date, the carrying amount of the liability relating to the fair value calculation of the Virtual Stock Option Plan was R$ 33,999 (R$ 18,259 at March 31, 2021).

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

Plan	8th Plan	9th Plan	10th Plan	11th Plan	12th Plan	Total
Plan issue date	12/12/2016	05/02/2018	12/10/2018	12/09/2019	12/14/2020	
Deadline for exercise *(i)*	2023	2024	2025	2026	2027	
Number of virtual options granted	727,273	882,074	1,133,513	1,072,712	754,980	4,570,552
Number of virtual options exercised	(712,063)	(561,168)	(322,815)	-	-	(1,596,046)
Number of virtual options to be exercised	**15,210**	**320,906**	**810,698**	**1,072,712**	**754,980**	**2,974,506**
Exercise price (R$)	17.70	17.76	19.07	19.38	24.22	

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

10. Investments

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

				Parent company			
	Ownership interest %	Equity		Book value of investment		Equity in the results of investees	
Company		June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021	June 30, 2021	June 30, 2020
Classified as Investments							
SM Terras Imobiliárias	100.00%	176,989	165,439	175,833	165,439	10,394	2,691
Bio SM	100.00%	33,466	26,539	33,466	26,539	6,927	6,835
SM Inova	100.00%	34,812	33,205	34,812	33,205	1,655	954
SM Terras Agrícolas	100.00%	1,179,621	1,150,050	1,164,738	1,150,050	14,689	11,050
SM Logistica	100.00%	2,542	2,572	2,542	2,572	(30)	(30)
Bio SC	100.00%	89,137	71,368	109,771	94,436	15,335	16,858
Bioenergética BV	100.00%	31,562	14,250	31,562	14,250	17,312	-
Bioenergia SM	100.00%	400	234	400	234	165	(17)
Total classified as Investments		**1,548,529**	**1,463,657**	**1,553,124**	**1,486,725**	**66,447**	**38,341**

All amounts in thousands of reais unless otherwise stated

							Consolidated
	Ownership interest %	Equity		Book value of investment		Equity in the results of investees	
Company		June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021	June 30, 2021	June 30, 2020
Classified as Investments							
CTC - Centro de Tecnologia Canavieira S.A. (i)	5.41%	718,666	714,746	38,912	38,699	1,655	956
Others			-	1,271	1,252	20	(15)
Total classified as Investments		**718,666**	**714,746**	**40,183**	**39,951**	**1,675**	**941**

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

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

11. Property, plant and equipment

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

Maintenance costs that extend the useful lives of property, plant and equipment items are capitalized, as well as items that replace others that suffer wear and tear during the crop period, are recorded as assets and depreciated during the subsequent crop season. Maintenance costs that do not affect the useful lives of the assets are recognized as expenses when incurred. Replaced items are written off.

Sugarcane plantations correspond to bearer plants that are exclusively used to grow sugarcane. Sugarcane is classified as a permanent crop, and its economically productive cycle lasts, on average, eight years after the first harvest. The costs of charges on borrowings obtained to finance the construction of property, plant and equipment are capitalized during the period required to construct and prepare the asset for its intended use.

All amounts in thousands of reais unless otherwise stated

Parent company	Land	Buildings and outbuildings	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Other PP&E	Total
At March 31, 2020	**96,103**	**395,287**	**1,166,760**	**301,311**	**223,751**	**298,255**	**1,350,926**	**174,939**	**51,152**	**4,058,484**
Total cost	96,103	496,251	1,841,782	301,311	377,559	617,139	1,350,926	174,939	178,131	5,434,141
Accumulated depreciation	-	(100,964)	(675,022)	-	(153,808)	(318,884)	-	-	(126,979)	(1,375,657)
Residual value	**96,103**	**395,287**	**1,166,760**	**301,311**	**223,751**	**298,255**	**1,350,926**	**174,939**	**51,152**	**4,058,484**
Acquisition	-	361	13,392	354,100	20,698	63,089	358,822	142,304	3,341	956,107
Capital contribution to subsidiary	-	-	(13,977)	-	-	-	-	-	-	(13,977)
Transfer of biological assets	-	-	-	-	-	-	(359,821)	-	-	(359,821)
Cost of sale	(4)	(512)	(81)	-	(1,905)	(1,888)	(16)	-	(1)	(4,407)
Transfer between groups	-	33,935	94,148	-	11,331	(12,099)	25,961	(156,877)	3,601	-
Depreciation	-	(12,938)	(88,191)	(301,311)	(26,872)	(23,140)	-	-	(11,138)	(463,590)
At March 31, 2021	**96,099**	**416,133**	**1,172,051**	**354,100**	**227,003**	**324,217**	**1,375,872**	**160,366**	**46,955**	**4,172,796**
Total cost	96,099	529,604	1,930,596	354,100	405,478	681,399	1,375,872	160,366	185,050	5,718,564
Accumulated depreciation	-	(113,471)	(758,545)		(178,475)	(357,182)	-	-	(138,095)	(1,545,768)
Residual value	**96,099**	**416,133**	**1,172,051**	**354,100**	**227,003**	**324,217**	**1,375,872**	**160,366**	**46,955**	**4,172,796**
Acquisition	-	-	2,683	681	24,044	8,734	80,691	145,458	1,762	264,053
Transfer of PP&E/biological assets	-	-	-	-	-	-	(106,969)	-	-	(106,969)
Cost of sale	-	-	(1)	-	(934)	(1,732)	-	-	-	(2,667)
Transfer between groups	-	775	12,251	-	99	(2,440)	2,753	(13,837)	399	-
Depreciation	-	(4,184)	(34,100)	(134,456)	(7,482)	(15,203)	-	-	(3,357)	(198,782)
At June 30, 2021	**96,099**	**412,724**	**1,152,884**	**220,325**	**242,730**	**313,576**	**1,352,347**	**291,987**	**45,759**	**4,128,431**
Total cost	96,099	530,379	1,945,500	354,781	427,164	679,430	1,352,347	291,987	187,212	5,864,899
Accumulated depreciation	-	(117,655)	(792,616)	(134,456)	(184,434)	(365,854)		-	(141,453)	(1,736,468)
Residual value	**96,099**	**412,724**	**1,152,884**	**220,325**	**242,730**	**313,576**	**1,352,347**	**291,987**	**45,759**	**4,128,431**
Residual value										
Historical cost	24,813	349,223	965,648	220,325	224,268	285,286	1,352,347	291,987	45,759	3,759,656
Surplus on revaluation	71,286	63,501	187,236	-	18,462	28,290	-	-	-	368,775
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	14%	

