

FS

**Combined Interim Financial Statements
As of September 30, 2022, and March 31, 2022 and
for the six month periods ended September 30,
2022 and 2021.**

Contents

Independent auditor's report on review of combined interim financial statements	3
Combined statements of financial position	5
Combined statements of income	6
Combined statements of comprehensive income	7
Combined statements of changes in net parent investment	8
Combined statements of cash flows-Indirect method	9
Combined statements of added value	10
Notes to the combined interim financial statements	11



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Independent auditor's report on review of combined interim financial statements

To the Board of Directors, Quotaholders and Shareholders of FS I Indústria de Etanol S.A. and FS Indústria de Biocombustíveis Ltda.

Lucas do Rio Verde – MT

Introduction

We have reviewed the combined interim financial statements of the entities FS I Indústria de Etanol S.A. and FS Indústria de Biocombustíveis Ltda. "FS", which comprises the combined statement of financial position as of September 30, 2022, the combined statements of income and comprehensive income for the three and six-month periods ended September 30, 2022, changes in net parent investment and cash flows for the six-month period ended September 30, 2022, and notes to the combined interim financial statements.

The FS's Management is responsible for the preparation of the combined interim financial statements in accordance with the accounting practices adopted in Brazil (BR GAAP), including the requirements of Technical Pronouncement CPC 21(R1) - Interim Statement. Our responsibility is to express a conclusion on the combined interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the combined interim financial statements of FS as of September 30, 2022 do not present fairly, in all material respects, the combined financial position, combined financial performance and combined cash flows of FS in accordance with the accounting standards adopted in Brazil (BR GAAP), including the requirements of Technical Pronouncement CPC 21 (R1) - Interim Statement.

Other matters - Statements of added value

We also reviewed the combined statements of added value ('DVA') for the three and six-month period ended September 30, 2022, prepared under the responsibility of FS's Management, whose presentation is not required for non - public companies. These statements were submitted to the same review procedures in accordance with the review of the combined interim financial statements with the objective to conclude if they reconcile with the interim financial information and the criteria defined in CPC 09 – Statement of value added. Based on our review, we are not aware of any fact that might lead us to believe that they were not prepared, in all material respects, in accordance with the combined interim financial statements, taken as a whole.

Cuiabá, November 16, 2022

KPMG Auditores Independentes Ltda.
CRC SP-014428/F-7



Rafael Henrique Klug
Accountant CRC 1SP246035/O-7

FS

Statements of financial position at September 30, 2022 and March 31, 2022

(In thousands of Reais)

Assets	Note	Combined	FS Ltda.	Liabilities	Note	Combined	FS Ltda.
		09/30/2022	03/31/2022			09/30/2022	03/31/2022
Current				Current			
Cash and cash equivalents	8	1,589,854	1,719,194	Trade payables	15	2,276,455	403,228
Financial investments	9	96,958	216,598	Loans and borrowings	16	1,264,321	955,552
Restricted cash	10	2,051,740	383,976	Advances from customers	17	61,711	26,967
Trade and other receivables	11	310,801	284,931	Lease liabilities	18	16,910	20,528
Inventories	12	2,377,212	786,727	Income tax and social contribution payable	23.a	91,582	68,645
Advances to suppliers	13	56,811	48,997	Taxes and contributions payable	19.b	13,607	19,863
Recoverable taxes	19.a	236,883	122,332	Payroll and related changes		41,856	47,668
Prepaid expenses		53,448	24,642	Derivative financial instruments	22	431,717	584,884
Biological assets		5,621	3,760	Total current liabilities		4,198,159	2,127,335
Derivative financial instruments	22	35,357	75,063				
Other credits		16,702	9,019				
Total current assets		6,831,387	3,675,239				
				Non-current			
Non-current assets				Trade payables	15	43,835	31,217
Long-term assets				Loans and borrowings	16	10,318,718	7,239,741
Financial investments	9	3,212,337	2,817,419	Lease liabilities	18	60,961	112,801
Restricted cash	10	16,908	16,547	Derivative financial instruments	22	76,048	191,007
Advances to suppliers	13	112,114	55,497	Deferred tax liabilities	23.b	11,603	61,007
Recoverable taxes	19.a	289,949	129,842	Other non-current liabilities		-	27,828
Related parties loans	32.c	296,143	251,035	Total non-current liabilities		10,511,165	7,663,601
Biological assets		55,561	42,337				
Derivative financial instruments	22	16,503	2,560	Total liabilities		14,709,324	9,790,936
Judicial deposits	20	3,964	3,775	Net parent investment / Equity			
Total long-term assets		4,003,479	3,319,012	Net parent investment		290,111	-
				Capital		-	87,806
Property, plant and equipment	14	4,147,584	3,329,098	Tax incentive reserves		-	313,559
Intangible assets		16,985	15,435	Retained earnings		-	176,651
Total non-current assets		8,168,048	6,663,545	Other comprehensive income		-	(30,168)
				Total net parent investment/ equity		290,111	547,848
Total assets		14,999,435	10,338,784	Total liabilities and net parent investment/equity		14,999,435	10,338,784

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

FS

Statements of income

For the three-month and six-month period ended September 30, 2022 and 2021

(In thousands of Reais)

	Note	Combined		FS Ltda.	
		09/30/2022 (3 months)	09/30/2022 (6 months)	09/30/2021 (3 months)	09/30/2021 (6 months)
Net revenue	25	1,906,740	3,793,339	1,520,312	2,814,921
Cost of goods sold	26	(1,235,533)	(2,319,607)	(806,658)	(1,492,634)
Gross profit		671,207	1,473,732	713,654	1,322,287
Operational expenses					
Selling expenses	27	(212,383)	(383,441)	(104,649)	(195,411)
Administrative expenses	28	(36,490)	(67,889)	(23,483)	(42,359)
Other results	29	250,973	294,042	2,162	(1,972)
Profit before net finance costs and taxes		673,307	1,316,444	587,684	1,082,545
Finance income	30	259,988	813,640	109,564	242,031
Finance costs	30	(456,451)	(992,493)	(280,423)	(761,386)
Foreign exchange rate variations, net	30	(115,413)	(413,738)	(272,214)	164,435
Net finance costs		(311,876)	(592,591)	(443,073)	(354,920)
Profit before income and social contribution taxes		361,431	723,853	144,611	727,625
Current income and social contribution taxes	23.c	(114,677)	(199,933)	(10,171)	(170,383)
Deferred income and social contribution taxes	23.c	4,694	(5,419)	(27,128)	(50,302)
Income tax incentives		23,064	23,064	17,641	124,602
Net profit for the period		274,512	541,565	124,953	631,542

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

FS**Statements of comprehensive income****For the three-month and six-month period ended September 30, 2022 and 2021***(In thousands of Reais)*

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 months)	(6 months)	(3 months)	(6 months)
Net profit for the period	274,512	541,565	124,953	631,542
Items that may be reclassified to profit or loss				
Cash flow hedge - effective portion of changes in fair value	24,548	(161,242)	-	-
Deferred income and social contribution taxes	(8,346)	54,822	-	-
Cumulative translation adjustment	10,600	9,423	(39)	388
Total comprehensive income	301,314	444,568	124,914	631,930

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

FS

Statements of changes in equity and net parent investment For the six-month period ended September 30, 2022 and 2021 (In thousands of Reais)

