COMBINED FINANCIAL STATEMENTS (FS)

FS Indústria de Biocombustíveis Ltda., FS I Indústria de Etanol S.A. and FS Comercialização de Etanol Ltda

March 31, 2024

Fueling Sustainability

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Independent auditors' report on the combined financial statements

To the Board of Directors, Quotaholders and Shareholders of

FS Indústria de Biocombustíveis Ltda., FS I Indústria de Etanol S.A. and FS Comercializadora de Etanol Ltda.

Lucas do Rio Verde – Mato Grosso

Opinion

We have audited the combined financial statements, which includes the entities FS Indústria de Biocombustíveis Ltda., FS I Indústria de Etanol S.A. and FS Comercializadora de Etanol Ltda. (collectively "FS"), comprising the combined statements of financial position as of March 31, 2024 and the related combined statements of income, comprehensive income, changes in net parent investment and cash flows for the year then ended, and notes to the combined financial statements, including material accounting policies and other explanatory information.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of FS as of March 31, 2024, the performance of its operations and of its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil (BR GAAP) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are independent of the FS in accordance with the relevant ethical requirements included in the Accountants Professional Code of Ethics (*'Código de Ética Profissional do Contador'*) and in the professional standards issued by the Federal Accounting Council (*'Conselho Federal de Contabilidade'*), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of combined financial statement of the current year. These matters were addressed in the context of our audit of the combined financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measuring the fair value of derivatives financial instruments and hedging accounting	
See Notes 7 (j) and 23 of the combined financial statements	
Key audit matter	**How our audit addressed this matter**
FS has a significant amount of derivative financial instruments recorded in FS Indústria de Biocombustíveis Ltda., with the main objective of minimizing the impacts of the variation between the dollar and the real. As of March 31, 2024, FS had an amount of R$ 129,129 thousand (R$ 31,207 thousand in March 31, 2023) recorded in other comprehensive income, resulting from the application of hedge accounting for exchange rate risk. These derivative financial instruments used to hedge the FS exposure to exchange rate are measured at fair value and changes in fair value are recorded in Statements of income and/or other comprehensive income. Valuation, designation of these financial instruments as hedge accounting and measurement of their effectiveness require compliance with certain formal obligations, and include the need for the FS make significant judgments in relation to the effective protection of exchange rate risks. This matter was considered a key audit matter due to the nature and extent of the audit effort required to address the matter and the uncertainties related to the assumptions used to estimate the fair value of the derivative financial instruments that have a significant risk of resulting in a material adjustment in the balances of the combined financial statements.	Our audit procedures included, but were not limited to: – Understanding and evaluating the design and implementation of key controls related to the calculation of the fair value of derivative financial instruments; – Reconciliation of the internal reports of financial instruments with accounting records; – We compared, on a sample basis, the contract data with the information used to calculate the fair value of financial instruments, such as: transaction date, start date, due date, notional value, exchange rate; – With the help of our financial instruments specialists: (i) We evaluated whether the measurement of the financial instruments was performed consistent with the Company's policies and guidelines, as well as the requirements established in the applicable accounting standards; (ii) We evaluated the set of formal documents required for designation of hedge accounting, which includes: formal designations and effectiveness tests, notwithstanding we also evaluated the accounting arising from this designation; and (iii) We carried out the independent recalculation of the fair value measurement and assessed the consistency of the use of the fair value measurement methodology applied. – We also assessed the adequacy of the related disclosures in the notes to the financial statements. Based on the evidence obtained through the procedures summarized above, we consider the fair values of the financial instruments used to manage the FS's exposure to exchange rates and the respective disclosures acceptable, in the context of the combined financial statements taken as a whole, for the year ended March 31, 2024.

Evaluation of the determination of capitalizable expenditures as the cost of fixed assets related to the expansion of the Sorriso – Mato Grosso (MT) plant and Primavera do Leste – MT	
See Notes 7 (h), 7 (o) and 15 of combined financial statements	
Key audit matter	**How our audit addressed this matter**
In the fiscal year ended March 31, 2024, FS recorded significant amounts in Property, plant and equipment relating to the remaining expansion of the Sorriso - MT plant and the construction of a new plant of the Primavera do Leste – MT, including the capitalization of expenses, in FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol S.A.. FS exercises judgment to distinguish between the costs directly attributable to the construction of the industrial plant from those that are not capitalizable costs and must be recognized as expenses. We consider this matter to be a key audit matter, due to the judgment made by FS to determine which costs are capitalized and the significance of the amount in the combined financial statements.	Our procedures included, but were not limited to: – Understanding and evaluating the design and implementation of key controls related to the recording of additions to the cost of fixed assets; – Evaluation of the FS's criteria to determine which of the attributable costs related to the remaining expansion of the Sorriso - MT plant are in accordance with the requirements for recognition as Property, plant and equipment; – Evaluation of determination of expenditures to be capitalized as property, plant and equipment carried out by FS, based on a sample of documents supporting the capitalized amounts, comparing with the contracts signed, the estimated percentage of completion regarding the assets under construction, the monitoring reports and receiving reports for the equipment acquired and the evidence of the progress of the construction of the assets; and – We also assessed the adequacy of the related disclosures in the notes to the financial statements. Based on the procedures summarized above, we consider the capitalized expenditures, recognized in property, plant and equipment, related to the remaining expansion of the Sorriso - MT plant, as well as the respective disclosures, to be acceptable in the context of the combined financial statements taken as a whole, for the year ended March 31, 2024.

Recognition of deferred income and social contribution tax assets	
See Notes nº 7 (f.ii) and nº 24 (b) of combined financial statements	
Key audit matter	**How our audit addressed this matter**
FS has deferred tax assets, arising from deductible temporary differences and tax loss carryforwards, whose accounting record was carried out considering a study prepared by FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol S.A. and approved by management, on the probable amount of taxable profits that will be available in the future for the realization of these assets.	Our procedures included, but were not limited to: – Understanding and evaluating the design and implementation of key controls related to the calculation and preparation of the future taxable profits; – With the help of our tax specialists, we evaluated the nature and the basis of deferred tax assets ;

The future taxable profits was determined by projections prepared by FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol S.A., involving significant assumptions, such as: price, sales volume, cost of corn and others, production volume, transportation costs and projection rates. We have determined this to be a key audit matter due to inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.	– With the help of our corporate finance experts: i. We evaluated the methodology used by FS to prepare the projection of future taxable profit, as well as the generally accepted practices of economic-financial assessments for accounting and tax purposes; ii. We evaluated whether the assumptions used in the projection of future taxable profits, including assumptions regarding projected fair values of corn and ethanol are based on market data, consistent with the budget approved by FS; iii. We assessed whether the data, including macroeconomic assumptions, used in the projection of future taxable profit are consistent with the date the calculation was prepared and whether they come from reliable sources; and iv. We assessed whether the mathematical calculations are correct. – We also assessed the adequacy of the related disclosures in the notes to the financial statements. Based on the results obtained from the procedures summarized above, we consider the measurement of the balance of deferred tax assets and the related disclosures acceptable in the context of the combined financial statements taken as a whole, for the year ended March 31, 2024.

Emphasis of Matter- Basis of preparation of the combined financial statements

We draw attention to Note 2 (a) to the combined financial statements which describes the basis for preparation of the combined financial statements. The combined financial statements were prepared in accordance with the measurement principles of IFRS as issued by the IASB and also in accordance with BR GAAP, to provide information regarding FS industrial activities in a single financial statement, to measure financial covenants commitments and to provide financial information to the stakeholders. The combined financial statements should be read in that context. Our opinion is not qualified with respect to this matter.

Other matters - Statements of added value

The combined statements of added value (DVA) for the year ended March 31, 2024, prepared under responsibility of FS's management, and presented as supplementary information for IFRS purposes, whose presentation is not required for non-public companies, have been subject to audit procedures jointly performed with the audit of FS's combined financial statements. In order to form our opinion, we evaluated whether those statements are reconciled with the combined financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, the statements of added value have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall combined financial statements.

Responsibilities of management for the combined financial statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). These combined financial statements contain an aggregation of the financial information of the entities FS Indústria de Biocombustíveis Ltda., FS I Indústria de Etanol S.A. and FS Comercializadora de Etanol Ltda., were prepared from the books and accounting records maintained by these entities. Management's responsibility includes determining the acceptability of the basis of preparation under the circumstances and such internal controls as it determines are necessary to enable the preparation of combined financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the combined financial statements, management is responsible for assessing FS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the FS or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FS internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the FS ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the FS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of combined financial statements, including disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the FS or business activities to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the FS audit and, consequently, for the audit opinion.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the management, we determine those matters that were of most significance in the audit of the combined financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Cuiabá, July 19, 2024

KPMG Auditores Independentes Ltda.

CRC SP-014428/F-7

Rafael Henrique Klug

Accountant CRC 1SP246035/O-7

Combined statements of financial position as of March 31, 2024 and 2023

(In thousand of Reais)

Assets	Note	03/31/2024	03/31/2023	Liabilities	Note	03/31/2024	03/31/2023
Current				**Current**			
Cash and cash equivalents	9	3,328,233	1,374,855	Trade payables	16	2,932,643	1,198,945
Financial investments	10	—	3,109,084	Loans and borrowings	17	1,031,046	4,271,074
Restricted cash	11	1,246,927	2,256,928	Advances from customers	18	237,101	40,308
Trade and other receivables	12	380,830	437,749	Lease payables	14	45,104	26,965
Inventories	13	1,092,861	1,067,026	Income tax and social contribution payable	24.a	—	59,816
Advances to suppliers	14	47,721	53,143	Taxes and contributions payable	20.b	8,599	14,964
Recoverable taxes	20.a	591,627	383,452	Payroll and related changes		61,526	67,041
Prepaid expenses		52,566	40,915	Derivative financial instruments	18	1,837	407,908
Biological assets		—	984	**Total current liabilities**		**4,317,856**	**6,087,021**
Derivative financial instruments	23	3,666	40,478				
Other assets		1,804	36,466				
Total current assets		**6,746,235**	**8,801,080**				
Non-current assets				**Non-current**			
Trade and other receivables	12	3,468	—	Trade payables	16	18,200	18,795
Restricted cash	11	51,188	39,246	Loans and borrowings	12	8,959,869	7,351,156
Advances to suppliers	14	91,935	49,603	Lease payables	14	338,733	189,462
Recoverable taxes	20.a	309,020	245,805	Derivative financial instruments	18	63,876	—
Derivative financial instruments	23	29,372	—	Deferred tax liabilities	24.b	209	59,445
Deferred tax assets	24.b	333,123	—	Provision for contingencies	16	538	—
Related parties' loans	33	273,564	288,452	**Total non-current liabilities**		**9,381,425**	**7,618,858**
Judicial deposits	21	5,370	4,177	**Total liabilities**		**13,699,281**	**13,705,879**
Property, plant and equipment	15	5,489,832	4,994,520	Net parent investment	22	(334,632)	736,756
Intangible assets		31,542	19,752	**Total net parent investment**		**(334,632)**	**736,756**
Total non-current assets		**6,618,414**	**5,641,555**				
Total assets		**13,364,649**	**14,442,635**	**Total liabilities and net parent investment**		**13,364,649**	**14,442,635**

The notes are an integral part of these combined financial statements.

Combined statements of profit or loss

For the years ended March 31, 2024 and 2023

(In thousands of Reais)

	Note	03/31/2024	03/31/2023
Net revenue	26	8,072,050	7,550,506
Cost of goods sold	27	(6,258,418)	(5,021,496)
Gross profit		**1,813,632**	**2,529,010**
Operational expenses			
Selling expenses	28	(1,148,076)	(794,871)
Expected credit losses	12	(340)	110
Administrative and general expenses	29	(213,366)	(164,216)
Other results	30	140,124	674,163
Profit before net financial expenses and taxes		**591,974**	**2,244,196**
Finance income		933,965	1,078,336
Finance expenses		(2,530,953)	(2,023,712)
Foreign exchange rate variations, net		74,009	(206,706)
Net finance expenses	31	**(1,522,979)**	**(1,152,082)**
(Loss) profit before income and social contribution taxes		**(931,005)**	**1,092,114**
Current income and social contribution taxes	24	10,727	(285,557)
Deferred income and social contribution taxes	24	436,264	12,172
Tax incentives on income tax	22	(5,286)	58,682
(Loss) net profit for the year		**(489,300)**	**877,411**

The notes are an integral part of these combined financial statements.

Combined statements of comprehensive income

For the years ended March 31, 2024 and 2023

(In thousand of Reais)

	03/31/2024	03/31/2023
(Loss) net profit for the year	**(489,300)**	**877,411**
Items that may be reclassified to profit or loss		
Unrealized results of cash flow hedge and recognized in net parent investment	129,129	31,207
Deferred income and social contribution taxes	(43,904)	(10,610)
Cumulative translation adjustment - CTA	(1,449)	(930)
Total comprehensive (loss) income	**(405,524)**	**897,078**

The notes are an integral part of these combined financial statements.

Combined statements of changes in net parent investment

For the years ended March 31, 2024 and 2023

(In thousand of Reais)

	Note	Net parent investment
Balance at March 31, 2023		**736,756**
Loss for the year		(489,301)
Items that will be reclassified to profit or loss		
Unrealized results of cash flow hedge and recognized in net parent investment		129,129
Deferred income and social contribution taxes		(43,904)
Cumulative translation adjustment - CTA		(1,449)
Total comprehensive income		**(405,525)**
Capital increase		46
Distribution of dividends	22.c	(665,909)
Balance at March 31, 2024		**(334,632)**
Balance at March 31, 2022		**547,848**
Net profit for the year		877,411
Items that will be reclassified to profit or loss		
Unrealized results of cash flow hedge and recognized in net parent investment		31,206
Deferred income and social contribution taxes		(10,610)
Cumulative translation adjustment - CTA		(930)
Total comprehensive income		**897,077**
Capital increase		4,731
Distribution of dividends	22.c	(712,900)
Balance at March 31, 2023		**736,756**

The notes are an integral part of these combined financial statements.