All amounts in thousands of reais unless otherwise stated

Consolidated	Land	Buildings and outbuildings	Manufacturing equipment and facilities	Intercrop maintenance	Vehicles	Agricultural machinery and implements	Sugarcane plantations	Construction in progress	Improvements and other PPE	Total
At March 31, 2020	**1,822,005**	**398,817**	**1,222,262**	**302,397**	**223,749**	**298,256**	**1,350,925**	**174,937**	**51,157**	**5,844,505**
Total cost	1,822,005	502,487	1,923,767	303,017	377,558	617,139	1,350,925	174,937	178,135	7,249,970
Accumulated depreciation	-	(103,670)	(701,505)	(620)	(153,809)	(318,883)	-	-	(126,978)	(1,405,465)
Residual value	**1,822,005**	**398,817**	**1,222,262**	**302,397**	**223,749**	**298,256**	**1,350,925**	**174,937**	**51,157**	**5,844,505**
Acquisition	2,575	361	13,392	354,829	20,698	63,089	358,822	142,304	3,340	959,410
Cost of sale	(11,545)	(513)	(81)	-	(1,904)	(1,887)	(16)	-	(1)	(15,947)
Transfer from Inventories to Sales	1,942	-	-	-	-	-	-	-	-	1,942
Transfer of biological assets	-	-	-	-	-	-	(359,821)	-	-	(359,821)
Transfer between groups	-	33,935	94,148	-	11,331	(12,099)	25,961	(156,877)	3,601	-
Depreciation	-	(13,118)	(90,781)	(302,395)	(26,872)	(23,140)	-	-	(11,139)	(467,445)
At March 31, 2021	**1,814,977**	**419,482**	**1,238,940**	**354,831**	**227,002**	**324,219**	**1,375,871**	**160,364**	**46,958**	**5,962,644**
Total cost	1,814,977	535,840	2,030,958	355,950	405,479	681,400	1,375,871	160,364	185,062	7,545,901
Accumulated depreciation	-	(116,358)	(792,018)	(1,119)	(178,477)	(357,181)	-	-	(138,104)	(1,583,257)
Residual value	**1,814,977**	**419,482**	**1,238,940**	**354,831**	**227,002**	**324,219**	**1,375,871**	**160,364**	**46,958**	**5,962,644**
Acquisition	-	-	2,683	681	24,044	8,734	80,691	148,912	1,762	267,507
Cost of sale	-	-	(1)	-	(934)	(1,733)	-	-	-	(2,668)
Transfer of biological assets	-	-	-	-	-	-	(106,969)	-	-	(106,969)
Transfer between groups	-	775	12,251	-	99	(2,440)	2,753	(13,837)	399	-
Depreciation	-	(4,236)	(35,335)	(134,724)	(7,481)	(15,202)	-	-	(3,357)	(200,335)
At June 30, 2021	**1,814,977**	**416,021**	**1,218,538**	**220,788**	**242,730**	**313,578**	**1,352,346**	**295,439**	**45,762**	**5,920,179**
Total cost	1,814,977	536,615	2,045,862	355,511	427,166	679,432	1,352,346	295,439	187,224	7,694,572
Accumulated depreciation	-	(120,594)	(827,324)	(134,723)	(184,436)	(365,854)	-	-	(141,462)	(1,774,393)
Residual value	**1,814,977**	**416,021**	**1,218,538**	**220,788**	**242,730**	**313,578**	**1,352,346**	**295,439**	**45,762**	**5,920,179**
Residual values:										
Historical cost	161,562	351,615	1,016,801	220,788	224,267	285,288	1,352,346	295,439	45,762	3,953,868
Surplus on revaluation	1,653,415	64,406	201,737	-	18,463	28,290	-	-	-	1,966,311
Annual average depreciation rates/ Transfer of biological assets	-	3%	5%	100%	7%	9%	14%	-	14%	

All amounts in thousands of reais unless otherwise stated

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

Under the terms of certain borrowing agreements entered into by the Company, items of property, plant and equipment totaling R$ 831,910 were pledged as collateral, of which R$ 31,168 relates to rural properties (1,243 hectares of land).

Financial charges capitalized by the Company during the period amounted to R$ 1,105 (R$ 307 at June 30, 2020).

12. Intangible assets

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

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

	Parent company		Consolidated	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
Goodwill based on future profitability (i)	374,632	374,632	374,633	374,633
Software	40,437	40,437	40,437	40,437
Accumulated amortization	(31,532)	(30,999)	(31,532)	(30,999)
Rights on sugarcane contracts (ii)	42,443	42,443	42,443	42,443
Amortization of rights on sugarcane contracts (ii)	(21,508)	(20,285)	(21,508)	(20,285)
Cost of rights on electricity contracts (iii)	-	-	103,401	103,401
Amortization of rights on electricity contracts (iii)	-	-	(75,909)	(72,280)
Other receivables	12,078	2,865	23,609	14,392
	416,550	**409,093**	**455,574**	**451,742**

(i) Goodwill related to prior years' business combination of companies merged into the Company.
(ii) Relates to the acquisition of rights on agreements for agricultural partnership and sugarcane supply.
(iii) Relates to the fair value of agreements for electricity supply entered into with Bio SC, effective up to 2025 (business combination).

Impairment of non-financial assets

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

All amounts in thousands of reais unless otherwise stated

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

At March 31, 2021, the Company tested its non-current assets for impairment. The assessment was based on calculations of the value in use of each CGU, which use pre-tax cash flow projections, based on financial budgets approved by management. The growth rate does not exceed the long-term average growth rate of the industry in which the CGU operates.

The main assumptions and estimates involved are estimates of sugar and ethanol sales prices, costs related to energy, and other macroeconomic data.

Main assumptions used by the Company (March 31, 2021):

Cash Generating Units	Average growth rate of net operating revenue	Nominal perpetuity growth rate	Nominal discount rate
São Martinho and Iracema production units	0.8%	3.9%	6.5%
Santa Cruz production unit	1.3%	3.9%	6.5%

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

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

a) Leases

The Company adopted IFRS 16 (CPC 06 (R2)) - Leases, which introduces a single accounting model for leases and agricultural partnerships in the balance sheet. The right-of-use asset was recognized as an asset, and the payment obligation as a liability. Additionally, in compliance with CVM Resolution 859, the Company states that there have been no changes and/or reassessments in its lease agreements due to the COVID-19 pandemic.

Assumptions as below:

b) Lease. Definition provided by IFRS 16 (CPC 06 R2)

The Company and its subsidiaries consider as lease any contract that conveys the right to control the use of an asset for a period of time in exchange for consideration. Accordingly, agricultural partnership agreements, despite having a different legal form, were accounted for as leases.

c) The Company as the Lessee

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

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

d) The Company as the Lessor

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

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

All amounts in thousands of reais unless otherwise stated

Right-of-use assets	Parent company and Consolidated			
	Vehicles	Agricultural partnership	Agricultural lease	Total
March 31, 2020	**2,683**	**1,315,293**	**401,477**	**1,719,453**
New agreements	28,385	190,440	24,581	243,406
Contract update	3,614	(18,482)	(9,017)	(23,885)
Write-offs	(3,636)	(30,875)	(11,746)	(46,257)
Depreciation	(14,548)	(209,497)	(36,539)	(260,584)
Annual remeasurement	-	168,950	68,313	237,263
March 31, 2021	**16,498**	**1,415,829**	**437,069**	**1,869,396**
At March 31, 2021	**16,498**	**1,415,829**	**437,069**	**1,869,396**
New agreements	1,947	67,904	9,501	79,352
Contract update	-	21,337	44	21,381
Write-offs	(1,430)	(19,162)	(1,544)	(22,136)
Depreciation	(3,653)	(59,543)	(11,658)	(74,854)
At June 30, 2021	**13,362**	**1,426,365**	**433,412**	**1,873,139**
Useful lives (years)	1 to 2	2 to 29	2 to 20	

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

Leases and agricultural partnerships payable	Parent company and Consolidated			
	Balance of lease agreements	Balance of advance payments	Adjustment to present value	Total
March 31, 2020	**2,663,969**	**(108,822)**	**(879,234)**	**1,675,913**
Offset of advances	-	(4,812)	-	(4,812)
Additions arising from new agreements	334,575	-	(91,169)	243,406
Contract update	(33,436)	-	9,551	(23,885)
Write-offs	(69,661)	-	15,400	(54,261)
Annual remeasurement	355,555	-	(118,292)	237,263
Payments made	(295,975)	-	-	(295,975)
Financial charges	-	-	134,985	134,985
March 31, 2021	**2,955,027**	**(113,634)**	**(928,759)**	**1,912,634**
At March 31, 2021	**2,955,027**	**(113,634)**	**(928,759)**	**1,912,634**
Offset of advances	-	(19,211)	-	(19,211)
New agreements	125,040	-	(45,688)	79,352
Contract update	39,828	-	(18,447)	21,381
Write-offs	(27,684)	-	4,990	(22,694)
Payments made	(128,376)	-	-	(128,376)
Financial charges	-	-	49,184	49,184
At June 30, 2021	**2,963,835**	**(132,845)**	**(938,720)**	**1,892,270**

Current liabilities	**400,138**
Leases payable	60,902
Land partnership payable	339,236
Non-current liabilities	**1,492,132**
Leases payable	391,541
Land partnership payable	1,100,591
	1,892,270

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

All amounts in thousands of reais unless otherwise stated

Maturity	Parent company and Consolidated
From 7/1/2022 to 6/30/2023	334,434
From 7/1/2023 to 6/30/2024	308,857
From 7/1/2024 to 6/30/2025	285,282
From 7/1/2025 to 6/30/2026	263,541
From 7/1/2026 to 6/30/2027	224,690
From 7/1/2027 to 6/30/2028	176,940
From 7/1/2022 to 6/30/2029	136,452
From 7/1/2029 onwards	572,591
(-) Adjustment to present value	(810,655)
	1,492,132

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

Parent company and Consolidated	Agricultural lease	Adjustment to present value
Lease payment	743,723	286,261
Potentially recoverable PIS/COFINS (9.25%)	(49,945)	(18,850)
June 30, 2021	693,778	267,411

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

	consolidated
Contract terms	Incremental rate
2 years	7.74%
3 years	8.39%
4 years	8.56%
5 years	8.66%
6 years	8.47%
7 years	8.63%
8 years	8.53%
9 years	8.71%
10 years	9.05%
11 years	9.22%
From 12 to 30 years	9.07%

In full compliance with IFRS 16, the Company measured and remeasured its lease liabilities and right-of-use assets using the discounted cash flow technique, without considering the projected future inflation in the flows to be discounted, as prohibited by the standard.