	Total net parent investment	Capital	Tax incentive reserves	Retained earnings	Other comprehensive income	Total consolidated
Balance at April 1, 2021	-	87,806	126,581	22,276	(153)	236,510
Distribution of dividends	-	-	-	(513,720)	-	(513,720)
Cumulative translation adjustment	-	-	-	-	388	388
Income tax incentives	-	-	30,617	(30,617)	-	-
Net profit for the period	-	-	-	631,542	-	631,542
Balance at September 30, 2021	-	87,806	157,198	109,481	235	354,720
Balance at April 1, 2022	547,848	-	-	-	-	-
Net profit for the period	541,565	-	-	-	-	-
Cash flow hedge - effective portion of changes in fair value	(161,242)	-	-	-	-	-
Deferred income and social contribution taxes	54,822	-	-	-	-	-
Cumulative translation adjustment	9,423	-	-	-	-	-
Total comprehensive income	(96,997)	-	-	-	-	-
Shareholders transactions						
Capital increase	195	-	-	-	-	-
Distribution of dividends	(702,500)	-	-	-	-	-
Balance at September 30, 2022	290,111	-	-	-	-	-

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

FS

Statements of cash flows - Indirect method

For the six-month period ended September 30, 2022 and 2021

(In thousands of Reais)

	Note	Combined 09/30/2022	FS Ltda 09/30/2021
Cash flow from operating activities			
Net profit for the period		541,565	631,542
Adjustment for:			
Depreciation and amortization		66,991	60,635
Current and deferred income tax, net of tax incentives	23.c	182,289	96,083
Adjustments to present value		(26,297)	(9,738)
Income from financial investments		(212,915)	(190,588)
Provision for interest on loans and borrowings	16	513,271	362,046
Adjustment to fair value - derivatives		(117,117)	232,580
Adjustment to fair value - biological assets		(4,419)	3,844
Expected losses on credit		(2)	(10)
Gain on sale of assets	29	(171,302)	-
Foreign exchange rate (gains) or losses		413,179	(170,740)
Changes in:			
Trade receivables		(34,980)	(61,527)
Inventories		(1,590,485)	(1,507,241)
Advances to suppliers		(64,298)	(6,983)
Recoverable taxes		(274,473)	(171,453)
Prepaid expenses		(28,963)	(25,248)
Judicial deposits		(189)	(82)
Other assets		(7,684)	(297)
Trade payables		1,707,957	987,123
Advance from customers		34,744	4,511
Payroll and related charges		(5,803)	1,592
Taxes and contributions payable		(160,179)	303
Other liabilities		(66,423)	(20,019)
Interest and charges paid		(349,212)	(363,844)
Interest received		151,040	160,304
Income tax paid		-	(49,042)
Net cash from (used in) operating activities		496,295	(36,249)
Cash flow from investing activities			
Acquisition of property, plant and equipment	33	(758,154)	(273,294)
Proceeds from sale of biological assets and bearer plants	32	295,185	-
Acquisition of biological assets		(10,666)	(1,238)
Interest capitalized from loans		29,030	(874)
Acquisition of intangible assets		(6,010)	(3,806)
Redemption of financial investments		138,371	18,768
Acquisition of restricted deposits		(1,668,125)	(86,741)
Net cash used in investing activities		(1,980,369)	(347,185)
Cash flow from financing activities			
Proceeds from loans and borrowings	16	3,184,638	820,848
Repayment of loans and borrowings	16	(842,939)	(180,340)
Dividends paid		(702,500)	(513,720)
Lease paid	18	(12,389)	(2,538)
Capital increase		195	-
Derivative financial instruments (paid) and received		(286,488)	98
Net cash from financing activities		1,340,517	124,348
Effect of movements in exchange rates on cash held		14,216	(89)
Decrease in cash and cash equivalents		(129,341)	(259,175)
Cash and cash equivalents at the beginning of the period		1,719,194	948,613
Cash and cash equivalents at the end of the period		1,589,854	689,438

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

Statements of added value

For the six-month period ended September 30, 2022 and 2021

(In thousands of reais)

	Combined	FS Ltda.
	09/30/2022	09/30/2021
Revenue (1)	4,335,559	3,041,523
Sales of goods, products and services	3,997,584	3,041,188
Other revenue	337,975	335
Inputs purchased from third parties	2,656,555	1,715,290
Costs of products, goods and services sold	2,213,231	1,510,878
Materials, energy, third party services and others	443,324	204,412
Gross added value (1) - (2) = (3)	1,679,004	1,326,233
Depreciation and amortization (4)	66,665	60,635
Net added value produced by the Company (3) - (4) = (5)	1,612,339	1,265,598
Added value received in transfer (6)	968,245	549,689
Finance income	968,245	549,689
Total added value to distribute (5+6)	2,580,584	1,815,287
Distribution of added value	2,580,584	1,815,287
Employee	90,718	61,300
Direct remuneration	70,340	46,912
Benefits	16,487	11,598
Service Guarantee Fund	3,891	2,790
Taxes, fees and contributions	387,464	217,836
Federal taxes	182,288	(4,203)
State taxes	205,176	222,039
Remuneration of third-party capital	1,560,837	904,609
Interest	534,292	193,020
Other	1,026,545	711,589
Remuneration of equity	541,565	631,542
Intermediate dividends distributed	525,849	491,444
Retained earnings	15,716	140,098

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

Notes to the combined interim financial statements

(In thousands of Reais)

1 Operations

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

a) FS Indústria de Biocombustíveis Ltda., ("FS Ltda."), is a limited liability company incorporated on April 01, 2014. It is located at Estrada A-01, 900m from KM 7 at Avenida das Indústrias, S/N - Km 05, Distrito Industrial Senador Atilio 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 incorporated on September 8, 2020, under the laws of Luxembourg and located at 9 Bitbourg street, L-1273, in Luxembourg.

b) FS I Indústria de Etanol S.A. ("FS S.A."), a stock corporation established on June 13, 2022. It is located at Estrada A-01, 900 m from Km 7 of Avenida das Indústrias, s/nº - Distrito Industrial Senador Atilio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil.

FS S.A. is a pre-operational phase company and had an acquired of assets from FS Ltda. (note 11 (c)).

FS Ltda. and FS S.A. (jointly "Companies" or "FS") have as their objective the production and commercialization of corn ethanol (anhydrous and hydrous), animal nutrition products used for livestock and poultry feed, called Dried Distillers Grains (DDG), as well as corn oil, electric energy, energy co-generation and corn marketing. The Companies use corn as raw material of their products and biomass in its energy matrix.

2 Basis for preparation

The combined interim financial statements were prepared in accordance with the accounting standards adopted in Brazil (BR GAAP), including the requirements of Technical Pronouncement CPC 21 (R1) - Interim Statements.

The issuance of the combined interim financial statements was authorized by the Management on November 16, 2022.

a. Basis for the combination and reasons for combining entities

The FS combined interim financial statements are being presented exclusively to provide information about all the FS activities in a single interim financial statement, to measure financial covenants commitments and to provide financial information to the stakeholders. Therefore, these financials 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 or taxes and does not necessarily provide indicators of the current or future profit or loss if the Companies considered in the combination had operated as a single entity or as an indication of income (loss) from transactions with these Companies for any period in the future.

The combined interim financial statements are a single set of financial statements for two 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 and CPC 36 Consolidated Financial Statements, both in relation to the assessment of the existence of common control and the combination procedure for both companies as of September 30, 2022.

These combined interim financial statements include the combination of:

- Condensed Interim Financial Statements of FS Ltda. as of September 30, 2022.
- Interim Financial Statements of FS S.A. as of September 30, 2022.