Combined statements of cash flows - Indirect method

For the years ended March 31, 2024 and 2023

(In thousands of Reais)

	Note	03/31/2024	03/31/2023
Cash flow from operating activities			
(Loss) net profit for the year		(489,300)	877,411
Adjustment for:			
Depreciation and amortization		254,218	147,901
Income from financial investments and restricted cash	26	(598,046)	(776,539)
Current and deferred income tax and social contribution	24	(441,705)	214,772
Foreign exchange rate (gains) or losses	26	(192,996)	203,105
Adjustment to fair value of derivatives	23	307,533	230,284
Adjustments to present value - biological assets		—	4,420
Adjustment to present value		88,254	(83,899)
Interest and amortization of transaction cost		1,788,156	1,073,677
Allowance of expected credit losses	12	340	(110)
Provision for contingencies		538	—
Result on the sale of assets		(20,124)	(407,379)
Changes in:			
Trade and other receivables		28,884	(18,548)
Inventories		(9,573)	(272,820)
Recoverable taxes		(325,765)	(368,305)
Prepaid expenses		(11,651)	(16,075)
Judicial deposits	21	(1,193)	(405)
Other assets		44,590	(28,032)
Advances to suppliers	14	(36,910)	2,172
Trade payables		1,887,909	443,496
Advances from customers	18	196,793	13,341
Payroll and related charges		(5,515)	19,371
Taxes and contributions payable	15.b	(6,365)	(241,521)
Other payables		—	(14,604)
Interest payment on loans and borrowings		(1,186,174)	(630,474)
Interest payment on suppliers and other financial obligations		(350,903)	(197,317)
Interest redeemed from short-term investments		781,099	146,855
Net cash generated from operating activities		**1,702,095**	**320,777**
Cash flow from investing activities			
Acquisition of property, plant and equipment	34	(854,514)	(1,243,126)
Proceeds from sale of property, plant and equipment		—	2,797
Proceeds from sale of biological assets	33.d	142,030	574,575
Interest and charges paid over capitalized interest	15	(15,995)	21,621
Acquisition of intangible assets		(25,845)	(14,811)
Purchase of financial investments and increase in restricted cash	11	(1,258,023)	(1,895,651)

Combined statements of cash flows - Indirect method

For the years ended March 31, 2024 and 2023

(In thousands of Reais)

	Note	03/31/2024	03/31/2023
Redeemed financial investments and restricted cash	11	5,182,113	522,081
Net cash generated from (used in) investing activities		**3,169,766**	**(2,032,514)**
Cash flow from financing activities			
Loans received, net of transaction costs	17	7,530,453	4,199,271
Repayment of loans and borrowings	17	(9,159,939)	(1,589,516)
Dividends paid	22.c	(665,909)	(712,900)
Leases paid	19	(96,727)	(22,418)
Capital increase		46	4,731
Derivative financial instruments paid		(519,092)	(529,481)
Net cash (used in) generated from financing activities		**(2,911,168)**	**1,349,687**
Foreign currency translation variation effect on cash and cash equivalents		(7,314)	17,710
Increase (decrease) in cash and cash equivalents		**1,953,379**	**(344,340)**
Cash and cash equivalents at the beginning of the year	9	1,374,854	1,719,194
Cash and cash equivalents at the end of the year	**9**	**3,328,233**	**1,374,854**

The notes are an integral part of these combined financial statements.

Combined statements of added value

For the years ended March 31, 2024 and 2023

(In thousands of Reais)

	03/31/2024	03/31/2023
Sales of goods, products and services	8,604,106	7,893,099
Other revenue	186,536	284,390
Loss on impairment of accounts receivable	(340)	110
Revenue	**8,790,302**	**8,177,599**
Inputs purchased from third parties	**(7,130,439)**	**(5,243,139)**
Costs of products, goods and services sold	(5,907,182)	(4,792,999)
Materials, energy, third party services and others	(1,243,381)	(857,519)
Gain on sale of assets and right	20,124	407,379
Gross added value	**1,659,863**	**2,934,460**
Depreciation and amortization	**(254,218)**	**(147,900)**
Net added value produced	**1,405,645**	**2,786,560**
Added value received in transfer	**2,438,466**	**1,472,281**
Finance income	2,438,466	1,472,281
Total added value to distribute	**3,844,111**	**4,258,841**
Distribution of added value	**3,844,111**	**4,258,841**
Employee	**245,478**	**198,011**
Direct remuneration	179,516	152,499
Benefits	54,596	37,324
Service Guarantee Fund	11,366	8,188
Taxes, fees and contributions	**126,492**	**559,056**
Federal taxes	(153,181)	214,703
State taxes	279,673	344,353
Remuneration of third-party capital	**3,961,441**	**2,624,363**
Interest	1,690,912	1,222,352
Other	2,270,529	1,402,011
Remuneration of equity	**(489,300)**	**877,411**
Dividends distributed	—	712,900
(Loss) net profit of the year	(489,300)	164,511

The notes are an integral part of these combined financial statements..

1. Operations

The combined financial statements of FS ("FS" or "Companies") include the following companies under common control:

- FS Indústria de Biocombustíveis Ltda., ("FS Ltda."), is a limited liability company constituted on April 01, 2014 and it is located at Estrada A-01, 900m from KM 7 at, Avenida das Indústrias, S/N - KM 05, Distrito Industrial Senador Atílio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil.
- FS Ltda. holds 100% of the share capital of FS Luxembourg S.a.r.l. ("FS Lux"). FS Lux is a limited liability company constituted on September 8, 2020, under the laws of Luxembourg and located at 9 Bitbourg street, L-1273, in Luxembourg.
- FS I Indústria de Etanol S.A. ("FS S.A"), a stock company constituted on June 13, 2022 and it is located at Estrada A-01, 900 m from Km 7 of Avenida das Indústrias, s/n° - Distrito Industrial Senador Atílio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil. FS S.A, on June 13, 2022 and commenced its operations in May, 2023.
- FS Comercialização de Etanol Ltda. ("FS ECE"). A limited liability company, constituted on May 30, 2023, and located at A-01 Road, 900 meters from Km 7 of Avenida das Indústrias, s/n° - Senator Atílio Fontana Industrial District, Lucas do Rio Verde - Mato Grosso State, Brazil.

FS's core business is the production and commercialization of corn ethanol (anhydrous and hydrous), animal nutrition products used for livestock and poultry feed, called Dried Distillers Grains (DDG), and corn oil, energy and steam cogeneration and resale of corn, energy and ethanol acquired of third parties. Companies use corn as raw material of its products and biomass in its energetic matrix.

2. Basis for preparation

The combined financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP).

The issuance of the combined financial statements was authorized by the Management on July, 19, 2024.

Details on the accounting policies of FS, including the changes, are presented in note 7.

a. Basis of combination and reasons for combining Companies.

FS combined financial statements are being presented exclusively to provide information about all the FS industrial and commercialization activities in these single financial statements, to measure financial covenants commitments and to present combined financial information to the shareholders and stakeholders. Therefore, these financial statements are not the parent company nor consolidated financial statements of an entity and its subsidiaries and should not be used as a basis for the calculation of dividends, taxes, other corporate issues and do not provide indicators of financial performance that could be achieved if the Companies considered in the combination had operated as a single entity or as an indication of profit (loss) from transactions with these Companies for any year in the future.

The combined financial statements are a single set of combined financial statements for there entities that are ultimately under common control. The Management of the Companies used the definition of control in accordance with CPC 44 - Combined Financial Statements, CPC 36 - Consolidated Financial Statements and IFRS 10 - Consolidated Financial Statements, both in relation to the assessment of the existence of common control and the combination procedure for the companies as of March 31, 2024.

(In thousand of Reais)

In defining the entities that compose the combined financial statements, Management included only companies directly linked to industrial and commercial activities, which are FS Ltda, FS S.A. and FS ECE, excluding companies under common control of the ultimate parent that are not directly engaged in such activities, as FS Infraestrutura S.A. and FS Florestal S.A.

(i) Criteria for preparing combined financial statements

The combination principles of the Technical Pronouncement CPC 44 – Combined Financial Statements were used in the preparation of the combined financial statements of FS and considered, among other procedures:

- Intercompany balances and transactions, and any unrealized income or expenses derived from intercompany transactions between combined entities, are eliminated in the preparation of the combined financial statements; and

- Realized loss and gains are eliminated in the same way; and the accounting practices are uniform to all the Companies.

The composition of assets, liabilities and net parent investment for the year ended March 31, 2024 and March 31, 2023, and the companies net profit (loss) for the year ended March 31, 2024 and March 31, 2023, which are part of the combined financial statements, without elimination of transactions between the parties, are presented below:

Balance as of March 31, 2024	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net parent investment	Net profit (loss) of the year
FS Ltda. Consolidated (*)	5,341,286	5,821,398	3,084,875	7,799,932	277,877	(283,265)
FS S.A.	1,567,153	3,004,173	1,403,682	1,590,217	1,577,427	(212,122)
FS ECE	89,201	318	80,137	—	9,382	(618)
Eliminations	(251,405)	(2,207,475)	(250,838)	(8,724)	(2,199,318)	6,705
Combined	**6,746,235**	**6,618,414**	**4,317,856**	**9,381,425**	**(334,632)**	**(489,300)**

Balance as of March 31, 2023	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net parent investment	Net profit (loss) of the year
FS Ltda. Consolidated (*)	9,193,380	3,753,979	5,675,537	6,127,062	1,144,759	1,289,912
FS S.A.	167,327	2,485,831	970,486	1,699,678	(17,007)	(21,506)
Eliminations	(559,627)	(598,255)	(559,002)	(207,882)	(390,995)	(390,996)
Combined	**8,801,080**	**5,641,555**	**6,087,021**	**7,618,859**	**736,756**	**877,411**

(*) The balances represent 100% of FS Ltda's ownership interest in the share capital of the company FS Luxembourg S.a.r.l. ('FS Lux').

3. Functional and presentation currency

These combined financial statements are presented in Brazilian reais, which is the functional and presentation currency of the Companies. All financial information presented in Brazilian reais has been rounded to the nearest thousand, unless otherwise indicated.

4. Use of estimates and judgments

In preparing these combined financial statements, the Management has used judgments, estimates and assumptions that affect the application of the FS accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are continually reviewed. Revisions of estimates are recognized prospectively.

(i) Judgments

Judgments applied on the accounting policies that have the most significant effect on the amounts recognized in the combined financial statements are included in the following notes:

- Note 19 – Lease term: whether FS is reasonably certain to exercise extension options;
- Note 15 – Assessment of the determination of capitalized expenditures such as interest on property, plant and equipment; and
- Note 23 - Designation of hedge accounting financial instruments.

(ii) Uncertainties about assumptions and estimates

Information on uncertainties related to assumptions and estimates that have a significant risk of resulting in a material adjustment in the year ended March 31, 2024 are included in the following notes:

- Note 12 – Recognition of allowance for expected credit losses;
- Note 15 – Impairment test: main underlying assumptions of recoverable amounts;
- Notes 12 and 16 – Adjustment to present value of trade receivable and trade payables;
- Note 23 – Derivative financial instruments: determination of fair values;
- Note 24 –Uncertainty regarding the treatment of income taxes; and
- Note 24 – Recognition of deferred taxable assets: availability of taxable profit against which temporary deductible differences and taxable losses can be used.

Fair value measurement

Several of the FS accounting policies and disclosures require the measurement of fair value for financial and non-financial assets and liabilities.

FS established a control structure related to fair value measurement.

FS regularly revises significant unobservable data and valuation adjustments. If third party information, such as brokerage quotes or pricing services is used to measure fair value, the valuation team analyzes evidence obtained of third parties to support the conclusion that such valuations meet the requirements of the CPC 48/IFRS 9- Financial Instruments, including the level in the fair value hierarchy at which such valuations should be classified.

FS regularly revises significant unobservable data and valuation adjustments. If third party information, such as brokerage quotes or pricing services is used to measure fair value, the valuation team analyzes evidence obtained of third parties to support the conclusion that such valuations meet the requirements of the CPC 48/IFRS 9- Financial Instruments, including the level in the fair value hierarchy at which such valuations should be classified.

When measuring fair value of an asset or liability, FS uses observable data, as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- Level 1: Prices quoted (not adjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).
- Level 3: Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

FS recognizes transfers between levels of the fair value hierarchy of the reporting period of the combined financial statements in which the changes occurred. Additional information on the assumptions used in the measurement of fair values are included in note 23.

5. Measurement basis

The combined financial statements have been prepared on a historical cost basis except for the following material items recognized in the statements of financial position:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments designated at fair value through profit or loss, are measured at fair value; and
- corn inventories for resale are valued at market value less selling expenses.

6. Adoption of newly effective accounting standards

a. Amendments to 12 – Deferred tax related to assets and liabilities arising from a single transaction

FS recognizes the deferred taxes related to assets and liabilities arising from a single transaction (amendments to CPC 32/IAS 12) starting April 1, 2023. The amendments restrict the scope of the initial recognition exception to exclude transactions that give rise to equal and compensatory temporary differences, leases and retirements and restoration liabilities. For leases retirements and restoration liabilities, we should recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognized as profit reserve, retained earnings or in other components of equity as of that date.

For all other transaction, an entity applies the changes to transactions that occur on or after the beginning of the earliest comparative period presented.

FS previously accounted for deferred tax on leases using the "integrally linked" approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liabilities was recognized on a net basis.. Following the amendments, the FS has recognized a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right of use assets. However there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There is also no impact on profits and retained earnings as of the opening retained earnings as of April 1, 2022 as result of the change. The key impact for the FS relates to the disclosure of the deferred taxes and liabilities recognized.

b. Material accounting policy information

FS also adopted the Disclosure of Accounting Policies (amendments to CPC 26/IAS 1 and IFRS Practice Statement 2), starting April 1, 2023. Although the changes do not result in any alteration in accounting policies, they affect how the information of accounting policies are disclosed in the financial statements.

The changes require the disclosure of "material" accounting policies, instead of "significant" ones. The amendments also provide guidance on applying materiality to the disclosure of accounting policies, helping entities to provide useful information about specific accounting policies of the entity that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updated the disclosed information in note 7 - Material accounting policies (2023: Significant accounting policies) in certain cases, in accordance with the changes.

c. IAS 8 – Definition of accounting estimates

The amendment changes explain that a change in an accounting estimate resulting from new information or new developments is not an error correction. FS evaluated this and did not identify any impact on the financial statements

7. Material accounting policies

FS applied the accounting policies described below in a consistent manner to all years presented in these combined financial statements, unless otherwise indicated.

a. Foreign currency

Foreign currency transactions

Foreign currency transactions are converted into Company and its subsidiary's functional currency at the exchange rates on the transaction dates. Also foreign currency differences arising from the translation into the presentation currency are recognized in other comprehensive income and accumulated in equity in the revaluation reserve.

Monetary assets and liabilities denominated and calculated in foreign currencies on the reporting date are reconverted into the functional currency at the exchange rate calculated on that date. The foreign exchange profit or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for interest and payments effective during the year, and the amortized cost in a foreign currency at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities acquired or contracted in foreign currency are converted based on the exchange rates on the dates of the transactions or on the dates of valuation at fair value when it is used. Foreign currency differences resulting from the reconversion are recognized in statements of profit or loss.

b. Revenue

FS has different contracts with customer as further described below:

Ethanol

Although a small percentage of sales are performed through short-term contracts (less than 12 months), the majority sales are performed on the spot market. Contracted volumes consist of fixed volume terms with variable prices. The sale price is determined based on the relevant index (ESALQ SP) plus a basis differential depending on the end customer location and shipping terms. The FS recognizes revenue when it satisfies performance obligations under the terms of the contracts and control of products is transferred to its customers.

Animal nutrition

Although a small percentage of sales are spot or long-term contracts (longer than 12 months), animal nutrition sales are typically performed through short-term (less than 12 months) contracts with fixed prices and volumes stated in the contract. The price is determined through negotiations with customers and is generally based on the futures price of the comparable commodity plus a basis differential depending on the end customers location and shipping terms. FS recognizes revenue when it satisfies performance obligations under the terms of the contracts and control of products is transferred to its customers.

Energy

Energy is negotiated through spot or short-term contracts (up to 12 months). For the short-term contracts, the price can be either fixed or variable based on the relative market index depending on negotiations with the customers and the risk the FS intends to mitigate. The revenue is recognized when the energy is available on the transmission line.

