

#### Periods Definition

3Q22: October to December 2021

9M22: April to December 2021

3Q23: October to December 2022

9M23: April to December 2022

## Earnings Release 3Q23

February 27th, 2023

Lucas do Rio Verde - MT, February 27th, 2023 - FS Indústria de Biocombustíveis Ltda ("FS Ltda") and FS I Indústria de Etanol S.A. ("FS S.A.") (combined as "Company" or "FS"), leading producers of corn ethanol (anhydrous and hydrous), animal nutrition and bioenergy, announce their results for the third quarter ("3Q23") and the nine months ("9M23") of the fiscal year 2023 ("FY23"), ended December 31st, 2022. FS combined financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and with the accounting practices adopted in Brazil, however, are presented here in a managerial format to better explain the Company's performance.

### 3Q23 HIGHLIGHTS

- **Net revenue: BRL 1,891.2 million** (-6.2%).
- **EBITDA: BRL 519.5 million** (-39.1%) or BRL 1.432/liter of ethanol sold, with margin of 27.5% (-14.8 p.p.).
- **Net profit: BRL 168.3 million** (-64.2%), with 8.9% margin.
- **Capex: BRL 547.8 million.**
- **Net debt: BRL 5,066.5 million**, or 2.00x LTM EBITDA, (+0.44x vs. 3Q22).
- **Primavera do Leste Plant ("PDL Plant"):** project **on time, below initial budget** and expected start-up in **June 2023**.
- **Financial activities:** as of February 27th, 2023, we repurchased and cancelled USD 81.0 million of our Green Bond, reaching USD 599.0 million of outstanding principal.

Financial highlights (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
Net revenue	2,015,598	1,891,165	(6.2%)	4,830,519	5,684,504	17.7%
Cost of goods sold	(1,058,871)	(1,320,835)	24.7%	(2,551,505)	(3,640,442)	42.7%
Gross profit	956,727	570,330	(40.4%)	2,279,014	2,044,062	(10.3%)
Gross margin	47.5%	30.2%	(17.3 p.p.)	47.2%	36.0%	(11.2 p.p.)
Selling, general & administrative expense	(139,322)	(88,459)	(36.5%)	(379,064)	(245,658)	(35.2%)
EBIT	817,405	481,871	(41.0%)	1,899,950	1,798,404	(5.3%)
EBIT margin	40.6%	25.5%	(15.1 p.p.)	39.3%	31.6%	(7.7 p.p.)
Depreciation and amortization	35,259	37,632	6.7%	95,894	104,623	9.1%
EBITDA	852,664	519,503	(39.1%)	1,995,844	1,903,027	(4.7%)
EBITDA margin	42.3%	27.5%	(14.8 p.p.)	41.3%	33.5%	(7.8 p.p.)
Net profit	469,782	168,323	(64.2%)	1,101,324	709,881	(35.5%)
Net margin	23.3%	8.9%	(14.4 p.p.)	22.8%	12.5%	(10.3 p.p.)
EBITDA minus maintenance capex	848,413	524,752	(38.1%)	1,984,565	1,891,850	(4.7%)
Net debt	3,768,507	5,066,503	34.4%	3,768,507	5,066,503	34.4%
EBITDA (LTM)	2,415,968	2,528,857	4.7%	2,415,968	2,528,857	4.7%
Net debt / EBITDA (LTM)	1.56 x	2.00 x	0.44 x	1.56 x	2.00 x	0.44 x

## OPERATIONAL HIGHLIGHTS

Operational Highlights	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Corn crushed (tons)</b>	<b>844,819</b>	<b>868,226</b>	<b>2.8%</b>	<b>2,456,812</b>	<b>2,456,386</b>	<b>(0.0%)</b>
<b>Biomass Consumption (m<sup>3</sup>)</b>	<b>828,007</b>	<b>738,195</b>	<b>(10.8%)</b>	<b>2,361,931</b>	<b>2,106,554</b>	<b>(10.8%)</b>
<b>Ethanol produced<sup>1</sup> (m<sup>3</sup>)</b>	<b>366,124</b>	<b>381,088</b>	<b>4.1%</b>	<b>1,069,011</b>	<b>1,082,564</b>	<b>1.3%</b>
<b>Ethanol production yield<sup>2</sup> (liter/ton)</b>	<b>425.7</b>	<b>432.8</b>	<b>1.7%</b>	<b>426.2</b>	<b>434.3</b>	<b>1.9%</b>
DDG Products produced <sup>3</sup> (tons)	308,394	310,886	0.8%	920,997	930,898	1.1%
Corn Oil produced (tons)	11,716	13,754	17.4%	33,890	36,852	8.7%
Ethanol sold (m <sup>3</sup> )	405,927	362,709	(10.6%)	1,048,468	1,022,339	(2.5%)
% volume anhydrous sold	49.4%	51.8%	2.4 p.p.	47.0%	53.7%	6.8 p.p.
DDG Products sold (tons)	286,192	301,221	5.3%	909,172	934,653	2.8%
Corn Oil sold (tons)	11,697	13,476	15.2%	33,723	36,323	7.7%
Corn marketing (tons)	62,527	275,877	n.m.	127,825	724,244	n.m.
Energy sold (MWh)	46,296	57,384	24.0%	126,314	154,728	22.5%

<sup>1</sup> Production of anhydrous ethanol and hydrous ethanol combined.

<sup>2</sup> Total anhydrous ethanol produced converted into liters and divided by the total volume of corn crushed in tons.

<sup>3</sup> Considers the sum of the products: DDG High protein, DDG High fiber and Wetcake.

The Company processed 868.2 thousand tons of corn in 3Q23, an increase of 2.8% compared to the 3Q22 driven by: (i) the increase in corn crushing capacity, as result of industrial improvements implemented in 1Q23 at the annual maintenance; and (ii) the improvement in consumption control of Sorriso Plant (“SRS Plant”) operation with the installation of a flow scale in the corn input process.

The consumption of biomass in 3Q23 reached 738.2 thousand m<sup>3</sup>, a decrease of 10.8% versus 3Q22, mainly explained by (i) improvements in production efficiency; (ii) greater ability to extract more calories from the biomass inputs; and (iii) mix of DDG produced.

In 3Q23, FS produced 381.1 thousand m<sup>3</sup> of ethanol, an increase of 4.1% versus 3Q22, explained mainly by improvements in production yields and increase in volume of corn crushed. In addition we sold 362.7 thousand m<sup>3</sup> of ethanol, a decrease of 10.6% versus 3Q22 explained by (i) ethanol sales strategy to anticipate sales in 2Q23 (+8.6% vs. 2Q22), taking advantage of better ethanol pricing dynamics; and (ii) ethanol sales strategy to carry our inventory looking forward an advantage in prices, postponing sales to the 4Q23. In 3Q23, FS increased the share of anhydrous ethanol sold by 2.4 p.p. compared to 3Q22, as internal commercial initiatives were executed to take advantage of market supply and demand dynamics, allowing for higher net prices.

## NET REVENUE

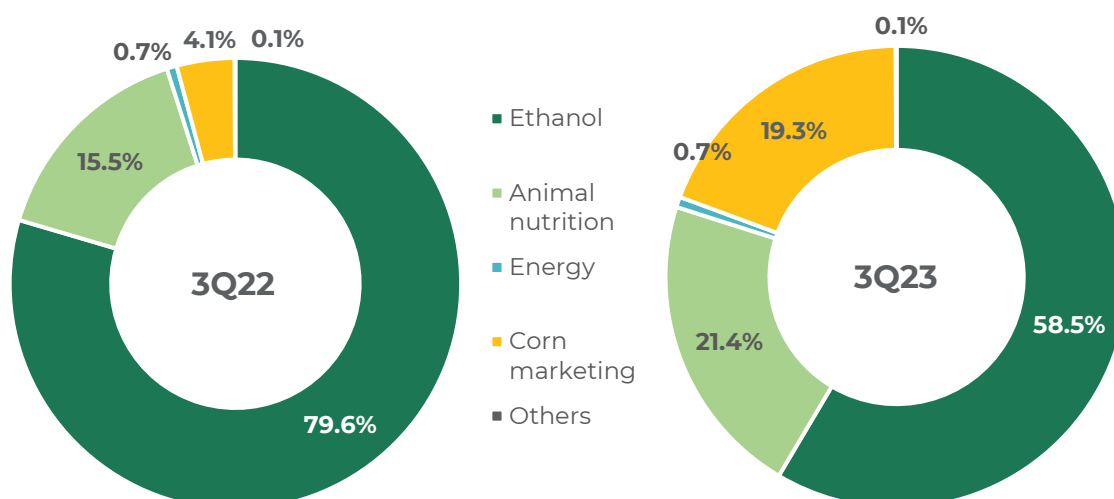
Net revenue (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Ethanol segment</b>	<b>1,514,665</b>	<b>990,516</b>	<b>(34.6%)</b>	<b>3,448,675</b>	<b>3,116,318</b>	<b>(9.6%)</b>
Anhydrous ethanol	777,213	530,596	(31.7%)	1,723,930	1,739,777	0.9%
Hydrous ethanol	737,452	459,920	(37.6%)	1,724,745	1,376,541	(20.2%)
<b>Animal nutrition segment</b>	<b>295,668</b>	<b>362,022</b>	<b>22.4%</b>	<b>879,484</b>	<b>1,105,524</b>	<b>25.7%</b>
DDG High-protein	136,580	151,491	10.9%	457,759	458,036	0.1%
DDG High-fiber	65,810	85,675	30.2%	167,178	267,000	59.7%
Wetcake	22,987	49,852	116.9%	69,279	154,731	123.3%
Corn Oil	70,291	75,004	6.7%	185,268	225,757	21.9%
<b>Energy co-generation segment</b>	<b>13,609</b>	<b>12,340</b>	<b>(9.3%)</b>	<b>38,965</b>	<b>30,807</b>	<b>(20.9%)</b>
<b>Corn marketing</b>	<b>78,850</b>	<b>326,855</b>	<b>n.m.</b>	<b>166,232</b>	<b>865,371</b>	<b>n.m.</b>
<b>Other segment</b>	<b>1,013</b>	<b>1,044</b>	<b>3.1%</b>	<b>2,425</b>	<b>3,154</b>	<b>30.1%</b>
<b>Total net revenue from segments</b>	<b>1,903,805</b>	<b>1,692,777</b>	<b>(11.1%)</b>	<b>4,535,781</b>	<b>5,121,174</b>	<b>12.9%</b>
Reclassification - Freight	111,793	198,388	77.5%	294,738	563,330	91.1%
<b>Net revenue</b>	<b>2,015,598</b>	<b>1,891,165</b>	<b>(6.2%)</b>	<b>4,830,519</b>	<b>5,684,504</b>	<b>17.7%</b>