FS S.A. was established on June 13, 2022, with no significant assets, liabilities, equity or operations. Between June 13, 2022, and June 30, 2022, FS S.A. acquired assets from FS Ltda., as described in note 32 and did not present expenses or income.

The amounts presented in the combined statements of income, comprehensive income, changes in net parent investment, cash flows and added value includes the six-month period ended September 30, 2022 of FS Ltda. and 109 days period ended September 30, 2022 of FS S.A. The amounts presented as “FS Ltda.” for the comparative periods are the same as those presented in the consolidated financial statements of FS Ltda. as of March 31, 2022 and condensed interim financial statements as of September 30, 2021.

(i) Criteria adopted for the preparation of the combined interim financial statements

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

- Intragroup balances and transactions, and any unrealized income or expenses derived from intragroup transactions, are eliminated in the preparation of the combined financial statements; and
- The accounting practices were uniform to all the combined Companies.

The composition of net assets and net investment for the period ended September 30, 2022, and the companies' income for the period ended September 30, 2022, which are part of the combined interim financial statements, without and the elimination of transactions between the parties, are presented below:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net parent investment	Net income of the period	Other Comprehensive income of the period
FS Ltda. consolidated	6,920,208	7,035,759	4,060,897	9,212,811	682,259	933,713	836,716
FS S.A.	468,830	1,718,333	694,317	1,498,431	(5,585)	(5,585)	(5,585)
Eliminations	(557,651)	(586,044)	(557,055)	(200,077)	(386,563)	(386,563)	(386,563)
Combined	6,831,387	8,168,048	4,198,159	10,511,165	290,111	541,565	444,568

Details on the main accounting policies of FS are presented in note 6.

3 Functional currency and presentation.

These combined interim financial statements are presented in Brazilian reais, which is the functional 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 interim financial statements, the Management has used judgments, estimates and assumptions that affect the application of the Companies' accounting policies and the

reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are continually revised. Revisions of estimates are recognized on a prospective basis.

(i) *Judgments*

Judgment is applied on the accounting policies that have the most significant effect on the amounts recognized in the combined interim financial statements and are included in the following note:

Note 18 – lease term: whether FS is reasonably certain to exercise extension options.

Note 14 – Assessment of the determination of capital expenditures such as interest expenses in property, plant and equipment.

(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 financial period ended September 30, 2022, is included in the following notes:

Note 11 – Recognition of provision for expected credit losses;

Note 14 – Impairment test: main underlying assumptions of recoverable amounts;

Note 14 – Useful life of property, plant and equipment;

Notes 11 and 15 – Adjustment to present value of accounts receivable and trade payables;

Note 22 – Derivative financial instruments: determination of fair values; and

Note 23 – Uncertainty about the treatment of taxes on profits.

Fair value measurement

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

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 from third parties to support the conclusion that such valuations meet the requirements of the CPC 48 – Financial instruments, including the level in the fair value hierarchy at which such valuations should be classified.

FS recognizes transfers between levels of the fair value hierarchy at the end of the financial statement period in which the changes occurred. Additional information on the assumptions used in the measurement of fair values is included in note 22.

5 Measurement basis

The combined interim 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 measured at fair value;
- biological assets are measured at fair value less costs to sell; and
- corn inventories for resale are valued at fair value less costs of sales.

6 Significant accounting policies

a. Foreign currency

Foreign currency transactions

Foreign currency transactions are converted into FS' functional currency at the exchange rates on the transaction dates.

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 period, adjusted for interest and payments effective during the period, and the amortized cost in a foreign currency at the exchange rate at the end of the reporting period. 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 conversion are recognized in statements of income.

b. Revenue

Customer contract revenue

FS has different customer contracts depending on its reportable segments.

Ethanol

Although a small percentage of sales are performed through short-term contracts (less than 12 months), the sales are primarily 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 customers location and shipping terms. The Companies recognizes revenue when it satisfies performance obligations under the terms of the contracts and control of its 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. The Companies recognizes revenue when it satisfies performance obligations under the terms of the contracts and control of its products is transferred to its customers.

Energy co-generation

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 vary based on the relative market index depending on negotiations with the customers and the risk the Companies wants to mitigate. The revenue is recognized when the energy is available on the transmission line.

Resale

Operating revenue, from the resale of corn in the ordinary course of business is measured at the fair value of the consideration received or receivable.

Information about the Companies' accounting policies relating to customer contracts is provided in note 25.

c. Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are recognized as personnel expenses as the corresponding service is provided. Liability is recognized for the amount of the expected payment 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

Subsidies intended to compensate FS for expenses incurred are recognized 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.)

State 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 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 (see note 21).

SUDAM (Amazon Development Superintendence) (FS Ltda.)

Each of the plants in operation owned by FS 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 apply for the incentive within the first full year after the start 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, both plants owned by FS Ltda. The benefit amount for a given period is recorded in income as a reduction of income tax with the corresponding reserve constituted in net parent investment (see note 21).

e. Financial income and financial expenses

Financial income and expenses comprise:

- Income on financial investments;
- Interest assets and liabilities;
- Amortization adjustment to present value;
- Bank fees;
- Profits or losses on operations with derivatives; and
- Exchange rate variation assets or liabilities.

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

The effective interest rate is the rate that exactly discounts 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 expense, 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, interest income is calculated by applying the effective interest rate to the amortized cost of the impaired financial asset after initial recognition. If the asset is no longer impaired, the calculation of interest income is again based on the gross basis.

f. Income tax and social contribution

Current and deferred income tax and social contribution 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 income tax losses 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 income unless they relate 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 payable or receivable calculated on the taxable profit or loss for the year and any adjustment to taxes payable with respect to prior years. The amount of taxes payable or receivable is recognized in the statements of financial position as a tax asset or liability based on 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 taxes 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 respect of temporary differences between the book values of assets and liabilities for financial reporting 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 respect of 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. Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is 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 revised 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. Biological assets

Biological assets are measured at fair value, less costs to sell, and any changes are recognized in Statements of income FS' biological assets as of September 30, 2022, are comprised of eucalyptus forest and bamboo plantations, to be used as biomass in the operation.

h. Inventories

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

Inventories of agricultural products available for sale, represented by inventories of corn 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 at cost of goods sold.

i. 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 accrued depreciation and any accrued impairment losses.

Expenses arising from the replacement of a component of a property, plant and equipment item are accounted for separately, including inspections, surveys and classified under property, plant and equipment. Other expenses are capitalized only when there is an increase in the economic benefits of this property, plant and equipment item. Any other type of expense is recognized in statements of income as an expense.

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

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.

Profits and losses on the sale of a property, plant and equipment item are determined by comparing the proceeds from the sale with the carrying amount of the property, plant and equipment, and are recognized net within other operating income, according to note 29.

(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 in statements income 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 income. Land is not depreciated.

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

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

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

j. Intangible Assets

(i) Other intangible assets

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

(ii) Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits incorporated in the specific asset to which they relate. All other expenses are recognized statements of income 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 statements of income.

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.

k. Financial instruments

(i) Initial recognition and measurement

Customer accounts receivable and other receivables and debt securities issued are initially recognized on the date they were originated. All other financial assets and liabilities are initially recognized when FS become parties to the contractual provisions 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 income, the transaction costs that are directly attributable to its acquisition or issuance. A customer accounts receivable 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 investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent 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 period following 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 that 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 outstanding over a given period of time and for other basic borrowing risks and costs, as well as a profit margin.

FS consider 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, with respect to a financial asset acquired for an amount less than or greater than the face value of the contract, the permission or requirement to prepay for an amount that represents the face value of the contract plus contractual interest (which may also include reasonable additional compensation for early termination of the contract) accrued (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 interest or dividend income, is recognized in statements of income.