Marketing

Revenue from marketing is measured at the fair value of the consideration received or receivable and it is recognized when it meets performance obligations, and its control has been transferred to its customers.

Information about the FS' accounting policies relating to customer contracts are presented in note 26.

c. Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are recognized as personnel expenses according to the corresponding service is provided. Liability is recognized at the amount expected to be paid if FS has a legal or constructive obligation to pay that amount as a result of past service provided by the employee and the obligation can be reliably estimated.

d. Government grant and assistance

Grants intended to compensate FS for expenses incurred are recognized in statement of profit or loss as other income on a systematic basis in the same periods in which related expenses are recorded. FS has the following government grants:

PRODEIC (Mato Grosso State Industrial and Commercial Development Program) (FS Ltda. and FS S.A.)

Corresponds to a reserve that should be constituted due to the adherence of tax incentive program "Programa de Desenvolvimento Industrial e Comercial do Mato Grosso – PRODEIC". The benefit is for a period of thirteen (13) years from the complementary publication of the decree no. 182 of July, 2015 for FS Ltda. and no. 288 of November, 2019 for FS S.A. – the granting of tax benefit in the amount of ICMS due on the respective operations.

SUDAM (Amazon Development Superintendence) (FS Ltda.)

Each of the plants in operation owned by FS Ltda. is eligible for a federal tax incentive program with the Amazon Development Superintendence – SUDAM, which allows for a 75% reduction in the federal income tax rate. FS can only request for the incentive within the first full year after the beginning of plant operations and, once approved, the incentive lasts for 10 years. The Lucas do Rio Verde plant received the benefit as of 2018 and the plant located in Sorriso received the benefit in 2021. The benefit amount for a given year ended is recorded in statement of profit or loss as a reduction of income tax with the corresponding reserve constituted in the net parent investment (see note 24).

e. Finance income and expenses

Finance income and expenses of FS comprise:

- Income from financial investments;
- Interest on assets and liabilities;
- Amortization of adjustment to present value;
- Bank fees;
- Gains or losses on operations with derivatives; and
- Foreign exchange rate variations

Interest income and expenses are recognized in statements of profit or loss using the effective interest method.

The effective interest rate is the rate that discounts exactly estimated future cash payments or receipts over the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated through application of effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

f. Income tax and social contribution

Current and deferred income tax and social contribution of the year ended are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of R$ 240 (annual basis) for income tax and 9% on taxable income for social contribution on net profit and consider offsetting tax losses of income tax and negative basis of social contribution, limited to 30% of taxable income for the year.

The income tax and social contribution expense comprises current and deferred income taxes and social contribution. Current tax and deferred tax are recognized in statements of profit or loss unless they are related to items directly recognized in net parent investment or other comprehensive income.

(i) Current income tax and social contribution expense

Current tax expense is the tax to be paid or received on the taxable loss for the year and any adjustments to taxes payable in relation of prior years. The amount of taxes payable or receivable is recognized in the statements of financial position as a tax asset or liability for the best estimate of the expected amount of taxes to be paid or received, which reflects the uncertainties related to its calculation, if any. It is measured based on tax rates declared on the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred income tax and social contribution expense

Deferred tax assets and liabilities are recognized in relation of temporary differences between the book values of assets and liabilities for combined financial statements purposes and those used for tax purposes. Changes in deferred tax assets and liabilities in the year are recognized as deferred income tax and social contribution expense.

A deferred tax asset is recognized in relation to unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available, against which they will be used. If the amount of taxable temporary differences will be insufficient to fully recognize a deferred tax asset, future taxable income will be considered, adjusted for the reversal of existing temporary differences, based on FS' business plan.

Deferred tax assets are re-evaluated at each reporting date and are reduced to the extent that their realization is no longer probable.

Deferred tax assets and liabilities are measured based on the rates that are expected to apply to temporary differences when they are reversed, based on the rates that have been declared up to the reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the way FS expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

g. Inventories

Inventories are measured at the lower value between the cost and net realizable value. Inventories are valued at average acquisition cost, which does not exceed market value. In the case of work-in-process inventory, the cost includes a portion of general manufacturing costs based on normal operating capacity.

Inventories of agricultural products available for sale, represented by corn inventories for resale, are adjusted to fair value less costs to sell. In order to calculate the fair value, FS uses as a reference quotations and rates published by public sources that are related to the products and active markets in which FS operates. Changes in the fair value of inventories are recognized directly as cost of goods sold.

h. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are measured at the historical acquisition or construction cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Expenditures arising from the replacement of a component of a property, plant and equipment item are accounted for separately, including inspections, overhauls and classified under property, plant and equipment. Other expenditures are capitalized only when there is an increase in the economic benefits of this property, plant and equipment item. Any other type of expenditure is recognized in statements of profit or loss as an expense.

Purchased software that is an integral part of the functionality of an equipment is capitalized as part of that equipment.

When parts of a property, plant and equipment item have different useful lives, they are recorded as individual items (main components) of property, plant and equipment.

Gains and losses on the sale of a property, plant and equipment item are calculated by comparison between the resources arising from sale of the property, plant and equipment with the carrying amount, and are recognized net within other results, as disclosed in note 30.

(ii) Subsequent costs

The replacement cost of a component of property, plant and equipment is recognized in the book value of the item if it is probable that the economic benefits incorporated within the component will flow to FS and its cost can be measured reliably. The book value of the component that has been replaced by another is written off. The day-to-day maintenance costs of property, plant and equipment are recognized as an expense as incurred.

(iii) Depreciation

Depreciation is calculated to amortize the cost of property, plant and equipment items, net of their estimated residual values, using the straight-line method based on the estimated useful lives of the items. Depreciation is recognized in statements of profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Description	Useful life
Buildings	25-40 years
Machinery and equipment	5-40 years
Installations	10-40 years
Furniture and computers	5-15 years
Vehicles	5 years

Amortization methods, useful lives and residual values are revised at each reporting date and adjusted if appropriate.

i. Intangible Assets

(i) Other intangible assets

Intangible assets that are acquired by FS and that have finite useful lives are measured at cost, less accumulated amortization and any impairment losses.

(ii) Subsequent expenses

Subsequent expenses are capitalized only when increase the future economic benefits incorporated in the specific asset to which they are related. All other expenditures are recognized statements of profit or loss as incurred.

(iii) Amortization

Amortization is calculated using the straight-line method based on the estimated useful lives of the items, net of their estimated residual values. Amortization is recognized in the statements of profit or loss.

The estimated useful life is as follows:

Description	Useful life
Software	5 years

Amortization methods and useful lives are revised at each reporting date and adjusted if appropriate.

j. Financial instruments

(i) Initial recognition and measurement

Trade and other receivables and loans and borrowings issued are initially recognized on the date they were originated. All other financial assets and liabilities are initially recognized when FS become party to the contractual arrangements of the instrument.

A financial asset or financial liability is initially measured at fair value, plus, for an item not measured at fair value through profit or loss, the transaction costs that are directly attributable to its acquisition or issuance. A trade and other receivables without a significant funding component is initially measured at the transaction price.

(ii) Subsequent classification and measurement

Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt instrument; fair value through other comprehensive income (FVOCI) – equity instrument; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequently to initial recognition, unless FS changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting year subsequent the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- It is maintained within a business model whose objective is to hold financial assets to receive contractual cash flows; and
- Its contractual terms generate, on specific dates, cash flows that are related only to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- It is maintained within a business model whose objective is achieved both by receiving contractual cash flows and by selling financial assets; and
- Its contractual terms generate, on specific dates, cash flows that are related only to the payment of principal and interest on the outstanding principal amount.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, are classified as at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, FS may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income or at fair value through profit or loss if this eliminate or significantly reduce an accounting mismatch that would otherwise arise.

Financial assets – assessment of whether contractual cash flows are only payments principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset at initial recognition. ‘Interest’ is defined as consideration for the value of money in time and the credit risk associated with the principal amount during a determinate year and for other basic borrowing risks and costs, as well as a profit margin.

FS considers the contractual terms of the instrument to assess whether the contractual cash flows are payments of principal and interest only. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows in such a way that it would not meet that condition. In making this assessment, FS considers:

- contingent events that change the value or timing of cash flows;
- terms that may adjust the contractual rate, including variable rates;
- prepayment and extension of term; and
- the terms that limit FS' access to cash flows from specific assets.

Prepayment is consistent with principal and interest payments criteria if the prepayment amount represents, for the most part, unpaid amounts of principal and interest on the outstanding principal amount – which may include reasonable additional compensation for early termination of the contract. In addition, in relation to a financial asset acquired for an amount less than or greater than the face value of the contract, the permission or requirement to prepayment for an amount that represents the face value of the contract plus contractual interests (which may also include reasonable additional compensation for early termination of the contract) accumulated (but not paid) are treated as consistent with these criteria if the fair value of the prepayment is negligible on initial recognition.

Financial assets - Subsequent measurement and profits and losses

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net income, including interests or dividends income, is recognized in statements of profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange profits and losses and impairment are recognized in statements of profit or loss. Any profit or loss on derecognition is recognized in statements of profit or loss.

Instruments of debt at fair value through other comprehensive income

These assets are subsequently measured at fair value. The interest revenue calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net results are recognized in other comprehensive income. In derecognition, the accumulated result in other comprehensive income is reclassified to statements of profit or loss.

Financial liabilities - classification, subsequent measurement and profits and losses

Financial liabilities are classified as being measured at amortized cost or fair value through profit or loss. A financial liability is classified as measured at fair value through profit or loss if it is classified as maintained for negotiation, is a derivative or is designated as such in the initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value and net gains and losses, including interests, are recognized in the statements of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses, foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss in derecognition is also recognized in the statement of profit or loss.

(iii) Derecognition

Financial assets

FS derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when FS transfers the contractual rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred or in which FS neither transfers nor maintains substantially all the risks and benefits of ownership of the financial asset and does not retain control over the financial asset.

FS performs transactions in which it transfers assets recognized on the statements of financial position, but maintains all or substantially all of the risks and benefits of the transferred assets. In these cases, the financial assets are not derecognized.

Financial liabilities

FS derecognizes a financial liability when its contractual obligation is discharged, canceled or expires. FS also derecognizes a financial liability when the terms are modified and the cash flows from the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the extinguished book value and the consideration paid is recognized in statements of profit or loss.

(iv) Offsetting

Financial assets or financial liabilities are offset and the net amount presented on the statements of financial position when, and only when, FS currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to simultaneously realize the asset and settle the liability.

(v) Derivative financial instruments

Derivative financial instruments and hedge accounting

FS maintains derivative financial instruments to hedge its exposure to foreign currency and interest rate variation risks. Embedded derivatives are separated from their master contracts and recorded separately if the master contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value and changes in fair value are normally recorded in statements of profit or loss.

FS designates certain derivatives as hedging instruments to protect against cash flow variability associated with highly probable forecast transactions, resulting from changes in exchange and interest rates, as well as certain derivative and non-derivative financial liabilities as exchange risk hedging instruments of a net investment in a foreign operation.

At the beginning of designated hedging relationships, FS documents the risk management objective and hedging instrument acquisition strategy. FS also documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of the variations in the fair value of the derivative is recognized in other comprehensive income and presented in Unrealized profit or loss with cash flow hedge and recognized in the net parent investment. The effective portion of the changes in the fair value of the derivative recognized in other comprehensive income ("OCI") is limited to the cumulative change in the fair value of the hedged item, determined on the basis of present value, since the beginning of the hedge. Any ineffective portion of variations in the fair value of the derivative is recognized immediately in the statements of profit or loss.

FS only designates variations in the fair value of the spot element of foreign exchange swap contracts as a hedging instrument in cash flow hedging relationships. The change in the fair value of the swap contract element is accounted for separately as a hedge cost and recognized in other comprehensive income in the net parent investment.

If the hedge no longer meets the hedge accounting criteria, or the hedging instrument expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. When accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedge reserve remains in net parent investment until, for a hedging instrument of a transaction that results in the recognition of a non-financial item, it is included at the cost of the non-financial item at the time of initial recognition or, for other cash flow hedges, be reclassified to income in the same year or years as the expected future cash flows that are the subject of the hedge affect income.

If future cash flows that are hedged are no longer expected, the amounts that were accumulated in the hedge reserve and the cost of the hedge reserve are immediately reclassified to statements of profit or loss.

k. Cash and cash equivalents

Cash and cash equivalents mature immediately (maximum limit of 90 days from date of acquisition) and are an integral part of the operational cash management of FS.

l. Impairment

Financial instruments and contractual assets

The Companies recognize allowance of expected credit losses on financial assets measured at amortized cost.

Allowance of expected losses on credit on trade receivables are measured at an amount equal to the credit loss expected over the entire life of the instrument. In determining whether a financial asset's credit risk has increased significantly since initial recognition and in estimating expected credit losses, FS considers reasonable and supportable information that are relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on FS' historical experience, on credit assessment and considering forward-looking information.

FS assumes that the credit risk of a financial asset has increased significantly if it is more than 30 days past due.

FS considers a financial asset to be in default when:

- it is unlikely that the debtor will pay its credit obligations to FS in full, without resorting to actions; or
- the financial asset is past due for more than 180 days,

Impaired financial assets

At each reporting date, FS assesses whether financial assets accounted for amortized cost and debt securities measured at fair value through other comprehensive income are impaired.

A financial asset is “impaired” when one or more events occur with impact on the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired includes the following observable data:

- significant financial difficulties of the issuer or borrower;
- breach of contractual clauses, such as default or late payment for more than 90 days;
- restructuring of an amount owed to FS under conditions that would not be accepted under normal conditions;
- the probability that the debtor will enter bankruptcy or undergo another type of financial reorganization; or
- the disappearance of an active market for the security because of financial difficulties,

Presentation of the allowance of expected losses on credit in the statements of financial position

Allowance of expected losses on credit for financial assets measured at amortized cost is deducted from the gross book value of the assets.

For debt securities measured at fair value through other comprehensive income, the allowance of losses is expensed and recognized in other comprehensive income.

Write-off

The gross book value of a financial asset is derecognized when FS has no reasonable expectation of recovering the financial asset in whole or in part. FS does not expect any significant recovery of the written-off amount, but may take additional actions to enforce the customer’s obligation, which may result in the recovery of some or totality of the written-off amount.

Non-financial assets

FS’ book values of non-financial assets, other than inventories and deferred tax assets, are evaluated at each reporting date to determine whether there is any indication of impairment. If such an indication occurs, then the asset’s recoverable amount is estimated.

For impairment tests, assets are grouped into the smallest possible group of assets that generate cash inflows from their continued use, inflows that are largely independent of cash inflows from other assets, or CGUs (cash generating units).

The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market conditions, including the value of money in time and asset-specific or CGU risks.