### Total net revenue from segments

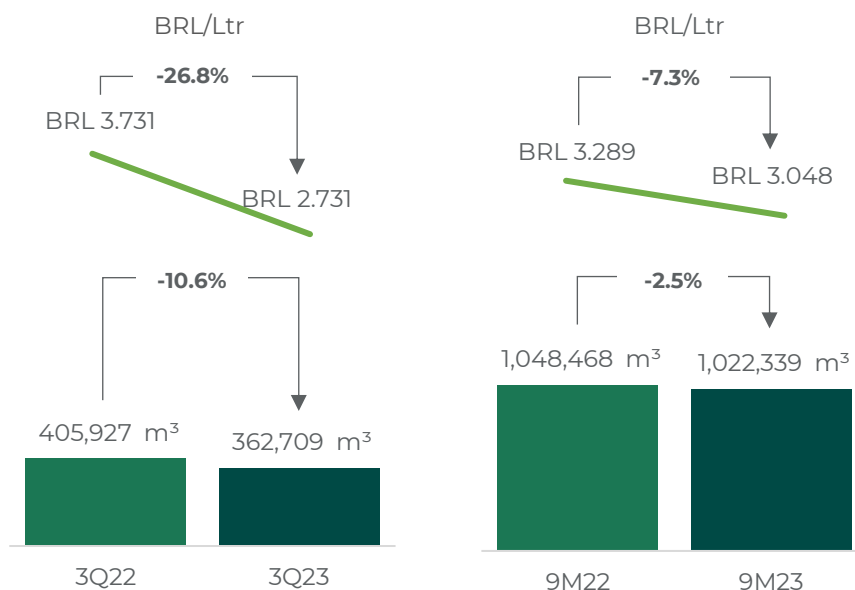
For managerial reporting purposes and for a better understanding and standardization of financial performance by product and segment, FS deducts from the net revenue all logistics and freight expenses to determine net revenue from segments and products. With this view, the determination of net revenue per liter or per ton are directly comparable to each other, regardless of the sales incoterms - CIF or FOB, as well as being directly comparable with market indicators, such as the ethanol ESALQ index which is also net of taxes and freight.

In 3Q23, net revenue from segments totaled BRL 1,692.8 million, 11.1% lower than 3Q22, driven by the reduction in volume sold and net sales price of ethanol, that offset (i) the improvements accrued from higher volume sold and increase in net sales prices of animal nutrition products, and (ii) the results from the increase in corn marketing operations, which accounted for 19.3% of the net revenue from segments of the quarter, 15.2 p.p. higher than 3Q22.

### Net revenue from segments



## Ethanol Segment



(in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Ethanol segment</b>	<b>1,514,665</b>	<b>990,516</b>	<b>(34.6%)</b>	<b>3,448,675</b>	<b>3,116,318</b>	<b>(9.6%)</b>
Anhydrous ethanol	777,213	530,596	(31.7%)	1,723,930	1,739,777	0.9%
Hydrous ethanol	737,452	459,920	(37.6%)	1,724,745	1,376,541	(20.2%)
% volume anhydrous sold	49.4%	51.8%	2.4 p.p.	47.0%	53.7%	6.8 p.p.

Net revenue from the ethanol segment totaled BRL 990.5 million in 3Q23, 34.6% lower than 3Q22.

The average net sales price of ethanol in 3Q23 was BRL 2.731/liter, 26.8% lower than 3Q22, while the average ESALQ hydrous net price in 3Q23 was BRL 2.734/liter, 22.1% lower than 3Q22, mainly driven by the reductions on fuels taxation promoted by the Brazilian government. FS ethanol net sales price was BRL 0.003/liter, marginally lower when compared to ESALQ hydrous in the 3Q23.

Ethanol sales volume in 3Q23 was 10.6% lower than 3Q22, mainly driven by (i) ethanol sales strategy to anticipate sales in 2Q23 (+8.6% vs. 2Q22), taking advantage of better ethanol pricing dynamics; and (ii) ethanol sales strategy to carry our inventory looking forward an advantage in prices, postponing sales to the 4Q23.

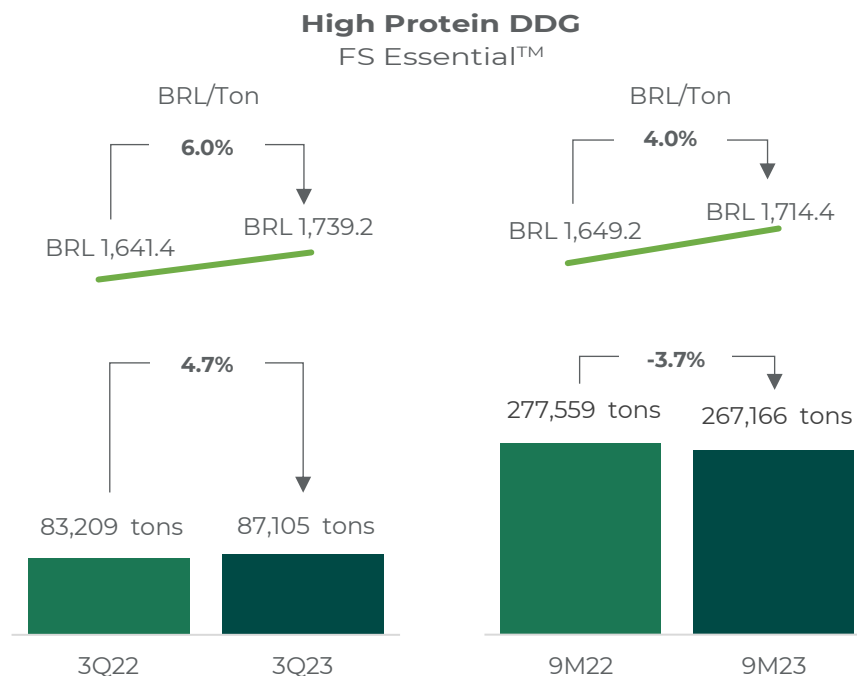
Share of anhydrous ethanol sold increased by 2.4 p.p. in 3Q23 compared to 3Q22, reaching 51.8% of total ethanol sold, as internal commercial initiatives were executed to take advantage of market supply and demand dynamics, allowing for higher net prices.

## Animal Nutrition Segment

(in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Animal nutrition segment (a)</b>	<b>295,668</b>	<b>362,022</b>	<b>22.4%</b>	<b>879,484</b>	<b>1,105,524</b>	<b>25.7%</b>
DDG High-protein	136,580	151,491	10.9%	457,759	458,036	0.1%
DDG High-fiber	65,810	85,675	30.2%	167,178	267,000	59.7%
Wetcake	22,987	49,852	116.9%	69,279	154,731	123.3%
Total DDGs	225,377	287,018	27.4%	694,216	879,767	26.7%
Corn Oil	70,291	75,004	6.7%	185,268	225,757	21.9%
<b>P&amp;L corn marketing (b)</b>	<b>10,012</b>	<b>26,758</b>	<b>167.3%</b>	<b>18,052</b>	<b>52,369</b>	<b>190.1%</b>
<b>Production cost - corn (c)</b>	<b>796,938</b>	<b>830,682</b>	<b>4.2%</b>	<b>1,894,862</b>	<b>2,280,009</b>	<b>20.3%</b>
<b>Coverage rate (d) = (a + b) / (c)</b>	<b>38.4%</b>	<b>46.8%</b>	<b>8.4 p.p.</b>	<b>47.4%</b>	<b>50.8%</b>	<b>3.4 p.p.</b>

Net revenue from the animal nutrition segment totaled BRL 362.0 million in 3Q23, 22.4% higher than 3Q22, mainly explained by price increases and higher volumes sold. The price appreciation of substitute products (soybean complex and corn), combined with commercial initiatives and better pricing positioning of our products, were the key drivers of price increases.

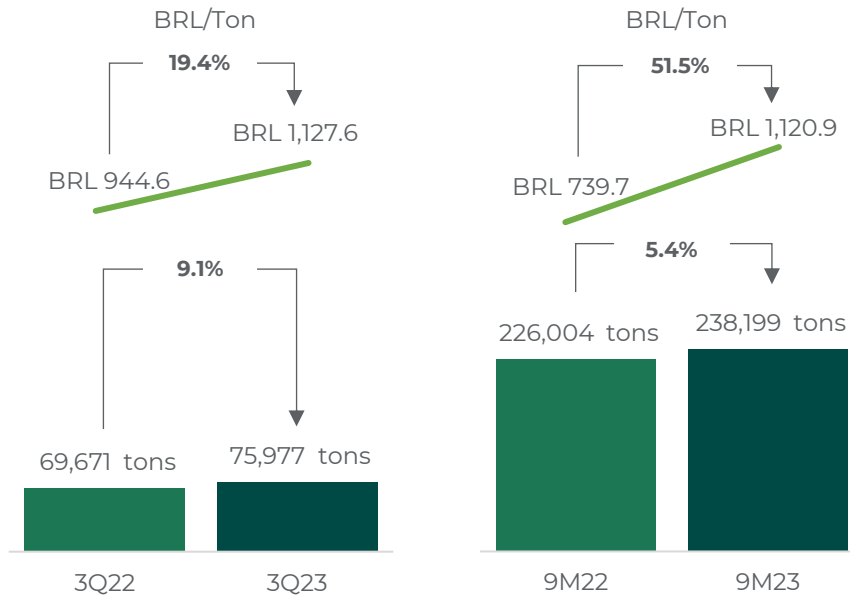
The coverage ratio of animal nutrition segment revenue plus the result of our corn marketing initiatives, compared to the production cost of corn, reached 46.8% in the 3Q23, 8.4 p.p. higher than 3Q22. The coverage ratio represents our ability to effectively hedge our cost of corn with the sales of animal nutrition products and is a key risk management metric for our operations.



Net revenue from High Protein DDG totaled BRL 151.5 million in 3Q23, 10.9% higher than 3Q22, driven by the increase in price and volume sales. The net sales price of High Protein DDG in 3Q23 was BRL 1,739.2/ton, 6.0% higher when compared to 3Q22, mainly due to the increase in price of its substitute product (soybean meal).