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 income. Any profit or loss on derecognition is recognized in statements of income.

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, exchange gains and losses and impairment are recognized in profit or loss. Other net results are recognized in other comprehensive income. In derecognition, the accumulated result in other comprehensive income is reclassified to profit or loss.

Financial liabilities - classification, subsequent measurement and profits and losses

Financial liabilities were 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 interest, is recognized in the result. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in the result. Any gain or loss in derecognition is also recognized in the result.

(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 retains substantially all the risks and benefits of ownership of the financial asset and does not retain control over the financial asset.

FS enters into transactions in which it transfers assets recognized on the statements of financial position, but retains 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 income.

(iv) Offsetting

Financial assets or financial liabilities are offset and the net amount shown on the balance sheet 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 income.

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 inception 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 changes in the fair value of the derivative is recognized in other comprehensive income and presented in "Unrealized income with cash flow hedge and recognized in net parent investment." The effective portion of the changes in the fair value of the derivative recognized in OCI is limited to the cumulative change in the fair value of the hedged item, determined on the basis of present value, since the inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statements of income.

FS only designates changes 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 net parent investment.

With respect to other hedging transactions, the amount accrued in the hedge reserve and the cost of the hedge reserve are reclassified to income in the same period or in periods in which the expected future cash flows that are the subject of the hedge affect income.

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 accrued 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 period or periods 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 accrued in the hedge reserve and the cost of the hedge reserve are immediately reclassified to statements of income.

I. Cash equivalents

In the cash flow statement, 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, except for the balance held in the financial investments item.

m. Share capital

Shares and quotas in the capital stock are classified as net parent investment.

n. Impairment

Financial instruments and contractual assets

The Companies recognize provisions for expected credit losses on financial assets measured at amortized cost, see note 22.

Provisions for losses on customer accounts receivable 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 is 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 carried at 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 provision for expected credit losses in the balance sheet

The provision for losses 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 provision for losses is recognized to income 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 steps to enforce the customer's obligation, which may result in the recovery of some or all of the written-off amount.

Non-financial assets

FS' non-financial assets, other than inventories and deferred tax assets, are revised 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.

An impairment loss is recognized if the carrying amount of the asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in statements of income and reversed only when the asset's book value does not exceed the book value that would have been determined, net of depreciation or amortization, had the loss in value not been recognized.

o. 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 20.

p. Leases

At the inception 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

Upon inception 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 inception 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 inception 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 inception date to the end of the lease term, unless the lease transfers 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 inception 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 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 inception 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 under 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 income if the carrying amount of the right-of-use asset has been reduced to zero.

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 borrowing costs. The table below shows the rates practiced, vis-à-vis the terms of the contracts, information related to the period ended on September 30, 2022, is presented below:

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 elected not to recognize right-of-use assets and lease liabilities 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.

q. Capitalization of borrowing costs

FS capitalized the borrowing cost of specific loans whose amount was consumed in construction, as mentioned in note 14.

r. Information by segment

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

7 New standards and interpretations

7.1 Not yet effective

The new standards and interpretations, not yet in effect are described below. The FS intends to adopt these new and amended standards and interpretations, if applicable, when they come into force.

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

- Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (Amendments to CPC 32/IAS 12) on January 1, 2023;
- Classification of Liabilities in Current or Non-current (Amendments to CPC 26/IAS 1) on January 1, 2023;
- Definition of Accounting Estimate (Amendments to CPC 23/IAS 8) on January 1, 2023; and
- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2).

7.2 Effective

The standards and interpretations that came into force on April 1, 2022, but do not impact the FS, are presented below:

- Reference to the Conceptual Framework (Amendments to CPC 15/IFRS 3) on January 1, 2022;
- Onerous contracts - costs to fulfill a contract (Amendments to CPC25/IAS 37) on January 1, 2022;
- Annual improvements to IFRS standards 2018-2020 Cycle (Amendment to IFRS 1, IFRS 9 and AS 41) on January 1, 2022; and
- Property, Plant and Equipment: Proceeds before intended use (Amendments to CPC 27/IAS 16) on January 1, 2022.

8 Cash and cash equivalents

	Combined	FS Ltda
	09/30/2022	03/31/2022
Bank deposits and cash	159,551	45,553
Financial investments	1,430,303	1,673,641
Total	1,589,854	1,719,194

Short-term financial investments refer to certificate of bank deposits ('CDB') which are instruments offered by banks with rates set by the individual banks which are usually linked to the Interbank Deposit Certificate ('CDI') rate plus or minus a fixed spread. For the period ended September 30, 2022, and year ended March 31, 2022, the average annual return on these investments was 13.39% and 11.65%, respectively. These instruments are available for immediate redemption by the FS.

As of September 30, 2022, of the total bank deposits and cash are denominated in USA Dollar ("USD") 24,849 or R\$ 134,348 (USD 9,208 or R\$43,626 as of March 31, 2022).

Information on the FS exposure to market and credit risk and fair value measurement is included in Note 22.

9 Financial investments

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Bank deposit certificate ("CDB") and <i>Time deposit</i>	-	132,298
Total return swap (TRS)	3,309,295	2,901,719
Total	3,309,295	3,034,017
Current	96,958	216,598
Non-current	3,212,337	2,817,419

As part of the Green Bond issuance process presented in Note 22, FS Lux acquired a total return swap ('TRS') with an annual return of 10.7% p.y., due in December 2023 and with semi-annual payments.

Information on the FS exposure to market risks, credit and fair value measurement related to financial investments is included in Note 22.

10 Restricted cash

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Investments linked to loans	2,068,648	400,523
Total	2,068,648	400,523
Current	2,051,740	383,976
Non-current	16,908	16,547

Investments linked to loans is related to loans for working capital and investments.

For the period ended September 30, 2022, and year ended March 31, 2022, the average annual return on these investments was 13.39% and 11.65%, respectively.

Information on the FS exposure to credit, market and fair value risks related to restricted cash is included in Note 22.

11 Trade and other receivables

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Trade receivables	310,915	285,046
Allowance for expected credit losses	(114)	(115)
Total	310,801	284,931

Impairment losses

FS assesses the impairment loss on accounts receivable 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 22); and (c) assigns an impairment percentage for provisioning purposes based on items (a) and (b) above and the customer's credit status (current or past due). See below the matrix applied to determine the provision and estimated losses for the period ended on September 30, 2022.

Based on the loss history and expectations regarding the future performance of the current receivables, FS' assessment is that the remaining risk for the outstanding balances is not significant for the constitution of a provision.

The maturity of the receivables at the date of the reporting date is as follows:

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Not due		
Up to 30 days	249,907	234,892
31-60 days	39,290	37,478
61-90 days	7,250	30
>90 days	12,670	11,938
Subtotal	309,117	284,338
Overdue		
Up to 30 days	1,571	479
>180 days	113	114
Subtotal	1,684	593
Total	310,801	284,931

Changes in the provision to reduce the recoverable value of receivables from customers and contract assets during the period are presented in the following table.

	Combined
	(115)
Balance on March 31, 2022	
Reversal of expected credit losses	1
Balance as of September 30, 2022	(114)
	FS Ltda.
	(144)
Balance on March 31, 2021	
Reversal of expected credit losses	10
Balance as of September 30, 2021	(134)

Trade receivables with related parties as of September 30, 2022, and March 31, 2022, amounted to R\$ 14,529 and R\$ 6,460, respectively. See note 32.

The FS exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 22.