Impairment losses are recognized in the statement of profit or loss and reversed only when the book value of asset does not exceed the book value that it would have been calculated, net of depreciation and amortization, if the loss of value has not been recognized.

m. Provisions

A provision is recognized if, as a result of a past event, FS has a legal or constructive obligation that can be reliably estimated, and it is probable that an economic resource will be required to settle the obligation. See note 21.

n. Leases

At the beginning of a contract, FS assesses whether a contract is or contains a lease. A contract is, or contains a lease, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As lessee

In the beginning or amendment of a contract that contains a lease component, FS allocates consideration in the contract to each lease component based on its individual prices. However, for property leases, FS has chosen not to separate the non-lease components and account for the lease and non-lease components as a single component.

FS recognizes a right-of-use asset and a lease liability at the starting date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial measurement amount of the lease liability, adjusted for any lease payments made through the starting date, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee in disassembly and removal of the underlying asset, restoring the location in which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the starting date to the end of the lease term, unless the lease transfers the ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of the property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not made at the beginning date, discounted at the interest rate implicit in the lease or, if that rate cannot be determined immediately, at FS' incremental borrowing rate. Generally, FS uses its incremental borrowing rate as the discount rate.

FS determines its incremental rate on loans and borrowings by obtaining interest rates from various external funding sources and making some adjustments to reflect the terms of the contract and the type of leased asset.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the starting date;
- amounts expected to be paid by the lessee, in accordance with residual value guarantees; and
- the exercise price of the purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease.

The lease liability is measured at amortized cost, using the effective interest method. It is remeasured when there is a change in future lease payments resulting from a change in index or rate, if there is a change in the amounts expected to be paid in according to the residual value guarantee, if FS changes its assessment, if it will exercise an option to purchase, extend or terminate or whether there is a revised lease payment fixed in substance.

When the lease liability is remeasured in this way, an adjustment corresponding to the carrying amount of the right-of-use asset is made or is recorded in statements of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(In thousand of Reais)

FS presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease obligations in liability of the statements of financial position.

FS arrived at its discount rates based on its cost of obtaining third-party capital. The table below shows the rates applied, vis-à-vis the contract terms, as required by CPC 12, §33. Below are the details for the year ended on March 31, 2024:

Contracts by term and discount rate	
Contracted term	**Average annual rate**
1	8.33%
2	9.20%
3	9.04%
5	9.13%
10	9.22%
15	11.23%

Low value asset leases

FS has opted not to recognize right-of-use assets and lease payables for low value asset leases and short-term leases. FS recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

o. Capitalization of borrowing costs

FS capitalizes the borrowing cost of specific loans whose amount was used in construction, see additional disclosure in note 15.

p. Information by segment

An operating segment is a component of FS that develops business activities from which may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of FS. All operating results are frequently evaluated by those charged with governance of FS for decisions on the resources to be allocated to the segment and to assess their performance.

q. Contingent liabilities

Contingent liabilities for which FS is unable to make a reliable estimate of the expected financial effect that may result from the resolution of the case, or an outflow of cash are not probable, are not recognized as a liability in the combined financial statements but are disclosed in the notes to these combined financial statements, unless the probability of any outflow of resources incorporating economic benefits is considered remote.

8. New accounting standards and interpretations not yet effective

A series of new accounting standards will be effective for years beginning after January 01, 2024 (April 01, 2024 in the case of the FS). FS did not adopt the following accounting standards in the preparation of these combined financial statements:

a. Classification of Liabilities as Current and Non-current and Non-Current Liabilities with Covenants (amendments to CPC 26/IAS 1)

The amendments published in 2020 and 2022, clarify the requirements for determining if a liability is current or non-current and require new disclosures for non-current liabilities that are subject to future covenants. The changes apply to years beginning on or after April 01, 2024. As disclosed in note 17, FS has loans and borrowings that are subject to specific covenants. Although the liabilities are classified as non-current as of March 31, 2024, a future breach of specific covenants could require that FS liquidate the liabilities before the contractual maturity date. FS is evaluating the possible impact of changes in the classification of these liabilities and the respective disclosures.

b. Finance Arrangements of Suppliers ("Reverse Factoring" (amendments to CPC 26/IAS 1 and CPC 40/IFRS 7)

The amendments introduce new disclosures relating to finance arrangements of suppliers ("reverse factoring") to help users of financial statements assess the effects of these arrangements about an entity's liabilities, cash flow and liquidity risk. The changes apply to the years beginning on or after April 01, 2024.

As disclosed in note 16, FS participates in supply chain finance arrangements for which new disclosures will be applied. FS is evaluating the impact of the amendments, mainly regarding the acquisition of additional information to attend the new disclosure requirements.

c. Other Accounting Standards

The following new and amended standards are not expected to have a significant impact on the financial statements:

• Lease liabilities in Sale and Leaseback Transaction (amendments to CPC 06/IFRS 16) and

• Absence of convertibility (amendments to CPC 02/IAS 21).

(In thousand of Reais)

9. Cash and cash equivalents

	03/31/2024	03/31/2023
Bank deposits and cash	1,055,701	36,597
Financial investments in bank deposit certificates ("CDB")	2,272,532	1,338,258
Total	**3,328,233**	**1,374,855**

FS considers as cash and cash equivalents highly liquid balances, that mature no later than 3 months from the date of investment which are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value and is intend to meet short-term commitments.

Short-term financial investments refer to certificate of bank deposits ('CDB') which are instruments offered by banks and have individually negotiated rates, linked to the Interbank Deposit Certificate ('CDI') plus or minus a fixed spread. For the year ended March 31, 2024, the average annual return on these investments was 10.50% (13.63% for the year ended March 31, 2023) These instruments are available for immediate redemption.

As of March 31, 2024, the balance of cash and cash equivalents held in US dollars ("USD") amounts to USD 205,333 or R$ 1,025,883 (USD 5,846 or R$ 29,698 as of March 31, 2023).

Information on the FS exposure to market and credit risk and fair value measurement related to cash and cash equivalents is included in Note 23.

10. Financial investments

	03/31/2024	03/31/2023
Total return swap (TRS)	—	3,109,084
Total	**—**	**3,109,084**

As part of the Green Bond issuance process, FS Lux acquired a total return swap ('TRS') with an annual return of 10.7% p.y., which maturity was December 2023.

11. Restricted cash

	03/31/2024	03/31/2023
Investments collateralizing loans	1,298,115	2,296,174
Total	**1,298,115**	**2,296,174**
Current	1,246,927	2,256,928
Non-current	51,188	39,246

Restricted cash refers to investments collateralizing loans and derivative financial instruments..

For the year ended March 31, 2024, and year ended on March 31, 2023, the average annual return on these investments was 10.54% and 13.63% respectively.

Information on the FS exposure to credit, market and fair value risks related to restricted cash is included in Note 23.

(In thousand of Reais)

12. Trade and other receivables

	03/31/2024	03/31/2023
Trade receivables	376,700	271,319
Trade receivables - Related parties	7,943	166,435
Subtotal	**384,643**	**437,754**
(-) Allowance for expected credit losses	(345)	(5)
Total	**384,298**	**437,749**
Current	380,830	437,749
Non-current	3,468	—

Allowance for expected credit losses

FS assesses the expected credit losses on trade receivables based on: (a) historical experience of losses by customers and segment; (b) assignment of a credit rating to each customer based on qualitative and quantitative measures for the customer, as determined by internal policies (see note 23); and (c) assigns an impairment percentage for expected credit losses based on items (a) and (b) above and the customer's credit status (current or past due).

Based on the historic loss and expectations regarding the future performance of the current receivables, FS's assessment is that the remaining current receivables is not significant for the constitution of an allowance.

The maturity composition of receivables at the reporting date of the combined financial statements was as follows:

	03/31/2024	03/31/2023
Not overdue		
Up to 30 days	206,597	235,235
31 to 60 days	15,384	15,044
61 to 90 days	2,601	4,359
>90 days	141,829	16,129
Subtotal	**366,411**	**270,767**
Overdue		
Up to 30 days	16,787	547
31 to 60 days	25	—
61 to 90 days	31	—
91 to 180 days	699	—
Subtotal	**17,542**	**547**
Total	**383,953**	**271,314**

Changes in the allowance for expected credit losses during the period of contract assets are presented in the following table:

(In thousand of Reais)

Balance as of March 31, 2023	**(5)**
Allowance for expected credit losses	(340)
Balance as of March 31, 2024	**(345)**

Balance as of March 31, 2022	**(115)**
Reversal for expected credit losses	110
Balance as of March 31, 2023	**(5)**

As of March 31, 2023, there were R$ 40,000 of trade receivables pledged as collateral for loan agreements, see note 17. As of March 31, 2024, there were no receivables as collateral for loan agreements.

Other information about the FS exposure to credit and market risks and impairment losses related to trade and other receivables are included in note 23.

13. Inventories

	03/31/2024	03/31/2023
Inventories held by third party	131,233	165,473
Raw material	645,608	703,764
Finished goods	97,164	37,212
Production inputs	84,861	60,941
Consumption material	104,786	84,864
Work-in-process inventory	29,209	14,773
Total	**1,092,861**	**1,067,027**

Cost is determined by the weighted average costing method.

As of March 31, 2024, and March 31, 2023, the inventories of grain corn held as collateral totaled:

	03/31/2024	03/31/2023
Tons pledged	480,699	679,744
Amount pledged	289,330	533,344

As of March 31, 2024, and March 31, 2023, the amounts held by third parties were as follows, respectively:

	03/31/2024	03/31/2023
Raw material - Corn	38,951	80,877
Finished goods - Ethanol	91,920	84,595
Finished goods - DDGs	362	—
Total	**131,233**	**165,472**

As of March 31, 2024, and March 31, 2023, the volume held by third parties were as follows, respectively:

	03/31/2024	03/31/2023
Tons of corn	41,071	73,088
Cubic meters of ethanol	41,821	29,389
Tons of animal nutrition	459	—

(In thousand of Reais)

14. Advances to suppliers

	03/31/2024	03/31/2023
Advances to suppliers of inventories	102,332	92,386
Advances to related parties	29,911	5,468
Advances to other suppliers	7,413	4,892
Total	**139,656**	**102,746**
Current	47,721	53,143
Non current	91,935	49,603

Advances to suppliers of inventories include corn, biomass and forest development (eucalyptus). The current amount refers to corn and biomass supply, and the non-current amount refers to forest development (eucalyptus), used to supply biomass needs and has a cultivation period up to six years.

The advances to suppliers with related parties was R$ 29,924 as of March 31, 2024 (R$ 5,468 as of March 31, 2023), see note 33.

(In thousand of Reais)

15. Property, plant and equipment

Cost of acquisition	03/31/2022	Additions	Disposals	Transfers	03/31/2023	Additions	Disposals	Transfers	03/31/2024
Land	140,345	10,749	—	—	151,094	—	—	33,099	184,193
Buildings	630,526	4,629	—	19,839	654,994	5,136	—	622,780	1,282,910
Machinery and equipment	1,374,473	3,799	(378)	48,481	1,426,375	11,714	(3,237)	975,287	2,410,139
Furniture and computers	19,187	4,820	(92)	125	24,040	1,539	(9)	8,375	33,945
Vehicles	3,675	—	(1,784)	—	1,891	—	—	819	2,710
Airplane	28,164	1,032	—	—	29,196	—	(29,196)	—	—
Installations	527,536	3,034	—	31,562	562,132	1,698	(1,450)	414,527	976,907
Construction in progress	703,816	1,883,210	(135,403)	(100,007)	2,351,616	546,603	(6)	(2,054,887)	843,326
Bearer plant (bamboo)	60,131	35,223	(95,354)	—	—	—	—	—	—
Right of use	151,581	205,463	(113,489)	—	243,555	213,397	—	—	456,952
Total	**3,639,434**	**2,151,959**	**(346,500)**	**—**	**5,444,893**	**780,087**	**(33,898)**	**—**	**6,191,082**
Depreciation									
Buildings	(35,932)	(15,855)	—	—	(51,787)	(29,820)	—	58	(81,549)
Machinery and equipment	(178,814)	(75,018)	92	—	(253,740)	(108,892)	700	(635)	(362,567)
Furniture and computers	(5,975)	(2,816)	92	—	(8,699)	(4,040)	9	13	(12,717)
Vehicles	(1,903)	(439)	1,523	—	(819)	(469)	—	—	(1,288)
Airplane	—	(3,161)	—	—	(3,161)	(1,460)	4,621	—	—
Installations	(71,059)	(35,578)	—	—	(106,637)	(60,916)	218	561	(166,774)
Right of use	(16,653)	(17,877)	9,000	—	(25,530)	(50,828)	—	3	(76,355)
Total	**(310,336)**	**(150,744)**	**10,707**	**—**	**(450,373)**	**(256,425)**	**5,548**	**—**	**(701,250)**
Net property, plant and equipment	**3,329,098**	**2,001,215**	**(335,793)**	**—**	**4,994,520**	**523,662**	**(28,350)**	**—**	**5,489,832**

(In thousand of Reais)

Construction in progress

The balance in construction in progress refers to expansion and improvements of the plant in Sorriso and Lucas do Rio Verde – MT and the construction of second phase of the ethanol plant in Primavera do Leste – MT.

Provision for impairment

The FS, at the end of each reporting period, assesses possible indications of impairment of its assets that could create the need to test their recoverable value.

Management has not identified any triggering events that would justify the need for a provision for impairment as of March 31, 2024.

Capitalization of borrowing costs

For the year ended March 31, 2024 and 2023, the net borrowing costs paid and capitalized were R$ 15,995 and R$ 70,369, respectively, interest accrued and paid. The average interest rate of the year ended was 13.62% p.y. (13.63% p.y. on March 31, 2023).

Collateral

FS has pledged property, plant and equipment as collateral pledged to loans in the amount of R$ 1,456,134 (R$ 2,886,562 on March 31, 2023) and comprises land, buildings, machinery, equipment and installations.

16. Trade payables

The trade payables balances refer to raw material (corn), production inputs and other necessary products in the production area, expenditures for engineering services and acquisition of machinery and equipment.

	03/31/2024	03/31/2023
Raw material payables	2,601,828	570,963
Property, plant and equipment payables	234,098	505,929
Other payables	114,916	140,848
Total	**2,950,842**	**1,217,740**
Current	2,932,642	1,198,945
Non-current	18,200	18,795

The balance of trade payables with related parties as of March 31, 2024, are 307,836 (R$ 5,468 as of March 31, 2023). See note 33.

Reverse Factoring

FS offers to its suppliers the use of reverse factoring agreements with banks. These agreements are signed with suppliers with the aim of serving mutual interests in terms of liquidity and working capital. The related liabilities have been included in resource acquisition programs through credit lines from FS with financial institutions, considering the commercial negotiation characteristics related to payment terms between suppliers and FS. This operation is presented in the statements of financial position and cash flow statements under the trade payables category, as Management considers that the operation does not alter the nature of the liability.

(In thousand of Reais)

Reverse factoring operations are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

	03/31/2024	03/31/2023
Trade payables	397,878	479,212
Reverse factoring	2,552,964	738,527
Total	**2,950,842**	**1,217,740**

As of March 31, 2024, the discount rates on reverse factoring averaged Interbank Deposit Certificate - CDI+2.17% p.y. (CDI+2.93% p.y as of March 31, 2023) with an average maturity of 130 days. The CDI rates are pre-fixed on the date of the transaction. Interest expenses are recognized in finance expenses, as disclosed in note 31.