Volume increased 4.7% in 3Q23 versus 3Q22, explained by: (i) improvements in production capacity and (ii) changes in DDG production mix.

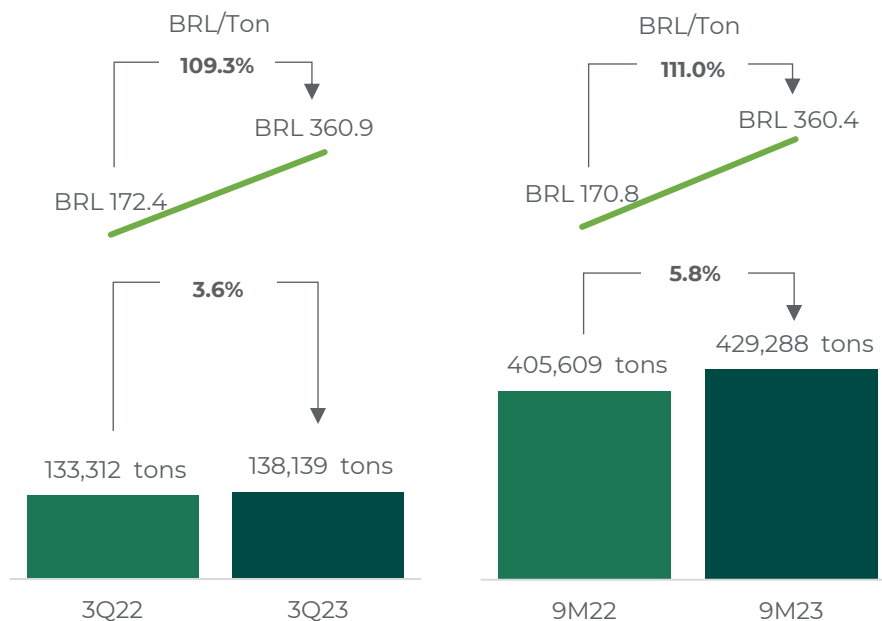
### High Fiber DDG FS Ouro™



Net revenue from High Fiber DDG totaled BRL 85.7 million in 3Q23, 30.2% higher than 3Q22. The net sales price of High Fiber DDG in 3Q23 was BRL 1,127.6/ton, 19.4% higher than 3Q22, mainly due to the increase of 18.6% in the price of its substitute product (FS corn crushed price), combined with commercial initiatives and better pricing positioning of our products.

Volume increased 9.1% in 3Q23 versus 3Q22, explained by: (i) improvements in production capacity and (ii) change in DDG production mix.

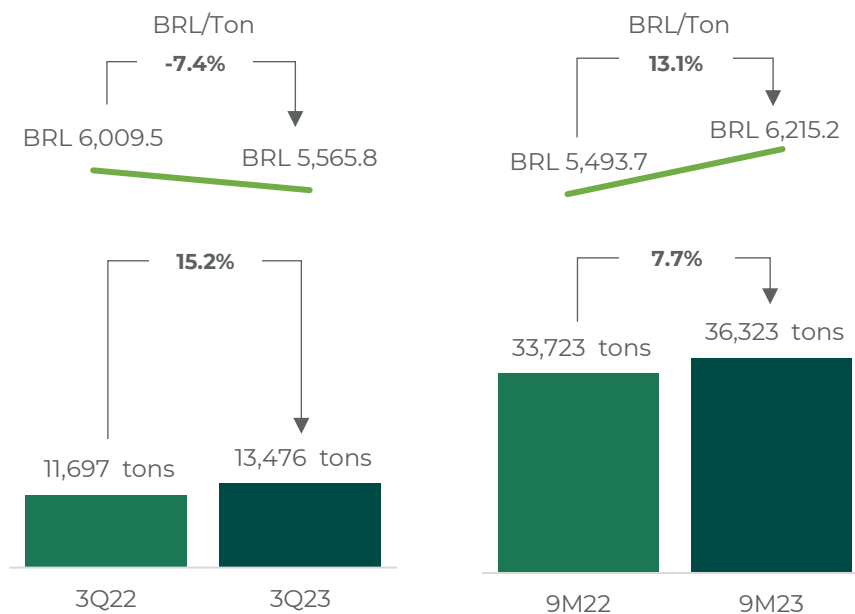
### Wetcake FS Úmido™



Net revenue from Wetcake totaled BRL 49.9 million in 3Q23, 116.9% higher than 3Q22. The net sales price of Wetcake in 3Q23 was BRL 360.9/ton, 109.3% higher than 3Q22, mainly due: (i) the increase of 18.6% in the price of its substitute product (FS corn crushed); (ii) commercial initiatives and better pricing positioning of our products; and (iii) the price update of new annual contracts which still had lagged pricing of the substitute product.

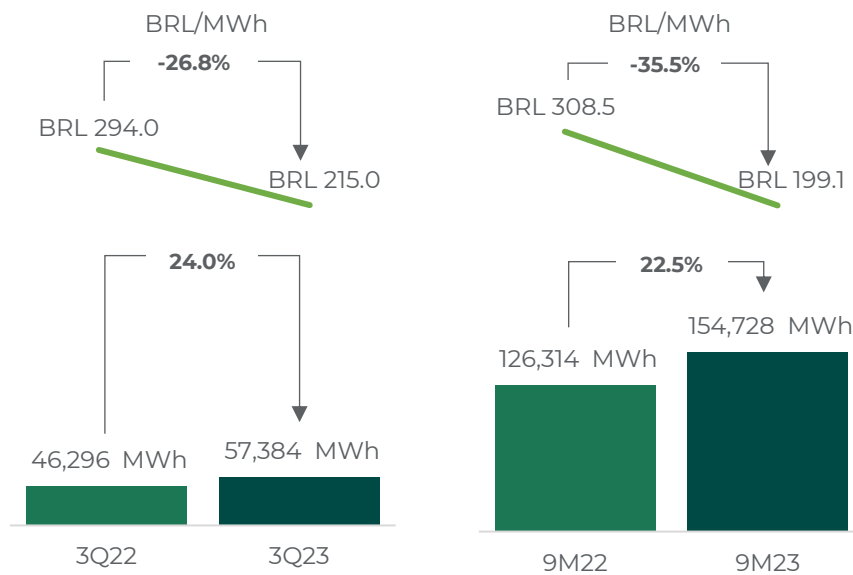
Volume increased 3.6% in 3Q23 versus 3Q22 explained by (i) improvements in production capacity and (ii) change in DDG production mix.

### Corn Oil FS Vital™



Net revenue from Corn Oil totaled BRL 75.0 million in 3Q23, 6.7% higher than 3Q22, mainly driven by volume increases, offset by lower prices. The net sales price of corn oil in 3Q23 was BRL 5,565.8/ton, 7.4% lower than 3Q22, mainly due to the decrease in the price of its substitute product (soybean oil). Volume increased 15.2% in 3Q23 versus 3Q22 explained by the increase in oil production, reflecting operational and yield improvements.

## Energy Co-generation Segment

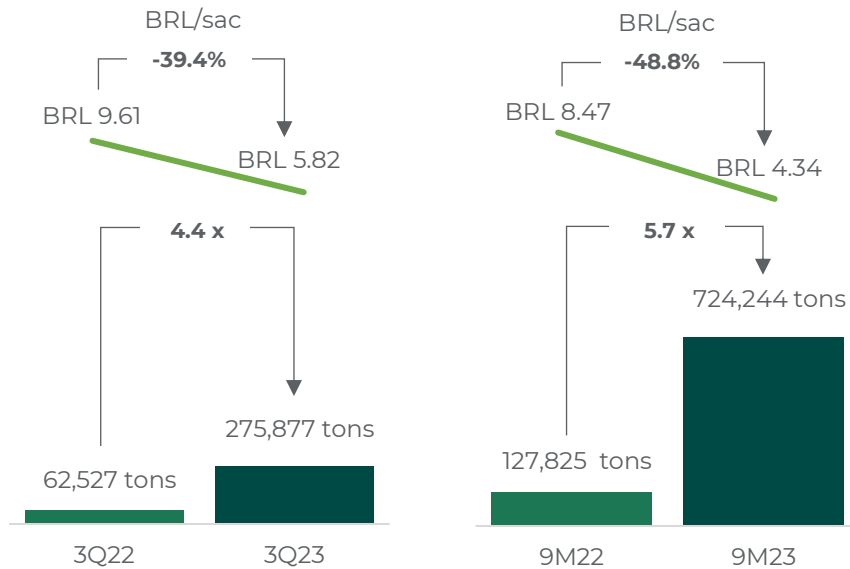


(in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
Energy co-generation segment	13,609	12,340	(9.3%)	38,965	30,807	(20.9%)

Net revenue from Energy Co-generation totaled BRL 12.3 million in 3Q23, 9.3% lower than 3Q22. Despite the increase in volume sold by 24.0% in 3Q23 versus 3Q22, the decrease in net sales price of energy of 26.8% drove the reduction in net revenue in the quarter. Price reduction remained aligned with the reduction of energy market prices.



## Corn Marketing



(in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
Net revenue corn marketing	78,850	326,855	4.1 x	166,232	865,371	5.2 x
Cost of goods resold corn marketing	(68,838)	(300,097)	4.4 x	(148,180)	(813,002)	5.5 x
<b>P&amp;L corn marketing</b>	<b>10,012</b>	<b>26,758</b>	<b>2.7 x</b>	<b>18,052</b>	<b>52,369</b>	<b>2.9 x</b>
<b>Corn marketing margin</b>	<b>12.7%</b>	<b>8.2%</b>	<b>(4.5 p.p.)</b>	<b>10.9%</b>	<b>6.1%</b>	<b>(4.8 p.p.)</b>
Volume of corn marketing (tons)	62,527	275,877	4.4 x	127,825	724,244	5.7 x
<b>Spread per sac (BRL/sac)</b>	<b>9.61</b>	<b>5.82</b>	<b>(39.4%)</b>	<b>8.47</b>	<b>4.34</b>	<b>(48.8%)</b>

Net revenue from Corn Marketing totaled BRL 326.9 million in 3Q23, 4.1x higher than 3Q22. The spread of Corn Marketing in 3Q23 was BRL 5.82 per sac, 39.4% lower than 3Q22. Volume invoiced in 3Q23 increased to 275.9 thousand tons, 4.4x higher than 3Q22, driven by our strategy to increase our presence in corn procurement and trading. It is important to highlight that we only operate in back-to-back transactions, without taking directional positions in corn trading or bringing additional credit risks to our balance sheet.