12 Inventories

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Inventories held by third party	1,273,237	99,704
Raw material	748,825	425,638
Finished goods	206,001	119,506
Production inputs	61,667	36,041
Consumption material	70,026	61,338
Work-in-process inventory	14,608	14,956
Corn Resale (*)	2,848	29,544
Total	2,377,212	786,727

(*) Inventories are stated at the lower of cost or net realizable value, except corn marketing, which are measured at fair value based on the *MTM* (“mark to market”) subtracted from the selling costs. Monthly comparison of acquisition costs is carried out and the price, on the reporting date, equivalent in the market. The reference prices are public and obtained from Brazilian Stock Markets (B3).

Cost is determined by the weighted average costing method see note 26.

As of September 30, 2022, there were inventory balances of 571,297 tons of corn (219,636 tons of corn as of March 31, 2022) given as collateral for financing arrangements. The collateral represents the amount of R\$ 568,528 (R\$ 226,673 as of March 31, 2022).

As of September 30, 2022, and March 31, 2022, the amounts held by third parties were as follows:

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Raw material	1,178,215	61,224
Finished goods	95,022	38,480
Total	1,273,237	99,704

Raw material inventories held by third parties, corresponds to 1,182,478 tons of corn and 37,893 cubic meters of ethanol as of September 30, 2022 (57,114 tons of corn and 19,788 cubic meters of ethanol respectively as of March 31, 2022).

13 Advances to suppliers

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Advances to suppliers of inventories	102,633	77,727
Advances to other suppliers	66,292	26,767
Total	168,925	104,494
Current	56,811	48,997
Non-current	112,114	55,497

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 as of September 30, 2022, and March 31, 2022, was R\$ R\$ 692 and R\$ 191. See note 32.

14 Property, plant and equipment

Cost of acquisition	FS Ltda.					Combined			
	03/31/2021	Additions	Disposals	Transfers	03/31/2022	Additions	Disposals	Transfers	09/30/2022
Land	140,083	262	-	-	140,345	849	-	-	141,194
Buildings	610,982	1,162	-	18,382	630,526	1,357	-	-	631,883
Machinery and equipment	1,324,592	12,306	-	37,575	1,374,473	9,920	(378)	-	1,384,015
Furniture and computers	14,274	4,375	-	538	19,187	2,613	(46)	-	21,754
Vehicles	2,908	1,332	(565)	-	3,675	-	(1,363)	(93)	2,219
Airplane	-	28,164	-	-	28,164	1,032	-	93	29,289
Installations	502,997	2,025	-	22,514	527,536	1,503	-	-	529,039
Construction in progress	331,409	257,571	-	(12,185)	576,795	478,390	(3,166)	290,126	1,342,145
Advance to suppliers	57,937	136,257	-	(67,173)	127,021	494,142	-	(290,126)	331,037
Bearer plant (bamboo) (*)	33,191	26,591	-	349	60,131	33,688	(81,290)	-	12,529
Right of use (*)	34,511	117,070	-	-	151,581	35,598	(89,189)	-	97,990
Total	3,052,884	587,115	-	565	3,639,434	1,059,092	(175,432)	-	4,523,094
Depreciation									
Buildings	(20,208)	(15,725)	-	1	(35,932)	(7,890)	-	-	(43,822)
Machinery and equipment	(108,641)	(70,172)	-	(1)	(178,814)	(36,732)	92	-	(215,454)
Furniture and computers	(3,934)	(2,041)	-	-	(5,975)	(1,306)	47	-	(7,234)
Vehicles	(1,550)	(372)	19	-	(1,903)	(239)	1,105	-	(1,037)
Airplane	-	-	-	-	-	(1,701)	-	-	(1,701)
Installations	(35,502)	(35,557)	-	-	(71,059)	(17,581)	-	-	(88,640)
Right of use	(3,645)	(13,008)	-	-	(16,653)	(9,184)	8,215	-	(17,622)
Total	(173,480)	(136,875)	19	-	(310,336)	(74,633)	9,459	-	(375,510)
Net	2,879,404				3,329,098				4,147,584

(*) The disposals are mainly composed by the acquisition costs of the forestry assets (right of use and bearer plants) sold by the FS Ltda.to FS Florestal S.A. on September 30, 2022 (see note 32).

Construction in progress and advances to suppliers

The balance in construction in progress and advances to supplier refers to the remainder of the expansion of the plant in Sorriso – MT and the construction of the new plant in Primavera do Leste – MT. The expected completion of the Primavera do Leste plant is for June 2023.

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 recovery value.

The FS did not identify indicators of impairment of its assets on September 30, 2022

Capitalization of borrowing costs

In the six-month period ended September 30, 2022, and for the year ended March 31, 2022, borrowing costs capitalized were R\$ 29,030 and R\$ 1,499, respectively. The average interest rate of the period was 13.39% p. y. (11.65% p.y. as of March 31, 2022).

Collateral

FS has pledged fixed assets as collateral linked to loans in the amount of R\$ 2,867,614 (R\$ 2,672,880 on March 31, 2022) and comprises lands, buildings, machinery, installations, and construction in progress.

15 Trade payables

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Fixed assets payables	335,780	72,582
Raw material payables	1,807,981	280,751
Other payables	176,529	81,112
Total	2,230,290	434,445
Current	2,276,455	403,228
Non-current	43,835	31,217

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.

The trade payables with related parties as of September 30, 2022, is R\$ 35,331. There were no trade payables balance with related parties as of March 31, 2022. See note 32.

FS makes available for its suppliers, the use of reverse factoring agreements with Banks. For these transactions, the original conditions of the initial operation do not change.

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Trade payables	1,244,545	110,612
Reverse factoring	1,075,745	323,833
Total	2,320,290	434,445

As of September 30, 2022, the discount rates of the reverse factoring were CDI +2.08% p.m. (as of March 31, 2022, these rates were CDI +1.88% p.m.)

FS' exposure to liquidity risks and fair value measurement risks related to trade payables is disclosed in note 22.

16 Loans and Borrowings

	Currency	Combined	FS Ltda.
		09/30/2022	03/31/2022
Loans for investments	USD	6,874,995	6,220,009
Loans for investments	R\$	1,543,560	-
Loans for working capital	USD	204,285	50,084
Loans for working capital	R\$	3,153,490	2,052,069
Total Loans		11,776,330	8,322,162
(-) Transaction cost		(193,291)	(126,869)
Total		11,583,039	8,195,293
Current		1,264,321	955,552
Non-current		10,318,718	7,239,741

Management categorizes the loans by the nature in which the proceeds will be utilized in the operations. Loans for investments are to be used on capital expenditures related to construction of the plants while loans for working capital are to be used to finance short-term operational needs.

On May 10, 2022, R\$ 750,000 was raised through the issuance of the Rural Financial Product Certificate "CRA 476", in two series, one series maturing on May 13, 2026, bearing an interest rate CDI + 1.5% p.y. and the other series maturing on May 11, 2029 with bearing an interest rate of IPCA + 7.39% p.y.

The loans for investments in USD has an interest rate of 10.0% p.y. as of September 30, 2022, and March 31, 2022, and the loans for investments in BRL has an interest rate of CDI+0.8%. p.y. The loans for working capital at an average interest rate of 12.21% p.y. (11.95% p.y. as of March 31, 2022).

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 financings, see Note 22.

a. Debt amortization terms and schedule

As a result of these fund raisings, the following collaterals were granted:

- Mortgage on the land of FS Ltda. (note 14);
- Fiduciary sale of fixed assets (note 14);
- Corn inventories (note 12); and
- Restricted cash (note 10).