The exposure to liquidity risks and fair value measurement related to trade payables is disclosed in note 23.

17. Loans and borrowings

	Interest rates p.y.	Currency	03/31/2024	03/31/2023
Loans for investments	6,5% to 10%	USD	3,347,634	6,374,590
Loans for investments	CDI + 0,78%	R$	—	1,642,591
Loans for working capital	8.46%	USD	—	141,917
Loans for working capital	CDI + 2,34%	R$	7,149,567	3,629,835
Total Loans			**10,497,201**	**11,788,933**
(-) Transaction cost			(506,286)	(166,703)
Total			**9,990,915**	**11,622,230**
Current			1,031,046	4,271,074
Non-current			8,959,869	7,351,156

Management categorizes loans and borrowings in according to the nature of resources application in operations. Loans for investments are those where the resources applies to investments related to the construction and expansion of industrial units, while the loans for working capital are those where the resource applies to the short-term operational needs.

For more information on the exposure of the FS to risks of interest rates, liquidity, fair value measurement and a sensitivity analysis arising from these loans and borrowings, see note 23.

a. Terms and debt amortization schedule

As a consequence of these loans and borrowings, the following collateral were granted:

- Mortgage of FS's land (note 15);
- Fiduciary assignment of fixed assets (note 15);
- Inventories of corn (note 13); and
- Restricted cash (note 11).

The loans and borrowing have the following maturities (the classification between investments and working capital has been assigned by management):

(In thousand of Reais)

March 31, 2024	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	3,347,634	51,336	—	648,312	—	2,647,986
Loans for working capital (*)	7,149,567	1,058,023	972,892	644,961	319,825	4,153,866
Total	**10,497,201**	**1,109,359**	**972,892**	**1,293,273**	**319,825**	**6,801,852**

March 31, 2023	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	6,374,590	3,206,780	—	3,015,398	—	152,412
Loans for working capital (*)	5,414,343	1,120,817	2,284,174	697,142	383,449	928,761
Total	**11,788,933**	**4,327,597**	**2,284,174**	**3,712,540**	**383,449**	**1,081,173**

(*) The presented amounts do not include transaction costs.

b. Reconciliation of movements of financial position with cash flows

Balance as of March 31, 2023	**11,622,230**
Items that affect cash flow	**(2,831,655)**
Proceeds	7,943,315
Payments of principal	(9,159,939)
Interest payment	(1,186,174)
Interest payment (capitalized)	(15,995)
Transaction cost	(412,862)
Items that do not affect cash flow	**1,200,340**
Provision for interest	1,323,275
Foreign exchange rate (gains) or losses (*)	(82,671)
Transaction cost (Amortization)	78,728
Foreign currency translation effect (**)	(118,992)
Balance as of March 31, 2024	**9,990,915**

Balance as of March 31, 2022	**8,195,293**
Items that affect cash flow	**1,961,722**
Proceeds	4,199,271
Payments of principal	(1,589,516)
Interest payment	(630,474)
Transaction cost	(17,559)
Items that do not affect cash flow	**1,465,215**
Provision for interest	1,073,677
Capitalized interest payment	150,752
Exchange variation (*)	211,296
Foreign currency translation effect (**)	29,490
Balance as of March 31, 2023	**11,622,230**

(*) The exchange variation comprises the amounts realized and unrealized (note 31).
(**) It refers to the currency conversion adjustment of the dollar loans of FS Ltda.'s subsidiary, FS Lux.

(In thousand of Reais)

c. Restrictive clauses ("covenants")

The main financial covenants include conditions that restrict the occurrence of certain financial operations, if the financial ratio of net debt to EBITDA is higher than 3.0x. The verification of this ratio occurs on a quarterly basis, based on the combined financial statements for the last 12 months.

For the fiscal year ended March 31, 2024, FS Ltda. recorded a net debt to EBITDA ratio exceeding 3.0x. Consequently, the FS is subject to certain operational restrictions; however, this does not result in default nor does it accelerate the maturity of its loans. The main restrictions include obtaining certain types of loans, dividends and profits distribution related to the current year results. During the fiscal year ended March 31, 2024, FS Ltda. distributed accumulated profits amounting to R$ 665,909, which were related to accumulated profits from previous years, as noted in Note 24. This distribution did not violate the financial covenants.

18. Advances from customers

Advances from customers represent amount received from customers for the sales of products which have not yet met the criteria to be recognized as net revenue as of the end of the year. These advances are shown as a liability on the statement of financial position with a balance of R$ 237,101 and R$ 40,308 as of March 31, 2024, and March 31, 2023, respectively.

19. Lease payables

	Warehouse (ii)	Wagons (v)	Other (iii)	Total
Balance as of March 31, 2023	**95,482**	**98,579**	**22,366**	**216,427**
Addition	289,875	48,738	29,259	367,872
Contractual adjustment (iv)	22,881	—	925	23,806
(-) Adjustment to present value	(154,090)	(18,711)	(5,478)	(178,279)
Provision for interest	31,165	15,193	4,380	50,738
Payment	(49,570)	(27,509)	(19,648)	(96,727)
Balance as of March 31, 2024	**235,743**	**116,290**	**31,804**	**383,837**
Current				45,104
Non current				338,733

	Lands (i)	Warehouse (ii)	Wagons (v)	Other (iii)	Total
Balance as of March 31, 2022	**86,179**	**38,912**	**—**	**8,238**	**133,329**
Addition	53,139	104,700	127,378	27,635	312,852
Contractual adjustment (iv)	(3,226)	1,311	—	—	(1,915)
(-) Adjustment to present value	(27,585)	(43,036)	(29,765)	(4,802)	(105,188)
Disposal (vi)	(103,691)	—	—	(74)	(103,765)
Provision for interest	396	652	966	1,518	3,532
Payment	(5,212)	(7,057)	—	(10,149)	(22,418)
Balance as of March 31, 2023	**—**	**95,482**	**98,579**	**22,366**	**216,427**
Current					26,965
Non-current					189,462

(In thousand of Reais)

The balance of lease payables with related parties as of March 31, 2024 was R$ 199,294 (R$ 98,579 as of March 31, 2023). See note 33.

Right of use

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 10).

	Warehouse (ii)	Wagons (v)	Other (iii)	Total
Balance as of March 31, 2023	**98,083**	**96,962**	**22,983**	**218,028**
Addition	154,364	30,028	23,722	208,114
Contractual adjustment (iv)	4,302	—	983	5,285
Amortization	(22,415)	(12,369)	(16,046)	(50,830)
Balance as of March 31, 2024	**234,334**	**114,621**	**31,642**	**380,597**

	Land (i)	Warehouse (ii)	Wagons (v)	Other (iii)	Total
Balance as of March 31, 2022	**86,468**	**39,845**	**—**	**8,613**	**134,928**
Addition	21,754	62,975	97,654	23,083	205,466
Disposal (vi)	(104,422)	—	—	(67)	(104,489)
Amortization	(3,802)	(4,737)	(692)	(8,646)	(17,877)
Balance as of March 31, 2023	**—**	**98,083**	**96,962**	**22,983**	**218,028**

i) Rural area for bamboo cultivation that has a 3-year period for harvest (5 period in total) and will be used as a biomass in the Company's energy matrix.
ii) Refers to the leasing of warehouses for the storage of corn.
iii) Composed by machinery that serves industrial activities and a leased office located in São Paulo.
iv) Contract update according to the annual adjustment of open balances.
v) Composition relating to wagon lease operations
vi) In September and December 2022, FS Ltda. and FS Florestal signed a purchase and sale agreement for the following assets: sale of the biological asset, maintained by FS where the entire structure of plantation and forest formation of bamboo is located (see note 33).

20. Taxes and contributions

a) Recoverable taxes

	03/31/2024	03/31/2023
PIS and COFINS	730,498	560,236
ICMS	29,472	5,289
IRRF	139,546	63,596
Other taxes and contributions	1,131	136
Total	**900,647**	**629,257**
Current	591,627	383,452
Non-current	309,020	245,805

(In thousand of Reais)

b) Taxes and contributions payable

	03/31/2024	03/31/2023
ICMS	4,249	—
Retained tax of third parties (*)	2,397	3,153
ISS	744	11,641
Other taxes	1,209	170
Total	**8,599**	**14,964**

(*) The retained taxes of third parties refers to follow taxes: PIS, COFINS, CSLL, IRPJ, INSS and Funrural.

21. Contingent liabilities and judicial deposits

As of March 31, 2024, FS had contingent liabilities whose cash outflow is considered probable in the amount of R$ 538 (R$ 1,453 as of March 31, 2023).

Unrecorded contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred. As of March 31, 2024, and March 31, 2023, FS had contingencies assessed as possible risk by legal advisors and Management in the amount of R$ 40,647 and R$ 91,678, respectively, for which no provision was recorded:

	03/31/2024	03/31/2023
Civil	191	78,684
Labor	2,730	5,575
Tax	37,726	7,419
Total	**40,647**	**91,678**

Civil

Contingency for passive civil demands with a possible likelihood of loss related to claims of freights compensations in lawsuits promoted by independent transportation companies with direct or joint responsibility under the law.

Labor

Contingency for labor demands with a possible likelihood of loss related to claims of compensations for overtime, severance payments and FGTS in lawsuits promoted by employees of outsourced companies due to subsidiary responsibility.

Tax

Lawsuits of tax are related to risks of inquiries by tax authorities and infraction notices related to the non-incidence or the improper collection of ICMS debts.

Among the mentioned contingencies, there is an ongoing judicial matter related to ICMS about machinery imports for the expansion of the plant located in Lucas do Rio Verde - MT, for which the FS maintains a judicial deposit in the amount of R$ 5,370 (R$ 4,177 as of March 31, 2023).

(In thousand of Reais)

22. Net parent investment

Balance as of March 31, 2024	a. Capital	b. Tax incentive reserves	Equity instruments	Other comprehensive income	Accumulated losses	Net parent investment
FS Ltda. (i)	88,083	366,955	—	71,747	(248,908)	277,877
FS S.A. (ii)	4,500	—	1,806,555	—	(233,628)	1,577,427
FS ECE (iii)	10,000	—	—	—	(618)	(618)
Eliminations	—	—	(1,806,555)	—	(392,763)	(2,199,318)
Combined	**102,583**	**366,955**	**—**	**71,747**	**(875,917)**	**(344,632)**

Balance as of March 31, 2023	a. Capital	b. Tax incentive reserves	Other comprehensive income	Accumulated profit or losses	Net parent investment
FS Ltda (i)	88,037	372,241	(10,500)	694,982	1,144,760
FS S.A. (ii)	4,500	—	—	(21,506)	(17,006)
Eliminations	—	—	—	(390,998)	(390,998)
Combined	**92,537**	**372,241**	**(10,500)**	**282,478**	**736,756**

a. Capital

i. FS Ltda.

FS Ltda. subscribed and paid-in capital as of March 31, 2024 and March 31, 2023, are R$ 88,083 and 88,037, respectively. As of March 31, 2024, of the total of 88,083,439 quotas, 83,380,928 are ordinary and 4,702,511 are preferred (of the 88,036,938 quotas, 83,380,928 are ordinary and 4,656,010 are preferred shares as of March 31, 2023). The preferred quotas were approved by the Management Board and were fully subscribed and paid-up by the members of management with no voting rights, no priority to receive dividends and no minimum dividends guaranteed, with priority to redeem it without a premium.

		03/31/2024			03/31/2023		
Quota holder	Type	Subscribed capital	Paid capital	% of ownership	Paid capital	Paid in capital	% of ownership
Summit Brazil Renewables I, LLC	Ordinary	62,265	62,265	70.69%	62,536	62,536	71.03%
Non-controlling quota holder	Ordinary	21,116	21,116	23.97%	20,845	20,845	23.68%
Others	Preferred	4,702	4,702	5.34%	4,656	4,656	5.29%
Total		**88,083**	**88,083**	**100.00%**	**88,037**	**88,037**	**100.00%**

ii. FS S.A.

FS S.A. capital as of March 31, 2024 and March 31, 2023, was R$ 4,500 divided into 4,500,000 (four million and five hundred thousand shares), with a par value of R$ 1.00 each.

Shareholder	% of Ownership	Subscribed capital
SBR FS Fundo de Investimentos	70.51 %	3,173
LRV Fundo de Investimentos em Participações	8.71 %	392
Others	20.78 %	935
Total	**100.00 %**	**4,500**

iii. FS ECE

FS ECE capital as of March 31, 2024 was R$ 10,000, divide into 10,000,000 (ten million shares), with a par value of R$ 1,00 each.

(In thousand of Reais)

Shareholder	% of Ownership	Subscribed capital
FS I Indústria de Etanol S.A	99.00%	9,900
FS Indústria de Biocombustíveis Ltda	1.00%	100
Total	**100.00%**	**10,000**

b. *Tax incentive reserves*

i. FS Ltda.

Corresponds to the reserve that is recorded to comply with the requirements of the federal tax incentive program with the Amazon Development Superintendent – SUDAM and *Programa de Desenvolvimento Industrial e Comercial de Mato Grosso* – PRODEIC. Related to SUDAM, the value of the benefit for a determinate year is recorded in the statement of profit or loss as a reduction of current income tax with a corresponding reserve established in equity. According to the program rules, the amount of the incentive accumulated in the mentioned reserve can only be used to offset accumulated losses or increase capital.

Related to PRODEIC, FS Ltda. is guaranteed – for a term of 13 (thirteen) years starting from complementary decree No. 182, of July, 2019 – the granting of tax benefit in the amount of ICMS tax due on the respective operations. The amount of the benefits related to the years 2017 to 2019 were excluded from the calculation basis of income tax and social contribution with a corresponding tax incentive reserve established in equity, in accordance with the provisions of art. 30 of Law 12.973/14.

The tax incentive reserve on March 31, 2024 totals R$ 366.955 and is composed of R$ 15,954 related to PRODEIC and R$ 351,001 related to SUDAM (R$ 372,241 as of March 31, 2023). During the year ended March 31, 2024, FS Ltda. did not establish a tax incentive reserve as it did not record any taxable profit for the year, as of March 31, 2024, there are no new tax incentive reserves were recorded.

c. Dividends

i. FS Ltda.

In the year ended on March 31, 2024 and March 31, 2023, accumulated profits were distributed, representing R$ 7.56 and R$ 8.10 per quota, respectively, as shown below:

Quota holder	% of ownership	Subscribed capital	Distribution of accumulated profits
Summit Brazil Renewables I Participações Ltda	70.69 %	62,265	458,190
Non-controlling quota holder	23.97 %	21,116	156,927
Others	5.34 %	4,702	50,792
Total as of March 31, 2024	**100.00 %**	**88,083**	**665,909**

Quota holder	% of ownership	Subscribed capital	Distribution of results		
			Distribution of accumulated profits	Distribution of interim accumulated profits	Total
Summit Brazil Renewables I Participações Ltda	71.03%	62,536	125,422	368,046	493,468
Non-controlling quota holder	23.68%	20,845	42,396	122,096	164,492
Others	5.29%	4,656	8,833	46,107	54,940
Total as of March 31, 2023	**100.00%**	**88,037**	**176,651**	**536,249**	**712,900**

(In thousand of Reais)

23. Financial instruments

a. Accounting classification and fair values

The following table shows the carrying and fair values of financial assets and liabilities, including their fair value hierarchy levels. It does not include information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable approximation of fair value.