## Other Segment

(in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
Other segment	1,013	1,044	3.1%	2,425	3,154	30.1%

Net revenue from the other segment totaled BRL 1.0 million in 3Q23, driven mainly by the commercialization of 9.9 thousand tons of steam, traded at a net price of BRL 105.20/ton.

## COST OF GOODS SOLD

Cost of Goods Sold (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Net revenue</b>	<b>2,015,598</b>	<b>1,891,165</b>	<b>(6.2%)</b>	<b>4,830,519</b>	<b>5,684,504</b>	<b>17.7%</b>
<b>Variable cost (a)</b>	<b>(907,056)</b>	<b>(925,064)</b>	<b>2.0%</b>	<b>(2,171,596)</b>	<b>(2,553,327)</b>	<b>17.6%</b>
Cost of corn crushed	(796,938)	(830,682)	4.2%	(1,894,862)	(2,280,009)	20.3%
Biomass costs	(62,132)	(63,315)	1.9%	(161,250)	(180,085)	11.7%
Chemicals and enzymes	(47,986)	(31,067)	(35.3%)	(115,484)	(93,233)	(19.3%)
<b>Fixed cost (b)</b>	<b>(79,275)</b>	<b>(90,431)</b>	<b>14.1%</b>	<b>(215,390)</b>	<b>(261,635)</b>	<b>21.5%</b>
Maintenance	(12,052)	(14,737)	22.3%	(32,823)	(42,310)	28.9%
Labor	(17,676)	(23,001)	30.1%	(45,597)	(66,801)	46.5%
Depreciation	(33,977)	(34,348)	1.1%	(92,662)	(96,879)	4.6%
Other production costs	(15,570)	(18,345)	17.8%	(44,308)	(55,645)	25.6%
<b>Cost of goods sold (c) = (a+b)</b>	<b>(986,331)</b>	<b>(1,015,495)</b>	<b>3.0%</b>	<b>(2,386,986)</b>	<b>(2,814,962)</b>	<b>17.9%</b>
<b>Cost of goods resold (d)</b>	<b>(72,540)</b>	<b>(305,340)</b>	<b>n.m.</b>	<b>(164,519)</b>	<b>(825,480)</b>	<b>n.m.</b>
Cost of goods resold (Corn)	(68,838)	(300,097)	n.m.	(148,180)	(813,002)	n.m.
Cost of goods resold (Energy)	(3,702)	(5,243)	41.6%	(16,339)	(12,478)	(23.6%)
<b>Cost of goods sold (e) = (c+d)</b>	<b>(1,058,871)</b>	<b>(1,320,835)</b>	<b>24.7%</b>	<b>(2,551,505)</b>	<b>(3,640,442)</b>	<b>42.7%</b>
<b>Gross profit</b>	<b>956,727</b>	<b>570,330</b>	<b>(40.4%)</b>	<b>2,279,014</b>	<b>2,044,062</b>	<b>(10.3%)</b>
Gross margin	47.5%	30.2%	(17.3 p.p.)	47.2%	36.0%	(11.2 p.p.)
<b>Corn Crushed cost - in BRL per sac</b>	<b>51.38</b>	<b>60.95</b>	<b>18.6%</b>	<b>46.62</b>	<b>57.85</b>	<b>24.1%</b>
<b>Biomass cost - in BRL per m<sup>3</sup></b>	<b>70.04</b>	<b>92.69</b>	<b>32.3%</b>	<b>69.52</b>	<b>90.01</b>	<b>29.5%</b>

### Cost of goods sold (c)

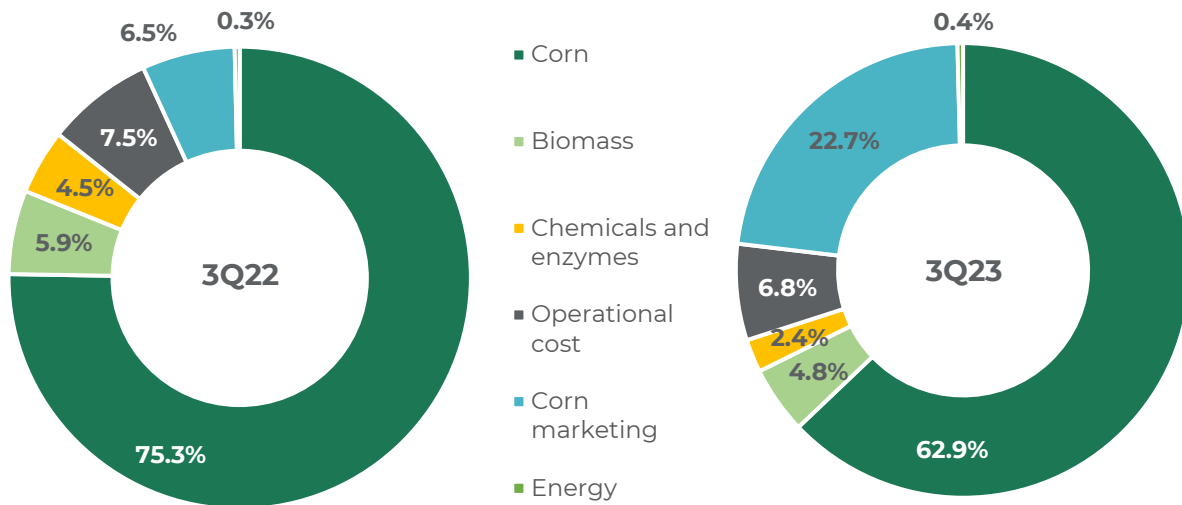
In 3Q23, the total cost of goods sold was BRL 1,015.5 million, 3.0% higher than 3Q22. The main reasons for the variation were:

- Corn cost: total cost of BRL 830.7 million, 4.2% higher than 3Q22, driven by (a) the increase in the volume of corn crushed at the period; and (b) the increase in commodity price, resulting in an average cost of BRL 60.95/sac in 3Q23, versus BRL 51.38/sac in 3Q22, an increase of 18.6%;
- Biomass costs: total cost of BRL 63.3 million, 1.9% higher than 3Q22, closing 3Q23 with an average cost of BRL 92.69/m<sup>3</sup>, versus BRL 70.04/m<sup>3</sup> in 3Q22, an increase of 32.3%;
- Chemicals and enzymes: total cost of BRL 31.1 million, 35.3% lower than 3Q22, mainly driven reduction in commodity prices and improvements in industrial processes capturing better performances; and
- Labor: total cost of BRL 23.0 million, 30.1% higher than 3Q22, due to wage inflation, higher bonus and higher headcount related to operational performance.

### Cost of goods resold (d)

In 3Q23, the cost of goods resold was BRL 305.3 million, mainly driven by the increase of corn marketing volume and cost per sac.

### Breakdown of cost of goods sold (e)



Our gross margin dropped 17.3 p.p. in the quarter, from 47.5% to 30.2%. The main reasons for the decrease in margins are related to (i) lower crush spread, driven by lower ethanol prices and higher corn and biomass costs; and (ii) our corn marketing initiatives, which gained share in our revenues (22.7% in 3Q23 versus 6.5% in 3Q22), but with significant lower margins.

Excluding the corn marketing initiatives, our gross margin would have been 33.9% versus 48.9% in 3Q22.

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
Expenses with freight	(111,793)	(198,388)	77.5%	(294,738)	(563,330)	91.1%
Other SG&A (d = a + b + c)	(27,529)	109,929	n.m.	(84,326)	317,673	n.m.
Other selling expenses (a)	(8,284)	(12,763)	54.1%	(20,750)	(31,262)	50.7%
General and administrative expenses (b)	(30,148)	(48,475)	60.8%	(72,513)	(116,274)	60.3%
Other results (c)	10,903	171,167	n.m.	8,937	465,208	n.m.
<b>Total income / (expenses)</b>	<b>(139,322)</b>	<b>(88,459)</b>	<b>(36.5%)</b>	<b>(379,064)</b>	<b>(245,658)</b>	<b>146.5%</b>
% net revenue	(6.9%)	(4.7%)	2.2 p.p.	(7.8%)	(4.3%)	3.5 p.p.

### Selling, general and administrative expenses and other results

In 3Q23, selling, administrative and general expenses, and other results totaled an expense of BRL 88.5 million, representing 4.7% of net revenue for the period. The main highlights were:

- i. Expenses with freight: freight and logistics expenses were BRL 198.4 million in 3Q23, an increase of 77.5% above 3Q22, mainly due to (i) higher diesel (+34.4%) and fuel prices during 3Q23; and (ii) the increase in CIF sales volume of animal nutrition products and corn marketing reflecting in higher logistics expenses. At CIF sales FS takes responsibility for the management, control and costs of all freight and logistic expenses to deliver the product to the clients facility.
- ii. Other SG&A (Other selling, administrative and general expenses, and other results): these three items represented a total income of BRL 109.9 million in 3Q23 versus an expense of BRL 27.5 million in 3Q22. The main reasons for the variation were:
  - a. Other selling expenses: total cost of BRL 12.8 million, 54.1% higher than 3Q22, driven by the higher costs of labor due wage inflation, higher bonus and headcount related to commercial structure;
  - b. General and administrative expenses: total cost of BRL 48.5 million, 60.8% higher than 3Q22, mainly due to additional administrative costs considering the growth of the Company; and
  - c. Other results: total income of 171.2 million in 3Q23, mainly due to (i) BRL 79.7 million of a gain on the sale of BRL 160.0 million of biological assets; (ii) BRL 53.3 million of a tax credit related to the ICMS, granted by the State of Mato Grosso (Decree No. 201/2022); and (iii) CBIOs (decarbonization credits from RenovaBio program) in 3Q23, FS recognized BRL 27.2 million in other results of CBIOs, in connection with 407.2 thousand of new CBIOs unit issued, versus 181.5 thousand of new CBIOs unit issued on 3Q22.