All amounts in thousands of reais unless otherwise stated

Additionally, in compliance with CVM Circular Letter 02/2019, comparative information on lease and agricultural partnership liabilities, right-of-use assets, depreciation expense, and finance costs for the quarter ended June 30, 2021 and future periods is presented below, using a discounted cash flow that considers future inflation projected in the payment flows, and discounted at the nominal rates presented above:

Parent company and Consolidated	From 7/1/2021 to 6/30/2021	From 7/1/2022 to 6/30/2022	From 7/1/2023 to 6/30/2023	From 7/1/2024 to 6/30/2024	From 7/1/2025 to 6/30/2025	From 7/1/2026 to 6/30/2030	From 7/1/2031 to 6/30/2035	From 7/1/2036 to 6/30/2040
Right-of-use assets								
IFRS 16	1,441,009	1,207,368	994,816	805,121	634,729	182,141	22,593	-
CVM Official Letter	2,067,235	1,747,632	1,455,666	1,188,821	944,553	284,838	43,211	-
	43.46%	44.75%	46.33%	47.66%	48.81%	56.38%	91.26%	N/A
Liabilities of leases and agricultural partnerships								
IFRS 16	1,322,514	1,109,797	915,239	741,095	584,522	206,307	32,450	-
CVM Official Letter	1,968,607	1,669,909	1,394,171	1,140,954	908,498	336,876	60,807	-
	48.85%	50.47%	52.33%	53.96%	55.43%	63.29%	87.39%	N/A
Depreciation expenses								
IFRS 16	(262,299)	(233,641)	(212,552)	(189,695)	(170,392)	(452,588)	(159,548)	(22,593)
CVM Official Letter	(358,002)	(319,603)	(291,967)	(266,845)	(244,268)	(659,715)	(241,627)	(43,211)
	36.49%	36.79%	37.36%	40.67%	43.36%	45.77%	51.44%	91.26%
Interest expense								
IFRS 16	(84,337)	(83,175)	(81,441)	(78,447)	(75,023)	(301,344)	(101,329)	(10,930)
CVM Official Letter	(128,417)	(127,278)	(125,002)	(121,651)	(117,573)	(484,832)	(179,104)	(39,742)
	52.27%	53.02%	53.49%	55.07%	56.72%	60.89%	76.75%	263.60%

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

14. Borrowings

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

All amounts in thousands of reais unless otherwise stated

	Annual charges		Consolidated	
Type	Rate	Index	June 30, 2021	March 31, 2021
In local currency				
BNDES credit facility	2.20%	+ TJLP	140,195	145,682
BNDES credit facility	3.28%	-	109,572	117,845
FINEP	4.00%	-	59,097	64,169
Agribusiness Receivable Certificate (CRA)	98.06%	CDI	1,123,550	1,442,018
Agribusiness Receivable Certificate (CRA) (a) (iii)	4.88%	+ IPCA	467,497	475,325
Debentures (iv)	4.69%	+ IPCA	500,000	-
Other securitized credits	3.00%	+IGP-M/Fixed rate	36	36
Leasing	5.98%	Fixed rate	134	180
Total in local currency	**114.3%**	**CDI**	**2,400,081**	**2,245,255**
In foreign currency				
Export prepayment (PPE)	1.55%	6M Libor	922,435	1,307,281
International Finance Corporation (IFC)	1.80%	6M Libor	293,728	344,468
Export Credit Note (NCE) (iii)	2.27%	Foreign exchange variation	125,843	142,513
FINEM	2.73%	Currency Basket	8,415	11,446
Total in foreign currency	**3.32%**		**1,350,421**	**1,805,708**
TOTAL (i)			**3,750,502**	**4,050,963**
Current			346,968	674,504
Non-current			3,403,534	3,376,459

(i) Total costs of debts in local and foreign currency were calculated based on the terms of the portfolios, and on Interbank Deposit (DI) and LIBOR curves.
(ii) 51% of the Agribusiness Receivable Certificates (CRAs) is linked to 121.87% of the DI rate, through a swap contract.
(ii) 100% of the Export Credit Note (NCE) amount is linked to the DI rate +1.40% p.a., through a swap contract.
(ii) 100% of the debenture amount is linked to the DI rate + 1.10% p.a., through a swap contract.

The table below shows the changes in borrowings during the period:

	Parent company and	
Changes in debt	**June 30, 2021**	**June 30, 2020**
Previous balance	4,050,963	4,814,442
Proceeds from borrowings	500,000	143,481
Repayment of principal amount	(573,855)	(377,519)
Repayment of interest	(45,654)	(135,117)
Inflation adjustment	32,964	47,539
Foreign exchange variation	(213,916)	102,810
	3,750,502	**4,595,636**

Long-term borrowings mature as follows:

All amounts in thousands of reais unless otherwise stated

Parent company and Consolidated	Maturity
From 7/1/2022 to 6/30/2023	888,891
From 7/1/2023 to 6/30/2024	360,909
From 7/1/2024 to 6/30/2025	1,010,395
From 7/1/2025 to 6/30/2026	572,093
From 7/1/2026 to 6/30/2027	20,747
From 7/1/2028 to 6/30/2028	120,325
From 7/1/2028 to 6/30/2029	119,060
From 4/1/2029 onwards	311,114
	3,403,534

At the reporting date, R$ 853,910 of São Martinho's debt is collateralized as follows: 96% by equipment, properties, and buildings, approximately 4% by land, and less than 1% by receivables from electricity trading and stockholders' sureties.

At the reporting date, the carrying amounts of borrowings approximated their fair value. The fair values are based on cash flows discounted using a borrowing rate of 7.3% (5.3% at March 31, 2021) and are classified within Level 2 of the fair value hierarchy.

Covenants

Certain borrowing agreements contain financial covenants amounting to R$ 1,735,900, which are determined and required annually, and have been fully complied with by the Company.

15. Trade payables

	Parent company		Consolidated	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
Sugarcane	212,284	64,026	198,241	55,980
Materials, services, and other	219,774	165,618	221,706	165,727
	432,058	**229,644**	**419,947**	**221,707**

Of the total amount of trade payables, R$ 14,967 in the parent company, and R$ 279 in the consolidated (R$ 11,122 and R$ 469, respectively, at March 31, 2021) refer to related parties, as detailed in Note 9.

All amounts in thousands of reais unless otherwise stated

16. Obligations and Rights with Copersucar

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

a) Obligations:

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

Parent company and Consolidated	June 30, 2021	March 31, 2021
REFIS - Copersucar - Restated by reference to SELIC rate	37,934	40,896
Exchange Bill (LC) - Restated by reference to SELIC rate	71,719	71,569
Exchange Bill (LC) - Transfer of funds without imposition of charges	52,356	52,356
Expenses with tax proceedings	9,075	9,075
Others	2,300	2,300
Total	**173,384**	**176,196**
Current liabilities	**9,075**	**9,075**
Non-current	**164,309**	**167,121**

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

Copersucar has been served delinquency notices with respect to State Value-Added Tax (ICMS) levied on sales of fuel and industrial ethanol made up to December 31, 2008, of which the amount attributed to the Company would be approximately R$ 260 million. Copersucar believes to have solid grounds to successfully defend itself against the fines imposed, and the risk of loss involved was classified by its legal advisors as possible.

b) **Rights:**

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

Among the lawsuits in which Copersucar is the plaintiff, it should be highlighted the one that ordered the Federal Government to pay for financial damages arising from the setting of lagged prices for sugar and ethanol sales made in the 1980s.

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

The balance of R$ 2.2 billion contested by the Federal Government (of which the Company is entitled to R$ 286.3 million) is still under dispute.

In March 2019, Copersucar received and transferred to the Cooperative members the first installment of the first court-ordered debt security (R$ 906 million). 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. Afterwards, in September 30, 2020, the third installment of the first court-ordered debt security (R$ 1.08 billion) and the second installment of the supplementary court-ordered debt security (R$ 1.975 billion) were collected.