	Note	Fair value through profit or loss		Amortized Cost		Fair value through other comprehensive income		Other financial liabilities		Total		Fair value Level 2	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Financial assets measured at fair value													
Financial investments in bank deposit certificates ("CDB")	9	2,272,532	1,374,855	—	—	—	—	—	—	2,272,532	1,374,855	2,272,532	1,374,855
Total return swap (TRS)	10	—	3,109,084	—	—	—	—	—	—	—	3,109,084	—	3,109,084
Derivative financial instruments	23	33,038	40,478	—	—	—	—	—	—	33,038	40,478	33,038	40,478
Total		**2,305,570**	**4,524,417**	**—**	**—**	**—**	**—**	**—**	**—**	**2,305,570**	**4,524,417**	**2,305,570**	**4,524,417**
Financial assets not measured at fair value													
Bank deposits and cash	9	—	—	1,055,701	36,597	—	—	—	—	1,055,701	36,597		
Restricted cash	11	—	—	1,298,115	2,296,174	—	—	—	—	1,298,115	2,296,174		
Related parties loans	33	—	—	273,564	288,452	—	—	—	—	273,564	288,452		
Trade and other receivables	12	—	—	384,298	437,749	—	—	—	—	384,298	437,749		
Other assets	—	—	—	1,799	36,466	—	—	—	—	1,799	36,466		
Judicial deposits	21	—	—	5,370	4,177	—	—	—	—	5,370	4,177		
Total		**—**	**—**	**3,018,847**	**3,099,615**	**—**	**—**	**—**	**—**	**3,018,847**	**3,099,615**		
Financial liabilities measured at fair value													
Derivative financial instruments	23	2,110	15,059	—	—	63,603	392,849	—	—	65,713	407,908	65,713	407,908
Total		**2,110**	**15,059**	**—**	**—**	**63,603**	**392,849**	**—**	**—**	**65,713**	**407,908**	**65,713**	**407,908**
Financial liabilities not measured at fair value													
Trade payables	16	—	—	—	—	—	—	2,950,843	1,217,740	2,950,843	1,217,740	—	—
Loans and borrowings [(1)]	17	—	—	—	—	—	—	10,497,201	11,788,933	10,497,201	11,788,933	10,570,562	11,788,933
Lease payables	19	—	—	383,837	216,427	—	—	—	—	383,837	216,427	—	—
Total		**—**	**—**	**383,837**	**216,427**	**—**	**—**	**13,448,044**	**13,006,673**	**13,831,881**	**13,223,100**	**10,570,562**	**11,788,933**

[(1)] The amount presented does not include transaction costs.

b. Measurement of fair value

Fair value of financial assets and liabilities is the value by which the instrument may be exchanged in a current transaction between parties that are willing to negotiate, and not in a forced sale or settlement. The methods and assumptions used to estimate the fair value are described below.

The fair value of cash and cash equivalents, trade receivables, other financial assets, trade payables and other short-term liabilities approximate their book value due to their short-term maturity. The fair value of other long-term assets and liabilities do not differ significantly from their book values.

The fair value of financial instruments liabilities of FS approximates of book value, due to they are subject to variable interest rate and do not have significant change in the credit risk of FS.

The fair value of loans and borrowings approximate to the amounts recorded in the combined financial statements due to the fact that these financial instruments are subject to observable interest rates (see note 17).

Derivatives are valued through valuation techniques with observable market data and refer, mainly, to swaps of interest rates, foreign exchange forward contracts (NDFs) and commodity term contracts and options. The valuation techniques applied often include pricing models and swaps contracts, NDFs, term contracts, with present value calculations Black & Scholes. The models incorporate various data, such as spot and forward exchange rates, interest rate curves, and forward rate curves for the commodity (corn).

Fair value hierarchy

FS uses the following hierarchy to determine and disclose the fair values of financial instruments according to the valuation technique used:

- Level 1: prices quoted (without adjustments) in active markets for identical assets and liabilities;

- Level 2: other techniques for which all data that have significant effect on the recorded fair value are observable, either directly or indirectly; and

- Level 3: techniques that use data that have a significant effect on fair value that are not based on observable market data.

There were no transfers between levels during the year ended March 31, 2024.

c. Financial risk management

FS presents exposure to the following risks from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Price risk; and
- Market risk.

(i) Risk management structure

Management has overall responsibility for establishing and overseeing FS' risk management framework.

(In thousand of Reais)

FS risk management policies are established to identify and analyze the risks to which it is exposed, to set appropriate risk limits and controls, and to monitor risks and adherence to defined limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and activities. FS, through its training and management standards and procedures, seeks to maintain an environment of discipline and control in which all employees are aware of their attributions and obligations.

Credit risk

Credit risk is the risk that FS will incur financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	03/31/2024	03/31/2023
Cash and cash equivalents	9	3,328,233	1,374,855
Financial investments	10	—	3,109,084
Restricted cash	11	1,298,115	2,296,174
Trade and other receivables	12	384,298	437,749
Related party loans	33	273,564	288,452
Derivative financial instruments	23	33,038	40,478
Other assets		1,804	36,466
Total		**5,319,052**	**7,583,258**

Cash and cash equivalents

The amounts are kept in highly rated financial institutions in order to minimize the credit risk brought by these operations. Cash and equivalents are maintained with banks and financial institutions that have a rating between AA- to AAA, and equivalents, based on the reference rating agencies.

FS used an approach similar to the expected credit loss (ECL) measurement methodology in assessing expected credit loss on cash and cash equivalents and financial investments.

Derivatives

Derivatives are contracted with banks and financial institutions to manage the exchange rate risk in future payments of loans, and to manage the fluctuation in the price of corn and ethanol, according to the operational needs. The derivatives are held with banks and financial institutions rated between AA- to AAA, based on the reference rating agencies.

Trade and other receivables

The credit risk of trade receivables arises from the possibility of FS not receiving amounts from sales operations. To mitigate this risk, FS adopts the practice of detailed analysis of the financial and equity situation of its customers, establishing a credit limit.

The Credit area is responsible for setting limits for all customers that make term transactions. The parameters of the definition of credit limits are:

a) Market information (external credit rating agencies and network with other companies of the sector);

b) Financial analysis of on financial statements ; and

c) Constitution of guarantees through a rural producer note (CPRs), Surety, etc.

(In thousand of Reais)

Liquidity risk

The finance department continuously monitors FS' liquidity needs to ensure that there is sufficient cash to meet its short-term obligations.

Excess cash is invested in private securities, bank deposit certificates ("CDBs") and purchase and sale commitments, indexed to the CDI variation, with high liquidity.

Exposure to liquidity risk

The book value of financial liabilities with liquidity risk are presented below:

	Note	03/31/2024	03/31/2023
Trade payables	16	2,950,843	1,217,740
Loans and borrowings (*)	17	10,497,201	11,788,933
Lease payables	19	383,837	216,427
Derivative financial instruments	23	65,713	407,908
Total		**13,897,594**	**13,631,008**
Current		4,010,630	5,904,892
Non-current		9,380,678	7,559,413

(*) The amount does not include transaction costs.

The following are the contractual maturities of financial liabilities, including interest payments.

March 31, 2024	Book value	Contractual Cash Flow	Until 12 months	1 to 2 years	Above 3 years
Trade payables	2,950,843	3,019,430	3,001,230	18,200	—
Loans and borrowings (*)	10,497,201	18,664,948	2,055,852	2,817,638	13,791,458
Lease payables	383,837	641,433	87,639	80,909	472,885
Derivative financial instruments	65,713	(34,801)	(77,974)	41,563	1,610
Total	**13,897,594**	**22,291,010**	**5,066,747**	**2,958,310**	**14,265,953**

March 31, 2023	Book value	Contractual Cash Flow	Until 12 months	1 to 2 years	Above 3 years
Trade payables	1,217,740	1,263,042	1,244,247	18,795	—
Loans and borrowings (*)	11,788,933	14,373,740	4,818,096	3,042,718	6,512,926
Lease payables	216,427	345,570	48,771	48,771	248,028
Derivative financial instruments	407,908	598,643	383,867	76,728	138,048
Total	**13,631,008**	**16,580,995**	**6,494,981**	**3,187,012**	**6,899,002**

(*) The amount does not include transaction costs.

(In thousand of Reais)

Price risk

Price risk arises from the potential fluctuation in market prices of corn traded by FS. These price fluctuations may cause changes in FS' sales revenue. To mitigate this risk, FS monitors the market regularly seeking to anticipate price movements. The table below shows the positions of derivative financial instruments to hedge commodity price risk outstanding as of March 31, 2024:

Derivatives	Purchased/ Sold	Market	Contract	Maturity	Currency	Notional	Fair value as of 03/31/2024
Term contract	Sold	B3	Corn	01/31/2024	BRL	27,611	582
Term contract	Purchased	B3	Corn	01/31/2024	BRL	27,611	(190)
Term contract	Sold	B3	Ethanol	12/31/2024	BRL	19,920	1,092
Term contract	Purchased	B3	Ethanol	01/31/2024	BRL	19,920	(2,549)
Total Derivative Financial Instrument							**(1,065)**

Sensitivity analysis – commodity price risk

Based on corn price on March 31, 2024, traded at B3 (Brazilian exchange), a probable scenario (level 1) was defined to calculate the price variation impact in assuming every other variable is held constant, and based on this, changes of 25% (level 2) and 50% (level 3) are, as detailed below:

				Probable	Appreciation (R$)		Depreciation (R$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
Instruments on March 31, 2024	Contract	Value	Corn Bag	In Reais	25%	50%	25%	50%
Financial assets								
Term contract	Corn	1,674	39.53	1,674	(2,093)	(2,511)	1,256	837
Financial liabilities								
Term contract	Corn	(2,739)	37.25	(2,739)	3,424	4,109	(2,053)	(1,371)
Total				**(1,065)**	**1,331**	**1,598**	**(797)**	**(534)**
Impact on profit or loss and on net parent investment					**266**	**533**	**268**	**531**

Market risk

Management monitors exchange and interest rates in order to mitigate risks that negatively impact FS' results.

When appropriate, the Management uses derivatives financial instruments to manage market risks.

Foreign exchange risk

FS's operations give rise to certain exposures to foreign currency risk mainly due to the inflow and outflow of capital abroad, as well as contracts denominated in dollars for the production and sale of goods FS manages a portion of this risk with derivative financial instruments, primarily options, swaps and forward contracts ("NDFs"), to reduce exposure to foreign currency fluctuation between the Brazilian real and the US dollar.

(In thousand of Reais)

		03/31/2024		03/31/2023	
Financial assets	**Note**	**R$**	**USD**	**R$**	**USD**
Cash and cash equivalents	4	1,025,883	205,333	29,698	5,846
Related parties' loans	33	273,564	54,754	288,452	56,777
Total return swap (TRS)	5	—	—	3,109,084	611,976
Derivative financial instruments	18	—	—	602,710	118,634
Total financial assets		**1,299,447**	**260,087**	**4,029,944**	**793,233**
Financial liabilities					
Loans for investments (*)	12	(3,347,634)	(670,036)	(6,374,590)	(1,254,742)
Loans for working capital (*)	12	—	—	(141,917)	(27,934)
Derivative financial instruments	18	(63,603)	(300,000)	(569,388)	(112,075)
Total financial liabilities		**(3,411,237)**	**(970,036)**	**(7,085,895)**	**(1,394,751)**
Net exposure		**(2,111,790)**	**(709,949)**	**(3,055,951)**	**(601,518)**

(*) The amount does not include transaction costs.

Hedge accounting effects

FS formally designates the operation subject to hedge accounting for the purpose of cash flow protection. The designated hedge is to protect foreign currency debt. To manage the risk of foreign currency variation, FS contracted derivative instruments "Swap", in which these instruments exchange variation of the U.S. Dollar for the CDI, reducing FS's exposure to this currency. The operations designated as hedge accounting are presented in the following table:

Type	Index	Acquisition Date	Maturity Date	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2024
Swap/ Bond	USD x CDI	12/08/2020	12/09/2025	1,827	USD	300,000	(63,603)

Type	Index	Acquisition Date	Maturity Date	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2023
Swap	Purchased	12/08/2020	12/09/2025	1,258	USD	350,000	(392,849)

FS formally designates its hedge accounting operations, documenting: (i) the hedge relationship; (ii) FS's objective and risk management strategy in adopting the hedge; (iii) the identification of the financial instrument; (iv) the purpose of covered transaction; (v) the nature of the risk to be covered; (vi) the description of the hedging ratio and (vii) the demonstration of the correlation between the hedge and the hedging object.

The relationship between the instrument and the hedging object, as well as the policies and objectives of risk management, were documented at the beginning of the operation. The effectiveness tests are duly documented thus confirming the prospective effectiveness of the hedge relationship from the variation in the market value of the items subject to "hedge".

Cash flow hedge consists of providing protection against the change in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable anticipated transaction that may affect the result.

Prospective and retrospective effectiveness tests are also documented, and it is confirmed that the designated derivatives are effective in compensating for the variation in the market value of the items subject to hedging.

(In thousand of Reais)

The effective portion of the changes in the fair value of derivatives designated and classified as cash flow hedge are recorded as a component of "other comprehensive income". As of March 31, 2024, the balance recorded in other comprehensive income was R$ 73,754, net of income tax and social contribution. A loss of R$ 19,102 for the year ended March 31, 2024, related to the amount deemed ineffective was recognized in the statement of profit or loss (R$ 14,151 for the year ended March 31, 2023).

Effect of fair value recognized in net parent investment	
Balance as of March 31, 2023	**(11,471)**
Unrealized results from cash flow hedges and recognized on parent company's net investment	129,129
Deferred income and social contribution taxes	(43,904)
Balance as of March 31, 2024	**73,754**

Cash flow sensitivity analysis – foreign exchange risk

Based on US dollar exchange rate on March 31, 2024, a probable scenario (level 1) was defined to calculate the exchange rate impact for the year ended, assuming that all other variables are kept constant and, based on that, variations of 25 % (level 2) and 50% (level 3) are calculated, as detailed below:

Instruments in March, 31 2024	Currency	Carrying amount	Exchange rate	Probable	Appreciation (R$)		Depreciation (R$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
					25%	50%	25%	50%
Financial assets								
Cash and cash equivalents	USD	205,333	4.9962	1,025,885	1,282,356	1,538,827	769,414	512,942
Financial liabilities								
Loans for investments*	USD	(670,036)	4.9962	(3,347,634)	(4,184,542)	(5,021,451)	(2,510,725)	(1,673,817)
Derivative financial instruments	USD	(300,000)	4.9962	(1,498,860)	(1,873,575)	(2,248,290)	(1,124,145)	(749,430)
Total				**(3,820,609)**	**(4,775,761)**	**(5,730,914)**	**(2,865,457)**	**(1,910,305)**
Impact on profit or loss and net parent investment					**(955,152)**	**(1,910,305)**	**955,152**	**1,910,305**

(*) The presented amount does not include transaction costs.
Reference: the information PTAX (exchange rate calculated during the day for Central Bank of Brazil) was extracted from the BACEN basis (Central Bank of Brazil), considering the last business day of March 31, 2024.