## CORN ETHANOL PRODUCTION COST

Corn ethanol production cost (in BRL/liter)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Net Revenue from segments<sup>1</sup></b>	<b>4.579</b>	<b>3.716</b>	<b>(18.8%)</b>	<b>4.151</b>	<b>4.101</b>	<b>(1.2%)</b>
Ethanol <sup>1</sup>	3.731	2.731	(26.8%)	3.289	3.048	(7.3%)
Animal Nutrition and other segments <sup>2,4</sup>	0.847	0.985	16.2%	0.861	1.053	22.2%
<b>Revenue ex-Animal Nutrition and other segments<sup>3</sup> (a)</b>	<b>3.731</b>	<b>2.731</b>	<b>(26.8%)</b>	<b>3.289</b>	<b>3.048</b>	<b>(7.3%)</b>
Total net cost (b)	(2.427)	(2.771)	14.2%	(2.280)	(2.704)	18.6%
Cost of goods sold <sup>1,3</sup>	(2.439)	(2.814)	15.4%	(2.292)	(2.766)	20.7%
Selling, administrative and general expenses <sup>2,4</sup>	(0.075)	(0.061)	(19.3%)	(0.079)	(0.041)	(48.2%)
Depreciation and amortization <sup>1</sup>	0.087	0.104	19.4%	0.091	0.102	11.9%
Net revenue from segments (c) <sup>2,3</sup>	0.847	0.985	16.2%	0.861	1.053	22.2%
<b>Cash costs (+) expenses (-) anim. nutr. / others (d) = (b + c)<sup>3</sup></b>	<b>(1.580)</b>	<b>(1.786)</b>	<b>13.1%</b>	<b>(1.418)</b>	<b>(1.652)</b>	<b>16.5%</b>
<b>Maintenance CAPEX (e)<sup>2</sup></b>	<b>(0.012)</b>	<b>0.014</b>	<b>(218.6%)</b>	<b>(0.011)</b>	<b>(0.010)</b>	<b>(2.1%)</b>
Corn ethanol production cost (f) = (d + e)	(1.591)	(1.772)	11.4%	(1.429)	(1.662)	16.3%
<b>EBITDA<sup>2,4</sup> minus Maintenance CAPEX (g) = (a + f)</b>	<b>2.140</b>	<b>0.959</b>	<b>(55.2%)</b>	<b>1.860</b>	<b>1.386</b>	<b>(25.5%)</b>

Note: (1) Items divided by ethanol sold; (2) items divided by ethanol produced; (3) Other segments: exclude corn marketing and include energy co-generation and others; (4) Doesn't consider the results of the sale of biological assets or the FS tax credit.

### Corn ethanol production cost

In 3Q23, corn ethanol production cost was BRL 1.772/liter, 11.4% higher than 3Q22. The main highlights were:

- Cost of goods sold was BRL 2.814/liter, 15.4% higher than 3Q22, driven by the increase in corn and biomass prices;
- Net revenue from animal nutrition and other segments was BRL 0.985/liter, 16.2% higher than 3Q22, mainly due to higher volumes sold and better net sales prices obtained from animal nutrition sales, contributing to the reduction of the corn ethanol production cost; and
- Selling, administrative and general expenses, adjusted by sale of biological assets and tax credit, was BRL (0.061)/liter, 19.3% lower than 3Q22, explained mainly due CBIOs (decarbonization credits from RenovaBio program) results recognized in the quarter.
- Maintenance CAPEX was negative in the quarter, resulting in a BRL +0.014/liter EBITDA contribution, due to an extraordinary adjustment of a retroactive credit of ICMS related to Property, Plant and Equipment (CIAP) in total amount of BRL 15.0 million. Excluding this non-recurrent credit, our maintenance CAPEX would have been BRL (0.026)/liter in 3Q23 and BRL (0.024)/liter in 9M23.

## NET FINANCE RESULTS

Net finance results (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
Derivative	71,277	(175,660)	n.m.	(211,467)	(46,443)	(78.0%)
Realized	(32,299)	(235,474)	n.m.	(82,460)	(521,961)	n.m.
Unrealized	103,576	59,814	(42.3%)	(129,007)	475,519	n.m.
Finance income	115,646	182,756	58.0%	307,551	518,561	68.6%
Finance expenses	(273,433)	(378,621)	38.5%	(677,881)	(975,676)	43.9%
Foreign exchange rate variation	(97,342)	119,747	n.m.	67,093	(293,991)	n.m.
Realized	(16,658)	(3,851)	(76.9%)	(20,532)	(4,413)	(78.5%)
Unrealized	(80,684)	123,598	n.m.	87,625	(289,578)	n.m.
Adjustment to present value	(9,805)	(35,104)	n.m.	(33,873)	(82,021)	142.1%
<b>Net finance results</b>	<b>(193,657)</b>	<b>(286,883)</b>	<b>48.1%</b>	<b>(548,577)</b>	<b>(879,570)</b>	<b>60.3%</b>

### Net finance results

In 3Q23, we recognized an expense of BRL 286.9 million in net finance results, versus an expense of BRL 193.7 million in 3Q22. The main highlights were:

- i. Derivatives: loss of BRL 175.7 million in 3Q23 versus a gain of BRL 71.3 million in 3Q22. The main reasons for the variation were:
  - a. Derivative realized: Loss of BRL 235.5 million, mainly related to the biannual payment of the senior note hedge, which was impacted by a loss from Brazilian interest rate and FX variation (from BRL/USD 5.4066 in 2Q23 to BRL/USD 5.2177 in 3Q23); and
  - b. Derivative unrealized: Gain of BRL 59.8 million, mainly related to the reversal of the biannual payment of the senior note hedge in the realized line and related to the debt protection from FX variation.
- ii. Finance income: BRL 182.8 million mainly from the strong cash position at the period and higher CDI rates.
- iii. Finance expenses: BRL 378.6 million, 38.5% higher than 3Q22, mainly due to the higher gross debt position after the issuance of new working capital lines and the increase of Brazilian interest rate ("SELIC") compared to the previous period (13.75% p.y. as of December 31st, 2022 versus 9.25% p.y. as of December 31st, 2021).
- iv. Foreign exchange variation on the Company's USD denominated debt: Gain of BRL 119.7 million, reflecting the impact of the appreciation of 3.5% of BRL against the USD in the 3Q23 (BRL/USD 5.4066 as of September 30th, 2022 to BRL/USD 5.2177 as of December 31st, 2022), which BRL 3.8 million is realized loss and BRL 123.6 million is unrealized gain, compared to the depreciation of 2.6% of BRL against the USD in the 3Q22 (BRL/USD 5.4394 as of September 30th, 2021 to BRL/USD 5.5805 as of December 31st, 2021).

## NET PROFIT (LOSS)

Net profit (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Profit (loss) before income and social contribution taxes (a)</b>	<b>623,748</b>	<b>194,988</b>	<b>(68.7%)</b>	<b>1,351,373</b>	<b>918,834</b>	<b>(32.0%)</b>
Nominal rate	34.0%	34.0%	0.0 p.p.	34.0%	34.0%	0.0 p.p.
<b>Tax expense at nominal rate (b)</b>	<b>(212,074)</b>	<b>(66,296)</b>	<b>(68.7%)</b>	<b>(459,467)</b>	<b>(312,404)</b>	<b>(32.0%)</b>
Adjustment of income and social contribution taxes (c)	20,695	31,402	51.7%	47,403	72,158	52.2%
<b>Tax and social contribution before tax incentive (d) = (b + c)</b>	<b>(191,380)</b>	<b>(34,894)</b>	<b>(81.8%)</b>	<b>(412,064)</b>	<b>(240,246)</b>	<b>(41.7%)</b>
Current tax	(96,109)	(6,833)	(92.9%)	(266,492)	(206,766)	(22.4%)
Deferred tax	(95,270)	(28,061)	(70.5%)	(145,572)	(33,480)	(77.0%)
<b>Tax incentives (e)</b>	<b>37,413</b>	<b>8,229</b>	<b>(78.0%)</b>	<b>162,015</b>	<b>31,293</b>	<b>(80.7%)</b>
<b>Income tax and social contribution (f) = (d + e)</b>	<b>(153,966)</b>	<b>(26,665)</b>	<b>(82.7%)</b>	<b>(250,049)</b>	<b>(208,953)</b>	<b>(16.4%)</b>
Effective tax rate	24.7%	13.7%	(0.4 p.p.)	18.5%	22.7%	4.2 p.p.
<b>Net profit (g) = (a + f)</b>	<b>469,782</b>	<b>168,323</b>	<b>(64.2%)</b>	<b>1,101,324</b>	<b>709,881</b>	<b>(35.5%)</b>

### Tax and social contribution

The adjustment of income and social contribution taxes (c) mainly includes depreciation, adjustment to present value and tax losses.

In 3Q23 we recognized an expense of BRL 26.7 million in income tax and social contributions (f), 82.7% lower than 3Q22, the main reasons for the variation were:

- Tax and social contribution before tax incentive (d): expense of BRL 34.9 million, 81.8% lower than 3Q22, mainly due to the decrease of profit before income and social contribution taxes; and
- Tax incentives<sup>1</sup> (e): BRL 8.2 million on tax incentives were recognized in 3Q23, versus BRL 37.4 million in 3Q22, mainly due to SUDAM tax incentives over the taxable profits of the period.

### Net profit (loss) of the period (g)

In 3Q23, FS recorded a profit of BRL 168.3 million, 64.2% lower when compared to the profit of BRL 469.8 million in 3Q22, mostly explained by:

- The worsening of crushing spread for the quarter, mainly driven by lower ethanol prices and higher corn costs; and
- The worsening of financial results, mainly driven by FX variation and increase of Brazilian interest rate.

<sup>1</sup> FS has a tax incentive for operating in the SUDAM area, which results in a 75% reduction in income tax on the operations of the LRV Plant and the SRS Plant for a period of 10 years which was awarded in 2018 and 2020 respectively. This benefit will occur when there are taxable profits in the calculation period.

## **Ownership structure**

On December 31st, 2022, Tapajós Participações S.A. carried out a corporate reorganization, in which all its FS Ltda. quotas were distributed to Tapajós shareholders. With that, Tapajós shareholders became direct quotaholders of FS Ltda.

After this change, FS Ltda. quotaholders are Summit Brazil Renewables I LLC ("Summit") with 71.04%, Tapajós individual shareholders with 23.68%, and preferred quotaholders with 5.28%.

FS S.A. shareholders are SBR FS Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("FIP Summit") controlled by Summit with 71.11%, LRV Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("FIP Amerra") controlled by Amerra Chapada LCC with 8.72% and other shareholders with 20.17%.