At 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. At March 31, 2021, the balance receivable from Copersucar totaled R$ 103,710, recognized within “Other non-current assets”.
The Company, in coordination with the measures taken by Copersucar, has also filed a lawsuit, supported by a judicial deposit, claiming the suspension of the payment of IRPJ/CSLL/PIS/COFINS. The judicial deposit was provided for within the line item “Taxes with suspended payment”. As provided for in the Agreement for Purchase and Sale of Shares of Santa Cruz S.A. Açúcar e Álcool ("USC"), the Company transferred R$ 54,132 to Luiz Ometto Participações S.A.

After the transfer and withholding of the amounts related to court expenses and taxes under litigation, the balance of R$ 383,040 was recorded within “Other income, (net)”. As management classifies the receipt of the remainder credit as probable, but not practically certain, the related amount has not been recorded.

All amounts in thousands of reais unless otherwise stated

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

The balance of net payables relates to the acquisition and disposal of ownership interests, and is broken down as follows:

	Acquisition	Disposal	
Parent company and Consolidated	Usina Santa Cruz	Agro Pecuária Boa Vista	Net balance
At March 31, 2021	(93,739)	78,451	(15,288)
Inflation adjustment	(730)	611	(119)
Repayment of interest	678	(567)	111
At June 30, 2021	**(93,791)**	**78,495**	**(15,296)**
		Current liabilities	(11,646)
		Non-current liabilities	(3,650)
			(15,296)

The amounts are restated by reference to the CDI rate, and paid on an annual basis, according to the following schedule:

Maturities	(Acquisition) / Disposal
From 7/1/2022 to 6/30/2023	(11,620)
From 7/1/2023 to 6/30/2024	(11,620)
From 7/1/2024 to 6/30/2025	(11,620)
From 7/1/2025 to 6/30/2026	19,564
	(15,296)

18. Equity

a) Share capital

At the reporting date and at March 31, 2021, share capital was R$ 2,071,819, represented by 354,011,329 registered common shares with no par value.

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

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

b) Treasury shares

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

c) Carrying value adjustments

Deemed cost

These adjustments correspond to the surplus on revaluation of the deemed cost of land, buildings and industrial facilities, vehicles and machinery, and agricultural implements. The amounts are recorded net of tax effects, and their realization is based on the depreciation, write-off, or sale of the related assets. The realized amounts are transferred to the "Retained earnings" line item.

Hedge accounting fair value

This relates to the results of unrealized/settled transactions with derivative financial instruments, classified as hedge accounting. The balance is reversed over time from equity, as the related transactions mature/are shipped.

d) Revenue reserves

Legal reserve

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

Capital budget reserve

This reserve is intended to fund investments to increase the production capacity and other projects to improve processes.

Unrealized profit reserve

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

Tax incentive reserve

The Company benefits from a tax incentive program introduced by the State of Goiás and effective until 2033, in the form of deferral of ICMS payment, named "Goiás Industrial Development Program - Produzir", which provides for a partial reduction in such tax. The use of this benefit is conditional upon compliance with all the obligations set forth in the program, which relate to factors under the Company's control.

The benefit related to ICMS reduction is calculated on the debt balance determined for each computation period, by applying the discount percentage granted under the tax incentive program.

The amount of this tax incentive computed for the period was recorded in the statement of income within "Deductions from gross revenue", reducing the "ICMS payable" account. Since this amount may not be allocated as dividends, a tax incentive reserve is set up at the amount determined for the grant, with a corresponding entry to "Retained earnings".

The incentive amount that impacted the result at the reporting date was R$ 25,858 in the Parent company and Consolidated (R$ 81,933 at March 31, 2021).

e) Dividends and interest on capital

The stockholders are assured a minimum dividend of 25% on net income of the year after deducting any accumulated losses and appropriations to legal reserve.

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

19. Profit sharing

As part of its policy, the Company manages a profit-sharing program for its employees, linked to previously agreed plans for operating and financial targets. In the reporting period, profit sharing amounted to R$ 13,281 in the Parent company and R$ 13,301 in the Consolidated (R$ 65,318 and R$ 65,386 in the Parent company and Consolidated, respectively, at March 31, 2021).

20. Income tax and social contribution

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

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

The Company has adopted IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments, which addresses the accounting for income taxes in cases where the tax treatments involve uncertainty that affects the application of IAS 12 (CPC 32). The entity shall determine whether it considers each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that best predicts the resolution of uncertainties should be followed. The Company did not identify any impacts from the adoption of this interpretation.

a) Changes in deferred income tax and social contribution

All amounts in thousands of reais unless otherwise stated

Parent company	March 31, 2021	Recognized in profit or loss	Recognized in other comprehensive income	June 30, 2021
Income tax and social contribution losses	63,293	(26,806)	-	36,487
Derivative financial instruments	317,620	13,507	(154,429)	176,698
Provision for contingencies	74,922	735	-	75,657
Foreign exchange gains	22,745	(18,692)	-	4,053
Other assets	58,387	(12,156)	-	46,231
Total income and social contribution tax assets	**536,967**	**(43,412)**	**(154,429)**	**339,126**
Surplus on revaluation of PP&E (deemed cost)	(130,297)	4,725	-	(125,572)
Accelerated depreciation incentive	(424,017)	(16,613)	-	(440,630)
Tax benefit on merged goodwill	(197,959)	-	-	(197,959)
Foreign exchange losses	(67,182)	4,149	-	(63,033)
Other liabilities	(23,612)	2,630	-	(20,982)
Total income and social contribution tax liabilities	**(843,067)**	**(5,109)**	**-**	**(848,176)**
Deferred income tax and social contribution	**(306,100)**	**(48,521)**	**(154,429)**	**(509,050)**

Consolidated	March 31, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Consolidation adjustment - Rights on electricity contracts	June 30, 2021
Income tax and social contribution losses	63,292	(26,806)	-	-	36,486
Derivative financial instruments	317,621	13,507	(154,429)	-	176,699
Provision for contingencies	69,237	735	-	-	69,972
Provision for other obligations	13,881	-	-	-	13,881
Foreign exchange gains	22,745	(18,692)	-	-	4,053
Other assets	50,038	(11,646)	-	-	38,392
Total income and social contribution tax assets	**536,814**	**(42,902)**	**(154,429)**	**-**	**339,483**
Surplus on revaluation of PP&E (deemed cost)	(641,012)	4,798	-	-	(636,214)
Accelerated depreciation incentive	(424,017)	(16,613)	-	-	(440,630)
Tax benefit on merged goodwill	(197,959)	-	-	-	(197,959)
Intangible assets	(11,884)	-	-	1,253	(10,631)
Gain from change in interest held in CTC	(5,068)	-	-	-	(5,068)
Foreign exchange losses	(67,182)	4,150	-	-	(63,032)
Other liabilities	(23,975)	2,630	-	-	(21,345)
Total income and social contribution tax liabilities	**(1,371,097)**	**(5,035)**	**-**	**1,253**	**(1,374,879)**
Deferred income tax and social contribution	**(834,283)**	**(47,937)**	**(154,429)**	**1,253**	**(1,035,396)**
Other deferred taxes	**(539)**	**-**	**-**	**-**	**(539)**
	(834,822)	**(47,937)**	**(154,429)**	**1,253**	**(1,035,935)**

Deferred tax assets and liabilities are presented net in the balance sheet, by legal entity, when there is a legally enforceable right and the intention to offset them at the computation of current taxes, and when they relate to the same tax authority.

The Company recognizes deferred tax assets based on projections of taxable profit. These projections, which do not exceed ten years, are reviewed annually.