The loans have the following maturities (the classification between investments and working capital was performed by management):

		Until	1 to 2	2 to 3	3 to 4	Combined
September 30, 2022	Book Value	12 months	years	years	years	Above 4 years
Loans for investments (*)	8,418,556	475,652	4,484,824	-	3,295,882	162,198
Loans for working capital (*)	3,357,774	851,316	487,614	583,779	436,659	998,406
Total	11,776,330	1,326,968	4,972,438	583,779	3,732,541	1,160,604

		Until	1 to 2	2 to 3	3 to 4	FS Ltda.
March 31, 2022	Book Value	12 months	years	years	years	Above 4 years
Loans for investments (*)	6,220,009	383,250	2,615,052	-	-	3,221,707
Loans for working capital (*)	2,102,153	612,053	151,040	399,658	397,975	541,427
Total	8,322,162	995,303	2,766,092	399,658	397,975	3,763,134

(*) The amount presented does not include transaction costs.

b. Reconciliation of loans with cash flows arising from financing activity

	Combined
Balance as of March 31, 2022 – FS Ltda.	8,195,291
Variations in financing cash flows	
Loans received from third parties	3,184,638
Payments of principal	(842,939)
Total changes in financing cash flows	2,341,699
Other variations	
Provision for interest	513,205
Provision for interest (capitalized)	43,626
Interest payment	(283,711)
Exchange variation	417,936
Foreign currency translation effect	365,580
Transaction cost	(10,587)
Total other variations	1,046,049
Balance as of September 30, 2022	11,583,039

	FS Ltda.
Balance as of March 31, 2021	7,432,373
Variations in financing cash flows	
Loans received	820,848
Payments of principal	(180,340)
Total changes in financing cash flows	640,508
Other variations	
Provision for interest	362,046
Provision for interest (capitalized)	874
Interest payment	(341,626)
Exchange variation	(161,399)
Foreign currency translation effect	(164,572)
Transaction cost	(18,497)
Total other variations	(323,174)
Balance as of September 30, 2021	7,749,707

Exchange variation comprises realized and unrealized amounts (note 30).

c. Restrictive clauses (“covenants”)

FS has entered into loans contracts amounting to R\$ 6,018,384 (R\$ 4,879,007 in March 31, 2022) that include non-financial and financial covenants. The main financial covenants include a financial ratio linked to the percentage of net debt and net financial expenses in relation to EBITDA to not exceed 3.0x. The components of the formulas for calculating the financial ratio at the end of each period are defined in the debt contracts.

The restrictive clauses of financial covenants referring to loans are in compliance by FS as of September 30, 2022.

17 Advances from customers

Advances from customers represents cash received from customer for the sales of products which have not yet met the criteria to be recognized as revenue as of the end of the period. These advances are shown as a liability on the Company's statement of financial position with a balance of R\$ 61,711 and R\$ 26,967 as of September 30, 2022, and March 31, 2022, respectively.

18 Lease liabilities

	Combined		
	Land⁽ⁱ⁾	Warehouse⁽ⁱⁱ⁾	Other⁽ⁱⁱⁱ⁾
March 31, 2022 - FS Ltda.	86,179	38,912	8,238
Addition	38,110	6,900	10,140
Disposals (v)	(79,871)	-	-
Contractual adjustment (iv)	(3,226)	(2,117)	1
(-) Adjustment to present value	(12,849)	-	(1,306)
Sub-total	(57,836)	4,783	8,835
Amortization adjustment to present value	354	256	539
Payment	(5,212)	(3,353)	(3,824)
September 30, 2022	33,201	46,792	20,358
Current			16,910
Non-current			60,961

	FS Ltda.		
	Land⁽ⁱ⁾	Warehouse⁽ⁱⁱ⁾	Other⁽ⁱⁱⁱ⁾
March 31, 2021	29,562	-	298
Addition	-	64,500	14,143
Contractual adjustment (iv)	10,217	-	-
(-) Adjustment to present value	(2,412)	(21,401)	(4,410)
Payment	-	(1,613)	(925)
September 30, 2021	37,367	41,486	9,106
Current			18,413
Non-current			69,546

Right-of-use asset

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 14).

	Combined		
	Land⁽ⁱ⁾	Warehouse⁽ⁱⁱ⁾	Other⁽ⁱⁱⁱ⁾
March 31, 2022 - FS Ltda.	86,468	39,845	8,615
Addition	22,079	4,783	8,775
Disposals (v)	(81,010)	-	-
Amortization	(3,685)	(2,243)	(3,259)
September 30, 2022	23,852	42,385	14,131

	FS Ltda.		
	Land⁽ⁱ⁾	Warehouse⁽ⁱⁱ⁾	Other⁽ⁱⁱⁱ⁾
March 31, 2021	30,340	-	526
Addition	-	43,099	11,047
Contractual adjustment (iv)	7,135	-	-
(-) Adjustment to present value	(1,483)	(1,074)	(2,512)
September 30, 2021	35,992	42,025	9,061

- i) Rural area for bamboo cultivation that has a period of 3 years to harvest (5 periods in total) and will be used as biomass in the energy matrix of FS.
- ii) Refers to a 10-year warehouse lease for corn storage.
- iii) Comprised of machines used in industrial activities and a rented office located in São Paulo.
- iv) Land Leases are linked to soybean price and the contracts are adjusted accordingly.
- v) On September 2022, FS Ltda. and FS Florestal signed a purchase and sale agreement that includes the sale of farms, impacting the disposals of rights to use and biological assets. (see note 32)

19 Taxes and contributions

a) Recoverable taxes

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Pis and Cofins	486,065	242,872
IRRF	39,903	5,546
Other taxes and contribution	864	3,756
Total	526,832	252,174
Current	236,883	122,332
Non-current	289,949	129,842

b) Taxes and contributions payable

	Combined	FS Ltda.
	09/30/2022	03/31/2022
ICMS	6,328	16,270
Retained tax of third parties (*)	3,398	1,210
ISS	3,606	1,977
Other taxes	275	406
Total	13,607	19,863

(*) Withholding taxes payable refers to the following taxes: PIS, COFINS, CSLL, IRPJ, INSS and Funrural withheld at source.

20 Contingent liabilities and judicial deposits

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 interim financial statements but are disclosed in the notes to the interim financial statements, unless the probability of any outflow of resources incorporating economic benefits is considered remote.

Contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred. As of September 30, 2022, and March 31, 2022, the FS had contingencies assessed as possible risk by legal advisors and Management in the amount of R\$ 84,422 and R\$ 82,944, respectively, for which no provision was recorded.

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Civil	76,631	71,696
Labor	5,790	3,721
Tax	-	7,527
Total	84,422	82,944

Among the aforementioned contingencies, there is an ongoing judicial discussion related to tax on imports (ICMS) of machinery for the expansion of the plant located in Lucas do Rio Verde - MT, for which the FS has a judicial deposit in the amount of R\$ 3,964 (R\$ 3,775 as of March 31, 2022).

21 Tax incentive reserve

FS Ltda.

Corresponds to the reserve that is recorded as the result 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 any given year is recorded in the statement of income as a reduction of 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, the Company is guaranteed – for a term of 13 (thirteen) years starting from Decree No. 182, of July 2015 – the granting of tax benefit in the amount of ICMS tax due on the respective operations or services. The amount of the benefits from the years 2017 to 2019 were excluded from the income tax calculation with a corresponding reserve established in equity, in accordance with the provisions of art. 30 of Law 12973/14.