Both companies (FS Ltda. and FS S.A.) have the same shareholders and controlling group. Summit, the controlling group at FS Ltda., is represented by the FIP Summit at FS S.A., and the shareholders of Tapajós are represented partly by FIP Amerra and partly by individual investors joining the group of "others".

## **Dividends and Tax Distributions**

The Company primarily distributes dividends in connection with tax liabilities incurred by our USA shareholders related to their investment in the Company ("Tax Distributions"). In addition, FS may distribute additional dividends beyond Tax Distributions if financial leverage metrics are within the Company's targets. In 3Q23 the total distribution was BRL 10.4 million.



## RECONCILIATION OF EBITDA, EBIT AND EBITDA minus MAINTENANCE CAPEX

Reconciliation of EBITDA <i>(in BRL thousands)</i>	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Net revenue</b>	<b>2,015,598</b>	<b>1,891,165</b>	<b>(6.2%)</b>	<b>4,830,519</b>	<b>5,684,504</b>	<b>17.7%</b>
<b>Net profit/(loss)</b>	<b>469,782</b>	<b>168,323</b>	<b>(64.2%)</b>	<b>1,101,324</b>	<b>709,881</b>	<b>(35.5%)</b>
(+) Finance costs	328,669	659,150	100.6%	1,090,055	1,617,265	48.4%
(-) Finance income	(232,354)	(252,520)	8.7%	(474,385)	(1,031,686)	117.5%
(+) Foreign exchange rate variations, net	97,342	(119,747)	n.m.	(67,093)	293,991	n.m.
(+) Income tax and social contribution	153,966	26,665	(82.7%)	250,049	208,953	(16.4%)
<b>EBIT</b>	<b>817,405</b>	<b>481,871</b>	<b>(41.0%)</b>	<b>1,899,950</b>	<b>1,798,404</b>	<b>(5.3%)</b>
<i>EBIT Margin</i>	40.6%	25.5%	(15.1 p.p.)	39.3%	31.6%	(7.7 p.p.)
(+) Depreciation and amortization	35,259	37,632	6.7%	95,894	104,623	9.1%
<b>EBITDA</b>	<b>852,664</b>	<b>519,503</b>	<b>(39.1%)</b>	<b>1,995,844</b>	<b>1,903,027</b>	<b>(4.7%)</b>
<i>EBITDA Margin</i>	42.3%	27.5%	(14.8 p.p.)	41.3%	33.5%	(7.8 p.p.)
(-) Maintenance Capex	4,251	(5,249)	n.m.	11,279	11,177	(0.9%)
<b>EBITDA Minus Maintenance Capex</b>	<b>848,413</b>	<b>524,752</b>	<b>(38.1%)</b>	<b>1,984,565</b>	<b>1,891,850</b>	<b>(4.7%)</b>

## CAPEX

CAPEX <sup>1</sup> (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Property, Plant, and Equipment - beginning of period (a)</b>	<b>2,996,223</b>	<b>3,711,837</b>	<b>23.9%</b>	<b>2,879,404</b>	<b>3,329,098</b>	<b>15.6%</b>
Capex: (e) = (b + c + d)	196,585	547,817	178.7%	380,417	1,606,909	n.m.
Growth capex <sup>2</sup> (b)	184,397	553,065	n.m.	351,056	1,562,043	n.m.
Maintenance capex <sup>3</sup> (c)	4,251	(5,249)	n.m.	11,279	11,177	(0.9%)
Biological assets capex (d)	7,937	1	n.m.	18,082	33,689	86.3%
Depreciation (f)	(35,033)	(37,513)	7.1%	(101,481)	(102,687)	1.2%
Assets sale and disposals <sup>4</sup> (g)	-	(137,122)	n.m.	(565)	(312,554)	n.m.
<b>Property, Plant, and Equipment - end of period (h) = (a+e+f+g)</b>	<b>3,157,775</b>	<b>4,085,018</b>	<b>29.4%</b>	<b>3,157,775</b>	<b>4,520,765</b>	<b>43.2%</b>

<sup>1</sup> Includes acquisitions and transfers.

<sup>2</sup> Growth Capex is calculated as the sum of additions, acquisitions disposals and transfers for the following line items in the note to the financial statements entitled "Property, plant and equipment": Land, Construction in progress, Advances to suppliers, Right of use, Bearer plant, buildings, machinery and equipment and installations.

<sup>3</sup> Maintenance Capex is calculated as the sum of additions, acquisitions, disposals and transfers for the following line items in the note to the financial statements entitled "Property, plant and equipment": Buildings, Machinery and equipment, Furniture and computers, Vehicles, and Installations.

<sup>4</sup> Includes casualties.

In 3Q23, capex (e) totaled BRL 547.8 million, an increase of BRL 351.2 million versus 3Q22, mainly explained by BRL 553.1 million of growth capex, related to the investments in the construction of our third plant in PDL Plant.

In maintenance capex, we presented a negative number at this quarter due to an extraordinary adjustment of a retroactive credit of ICMS related to Property, Plant and Equipment (CIAP) in total amount of BRL 15.0 million. Excluding this non-recurrent credit, our maintenance CAPEX would have been BRL 9.8 million in 3Q23 and BRL 26.2 million in 9M23.

In the 3Q23, the assets sale and disposals (g) are explained mainly by the sale of the biological assets.

The Company expects to have a BRL 458.1 million in capex in the last quarter of the fiscal year, comprised of: (i) BRL 433.5 million in growth capex, mostly related to the investment in the construction of PDL Plant; and (ii) BRL 24.6 million in maintenance capex.

## NET DEBT EVOLUTION

Net Debt (in BRL thousands)	4Q22	1Q23	2Q23	3Q23	3Q23 (LTM)
<b>Net Debt BoP</b>	<b>3,768,507</b>	<b>3,041,555</b>	<b>3,294,535</b>	<b>4,615,243</b>	<b>3,768,507</b>
EBITDA	625,923	675,997	707,434	519,503	2,528,857
Working Capital	422,571	552,536	(1,043,312)	(247,222)	(315,427)
Income Taxes paid	(23,965)	-	-	-	(23,965)
<b>Cash Flow From Operations</b>	<b>1,024,529</b>	<b>1,228,533</b>	<b>(335,878)</b>	<b>272,281</b>	<b>2,189,465</b>
<b>Cash Capex</b>	<b>(215,712)</b>	<b>(281,820)</b>	<b>(493,010)</b>	<b>(115,979)</b>	<b>(1,106,521)</b>
<b>Cash Flow From Operations Minus Capex</b>	<b>808,817</b>	<b>946,713</b>	<b>(828,888)</b>	<b>156,302</b>	<b>1,082,944</b>
<b>Cash Flow From Financing Activities</b>	<b>(81,866)</b>	<b>(1,199,693)</b>	<b>(491,820)</b>	<b>(607,562)</b>	<b>(2,380,940)</b>
Net Interest	(234,283)	(113,294)	(248,938)	(111,970)	(708,484)
Impact from FX, Derivatives and Others	440,114	(708,899)	82,118	(485,192)	(671,859)
FX and Derivatives Impact	456,561	(570,507)	(129,718)	(115,727)	(359,391)
Other operational cash	(16,447)	(138,392)	211,836	(369,465)	(312,468)
Dividends Paid / Tax Distribution	(287,697)	(377,500)	(325,000)	(10,400)	(1,000,597)
Loans with related parties	(0)	-	-	-	(0)
<b>Net Debt EoP (a)</b>	<b>3,041,555</b>	<b>3,294,535</b>	<b>4,615,243</b>	<b>5,066,503</b>	<b>5,066,503</b>
Change in Net Debt	(726,952)	252,980	1,320,708	451,260	1,297,996
Raw material inventories <sup>1</sup> (b)	682,693	1,473,542	2,328,234	1,597,653	1,597,653
Finished goods inventories <sup>2</sup> (c)	117,594	155,103	198,145	282,112	282,112
Raw material payables <sup>3</sup> (d)	(280,751)	(1,605,976)	(1,807,981)	(1,301,659)	(1,301,659)
Readily Marketable Inventories - RMI (e) = (b + c + d)	519,536	22,669	718,398	578,106	578,106
<b>Net Debt EoP adjusted by RMI (f) = (a - e)</b>	<b>2,522,019</b>	<b>3,271,866</b>	<b>3,896,844</b>	<b>4,488,397</b>	<b>4,488,397</b>

<sup>1</sup> Corn inventories position at market value.

<sup>2</sup> Ethanol inventories valued by the ESALQ Hydrated Ethanol Ribeirão Preto/SP index.

<sup>3</sup> Position of account payables to suppliers of raw materials and inputs according to the Financial Statements (Note 15).

In 3Q23, net debt at the end of period totaled BRL 5,066.5 million, an increase of BRL 451.3 million compared to the net debt in the beginning of the quarter, mostly related to (i) the lower EBITDA generated at the period; and (ii) the negative impact of cash flow from financing activities, more than offsetting the positive cash flow generated from operational activities.

Cash flow from operations was positive in BRL 272.3 million in 3Q23, mainly driven by (i) reduction in working capital needs, resulting from lower cash disbursement on corn purchases, which were mostly paid on or before 2Q23; and (ii) stronger cash generation from animal nutrition products sales.

On the other hand, our RMI (Readily Marketable Inventories), which accounts for seasonality of our inventory levels, decreased by BRL 140.3 million in comparison to the previous quarter. Net debt adjusted by RMI was BRL 4,488.4 million.

In the last twelve months, cash flow from operations was a positive BRL 2,189.5 million, or 86.6% of our EBITDA.

## INDEBTEDNESS

Indebtedness (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22
Senior Secured Green Notes (Bond) and CPRF <sup>1,2,3</sup>	3,796,127	3,105,739	(18.2%)
Certificate of Agribusiness or Real Estate Receivables (CRA/CRI)	547,911	2,016,021	n.m.
Other working capital lines <sup>4</sup>	574,444	1,392,873	142.5%
<b>Gross debt</b>	<b>4,918,481</b>	<b>6,514,633</b>	<b>32.5%</b>
Total cash <sup>5,6</sup>	1,149,974	1,448,130	25.9%
<b>Net debt</b>	<b>3,768,507</b>	<b>5,066,503</b>	<b>34.4%</b>
Net debt / EBITDA (LTM)	1.56 x	2.00 x	0.44 x
<b>Net debt adjusted by RMI</b>	<b>2,491,399</b>	<b>4,488,397</b>	<b>80.2%</b>
Net debt adjusted by RMI / EBITDA (LTM)	1.03 x	1.77 x	0.74 x
EBITDA (LTM)	2,415,968	2,528,857	4.7%

<sup>1</sup> Initial issue of USD 680.0 million Senior Secured Green Notes - Bond - Notes by the subsidiary FS Luxembourg S.à.r.l., ("FS Lux"). Current balance of USD 598.0 million.