Deferred income tax and social contribution liabilities are realized mainly through depreciation and disposal of the property, plant and equipment items that gave rise to them. The realization of this liability is estimated at the average rate of 15%

All amounts in thousands of reais unless otherwise stated

per year, according to the depreciation rates of the respective property, plant and equipment items, except for deferred tax liabilities on the surplus on revaluation of land, which will be realized if sold.

b) Reconciliation of the income tax and social contribution expense

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Profit before taxes	240,019	146,727	242,731	148,702
Income tax and social contribution at nominal rates - 34%	**(81,606)**	**(49,887)**	**(82,529)**	**(50,559)**
Adjustments for calculation of the effective tax rate:				
. Equity in the results of investees	22,592	13,036	569	320
. Permanent (additions) exclusions, net	138	(460)	138	(460)
. Interest on capital	-	-	-	
. State subsidy	8,793	5,994	8,793	5,994
. Tax incentives	144	278	144	278
. Adjustment to the calculation relating to subsidiary taxed based on deemed profit	-	-	20,232	11,412
. Recognition of prior years' income tax and social contribution credits	-	7	-	7
. Others	11	11	13	12
Income tax and social contribution expenses	**(49,928)**	**(31,021)**	**(52,640)**	**(32,996)**
Income tax and social contribution at the effective rate	20.8%	21.1%	21.7%	22.2%
Current income tax and social contribution	(1,407)	(13,093)	(4,703)	(15,561)
Deferred income tax and social contribution	(48,521)	(17,928)	(47,937)	(17,435)

21. Commitments

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

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

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

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

Investments in Permanent Preservation and Legal Reserve areas, as well as other activities in connection with environmental regulations, are recorded within property, plant and equipment.

<u>Sale commitment</u>

All amounts in thousands of reais unless otherwise stated

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

	Up to 1 year	From 2 to 3 years	More than 3 years
Ethanol (m³)	615,124	174,280	672,000
Sugar (metric tons)	1,228,119	1,212,134	700,000
Electricity (Mwh)	707,432	1,141,696	6,600,260

Purchases of inputs

The Company regularly enters into purchase agreements for the acquisition of agricultural inputs to be used in the maintenance of its crops throughout the crop season. These transactions are generally carried out through purchase for future delivery.

22. Provision for contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are set up, reviewed, and adjusted to reflect management's best estimate at the reporting dates.

22.1 Probable losses

Supported by its legal counsel's assessment of probable losses, São Martinho has recorded the following provisions for contingencies classified as being of probable risk of loss (including accruals):

	Parent company				
	Tax claims	Civil and environmental claims	Labor claims	Total	Judicial deposits
At March 31, 2021	14,514	22,452	64,734	101,700	484,779
Additions	649	910	5,046	6,605	1,675
Reversals	(89)	(639)	(848)	(1,576)	-
Utilization	(390)	(859)	(3,049)	(4,298)	(1,561)
Restatements	(48)	924	554	1,430	173
At June 30, 2021	**14,636**	**22,788**	**66,437**	**103,861**	**485,066**

All amounts in thousands of reais unless otherwise stated

	Consolidated				
	Tax claims	Civil and environmental claims	Labor claims	Total	Judicial deposits
At March 31, 2021	14,514	23,008	64,734	102,256	485,029
Additions	767	911	5,045	6,723	1,675
Reversals	(89)	(639)	(849)	(1,577)	-
Utilization	(391)	(860)	(3,047)	(4,298)	(1,563)
Restatements	(48)	939	554	1,445	173
At June 30, 2021	**14,753**	**23,359**	**66,437**	**104,549**	**485,314**

Judicial deposits accrue interest and presented in non-current assets. Additions in the period are presented in Note 16 (b).

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

Tax lawsuits:

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

Civil and environmental lawsuits:

Relate to: (i) compensation amounts in general; (ii) environmental administrative penalties for fire affecting sugarcane crop areas, the legality of which is being challenged by the Company, with the respective amounts deposited in court; (iii) success fees payable to the lawyers hired to defend the Company in the related lawsuits.

Labor lawsuits:

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

22.2 Possible risk of loss

São Martinho is a party to various litigations involving tax, environmental, civil and labor matters that have been assessed with the support of legal counsel as being of possible risk of loss. The nature and amounts thereof are as follows:

All amounts in thousands of reais unless otherwise stated

		Parent company				Consolidated			
		June 30, 2021		March 31, 2021		June 30, 2021		March 31, 2021	
Nature		Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount	Number of proceedings	Amount
Environmental		82	6,168	86	5,863	82	6,168	86	5,863
Civil									
Indemnities		45	25,713	45	23,376	45	25,713	45	23,376
Review of contracts		10	1,282	11	1,480	10	1,282	11	1,480
Other lawsuits		16	15,646	17	15,550	21	15,892	20	15,585
Labor		37	4,318	47	3,914	38	4,318	48	3,914
Tax									
Social security contribution	(i)	15	161,569	16	167,132	15	161,569	16	167,132
Computation of IRPJ/CSLL	(ii)	5	266,559	5	264,754	5	266,559	5	264,754
Offset of federal taxes	(iii)	96	172,086	101	173,629	101	176,312	106	177,854
ICMS	(iv)	14	57,379	14	56,317	14	57,379	14	56,317
Federal taxes	(v)	1	444,083	1	444,083	1	444,083	1	444,083
Other lawsuits	(vi)	19	517,973	23	509,520	24	531,457	28	522,999
Total		**340**	**1,672,776**	**366**	**1,665,618**	**356**	**1,690,732**	**380**	**1,683,357**

Tax lawsuits:

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

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

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

(iv) These lawsuits address an allegedly undue ICMS credit, based on the Control of ICMS Credit on Permanent Assets (CIAP).

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

(vi) The proceedings deal with other tax disputes such as: (a) Public Civil Action disputing the legality of the decrees of the State of Goiás that granted ICMS credits under the PRODUZIR Program; (b) tax assessment notices related to a fine arising from the disallowance of offset; (c) contribution to the National Service for Industrial Training (SENAI)I; (d) fee payable to the National Department of Mineral Research (DNPM); (e) levy of Property Transfer Tax (ITBI) on merger transaction. and (f) Municipal Real Estate Tax (IPTU) collection claims.

Other proceedings:

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

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

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

22.3 Assets – ICMS on the PIS/COFINS tax base

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

At March 31, 2021, the Company recognized credits totaling R$ 1.4 million with respect to claims on which a final and unappealable decision has been rendered, For calculation purposes, the Company considered the ICMS paid in the accrual months, since this was the understanding of the Brazilian Federal Revenue Service as to how the calculation should be performed at the reporting date, despite motions for clarification filed by the Federal Government pending judgment.

On May 13, 2021, the Federal Supreme Court (STF) concluded the judgment of the motions for clarification, confirming that the ICMS to be excluded is that displayed on the invoice and not the amount paid. The effects of this decision were modified to apply only as from March 15, 2017, the date of the judgment on the merits of the claim, except for judicial and administrative measures filed before that date.

The Company engaged tax experts to assist it in the calculation of the credits accounted for up to March 31, 2021, the assessment of the impacts from the decision rendered by the STF, as well as in the computation of additional credits recoverable and their accounting, which will take place when the amounts can be measured reliably.

23. Risk management and derivative financial instruments

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

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

23.1 Market risk

a) Foreign exchange risk

Management's policy requires the Company to manage its foreign exchange risk to reduce the adverse effects of a possible currency mismatch.

Non-Derivable Forwards (NDF), and swap and option strategies are used to manage this risk. The Company's financial risk management policy defines guidelines that establish the adequate level of protection for expected cash flows, mainly those related to export sales.

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

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

All amounts in thousands of reais unless otherwise stated

Consolidated	June 30, 2021	Equivalent to thousands of US$
Current and non-current assets		
Cash and cash equivalents (banks - demand deposits)	42,681	8,533
Trade receivables	80,134	16,022
Derivative financial instruments	415,549	83,083
Total assets	538,364	107,638
Current and non-current liabilities:		
Borrowings	1,350,421	269,965
Derivative financial instruments	371,317	74,231
Total liabilities	1,721,738	344,196
Subtotal assets (liabilities)	(1,183,374)	(236,558)
(-) Borrowings in foreign currency	1,350,421	269,965
Net asset exposure	**167,047**	**33,407**

The net exposure is calculated excluding borrowings in foreign currency, since these will be settled with resources from future export revenue and are, therefore, protected by the Company's hedging policy.
These assets and liabilities were adjusted and recorded at the exchange rate in effect at the reporting date: R$ 5.0016 per US$ 1.00 for assets, and R$ 5.0022 per US$ 1.00 for liabilities.

b) Commodity price volatility risk

As a producer of sugar and ethanol, São Martinho is exposed to the risk of fluctuations in commodity prices.

c) Cash flow and fair value interest rate risk

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

d) Market risk sensitivity analysis

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

All amounts in thousands of reais unless otherwise stated

Consolidated	Risk factor	Impacts on P/L Probable scenarios 5%	scenarios 25%	scenarios 50%
Cash and cash equivalents	Decrease in exchange rate - R$/US$	(2,136)	(10,681)	(21,361)
Trade receivables	Decrease in exchange rate - R$/US$	(3,906)	(19,530)	(39,060)
Borrowings	Increase in exchange rate - R$/US$	(86)	(430)	(859)
Derivative financial instruments				
Currency forward contracts	Increase in exchange rate - R$/US$	(106)	(532)	(1,064)
Futures price (sugar and ethanol)	Increase in commodity futures prices	(1,186)	(5,932)	(11,864)
Swap contracts	Decrease in exchange rate - R$/US$ and increase in the yield curve	(5,181)	(13,043)	(26,392)
Net exposure		**(12,601)**	**(50,148)**	**(100,600)**

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

e) Financial instruments

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

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

In the case of sugar hedges, the derivatives were designated as cash flow hedges against variations in future sales of sugar. These transactions are carried out on the New York - Intercontinental Exchange (ICE Futures US), and with top-tier financial institutions through over-the-counter contracts or directly with the Company's customers.