The tax incentive reserve as of September 30, 2022, was R\$15,952 for PRODEIC and R\$ 320,671 for SUDAM, included in Net parent investment at the combined statement of financial position.

22 Financial instruments

a. Accounting classification and fair values

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

		Combined Fair Value					
September 30, 2022	Note	Fair value through profit or loss	Amortized Cost	Fair value - hedging instruments	Other financial liabilities	Total	Level 2
Financial assets measured at fair value							
Total return swap (TRS)	9	3,309,295	-	-	-	3,309,295	3,309,295
Derivative financial instruments	22	51,860	-	-	-	51,860	51,860
Total		3,361,155	-	-	-	3,361,155	3,361,155
Financial assets not measured at fair value							
Bank deposits and cash	8	-	1,589,854	-	-	1,589,854	
Restricted cash	10	-	2,068,648	-	-	2,068,648	
Trade and other receivables	11	-	310,801	-	-	310,801	
Related parties loans	32	-	296,143	-	-	296,143	
Judicial deposits	20	-	3,964	-	-	3,964	
Total		-	4,269,410	-	-	4,269,410	
Financial liabilities measured at fair value							
Derivative financial instruments	22	22,710	-	485,055	-	507,765	507,765
Total		22,710	-	485,055	-	507,765	507,765
Financial liabilities not measured at fair value							
Trade payables	15	-	-	-	2,320,290	2,320,290	-
Loans and borrowings (*)	16	-	-	-	11,776,330	11,776,330	3,469,879
Lease liabilities	18	-	77,871	-	-	77,871	-
Total		-	77,871	-	14,096,620	14,174,491	3,469,879

						Combined
						Fair Value
March 31, 2022	Note	Fair value through profit or loss	Amortized Cost	Fair value - hedging instruments	Other financial liabilities	Total Level 2
Financial assets measured at fair value						
Bank deposit certificate ("CDB") and committed operations	8	1,805,939	-	-	-	1,805,939
Total return swap (TRS)	9	2,901,719	-	-	-	2,901,719
Restricted cash	10	400,523	-	-	-	400,523
Derivative financial instruments	22	77,623	-	-	-	77,623
Total		5,185,804	-	-	-	5,185,804
Financial assets not measured at fair value						
Bank deposits and cash	8	-	45,553	-	-	45,553
Trade and other receivables	11	-	284,931	-	-	284,931
Judicial deposits	20	-	3,775	-	-	3,775
Related parties loans	32	-	251,035	-	-	251,035
Total		-	585,294	-	-	585,294
Financial liabilities measured at fair value						
Derivative financial instruments	22	187,052	-	588,839	-	775,891
Total		187,052	-	588,839	-	775,891
Financial liabilities not measured at fair value						
Trade payables	15	-	-	-	434,445	434,445
Loans and borrowings (*)	16	-	-	-	8,322,162	8,880,522
Lease liabilities	18	-	133,329	-	-	133,329
Total		-	133,329	-	8,756,607	8,880,522

(*) The amount presented does not include transaction costs.

b. Fair value measurement

The fair value of financial assets and financial liabilities is the amount for which the instrument could be exchanged in a current transaction between parties willing to negotiate and not in a forced sale or liquidation. The methods and assumptions used to estimate fair value are described below.

The fair value of cash and cash equivalents, accounts receivable, other financial assets, accounts payable 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 does not differ significantly from their book values.

The fair value of FS' liability financial instruments approximates their book value as they are subject to variable interest rates and there has been no significant change in FS' credit risk.

The fair value of loans and funding mostly approximate the amounts recorded in the combined interim financial statements due to the fact that these financial instruments are subject to observable interest rates (see note 16).

The TRS (Total Return Swap) is a financial investment measured at fair value through income. The technique used for measurement consists of discounting the cash flow to present value based on yield curves that reflect the appropriate risk factors.

Derivatives are valued using valuation techniques with observable market data and refer primarily to interest rate *swaps*, foreign exchange futures contracts (NDFs), and commodity forward contracts. The most frequently applied valuation techniques include pricing models for *swaps*, NDFs, and forward contracts, with present value calculations. The models incorporate a variety of data, such as spot and forward exchange rates, interest rate curves, and commodity (corn) forward rate curves.

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: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the fair value recorded are directly or indirectly observable; 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 to be considered for the period ended on September 20, 2022.

c. Financial risk management

FS is exposed to the following risks arising 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.

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 revised to reflect changes in market conditions and activities. FS, through its training and management rules 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, classified as amortized cost, represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

		Combined	FS Ltda.
	Note	09/30/2022	03/31/2022
Cash and cash equivalents	8	1,589,854	1,719,194
Financial investments	9	3,309,295	3,034,017
Restricted cash	10	2,068,648	400,523
Trade and other receivables	11	310,801	284,931
Derivative financial instruments	22	51,860	77,623
Judicial deposits	20	3,964	3,775
Related parties loans	32	296,143	251,035
Total		7,630,565	5,771,098

Cash and cash equivalents

The amounts are held with first-rate financial institutions in order to minimize the credit risk posed by these operations.

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

Derivatives

Derivatives are contracted with banks and financial institutions to manage the exchange rate risk in the future payment of loans and to manage the fluctuation in the price of corn and ethanol, according to operational needs.

Customers 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, according to note 11.

The credit area is responsible for establishing limits for all customers who carry out forward transactions. The parameters for defining credit limits are:

- a) Market information (Serasa and network with other Companies);
- b) Financial analysis of the interim financial statements; and
- c) Constitution of guarantees through rural producer certificate (CPR), Surety, etc.

• **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 is shown below:

		Combined	FS Ltda.
	Note	09/30/2022	03/31/2022
Trade payables	15	2,320,290	434,445
Loans and borrowings (*)	16	11,776,330	8,322,162
Lease liabilities	18	77,871	133,329
Derivative financial instruments	22	507,765	775,891
Total		14,682,256	9,665,827
Current		3,989,403	2,003,941
Non-current		10,499,562	7,661,886

(*) The amount presented does not include transaction costs.

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

	Book Value	Contractual Cash Flow	Until 12 months	1 to 2 Years	Combined Above 3 years
September 30, 2022					
Loans and borrowings (*)	11,776,330	12,142,338	1,812,936	4,515,780	5,813,622
Trade payables	2,320,290	2,320,289	2,276,454	43,835	-
Lease liabilities	77,871	133,605	18,107	18,107	97,391
Derivative financial instruments	507,765	1,069,055	550,682	518,373	-
Total	14,682,256	15,665,287	4,658,179	5,096,095	5,911,013
					FS Ltda.
March 31, 2021					
Loans with related parties	8,322,162	11,103,663	1,376,743	3,759,724	5,967,196
Loans and borrowings (*)	434,445	434,445	403,228	31,217	-
Trade payables	133,329	194,684	23,157	23,157	148,370
Derivative financial instruments	775,891	1,069,055	550,682	518,373	-
Total	9,665,827	12,801,847	2,353,810	4,332,471	6,115,566

(*) The amount presented does not include transaction costs.