<sup>2</sup> Issuance of USD 594.2 million of CPRF (Cédula de Produtor Rural Financeira) by FS, in connection with the Bond issued.

<sup>3</sup> Acquisition of rights over a TRS (Total Return Swap) of USD 594.2 million - The TRS is a financial instrument agreement between FS Lux and a financial institution that mirrors the terms and cash flows of the CPRF issued by FS. The TRS amount is fully deducted from the Gross Debt in order to eliminate the duplicate debt caused by the local issuance of a CPRF.

<sup>4</sup> Issuance of BRL 1.5 billion of CPRF (Cédula de Produtor Rural Financeira) by FS, due the back-to-back transaction to transfer assets from FS LTDA to FS S.A.

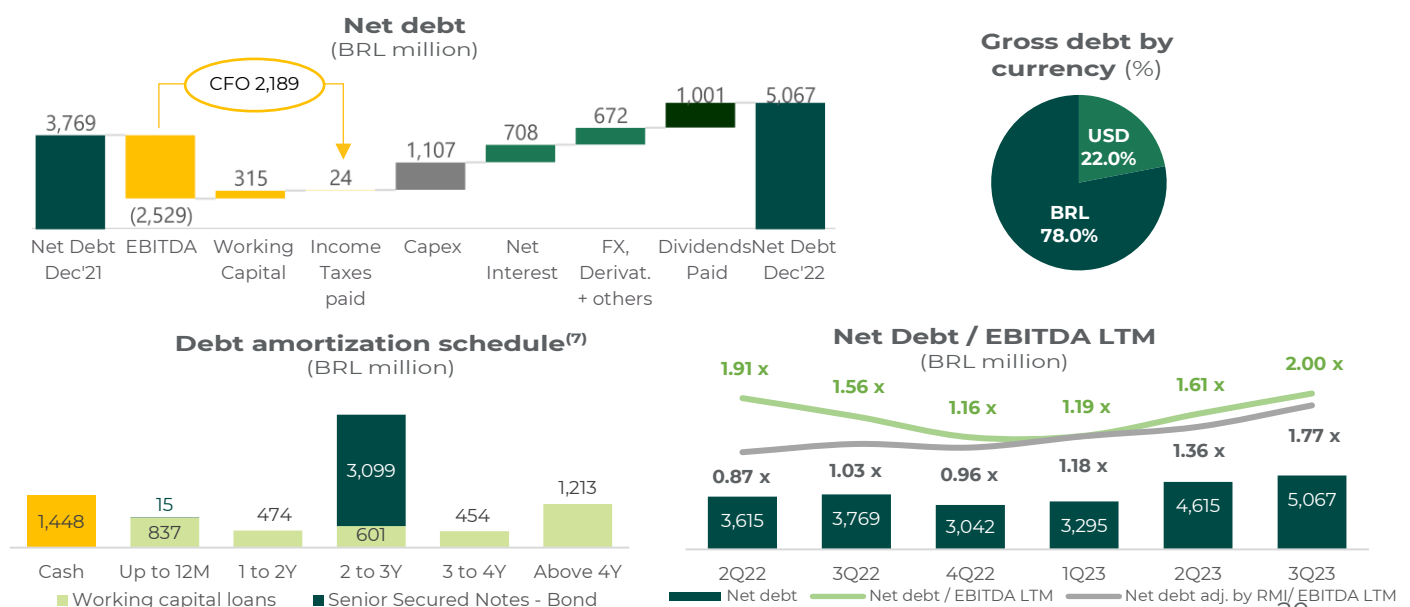
<sup>5</sup> Financial instrument/application of BRL 1.5 billion between FS LTDA and financial institutions that mirrors the terms and cash flows of the CPRF issued by FS to cover the back-to-back transition.

<sup>6</sup> Includes cash and cash equivalents, financial investments, and restricted cash (short-term and long-term).

At the end of 3Q23, total gross debt reached BRL 6,514.6 million and total cash closed at BRL 1,448.1 million, resulting in a net debt of BRL 5,066.5 million, 34.4% higher than 3Q22. The increase in gross debt was driven by: (i) the impact of the BRL appreciation vs USD in our USD denominated debt; and (ii) the additional issuance of CRA and working capital lines.

We increased our leverage by 0.44x compared to 3Q22 and increased by 0.41x compared to the previous quarter, as a result of (i) the increase in gross debt; (ii) growth capex; and (iii) the remaining payments for corn purchases as explained previously, reaching 2.00x. RMI adjusted leverage was 1.77x at the end of 3Q23.

As of February 27th, 2023, we have repurchased and cancelled USD 81.0 million of our Green Bond in the market (OMR) as we see this debt as one of our most expensive credit lines and had the opportunities to raise cheaper financing in the local markets. With that there is USD 599.0 of outstanding principal on our Green Bond.



<sup>7</sup> Does not include the impact of transaction costs.

## **CONTROLLED COMPANIES**

FS Ltda has one controlled company, which is the wholly owned subsidiary FS Lux, established on September 8<sup>th</sup>, 2020 with the main purpose of issuing international debt securities. FS S.A. has no controlled companies.

## **ABOUT FS**

FS is a leading producer of low-carbon ethanol biofuel and animal nutrition products from corn, as well as bioenergy from renewable biomass. The Company owns and operates two industrial plants in the State of Mato Grosso, Brazil, and is currently in the process of constructing a third industrial plant, also in the State of Mato Grosso.

## **LEGAL NOTICE**

The statements contained in this document related to business prospects, projections of operating and financial results and those related to growth prospects of FS are merely projections and, as such, are based exclusively on management's expectations about the future of the business. These expectations depend, substantially, on market conditions, the performance of the Brazilian economy, the sectors in which the Company operates and international markets and are subject to change without prior notice. The information contained herein does not mean and should not be interpreted as a guarantee of the Company's performance or future results.

## STATEMENT OF INCOME

Statement of income (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Revenue from segments</b>						
Segment - Ethanol	1,514,665	990,516	(34.6%)	3,448,675	3,116,318	(9.6%)
Segment - Animal nutrition	295,668	362,022	22.4%	879,484	1,105,524	25.7%
Segment - Energy co-generation	13,609	12,340	(9.3%)	38,965	30,807	(20.9%)
Segment - Corn marketing	78,850	326,855	n.m.	166,232	865,371	n.m.
Segment - Other	1,013	1,044	3.1%	2,425	3,154	30.1%
<b>Total revenue from segments</b>	<b>1,903,805</b>	<b>1,692,777</b>	<b>(11.1%)</b>	<b>4,535,781</b>	<b>5,121,174</b>	<b>12.9%</b>
Reclassification - Freight	111,793	198,388	77.5%	294,738	563,330	91.1%
<b>Net revenue</b>	<b>2,015,598</b>	<b>1,891,165</b>	<b>(6.2%)</b>	<b>4,830,519</b>	<b>5,684,504</b>	<b>17.7%</b>
Cost of goods sold	(1,058,871)	(1,320,835)	24.7%	(2,551,505)	(3,640,442)	42.7%
<b>Gross profit</b>	<b>956,727</b>	<b>570,330</b>	<b>(40.4%)</b>	<b>2,279,014</b>	<b>2,044,062</b>	<b>(10.3%)</b>
Gross margin	47.5%	30.2%	(17.3 p.p.)	47.2%	36.0%	(11.2 p.p.)
Selling, general & administrative expense	(139,322)	(88,459)	(36.5%)	(379,064)	(245,658)	(35.2%)
<b>EBIT</b>	<b>817,405</b>	<b>481,871</b>	<b>(41.0%)</b>	<b>1,899,950</b>	<b>1,798,404</b>	<b>(5.3%)</b>
EBIT margin	40.6%	25.5%	(15.1 p.p.)	39.3%	31.6%	(7.7 p.p.)
Depreciation and amortization	35,259	37,632	6.7%	95,894	104,623	9.1%
<b>EBITDA</b>	<b>852,664</b>	<b>519,503</b>	<b>(39.1%)</b>	<b>1,995,844</b>	<b>1,903,027</b>	<b>(4.7%)</b>
EBITDA margin	42.3%	27.5%	(14.8 p.p.)	41.3%	33.5%	(7.8 p.p.)
Net finance costs	(193,657)	(286,883)	48.1%	(548,577)	(879,570)	60.3%
<b>Profit before tax</b>	<b>623,748</b>	<b>194,988</b>	<b>(68.7%)</b>	<b>1,351,373</b>	<b>918,834</b>	<b>(32.0%)</b>
Tax	(153,966)	(26,665)	(82.7%)	(250,049)	(208,953)	(16.4%)
<b>Net profit for the period</b>	<b>469,782</b>	<b>168,323</b>	<b>(64.2%)</b>	<b>1,101,324</b>	<b>709,881</b>	<b>(35.5%)</b>
Net margin	23.3%	8.9%	(14.4 p.p.)	22.8%	12.5%	(10.3 p.p.)