Interest rate risk

FS is exposed to the interest rate risk variations in its financial investments and loans and borrowings indexed to CDI in the reporting period.

As of March 31, 2024, the profile of FS' financial instruments remunerated by variable interest is:

Financial instruments	Note	03/31/2024	03/31/2023
Financial investments in bank deposit certificates ("CDB")	9	2,272,532	1,338,258
Restricted cash	11	1,298,115	2,296,174
Loans for investments (*)	17	—	(1,642,591)
Loans for working capital (*) (**)	17	(7,149,567)	(3,629,835)
Total		**(3,578,920)**	**(1,637,994)**

(*) The presented amount does not include transaction costs.
(**) All working capital loans are exposed to CDI.

(In thousand of Reais)

Interest rate risk on financial assets and liabilities - sensitivity analysis

Based on the CDI rate in effect on March 31, 2024, a probable scenario (level 1) was defined to calculate the interest income or expense for the year ended, assuming that all other variables are kept constant and, based on that, variations of 25 % (level 2) and 50% (level 3) are calculated, as detailed below:

	Combined	Risk	Probable		Appreciation (R$)		Depreciation (R$)	
Financial instruments	Exposure at 03/31/2024		(Level 1)		(Level 2)	(Level 3)	(Level 2)	(Level 3)
Financial assets and liabilities			%	Value	25%	50%	25%	50%
Cash and cash equivalents	2,272.532	CDI	10.65	242,025	302,531	363,038	181,519	121,013
Restricted cash	1,298.115	CDI	10.65	138,249	172,811	207,374	103,687	69,125
Loans*	(7,149.567)	CDI	10.65	(761,429)	(951,786)	(1,142,144)	(571,072)	(380,715)
Total				**(381,155)**	**(476,444)**	**(571,732)**	**(285,866)**	**(190,577)**
Impact on profit or loss and net parent investment					**(95,289)**	**(190,577)**	**95,289**	**190,577**

(*) The amount presented does not include transaction costs,
Reference: CDI information was obtained from the CETIP (clearinghouse for the custody and financial settlement of securities), considering the last business day of March 31, 2024.

Derivative financial instruments

FS has operations that may be impacted by the variation of foreign currencies. Among these exposures, the most relevant is a loan in the amounting to USD 635,905 (R$ 3,177,106) as of March 31, 2024, and USD 624,552 (R$ 3,172,971) as of March 31, 2023.

FS manages a portion of this risk through the use of derivative financial instruments of short and medium time, primarily swaps, options and non-deliverable forward contracts ('NDF's'), to reduce the impact to foreign currency variations between the Brazilian Real and the US dollar.

The open positions as of March 31, 2024 and March 31, 2023, including expiration dates, weighted average strike rates and fair value, are detailed below:

Type	Sold/ Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2024
NDF	Corn	02/26/2023	02/15/2029	1,782	BRL	5,427 (ton)	103
Swap	IPCA x CDI	09/15/2021	09/15/2025	533	BRL	300,000	28,743
Swap	IPCA x CDI	02/03/2023	12/15/2029	2,085	BRL	300,000	526
Forward contract	Ethanol	11/23/2023	12/31/2024	275	BRL	67,060 m^3	3,002
Term contract	Corn	03/29/2024	07/31/2024	122	BRL	27,611	664
Total Derivative financial instruments (assets)							**33,038**

Current	3,666
Non- current	29,372

Type	Sold/ Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2024
NDF	Corn	03/19/2024	09/16/2024	169	BRL	2,316	(21)
Forward contract	Ethanol	11/23/2023	12/31/2024	275	BRL	24,625	(1,545)
Swap	Pré x CDI	08/16/2023	08/15/2025	502	BRL	100,000	(272)
Swap	USD x CDI	12/08/2020	12/09/2025	618	USD	300,000	(63,603)
Term contract	Corn	03/29/2024	07/31/2024	122	BRL	27,611	(272)
Total Derivative financial instruments (liabilities)							**(65,713)**

Current	(1,837)
Non- current	(63,876)

Type	Sold/ Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2023
Term contract	Corn	03/31/2023	05/30/2023	60	Corn	28,284	4,621
Forward contract	Ethanol	03/07/2023	12/29/2023	297	USD	6.000 m^3	46
NDF	USD	11/04/2022	08/30/2023	299	USD	2,710	24
Swap	IPCA x CDI	09/15/2021	09/15/2025	1,461	BRL	300,000	26,499
Swap	IPCA x CDI	02/03/2023	02/15/2029	2,204	BRL	300,000	9,288
Total Derivative financial instruments (assets)							**40,478**

Type	Sold/ Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2023
Forward contract	Purchased	03/31/2023	05/30/2023	60	Corn	24,342	(1,977)
NDF	FX	05/11/2023	10/30/2023	172	USD	92,388	(3,942)
Swap	USD x CDI	12/08/2020	12/09/2025	1,827	USD	350,000	(392,849)
Swap	Pré x CDI	03/29/2023	03/22/2024	359	BRL	100,000	(760)
Swap	USD x CDI	09/14/2022	06/12/2023	271	USD	27,000	(8,380)
Total Derivative financial instruments (liabilities)							**(407,908)**

(In thousand of Reais)

Loss from derivative financial instruments

FS recorded the gains and losses on these transactions in the statement of profit or loss for year, as detailed below:

	Note	03/31/2024	03/31/2023
Gain with derivative operations	31	235,658	355,649
Losses with derivative operations	31	(544,067)	(557,461)
Losses with derivative operations (resale corn)	27	(499)	(22,411)
Total		**(308,908)**	**(224,223)**

24. Income taxes and social contribution

a. Income tax and social contribution payable

	03/31/2024	03/31/2023
Income tax recoverable (IRPJ)	—	38,772
Income tax recoverable (CSLL)	—	21,044
Total	**—**	**59,816**

(In thousand of Reais)

b. Deferred income tax and social contribution

Deferred taxes on assets, liabilities, net parent investment and statement of profit or loss were attributed as follows:

	Assets		Liabilities		Net parent investment		Statement of profit or loss	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Deferred income tax and social contribution								
Allowance for expected credit losses	117	2	—	—	—	—	115	(37)
Bonus provision	10,100	12,985	—	—	—	—	(2,885)	3,646
Trade payables provision	1,078	1,524	—	—	—	—	(446)	(1,227)
Capitalized loan interest	—	—	(67,245)	(40,054)	—	—	(27,191)	10,778
Transaction costs of loans	—	—	(114,158)	(57,571)	—	—	(56,587)	(8,171)
Fair value of derivative financial instruments	10,615	138,807	—	(25,680)	37,995	(5,909)	(58,608)	(112,908)
Right of use	1,101	91,744	—	—	—	—	(90,642)	—
Lease payables	—	—	—	(92,287)	—	—	92,287	—
Adjustment to present value	5,057	6,154	—	(1,893)	—	—	796	1,446
Adjustment to fair value - biological assets	—	—	—	—	—	—	—	11,053
Tax losses carryforwards	679,849	5,682	—	—	—	—	674,167	5,682
Tax depreciation adjustment	—	—	(361,399)	(282,772)	—	—	(78,627)	(78,744)
Unrealized results (**)	190,322	196,843	—	—	—	—	(6,521)	(16,189)
Others	5,424	13,287	(27,947)	(26,216)	—	—	(9,594)	196,843
Subtotal	**903,663**	**467,028**	**(570,749)**	**(526,473)**	**37,995**	**(5,909)**	**436,264**	**12,172**
Offsetting (*)	(570,540)	(467,028)	570,540	467,028	—	—	—	—
Total	**333,123**	**—**	**(209)**	**(59,445)**	**37,995**	**(5,909)**	**436,264**	**12,172**

(*) Balances of deferred tax assets and liabilities offset by Companies, considering they are related to income taxes levied by the same tax authority.
(**) Refers to deferred tax calculated on the unrecognized gain upon the sale of assets by FS Ltda. to FS S.A., which took place in June 2022.

(In thousand of Reais)

c. Effective rate reconciliation

	03/31/2024	03/31/2023
Effective rate reconciliation		
(Loss) profit before income and social contribution taxes	(931,005)	1,092,114
Nominal rate	34 %	34 %
Tax benefit (expense) at nominal rate	**316,542**	**(371,319)**
Adjustment of income and social contribution taxes		
Permanent exclusion - tax incentive - PRODEIC	71,819	66,108
CBIOs	67,310	39,646
Tax incentive - (PAT)	—	3,774
Others	(8,680)	(11,594)
Income taxes and social contribution	**446,991**	**(273,385)**
Reconciliation with values presented in the statement profit or loss		
Current income and social contribution taxes	10,727	(285,557)
Deferred income and social contribution taxes	436,264	12,172
Tax and social contribution	**446,991**	**(273,385)**
Tax incentives on income tax	(5,286)	58,682
Income tax and social contribution in the year	**441,705**	**(214,703)**
Effective (benefit) rate	47 %	20 %

Realization

Supported by internal assessments and estimates of future results, Management consider as probable that taxable profits will be determined and has recognized deferred tax assets that will be realized. The estimates include variables from the micro and macro economic scenario, in addition to those related to the markets in which FS performs operational activities

25. Information by segment

Base for segmentation

FS has four strategic divisions which are its reportable segments, grouped into industrial activities and marketing. These divisions offer different products and are managed separately as they require different sales strategies. Management makes its decisions based on internal and segmented reports, in the FS and other market information, considering the micro and macroeconomic scenario.

The following summary describes operations in each of FS's reportable segments:

Segments	Type activity	Operations
Ethanol	Industrial	Sales of anhydrous and hydrous ethanol
Animal nutrition	Industrial	Sales of DDG (Distiller's dried grains) and corn oil
Energy	Industrial	Sale of energy and generated steam
Marketing	Marketing	Resale of grains, ethanol, and energy acquired from third parties

The operating assets related to these segments are all located in Brazil.

Information about reportable segments

Results are analyzed by Management based on total net revenue from reportable segments and activities (Industrial and Marketing), less the logistics costs (freight expenses) of sales, less the cost of goods sold segregated in activities (Industrial and Marketing) totaling the gross profit .

Products sold by the FS related to industrial activities derive from the same production process – corn crushing – and, therefore, Management does not allocate operating costs and expenses between the segments in its internal reports, but allocates the costs attributable to Industrial and Marketing activities, and analyzes the gross margin per activity. In addition, FS's assets and liabilities are not reported to Management.

(In thousand of Reais)

The result by segment and activities in the year ended was as follows:

	03/31/2024	03/31/2023
Anhydrous	2,540,297	2,504,262
Hydrous	2,203,699	1,845,542
Total ethanol segment	**4,743,996**	**4,349,804**
High protein	663,924	623,251
High fiber	331,172	354,234
Wet cake	209,940	194,105
Corn oil	295,573	296,043
Total animal nutrition segment	**1,500,609**	**1,467,633**
Energy	18,666	15,995
Steam	5,918	3,978
Total energy segment	**24,584**	**19,973**
Total net revenue from reportable segments of industrial activities (A)	**6,269,189**	**5,837,410**
Corn	580,466	935,251
Ethanol	105,032	—
Energy	22,647	26,793
Total net revenue from reportable marketing segment and activity (B)	**708,145**	**962,044**
Total net revenue from reportable segment (A+B)	**6,977,334**	**6,799,454**
Freight on sales (reclassification) (C) [(1)]	1,094,716	751,052
Total net revenue	**8,072,050**	**7,550,506**
Cost of goods sold (Industrial) (D)	(5,644,687)	(4,123,879)
Cost of goods sold (Marketing) (E)	(613,731)	(897,617)
Cost of goods sold	**(6,258,418)**	**(5,021,496)**
Gross profit (Industrial) (A+D)	624,502	1,713,531
Gross profit (Marketing) (B+E)	94,414	64,427
Freight on sales (reclassification) (C) (1)	1,094,716	751,052
Gross profit	**1,813,632**	**2,529,010**
Expenses (2)	(126,942)	466,238
Freight on sales (C) (1)	(1,094,716)	(751,052)
Total expenses	**(1,221,658)**	**(284,814)**
Net finance expenses	(1,522,979)	(1,152,082)
(Loss) profit before income and social contribution taxes	**(931,005)**	**1,092,114**

(1) Reclassification of logistic expenses on sales of products, assessed by Management within net revenue.
(2) Expenses include: selling expenses, administrative expenses and other results less freight on sales.

For the year ended March 31, 2024, the FS had customers that represented over than 10% of its net revenue. The main five customers account for 56.7% of net revenue, which two largest with percentages of 34.2% and 10.4% (78.9% of net revenue, which two largest with percentages of 54,4% and 9% for the year ended March 31, 2023).

(In thousand of Reais)

26. Net revenue

	03/31/2024	03/31/2023
Domestic market		
Ethanol	4,986,739	4,726,937
DDG	1,457,196	1,327,162
Corn oil	329,523	311,950
Energy	18,666	15,995
Corn marketing	822,362	1,131,452
Energy marketing	22,647	26,793
Ethanol marketing	115,940	—
Others	5,917	3,976
Total domestic market	**7,758,990**	**7,544,265**
Foreign market		
Ethanol	309,727	—
Corn oil	3,117	6,241
DDG	216	—
Total foreign market	**313,060**	**6,241**
Net revenue	**8,072,050**	**7,550,506**

	03/31/2024	03/31/2023
Gross operating revenue	8,715,718	7,976,153
Deductions		
Sales tax	(532,056)	(362,417)
Return of sales and other deductions	(111,612)	(63,230)
Net revenue	**8,072,050**	**7,550,506**

27. Cost of goods sold

Production costs for the year ended are allocated across the FS's products lines utilizing the relative sales value methodology. The cost of resold products is measured by the average acquisition cost and allocated to the product's result. Below is a table showing the cost of goods sold allocated by production inputs and cost of resold products for materials, for the years ended March 31, 2024 and 2023:

(In thousand of Reais)

	03/31/2024	03/31/2023
Corn	(4,438,239)	(3,264,866)
Inventory write off	(53,519)	(93,017)
Biomass	(411,762)	(265,403)
Labor	(111,140)	(84,265)
Enzymes	(88,243)	(70,261)
Depreciation	(240,163)	(137,405)
Production	(99,703)	(69,547)
Chemicals products	(114,620)	(75,838)
Maintenance	(79,854)	(58,319)
Lab	(7,444)	(4,958)
Cost of goods sold - production inputs	**(5,644,687)**	**(4,123,879)**
Corn marketing	(491,840)	(859,199)
Energy marketing	(17,174)	(17,723)
Ethanol marketing	(104,218)	—
Gain (losses) on derivatives	(499)	(20,695)
Cost of goods resold - production inputs	**(613,731)**	**(897,617)**
Total	**(6,258,418)**	**(5,021,496)**

28. Selling expenses

Selling expenses are presented as follows:

	03/31/2024	03/31/2023
Expenses with freight on sales	(1,094,716)	(751,052)
Personnel expenses	(40,215)	(34,656)
Expenses with contracted services	(5,313)	(3,880)
Travel expenses	(2,188)	(1,457)
Depreciation and amortization expenses	(2,051)	(938)
Other selling expenses	(3,593)	(2,888)
Total	**(1,148,076)**	**(794,871)**

(In thousand of Reais)

29. Administrative and general expenses

The administrative and general expenses incurred in the year ended are presented as follows:

	03/31/2024	03/31/2023
Personnel expenses	(94,123)	(79,090)
Expenses with contracted services	(58,999)	(40,392)
Depreciation and amortization expenses	(12,004)	(9,557)
Travel expenses	(10,651)	(9,934)
Expenses with taxes and fees	(1,511)	(1,760)
Office expenses	(12,500)	(4,072)
Advertising and marketing expenses	—	(3,185)
Other expenses	(23,578)	(16,226)
Total	**(213,366)**	**(164,216)**

30. Other results

Other results incurred in the year ended are presented as follows:

	03/31/2024	03/31/2023
Other revenues		
Carbon credit (CBIOs)	141,864	131,577
Gain on the sale of assets and rights (*)	20,124	407,379
Fair value of biological assets	—	4,420
Revenue from extemporaneous credit (**)	21,075	112,781
Other revenues	965	35,722
Total	**184,028**	**691,879**
Others expenses		
Tax reversals	(36,140)	—
Bonus and donations	(1,407)	(2,106)
Disposals of inventory	—	(330)
Other expenses	(6,357)	(15,280)
Total	**(43,904)**	**(17,716)**
Other results	**140,124**	**674,163**

(*) For the year ended March 31, 2023, gains on the sale of assets and rights is mainly composed by (i) the gain on the sale of forest assets totaling R$ 170,222, as a result of a purchase and sale agreement between FS Ltda and FS Florestal S.A. and (ii) R$ 56.700 referring to gain on the sale of eucalyptus forest to FS Florestal S.A., as disclosed in note 33.