In the case of foreign exchange hedges, derivative and non-derivative financial instruments were designated as cash flow hedges for future sales in foreign currency. These hedges are contracted through Non-Deliverable Forwards (NDFs), swap and option strategies, and foreign currency borrowings from top-tier financial institutions.

At June 30 and March 31, 2021, the balances of assets and liabilities related to transactions involving derivative financial instruments and the respective maturity dates were as follows:

All amounts in thousands of reais unless otherwise stated

Parent company and consolidated	Contracted amount/volume	Average price/rate	Notional value - R$	Fair value - R$
				June 30, 2021
In current assets - Gain				
Margin deposit				25,604
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Purchase commitment	122,078	13.45	181,073	58,104
Commodity futures contracts - Ethanol				
. Sale commitment	9,930	2,228.79	22,132	
. Purchase commitment	25,890	2,524.76	65,366	219
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	220,079	5.56	1,223,639	96,565
. Purchase commitment	3,300	4.98	16,434	139
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	264,020	17.52	510,112	42,919
. Bidding position in put options	96,982	12.78	136,684	858
Total derivative financial instruments in current assets				**224,408**
In non-current assets - Gain				
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	66,650	5.91	393,902	30,282
Interest rate swap contracts - OTC				160,859
Total derivative financial instruments in non-current assets				**191,141**

Parent company and consolidated	Contracted amount/volume	Average price/rate	Notional value - R$	Fair value - R$
				June 30, 2021
In current liabilities - Loss				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	126,447	12.50	174,306	72,084
Commodity forward contracts - Sugar #11				
. Sale commitment	8,789	14.66	14,209	2,454
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	31,500	4.97	156,555	1,063
. Purchase commitment	8,202	5.53	45,357	3,630
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Short position in call options	361,002	18.46	734,913	64,480
Interest rate swap contracts - OTC				59,602
Total derivative financial instruments in current liabilities				**203,313**
In non-current liabilities - Loss				
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment				
. Purchase commitment	900	6.05	5,447	592
Interest rate swap contracts - OTC				167,412
Total derivative financial instruments in non-current liabilities				**168,004**

All amounts in thousands of reais unless otherwise stated

Parent Company and Consolidated	March 31, 2021			
	Contracted amount/volume	Average price/rate	Notional value - R$	Fair value - R$
In current assets - Gain				
Margin deposit				55,372
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Sale commitment	75,543	15.51	147,166	7,014
. Purchase commitment	229,728	13.06	376,843	50,035
Commodity futures contracts - Ethanol				
. Sale commitment	8,130	2,248.08	18,277	36
. Purchase commitment	16,560	2,345.00	38,833	-
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	74,925	5.73	429,320	5,589
. Purchase commitment	669	5.36	3,586	200
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Bidding position in call options	25,604	13.85	44,541	4,348
. Bidding position in put options	151,747	13.16	250,830	6,385
Interest rate swap contracts - OTC				10,925
Total derivative financial instruments in current assets				**139,904**
In non-current assets - Gain				
Commodity futures contracts - Sugar #11 - Commodities Exchange				
. Purchase commitment	14,021	12.95	22,806	1,520
Commodity forward contracts - Sugar #11				
. Sale commitment	8,789	14.66	16,184	364
Currency forward contracts (NDF) - US dollar - OTC				
. Sale commitment	16,757	6.13	102,720	1,363
. Purchase commitment	625	5.73	3,581	125
Interest rate swap contracts - OTC				45,267
Total derivative financial instruments in non-current assets				**48,639**

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

All amounts in thousands of reais unless otherwise stated

Margin deposit balances relate to funds maintained in current accounts with brokers to cover the initial and variation margins established by the Commodities Exchange on which the contracts are signed, for the purpose of guaranteeing outstanding contracts and net remittances related to daily adjustments made to reflect fluctuations in contract prices in the futures and options market.

The potential results of futures, options and forward contracts relate to the cumulative positive (negative) effect of the fair value of derivative financial instruments, on the corresponding categories.

On the date of these financial statements, financial instruments designated for hedge accounting are broken down as follows:

Parent Company and Consolidated	Assets	Liabilities	Total in other comprehensive income
Financial instruments:			
Commodity derivatives - Futures, options and forward contracts	73,740	128,049	(54,309)
Foreign exchange derivatives - Options / NDF	131,273	445	130,828
Foreign exchange differences on borrowing agreements (Trade Financ	4,165	527,714	(523,549)
	209,178	656,208	(447,030)
Deferred taxes on the items above	(71,121)	(223,112)	151,991
	138,057	**433,096**	**(295,039)**

f) Estimated realization

At the reporting date, the impacts recorded in the Company's equity, and the estimated realization in profit or loss were as follows:

Parent Company and Consolidated	21/22 crop season	22/23 Crop Year	23/24 Crop Year	24/25 to 25/26 crop years	Total
Derivative financial instruments:					
Commodity derivatives - Futures, options and forward contracts	(48,152)	(6,157)	-	-	(54,309)
Foreign exchange derivatives - Options / NDF	87,814	43,014	-	-	130,828
Foreign exchange differences on borrowing agreements (Trade Finance)	(60,288)	(126,801)	(116,171)	(220,289)	(523,549)
	(20,626)	(89,944)	(116,171)	(220,289)	(447,030)
Deferred taxes on the items above	7,013	30,581	39,498	74,899	151,991
	(13,613)	**(59,363)**	**(76,673)**	**(145,390)**	**(295,039)**

23.2 Credit risk

Credit risk is managed by contracting operations only with top-tier financial institutions, which meet the Company's risk assessment criteria. São Martinho controls, on a monthly basis, its exposure in derivatives and financial investments, using maximum concentration criteria based on the financial institution's rating.

All amounts in thousands of reais unless otherwise stated

With respect to trade receivables, the credit risk associated with each individual customer is assessed annually, and whenever a new customer is included in the Company's customer base, an individual credit limit is established, based on the risk identified.

23.3 Liquidity risk

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

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

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

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

Parent company	Up to 1 year	From 1 to 3 years	More than 3 years	Total
At June 30, 2021				
Borrowings	255,331	1,437,162	2,691,307	4,383,800
Leases payable	67,878	129,177	453,677	650,732
Parceria agrícola a pagar	338,759	731,519	920,537	1,990,815
Derivative financial instruments:	203,313	168,004	-	371,317
Trade payables	432,058	-	-	432,058
Acquisition of ownership interest	12,016	22,666	(20,781)	13,901
Other liabilities	14,116	-	5,512	19,628
	1,323,471	**2,488,528**	**4,050,252**	**7,862,251**
At March 31, 2021				
Borrowings	735,737	1,546,631	2,258,785	4,541,153
Leases payable	68,300	63,669	456,352	588,321
Agricultural partnership payable	279,041	254,328	1,162,543	1,695,912
Derivative financial instruments	218,685	80,227	-	298,912
Trade payables	229,644	-	-	229,644
Acquisition of ownership interest	12,156	22,665	(20,781)	14,040
Other liabilities	17,126	-	5,617	22,743
	1,560,689	**1,967,520**	**3,862,517**	**7,390,725**