## STATEMENTS OF FINANCIAL POSITION

Statements of financial position (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
Cash and cash equivalents	1,057,322	844,178	(20.2%)	1,057,322	844,178	(20.2%)
Financial investments	16,299	3,115,697	n.m.	16,299	3,115,697	n.m.
Restricted cash	76,425	2,131,340	n.m.	76,425	2,131,340	n.m.
Trade and other receivables	181,596	491,912	170.9%	181,596	491,912	170.9%
Inventories	1,405,513	1,921,435	36.7%	1,405,513	1,921,435	36.7%
Advances to suppliers	55,516	41,529	(25.2%)	55,516	41,529	(25.2%)
Income tax and social contribution	-	-	n.m.	-	-	n.m.
Recoverable taxes	66,903	281,818	n.m.	66,903	281,818	n.m.
Prepaid expenses	29,202	49,553	69.7%	29,202	49,553	69.7%
Biological assets	6,093	3,060	(49.8%)	6,093	3,060	(49.8%)
Derivative financial instruments	43,179	11,689	(72.9%)	43,179	11,689	(72.9%)
Other credits	1,573	63,085	n.m.	1,573	63,085	n.m.
<b>Total current assets</b>	<b>2,939,621</b>	<b>8,955,296</b>	<b>204.6%</b>	<b>2,939,621</b>	<b>8,955,296</b>	<b>204.6%</b>
Financial investments	3,318,748	-	n.m.	3,318,748	-	n.m.
Restricted cash	16,227	42,694	163.1%	16,227	42,694	163.1%
Advances to suppliers	27,435	92,866	n.m.	27,435	92,866	n.m.
Recoverable taxes	186,705	314,852	68.6%	186,705	314,852	68.6%
Related parties loans	293,587	290,543	(1.0%)	293,587	290,543	(1.0%)
Biological assets	22,732	-	n.m.	22,732	-	n.m.
Derivative financial instruments	-	16,281	n.m.	-	16,281	n.m.
Judicial deposits	3,775	4,108	8.8%	3,775	4,108	8.8%
<b>Total long-term assets</b>	<b>3,869,209</b>	<b>761,344</b>	<b>(80.3%)</b>	<b>3,869,209</b>	<b>761,344</b>	<b>(80.3%)</b>
Investments	-	-	n.m.	-	-	n.m.
Property, plant and equipment	3,157,775	4,521,472	43.2%	3,157,775	4,521,472	43.2%
Intangible assets	14,691	17,887	21.8%	14,691	17,887	21.8%
<b>Total non-current assets</b>	<b>7,041,675</b>	<b>5,300,703</b>	<b>(24.7%)</b>	<b>7,041,675</b>	<b>5,300,703</b>	<b>(24.7%)</b>
<b>Total Assets</b>	<b>9,981,296</b>	<b>14,255,999</b>	<b>42.8%</b>	<b>9,981,296</b>	<b>14,255,999</b>	<b>42.8%</b>
Trade payables	560,491	1,906,245	n.m.	560,491	1,906,245	n.m.
Loans and borrowings	974,300	3,906,946	n.m.	974,300	3,906,946	301.0%
Advances from customers	76,103	41,289	(45.7%)	76,103	41,289	(45.7%)
Lease liabilities	20,943	14,839	(29.1%)	20,943	14,839	(29.1%)
Income tax and social contribution payable	22,920	6,902	(69.9%)	22,920	6,902	(69.9%)
Taxes and contributions payable	13,351	15,387	15.2%	13,351	15,387	15.2%
Payroll and related changes	37,212	53,954	45.0%	37,212	53,954	45.0%
Dividends payable	5,697	-	n.m.	5,697	-	n.m.
Derivative financial instruments	302,882	343,126	13.3%	302,882	343,126	13.3%
<b>Total current liabilities</b>	<b>2,013,899</b>	<b>6,288,688</b>	<b>212.3%</b>	<b>2,013,899</b>	<b>6,288,688</b>	<b>212.3%</b>
Trade payables	18,893	44,677	136.5%	18,893	44,677	136.5%
Loans and borrowings	7,279,229	7,293,466	0.2%	7,279,229	7,293,466	0.2%
Lease liabilities	94,669	49,710	(47.5%)	94,669	49,710	(47.5%)
Derivative financial instruments	-	1,360	n.m.	-	1,360	n.m.
Loans with related parties	-	-	n.m.	-	-	n.m.
Deferred taxes liabilities	124,337	70,919	(43.0%)	124,337	70,919	(43.0%)
Other non-current liabilities	32,786	-	n.m.	32,786	-	n.m.
<b>Total non-current liabilities</b>	<b>7,549,914</b>	<b>7,460,132</b>	<b>(1.2%)</b>	<b>7,549,914</b>	<b>7,460,132</b>	<b>(1.2%)</b>
Capital	87,806	-	n.m.	87,806	-	n.m.
Net parent investment	-	507,179	n.m.	-	507,179	n.m.
Capital reserve	-	-	n.m.	-	-	n.m.
Tax incentive reserve	194,611	-	n.m.	194,611	-	n.m.
Accumulated gains / (losses)	193,850	-	n.m.	193,850	-	n.m.
Cumulative translation adjustment	-	-	n.m.	-	-	n.m.
Other comprehensive results	(58,784)	-	n.m.	(58,784)	-	n.m.
<b>Total equity</b>	<b>417,483</b>	<b>507,179</b>	<b>21.5%</b>	<b>417,483</b>	<b>507,179</b>	<b>21.5%</b>
<b>Total liabilities and equity</b>	<b>9,981,296</b>	<b>14,255,999</b>	<b>42.8%</b>	<b>9,981,296</b>	<b>14,255,999</b>	<b>42.8%</b>

## STATEMENTS OF CASH FLOW

Statement of cash flow (in BRL thousands)	3Q22	3Q23	3Q23 vs 3Q22	9M22	9M23	9M23 vs 9M22
<b>Net profit/ (loss) for the period</b>	<b>469,782</b>	<b>168,323</b>	<b>(64.2%)</b>	<b>1,101,324</b>	<b>709,881</b>	<b>(35.5%)</b>
Adjustment for:						
Depreciation and amortization	35,259	37,632	6.7%	95,894	104,623	9.1%
Current and deferred income tax, net of tax incentives	153,966	26,664	(82.7%)	250,049	208,953	(16.4%)
Adjustment to present value	(9,202)	(37,892)	n.m.	(18,940)	(64,189)	n.m.
Income from financial investments	(113,179)	(264,213)	133.4%	(303,767)	(477,128)	57.1%
Provision for interest on loans and borrowings	230,251	269,310	17.0%	592,297	782,581	32.1%
Provision for interest on loans with related parties	-	-	n.m.	-	-	n.m.
Adjustment to fair value - derivatives	(11,111)	188,399	n.m.	221,469	71,282	(67.8%)
Adjustment to fair value - biological assets	(2,185)	-	n.m.	1,659	(4,419)	n.m.
Adjustment to fair value - Cbios	-	-	n.m.	-	-	n.m.
Expected losses on credit	(20)	10	n.m.	(30)	8	n.m.
Provision for loss of advances to suppliers	-	-	n.m.	-	-	n.m.
Gain on sale of assets	-	(79,735)	n.m.	-	(251,037)	n.m.
Foreign exchange rate (gains) or losses	97,309	(120,087)	n.m.	(73,431)	293,092	n.m.
Changes in:						
Trade receivables	(15,720)	(30,142)	91.7%	(77,247)	(65,122)	(15.7%)
Inventories	571,611	456,112	(20.2%)	(935,630)	(1,134,373)	21.2%
Advances to suppliers	(36,033)	33,751	n.m.	(43,016)	(30,547)	(29.0%)
Recoverables taxes	28,359	(61,100)	n.m.	(143,094)	(335,573)	134.5%
Trade payables	(497,964)	(611,749)	22.9%	489,159	1,096,208	124.1%
Advance from customers	50,705	(20,422)	n.m.	55,216	14,322	(74.1%)
Payroll and related charges	7,095	12,090	70.4%	8,687	6,287	(27.6%)
Taxes and contributions payable	(31,009)	(90,015)	190.3%	(30,706)	(250,194)	n.m.
Others	11,266	64,253	n.m.	(34,380)	(39,006)	13.5%
Interest and charges paid	(427,190)	(294,209)	(31.1%)	(791,034)	(643,421)	(18.7%)
Interest received	179,673	-	n.m.	339,977	308,380	(9.3%)
Income tax paid	(14,853)	-	n.m.	(63,895)	-	n.m.
<b>Net cash from operation (used in) activities (a)</b>	<b>676,809</b>	<b>(195,681)</b>	<b>n.m.</b>	<b>640,561</b>	<b>300,607</b>	<b>(53.1%)</b>
<b>Cash flow from investing activities</b>						
Acquisition of property, plant and equipment	(123,021)	(122,459)	(0.5%)	(396,315)	(880,613)	122.2%
Proceeds from sale of biological assets	-	9,992	n.m.	-	305,177	n.m.
Biologic assets	(1,063)	10,666	n.m.	(2,301)	-	n.m.
Interest charges paid over capitalized loans	(44)	66,896	n.m.	(918)	95,926	n.m.
Acquisition of intangible assets	(1,358)	(4,186)	208.2%	(5,164)	(10,196)	97.4%
Related parties loans	(276,760)	-	n.m.	(276,760)	-	n.m.
Investments in parent company	-	-	n.m.	-	-	n.m.
Proceeds from financial investments	11,551	175,358	n.m.	30,319	313,729	n.m.
Financial investments in (redemption of) restricted deposits	22,965	(105,386)	n.m.	(63,776)	(1,773,511)	n.m.
<b>Net cash used in investing activities (b)</b>	<b>(367,730)</b>	<b>30,881</b>	<b>n.m.</b>	<b>(714,915)</b>	<b>(1,949,488)</b>	<b>172.7%</b>
<b>Cash flow from financing activities</b>						
Proceeds from loans and borrowings	498,592	126,949	(74.5%)	1,319,440	3,311,587	151.0%
Loans paid to related parties	-	-	n.m.	-	-	n.m.
Repayment of loans and borrowings	(14,290)	(457,801)	n.m.	(194,630)	(1,300,740)	n.m.
Dividends paid	(342,303)	(10,400)	(97.0%)	(856,023)	(712,900)	(16.7%)
Lease paid	(2,523)	(4,447)	76.3%	(5,061)	(16,836)	232.7%
Capital increase	-	4,536	n.m.	-	4,731	n.m.
Derivative financial instruments paid (received)	(82,559)	(235,473)	185.2%	(82,461)	(521,961)	n.m.
<b>Net cash from financing activities (c)</b>	<b>56,917</b>	<b>(576,637)</b>	<b>n.m.</b>	<b>181,265</b>	<b>763,880</b>	<b>n.m.</b>
<b>Foreign currency translation adjustment</b>	<b>1,887</b>	<b>(4,231)</b>	<b>n.m.</b>	<b>1,798</b>	<b>9,985</b>	<b>n.m.</b>
<b>Increase in cash and cash equivalents (d) = (a+b+c)</b>	<b>367,884</b>	<b>(745,668)</b>	<b>n.m.</b>	<b>108,709</b>	<b>(875,015)</b>	<b>n.m.</b>
Cash and cash equivalents at the beginning of the period	689,438	1,589,854	130.6%	948,613	1,719,194	81.2%
<b>Cash and cash equivalents at the end of the period</b>	<b>1,057,322</b>	<b>844,186</b>	<b>(20.2%)</b>	<b>1,057,322</b>	<b>844,179</b>	<b>(20.2%)</b>