(**) For the year ended March 31, 2024 is composed by: (i) R$ 21,075 (R$ 59,467 in March 31, 2023) related to the PIS and COFINS tax credits. The FS has filed a writ of mandamus to ensure the right to not include the ICMS in the PIS/COFINS base for the ethanol sales. FS believes, supported by its legal advisors, that due to the final judgment by the STF on this matter, the chances of success are virtually certain. (ii) R$ 53,314 for the year ended March 31, 2023 of the ICMS credit granted by the State of Mato Grosso through Decree No. 201/2022 due to the state of emergence established by the art. 120 of the Temporary Constitutional Provisions Act issued by Federal Government, as a results of the extraordinary and unpredictable rise in the prices of oil, fuels, and their derivatives and the social impacts in the year 2022.

(In thousand of Reais)

31. Net financial income (expenses)

	03/31/2024	03/31/2023
Finance income		
Interest related to financial investments	598,046	679,849
Discounts obtained	10,844	2,557
Adjustment to present value - trade receivables	70,903	19,409
Gain with derivative operations	235,658	355,649
Interest income	18,514	20,872
Total income	**933,965**	**1,078,336**
Finance expenses		
Interest expense on loans	(1,322,503)	(1,113,064)
Reverse factoring interest	(276,222)	(109,288)
Adjustment to present value - trade payables	(108,419)	(111,818)
Adjustment to present value - lease payables	(50,738)	(3,491)
Interest on advance receivables	(92,189)	(90,489)
Bank fees	(108,641)	(29,705)
Financial taxes	(1,788)	(1,610)
Losses with derivative operations	(544,067)	(557,461)
Other finance expenses	(26,386)	(6,786)
Total expenses	**(2,530,953)**	**(2,023,712)**
Foreign exchange rate variation		
Income foreign exchange rate variation	1,504,500	393,945
Expense foreign exchange rate variation	(1,430,491)	(600,651)
Total foreign exchange rate variation	**74,009**	**(206,706)**
Net finance expenses	**(1,522,979)**	**(1,152,082)**

Gains or losses on the derivative transaction are a consequence of fair value adjustments, as specified in note 23.

(In thousand of Reais)

The result of the foreign exchange variation as of March 31, 2024 and 2023, is composed by to the following breakdown:

	03/31/2024	03/31/2023
Net exchange variations of trade payables		
Foreign exchange rate variation of trade payables - unrealized	—	4,757
Foreign exchange rate variation of trade payables - realized	(8,667)	(143)
Total	**(8,667)**	**4,614**
Net exchange variations of loans		
Foreign exchange rate variation on loan unrealized	(30,355)	(207,868)
Foreign exchange rate variation on loan realized	113,031	(3,452)
Total	**82,676**	**(211,320)**
Net foreign exchange variation	**74,009**	**(206,706)**

32. Commitments

The FS has the following commitments established on March 31, 2024:

Sale				
Product	**Unit**	**Quantity**	**Price**	**Maturity**
Ethanol	m^3	332,159	Current market prices	May, 2024
Steam	ton.	56,433	R$ 114.45	March, 2025
DDG	ton	1,276,432	R$ 446.75	March, 2026
Oil	ton	13,097	R$ 3,583.41	September, 2024
Energy	MWh	446,256	R$ 159.70	December, 2025

Purchase				
Product	**Unit**	**Quantity**	**Price**	**Maturity**
Energy	MWh	197,904	R$ 149.30	December, 2025
Corn	ton.	2,760,525	R$ 43.01 per bag	August, 2025
Corn marketing	ton.	28,728	R$ 39.24 per bag	July, 2024
Eucalyptus	Stere meter	3,061	R$ 51.42	September, 2038
Purchase of equipment and services	—	—	R$ 20,886	—

33. Related parties

a. Ultimate parent

For the years ended March 31, 2024 and 2023, the ultimate parent company of FS Ltda. and FS I S.A. is SRMM, LLC (Summit).

The FS maintains adherence to internal policies so that all transactions with related parties are priced at an arm's length basis.

b. Remuneration of key Management personnel

Managers are the key personnel who have authority and responsibility for planning, directing and controlling the activities of the Companies. For the years ended March 31, 2024, and 2023, short-term benefits (salaries, profit sharing, medical care, housing, among others) were accrued to managers and recorded under 'Personnel Expenses'.

The remuneration of key management personnel comprises:

	03/31/2024	03/31/2023
Short term benefit	**17,788**	**17,254**

(In thousand of Reais)

c. Transaction with related parties

Below is presented the balances with related parties referring to the sale or purchase of the DDG, property, plant and equipment, services, corn and loans in the year:

	Note	Other related parties		Non-controlling direct quotaholder		Non-controlling indirect quotaholder		Total	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Trade and other receivables	12	3,508	164,251	6,940	2,184	—	—	10,448	166,435
Related party loans (i)	17	—	—	47,613	70,804	225,951	217,648	273,564	288,452
Advances to suppliers	14	7,143	5,277	22,781	191	—	—	29,924	5,468
Right of use	19	104,818	—	88,883	—	—	—	193,701	—
Total assets		**115,469**	**169,528**	**166,217**	**73,179**	**225,951**	**217,648**	**507,637**	**460,355**
Trade Payables (ii)	16	4,213	5,276	303,623	192	—	—	307,836	5,468
Lease payables (iii)	19	104,379	98,579	94,915	—	—	—	199,294	98,579
Advance from customers	18	—	111,631	1,076	—	—	—	1,076	111,631
Total liabilities		**108,592**	**215,486**	**399,614**	**192**	**—**	**—**	**508,206**	**215,678**

(i) On October 5, 2021, FS Lux, a subsidiary of FS Ltda., granted loans to its ultimate controlling shareholders in the amount of USD 54,754 (R$ 273,564) at an interest rate of 7.28% p.y. maturing on October 05, 2028.
(ii) Refers mainly to the acquisition of grains (corn)
(iii) Refers to the lease of warehouses for storing corn and wagons.

(In thousand of Reais)

d. Purchases and sales transactions with related parties

The sales (revenues) and purchases (costs) of products and services from related parties are listed below:

	Other related parties		Non-controlling direct quotaholder		Non-controlling indirect quotaholder		Total	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Revenues	**55,990**	**843,527**	**84,929**	**—**	**—**	**21,129**	**140,919**	**864,656**
Cost Sharing	299	—	—	—	—	—	299	—
Ethanol anhydrous	1,916	—	—	—	—	—	1,916	—
Ethanol hydrous	506	—	4,835	—	—	—	5,341	—
Revenue from sale of farms and biomass (i)	—	732,391	—	—	—	—	—	732,391
Biomass	222	1,104	—	—	—	—	222	1,104
Corn	15,670	9,287	—	—	—	9,287	15,670	18,574
Corn marketing	330	—	—	—	—	—	330	—
Corn oil	64	4,382	57,385	—	—	—	57,449	4,382
High fiber	375	4,531	2,427	—	—	173	2,802	4,704
Wet cake	7	91,832	11,360	—	—	—	11,367	91,832
High protein	2,020	—	1,757	—	—	11,669	3,777	11,669
Airplane	32,008	—	—	—	—	—	32,008	—
Steam	—	—	7,165	—	—	—	7,165	—
Others	2,573	—	—	—	—	—	2,573	—
Costs	**(72,699)**	**—**	**(388,209)**	**(125,603)**	**—**	**(9,287)**	**(460,908)**	**(134,890)**
Corn	—	—	(348,699)	(109,658)	—	(9,287)	(348,699)	(118,945)
Corn marketing	—	—	(29,862)	—	—	—	(29,862)	—
Warehouse leasing	—	—	(7,476)	(15,945)	—	—	(7,476)	(15,945)
Biomass	(69,873)	—	—	—	—	—	(69,873)	—
Corn oil	—	—	(2,098)	—	—	—	(2,098)	—
High fiber	—	—	(59)	—	—	—	(59)	—
Others	(2,826)	—	(15)	—	—	—	(2,841)	—
Total	**(16,709)**	**843,527**	**(303,280)**	**(125,603)**	**—**	**11,842**	**(319,989)**	**729,766**

(i) The revenue is related to the following transactions:

(In thousand of Reais)

(*) On September 30, 2022, FS Indústria de Biocombustível Ltda. and FS Florestal S.A. entered into a purchase and sale agreement for the sale of forestry assets composed by four Bamboo farms located in the State of Mato Grosso with a total area of 8,666 acres. The transaction price was defined in market conditions (fair value) and the sale transaction amount of R$ 295,185 supported by a third-party value appraisal (gain of 170,222 and cost of the assets sold R$ 126,064). In connection with this transaction, in December 2022, the FS sold rights over purchase contracts of eucalyptus to FS Florestal S.A., and for the sale transaction amount of R$ 39,519 (gain of R$ 22,983).

(**) On December 31, 2022, FS Indústria de Biocombustível Ltda and FS Florestal S.A. entered into a purchase and sale agreement for the sale of a eucalyptus forest (biological asset) located in the State of Mato Grosso with a total area of 2,936 acre. The transaction price was defined in market conditions (fair value) and for the sale transaction amount of R$ 117,740 (gain of 56,700 and cost of the assets sold 61,041) supported by a third-party value appraisal.

(***) On March 31, 2023, FS Indústria de Biocombustível Ltda. and FS Florestal S.A. entered into a purchase and sale agreement for a biological asset, consisting of eucalyptus forests located in the state of Mato Grosso in a total area of 12,147 acres. The transaction value is R$279,947 (gain of R$154,882 and cost of R$125,065), defined under market conditions (fair value) and supported by an appraisal report.

During the year ended March 31, 2024, FS Ltda. received cash of R$ 142,030 related to purchase and sale agreements established between March 31, 2024 and March 31, 2023 for biological assets and bearer plant with FS Florestal S.A.

e. Guarantees provided to related parties

FS is the guarantor of certain related party's loans and borrowings, being jointly liable in those obligations. As of March 31, 2024, the total amount of guarantees was:

	03/31/2024	03/31/2023
FS Florestal S.A.	1,048,337	738,492
FS Infraestrutura S.A.	198,754	113,251
Total	**1,247,091**	**851,743**

Of the total of guarantees, R$ 757,398 refers to financial investments that is disclosed as restricted cash, see note 11.

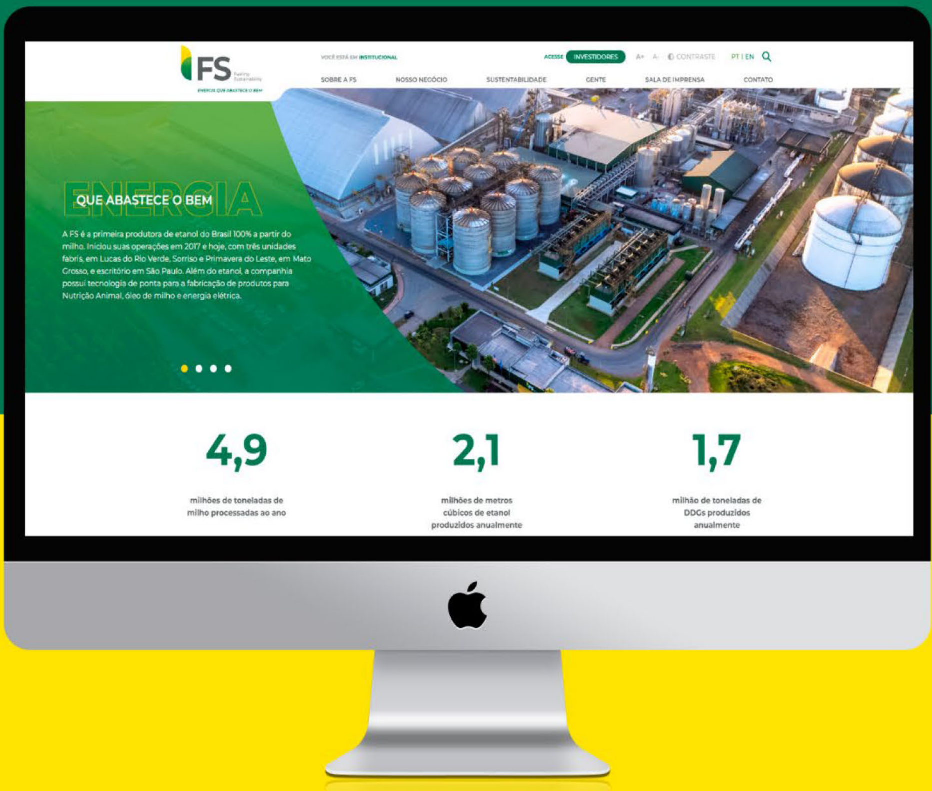
(In thousand of Reais)

34. Statements of cash flows

For the years ended March 31, 2024 and 2023, property, plant and equipment were acquired at a total net cash outflow of R$ 880,359 and R$ 1,243,126, respectively.

	Note	03/31/2024	03/31/2023
Cost of acquisition of property, plant and equipment	15	780,087	2,151,959
Movement of trade payables	16	271,831	(555,653)
Capitalization of borrowing costs	17	15,995	(120,903)
Right of use	15	(213,397)	(205,463)
Others		25,843	(26,814)
Net acquisition of property, plant and equipment		**880,359**	**1,243,126**

Fueling Sustainability



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FS – Sorriso (MT)

BR-163, km 768 / CEP 78890-000

FS - Primavera do Leste

Rodovia MT 130, S/N, km 25, Zona Rural / CEP 78850-000

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