All amounts in thousands of reais unless otherwise stated

Consolidated	Up to 1 year	From 1 to 3 years	More than 3 years	Total
At June 30, 2021				
Borrowings	255,331	1,437,162	2,691,307	4,383,800
Leases payable	67,878	129,177	453,677	650,732
Agricultural partnership payable	338,759	731,519	920,537	1,990,815
Derivative financial instruments	203,313	168,004	-	371,317
Trade payables	419,947	-	-	419,947
Acquisition of ownership interest	12,016	22,666	(20,781)	13,901
Other liabilities	26,580	-	5,510	32,090
	1,323,824	**2,488,528**	**4,050,250**	**7,862,602**
At March 31, 2021				
Borrowings	735,737	1,546,631	2,258,785	4,541,153
Leases payable	68,300	63,669	456,352	588,321
Agricultural partnership payable	279,041	254,328	1,162,543	1,695,912
Derivative financial instruments	218,685	80,227	-	298,912
Trade payables	221,707	-	-	221,707
Acquisition of ownership interest	12,156	22,665	(20,781)	14,040
Other liabilities	30,812	-	5,617	36,429
	1,566,438	**1,967,520**	**3,862,517**	**7,396,474**

23.4. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide a return for the stockholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

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

24. Classification and fair value of financial instruments

24.1 Classification

Financial assets and liabilities are classified as follows:

All amounts in thousands of reais unless otherwise stated

			Parent company
	Classification	June 30, 2021	March 31, 2021
Financial assets			
Cash and cash equivalents	Amortized cost	44,530	287,652
Financial investments	FVTPL	1,120,242	962,308
Trade receivables	Amortized cost	191,048	170,554
Derivative financial instruments	FVTOCI	254,690	132,351
Derivative financial instruments	FVTPL	160,859	56,192
Judicial deposits	Amortized cost	485,066	484,779
Related parties	Amortized cost	30,000	30,000
Other assets, except prepayments	Amortized cost	113,941	114,777
		2,400,376	2,238,613
Financial liabilities			
Borrowings	FVTPL	170	216
Borrowings	Amortized cost	3,750,332	4,050,747
Derivative financial instruments	FVTOCI	144,303	211,295
Derivative financial instruments	FVTPL	227,014	87,617
Leases and agricultural partnerships payable	Amortized cost	1,892,270	1,912,634
Trade payables	Amortized cost	432,058	229,644
Acquisition of ownership interests	Amortized cost	15,296	15,288
Other liabilities	Amortized cost	19,628	22,743
		6,481,071	6,530,184

			Consolidated
	Classification	June 30, 2021	March 31, 2021
Financial assets			
Cash and cash equivalents	Amortized cost	45,008	288,350
Financial investments	FVTPL	1,292,486	1,075,798
Trade receivables	Amortized cost	279,582	239,848
Derivative financial instruments	FVTOCI	254,690	132,351
Derivative financial instruments	FVTPL	160,859	56,192
Judicial deposits	Amortized cost	485,314	485,029
Other assets, except prepayments	Amortized cost	113,983	114,862
		2,631,922	2,392,430
Financial liabilities			
Borrowings	FVTPL	170	216
Borrowings	Amortized cost	3,750,332	4,050,747
Derivative financial instruments	FVTOCI	144,303	211,295
Derivative financial instruments	FVTPL	227,014	87,617
Trade payables	Amortized cost	419,947	221,707
Leases and agricultural partnerships payable	Amortized cost	1,892,270	1,912,634
Acquisition of ownership interests	Amortized cost	15,296	15,288
Other liabilities	Amortized cost	32,090	36,429
		6,481,422	6,535,933

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about the counterparties' default rates. There is no history of significant default in the Company.

All amounts in thousands of reais unless otherwise stated

25. Fair value

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

Level 1 - Quoted prices (unadjusted) in active, liquid and visible markets, for identical assets and liabilities that are readily available at the measurement date;
Level 2 - Quoted prices (which may be adjusted or not) for similar assets or liabilities in active markets; and
Level 3 - Assets and liabilities for which there is little, if any, market activity, or whose prices or valuation techniques are supported by inputs from a thin, nonexistent, or illiquid market (non-observable inputs).

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

	June 30, 2021			March 31, 2021		
Parent company	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	-	1,120,242	-	-	962,308	-
Derivative financial instruments	102,100	313,449	-	24,892	163,651	-
Biological assets	-	-	945,161	-	-	989,540
	102,100	**1,433,691**	**945,161**	**24,892**	**1,125,959**	**989,540**
Liabilities						
Derivative financial instruments	72,084	299,233	-	92,863	206,049	-
Borrowings	-	170	-	-	216	-
	72,084	**299,403**	**-**	**92,863**	**206,265**	**-**

	June 30, 2021			March 31, 2021		
Consolidated	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Financial investments	-	1,292,486	-	-	1,075,798	-
Derivative financial instruments	102,100	313,449	-	24,892	163,651	-
Biological assets	-	-	945,161	-	-	989,540
	102,100	**1,605,935**	**945,161**	**24,892**	**1,239,449**	**989,540**
Liabilities						
Derivative financial instruments	72,084	299,233	-	92,863	206,049	-
Borrowings	-	170	-	-	216	-
	72,084	**299,403**	**-**	**92,863**	**206,265**	**-**

Futures and Options - ICE
The fair value of futures traded on the New York - Intercontinental Exchange (ICE Futures US) and B3 - Brazil, Stock Exchange, OTC is calculated as the difference between the price of the derivative in the contract and the market closing price on

the base date, which is obtained from quotations in an active market, and reconciled with creditor or debtor balances with the brokers. The fair value of options traded on the ICE platform is obtained from market quotations.

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

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

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

26. Segment information (Consolidated)

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

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

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

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

All amounts in thousands of reais unless otherwise stated

Consolidated result by segment

Consolidated	Sugar	Ethanol	Electricity	Real estate businesses	Yeast	Other products	Not by segment	Total
								June 30, 2021
Gross revenue								
Domestic market	64,225	552,154	81,251	7,903	17,490	27,080	-	750,103
Foreign market	623,975	79,336	-	-	-	-	-	703,311
Gain/loss on derivatives	(81,046)	3,168	-	-	-	-	-	(77,878)
Amortization of electricity supply contract	-	-	-	-	-	-	(2,395)	(2,395)
(-) Taxes, contributions, and deductions on sales	(3,941)	(65,229)	(4,992)	(731)	(2,560)	(7,909)	-	(85,362)
Net Revenue	**603,213**	**569,429**	**76,259**	**7,172**	**14,930**	**19,171**	**(2,395)**	**1,287,779**
Cost of goods sold	(413,695)	(346,555)	(23,697)	(87)	(7,211)	(7,088)	-	(798,333)
Change in the market value of biological assets							1,679	1,679
Gross profit	**189,518**	**222,874**	**52,562**	**7,085**	**7,719**	**12,083**	**(716)**	**491,125**
Gross margin	*31.42%*	*39.14%*	*68.93%*	*98.79%*	*51.70%*	*63.03%*	-	*38.14%*
Selling expenses	(34,271)	(5,300)	(3,879)	-	-	-	-	(43,450)
Other operating expenses, net	-	-	-	-	-	-	(75,507)	(75,507)
Operating profit	**155,247**	**217,574**	**48,683**	**7,085**	**7,719**	**12,083**	**(76,223)**	**372,168**
Operating margin	25.74%	38.21%	63.84%	98.79%	51.70%	63.03%	-	28.90%
Other income and expenses not by segment							(182,077)	(182,077)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**190,091**

Consolidated	Sugar	Ethanol	Electricity	Real estate businesses	Yeast	Other products	Not by segment	Total
								June 30, 2020
Gross revenue								
Domestic market	41,442	340,845	69,848	1,011	11,976	13,343	-	478,465
Foreign market	626,803	72,394	-	-		-	-	699,197
Gain/loss on derivatives	(89,220)	(1,807)	-	-	-	-	-	(91,027)
Amortization of electricity supply contract	-	-	-	-	-	-	(3,236)	(3,236)
(-) Taxes, contributions, and deductions on sales	(2,319)	(50,828)	(5,360)	(169)	(1,455)	(2,248)	-	(62,379)
Net Revenue	**576,706**	**360,604**	**64,488**	**842**	**10,521**	**11,095**	**(3,236)**	**1,021,020**
Cost of goods sold	(377,143)	(312,669)	(14,104)	(67)	(2,970)	(5,315)	-	(712,268)
Change in the market value of biological assets	-	-	-	-	-	-	11,039	11,039
Gross profit	**199,563**	**47,935**	**50,384**	**775**	**7,551**	**5,780**	**7,803**	**319,791**
Gross margin	*34.60%*	*13.29%*	*78.13%*	*92.04%*	*71.77%*	*52.10%*	-	*31.32%*
Selling expenses	(37,106)	(5,147)	(3,040)	-	-	-	-	(45,293)
Other operating expenses, net	-	-	-	-	-	-	(52,943)	(52,943)
Operating profit	**162,457**	**42,788**	**47,344**	**775**	**7,551**	**5,780**	**(45,140)**	**221,555**
Operating margin	28.17%	11.87%	73.42%	92.04%	71.77%	52.10%	-	21.70%
Other income and expenses not by segment	-	-	-	-	-	-	(105,849)	(105,849)
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**115,706**

At June 30, 2021, net revenue from Cbios (decarbonization credits), amounting to R$ 10,096, is recorded within "Other products"

Consolidated operating assets by segment

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

All amounts in thousands of reais unless otherwise stated

							June 30, 2021
	Sugar	Ethanol	Electricity	Real estate businesses	Yeast	Not by segment	Total
Trade receivables	68,078	94,764	55,693	44,166	3,153	13,728	279,582
Inventories and advances to suppliers	459,190	578,491	-	4,969	791	12,038	1,055,479
Biological assets	410,442	534,719	-	-	-	-	945,161
Property, plant and equipment	2,905,264	2,862,893	107,896	-	41,718	2,408	5,920,179
Intangible assets	252,741	175,340	27,493	-	-	-	455,574
Right-of-use assets	987,361	885,778	-	-	-	-	1,873,139
Total assets allocated	**5,083,076**	**5,131,985**	**191,082**	**49,135**	**45,662**	**28,174**	**10,529,114**
Other unallocated assets	-	-	-	-	-	2,579,243	2,579,243
Total	**5,083,076**	**5,131,985**	**191,082**	**49,135**	**45,662**	**2,607,417**	**13,108,357**

							March 31, 2021
	Sugar	Ethanol	Electricity	Real estate businesses	Yeast	Not by segment	Total
Trade receivables	109,133	34,661	43,630	41,037	721	10,666	239,848
Inventories and advances to suppliers	270,296	259,856	-	5,056	17	17,926	553,151
Biological assets	421,222	568,318	-	-	-	-	989,540
Property, plant and equipment	2,904,233	2,891,509	125,183	-	39,274	2,445	5,962,644
Intangible assets	247,568	173,054	31,120	-	-	-	451,742
Right-of-use assets	950,912	918,484	-	-	-	-	1,869,396
Total assets allocated	**4,903,364**	**4,845,882**	**199,933**	**46,093**	**40,012**	**31,037**	**10,066,321**
Other unallocated assets	-	-	-	-	-	2,351,535	2,351,535
Total	**4,903,364**	**4,845,882**	**199,933**	**46,093**	**40,012**	**2,382,572**	**12,417,856**

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

27. Revenue

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

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

For the real estate development segment, the Company adopts the provisions of Technical Interpretation 02 (OCPC 04), following CVM guidance, recognizing revenue over time (Percentage of Completion (PoC)). The amount recognized to date was R$ 7,171 (R$ 7,720 at March 31, 2021).

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

All amounts in thousands of reais unless otherwise stated

a) Sale of goods and rendering of services

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

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

At the reporting date, the Company had customers that accounted for more than 10% of its net revenue. The Company's three largest customers in the sugar segment account for about 32% of net revenue, while for the ethanol sold, the three largest customers account for 12%.

b) Sale of plots of land and land subdivisions (Real Estate Developments)

Sales revenue and cost of land inherent in real estate developments are recognized in profit or loss to the extent that the infrastructure work progresses, as required by CVM and detailed above.

In relation to installment sales of land whose infrastructure projects are completed, revenue is recognized when the sale is made, regardless of the term for receiving the contractual amount, and is measured at the fair value of the consideration received and receivable. The amounts receivable are adjusted to present value.

Sales revenue is broken down as follows:

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Gross sales revenue				
Domestic market	686,704	445,931	750,103	478,465
Foreign market	703,311	699,197	703,311	699,197
Gain/loss on derivatives	(77,878)	(91,027)	(77,878)	(91,027)
	1,312,137	1,054,101	1,375,536	1,086,635
Amortization of electricity supply contract *(i)*	-	-	(2,395)	(3,236)
	1,312,137	1,054,101	1,373,141	1,083,399
Taxes, contributions and deductions on sales	(81,481)	(60,289)	(85,362)	(62,379)
	1,230,656	**993,812**	**1,287,779**	**1,021,020**

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

All amounts in thousands of reais unless otherwise stated

28. Costs and expenses by nature

The reconciliation of expenses by nature is as follows:

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Raw materials and consumables	291,409	214,629	275,829	202,134
Personnel expenses	137,767	118,704	138,742	119,547
Depreciation and amortization (including biological assets harvestec	364,450	360,782	365,984	362,121
Third-party services	16,529	12,815	16,650	12,436
Freight on sales	36,890	40,857	36,890	40,857
Maintenance parts and services	33,335	38,745	33,485	39,010
Litigation	4,919	2,580	5,038	2,592
Changes in the fair value of biological assets	(1,679)	(11,039)	(1,679)	(11,039)
Materials for resale	3,300	2,728	-	2,728
Cost of land sales	-	-	87	67
Other expenses	37,142	31,357	48,423	32,398
	924,062	**812,158**	**919,449**	**802,851**
Classified as:				
Cost of goods sold	804,550	711,938	796,654	701,229
Selling expenses	41,164	44,720	43,450	45,293
General and administrative expenses	78,348	55,500	79,345	56,329
	924,062	**812,158**	**919,449**	**802,851**

29. Finance income (costs)

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Finance income				
Interest received and earned	7,878	13,829	10,268	15,061
PIS/COFINS on finance income	(431)	(725)	(522)	(754)
Other income	1,527	4,698	5,003	5,789
	8,974	**17,802**	**14,749**	**20,096**
Finance costs				
Adjustment to present value	(47,276)	(43,218)	(47,276)	(43,218)
Interest on borrowings	(32,033)	(46,505)	(32,033)	(46,505)
Interest incurred	(5,533)	(5,066)	(5,535)	(5,066)
Bank guarantee commission	(359)	(83)	(359)	(83)
Payables to Copersucar	(2,030)	(2,116)	(2,030)	(2,116)
Other expenses	(970)	(1,524)	(996)	(1,543)
	(88,201)	**(98,512)**	**(88,229)**	**(98,531)**
Exchange and monetary variation, net				
Available funds	(21,588)	5,387	(21,588)	5,387
Trade receivables and payables	(20,022)	2,267	(20,022)	2,267
Borrowings	11,189	(8,987)	11,189	(8,987)
	(30,421)	**(1,333)**	**(30,421)**	**(1,333)**
Derivatives - not designated for hedge accounting				
Gain (loss) on sugar transactions	5,148	836	5,148	836
Gain (loss) on ethanol transactions	3,101	408	3,101	408
Gain (loss) on foreign exchange transactions	20,821	(4,841)	20,821	(4,841)
Gain/loss on swap transactions	(45,860)	7,913	(45,860)	7,913
Cost of stock exchange transactions	(626)	(345)	(626)	(345)
Foreign exchange variation, net	(8,120)	2,944	(8,120)	2,944
	(25,536)	**6,915**	**(25,536)**	**6,915**
Finance income (costs)	**(135,184)**	**(75,128)**	**(129,437)**	**(72,853)**

(i) These are mainly represented by leases and agricultural partnerships payable.

30. Earnings per share

	2021	2020
Profit for the period attributed to stockholders of the Compan	190,091	115,706
Weighted average number of common shares in the period - in thousands	346,375	346,744
Basic and diluted earnings per share - R$	**0.5488**	**0.3337**

31. Insurance coverage

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

Parent Company and Consolidated Item	Insured risks	Maximum coverage *(i)*
Operational Risks (ii)	Any material damage to buildings, facilities, inventories, agricultural and industrial machinery and equipment.	1,179,386
Loss of Profit	Loss of profit due to material damages to facilities, buildings, industrial machinery and equipment, and power generation.	1,023,705
Civil Liability	Covers for damages caused to third parties as a result of professional errors or omissions (E&O insurance).	2,692,082
Environmental Responsibility	Protection against environmental accidents that may lead to breaches of environmental laws.	30,000

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

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

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