- **Price risk**

The price risk is due to the results from the possibility of fluctuation in the market prices of corn sold by FS. These price fluctuations may cause changes in FS' sales revenue. To mitigate this risk, FS monitors the market, seeking to anticipate price movements. The table below shows the positions of derivative financial instruments to hedge commodity price risk open as of September 30, 2022:

Type	Purchase/Sale	date of operation	Maturity date	Term	Currency	Notional	Combined Fair value as of 09/30/2022
Corn	Sale	09/30/2022	11/30/2022	61	Corn	216,664	35,396
Total Derivative Financial Instrument (assets)							35,396

Type	Purchase/Sale	date of operation	Maturity date	Term	Currency	Notional	Fair value as of 09/30/2022
Corn	Purchase	09/30/2022	11/30/2022	61	Corn	222,481	(16,698)
Total Derivative Financial Instrument (liabilities)							(16,698)

Sensitivity analysis – commodity price risk

Based on the corn price on September 30, 2022, traded on Brazilian Stock Markets (B3), a probable scenario (level 1) was defined to calculate the impact of price variation, assuming that all other variables will be constant and, based on that, variations of 25% (level 2) and 50% (level 3) are calculated, as detailed below:

	Value	Corn	Probable	Appreciation (R\$)		Depreciation (R\$)	
			(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
			In R\$	25%	50%	25%	50%
Instruments in September 30, 2022							
Financial assets							
Forward contracts	35,357	84.42	35,357	8,839	17,678	(8,839)	(17,678)
Financial liabilities							
Forward contracts	(16,698)	84.42	(16,698)	(4,175)	(8,349)	4,175	8,349
Impact on net income and net parent investment			18,659	4,665	9,329	(4,665)	(9,329)

- **Market risk**

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

When applicable, Management uses derivative financial instruments to manage market risk.

Exchange risk

FS' operations give rise to certain exposures to foreign currency risk mainly due to the inflow and outflow of capital to and from abroad, as well as contracts for production inputs and for the construction and expansion of industrial units denominated in US dollars. 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.

	Note	Combined		FS. Ltda.	
		09/30/2022		03/31/2022	
Financial Assets		R\$	USD	R\$	USD
Cash and cash equivalents	8	134,348	24,849	45,553	9,615
Financial Investments	9	-	-	132,298	27,924
Total return swap (TRS)	9	3,309,295	612,084	2,901,719	612,461
Derivative financial instruments	19	16,503	3,052	-	-
Financial Liabilities		R\$	USD	R\$	USD
Loans for investments*	16	6,874,995	1,271,593	6,200,009	1,312,848
Loan for working capital*	16	204,285	37,784	50,084	10,571
Derivative financial instruments	22	491,067	93,751	814,048	171,820

(*) The amount presented does not include transaction costs.

Hedge accounting effects.

FS formally designates its operation subject to hedge accounting for the purpose of cash flow protection. The designated hedge is for foreign currency debt protection. To manage the exchange rate risk, FS contracted “Swap” derivative instruments, in which these instruments exchange the exchange rate variation of the US Dollar for CDI, reducing FS’ exposure to this currency. The operations designated as Hedge accounting are presented in the following table:

							Combined
Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Notional	Fair value at 09/30/2022
Swap	USD x CDI	12/08/2020	09/12/2025	1166	USD	350,000	(485,055)
Total Derivative financial instruments (hedge accounting)							<u>(485,055)</u>

FS formally designates its operations subject to hedge accounting, documenting: (i) the hedge relationship; (ii) FS’ risk management objective and strategy in adopting the hedge; (iii) identification of the financial instrument; (iv) the purpose or covered transaction; (v) the nature of the risk to be covered; (vi) the description of the hedging relationship and (vii) the demonstration of the correlation between the hedge and the object of coverage, as determined in Technical Pronouncement CPC 48 – Financial instruments.

The relationship between the instrument and the hedged object, as well as the risk management policies and objectives, were documented at the beginning of the operation. Documented effectiveness tests confirming the prospective effectiveness of the hedge relationship based on the variation in the market value of the hedged items.

The cash flow hedge consists of providing protection against changes in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect the result.

Prospective and retrospective effectiveness tests are also documented, confirming that the designated derivatives are effective in offsetting the variation in the fair value of the hedged items.

The effective portion of changes in the fair value of derivatives in the fair value of derivatives designated and qualified as cash flow hedges is recorded as a component of “other comprehensive income.” As of September 30, 2022, a balance to be recorded in other comprehensive income of R\$106,420 was determined, net of income tax and social contribution. A loss of R\$5,797 for the period ended September 30, 2022, related to the amount deemed ineffective was recognized in the statement of income.

	Combined
Unrealized income with cash flow hedge and recognized in net parent investment	(161,242)
Deferred income taxes and social contribution	54,822
Effect of fair value recognized in net parent investment	(106,420)

Cash flow sensitivity analysis – Exchange risk

Based on the dollar rate in force on September 30, 2022, a probable scenario (level 1) was defined to calculate the exchange rate impact for a period of 3 months, assuming that all other variables will be constant and, based on that, variations of 25% (level 2) and 50 % (level 3) are calculated, as detailed below:

	Value	Exchange	Combined				
			Probable (Level 1) In R\$	Appreciation (R\$)		Depreciation (R\$)	
				(Level 2) 25%	(Level 3) 50%	(Level 2) 25%	(Level 3) 50%
Instruments in September 30, 2022							
Financial assets							
Cash and cash equivalents	24,849	5.4066	134,348	33,587	67,174	(33,587)	(67,174)
Total return swap (TRS)	612,084	5.4066	3,309,295	827,324	1,654,648	(827,324)	(1,654,648)
Financial Investments	3,052	5.4066	16,503	4,126	8,252	(4,126)	(8,252)
Financial liabilities							
Loans for investments*	(1,271,593)	5.4066	(6,874,995)	(1,718,749)	(3,437,498)	1,718,749	3,437,498
Loans for working capital*	(37,784)	5.4066	(204,285)	(51,071)	(102,143)	51,071	102,143
Derivative financial instruments	(90,827)	5.4066	(491,067)	(122,767)	(245,534)	122,767	245,534
Impact on net income and net parent investment			(4,110,201)	(1,027,550)	(2,055,101)	1,027,550	2,055,101

Sources: Exchange information was obtained from the database of BACEN (Banco Central do Brasil), on the base date of the last business day of September 2022.

(*) The amount presented does not include transaction costs.

Interest rate risk

FS is exposed to interest rate variations on its short-term investments and loans and funding indexed to the CDI.

On the base date of these interim financial statements, the profile of FS' variable interest-bearing financial instruments is:

	Note	Combined	FS Ltda.
		09/30/2022	03/31/2022
Financial instruments			
Financial investments - CDB	8	1,430,303	1,673,641
Short-term investment linked to loans	10	2,068,648	400,523
Loans for working capital	16	(1,543,560)	(2,102,153)
Loans for investments*	16	(3,153,490)	-
Total		(1,198,099)	(27,989)

(*) The amount presented does not include transaction costs.

Sensitivity analysis – interest rate risk on financial assets and liabilities

Based on the CDI rate in effect on September 30, 2022, a probable scenario (level 1) was defined to calculate the interest income for a period of 3 months, 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:

	Exposure at 09/30/2022	Risk	Probable (Level 1) %	Appreciation (R\$)				Depreciation (R\$)	
				(Level 2) 25%	(Level 3) 50%	(Level 2) 25%	(Level 3) 50%		
Financial instruments									
Financial investments - CDB	1,430,303	CDI	13.65	195,236	48,809	97,618	(48,809)	(97,618)	
Financial investments - CDB	2,068,648	CDI	13.65	282,370	70,593	141,185	(70,593)	(141,185)	
Loans for working capital*	(3,153,490)	CDI	13.65	(430,451)	(107,613)	(215,226)	107,613	215,226	
Loans for investments	(1,543,560)	CDI	13.65	(210,696)	(52,674)	(105,348)	52,674	105,348	
Total	(1,198,099)			(163,541)	(40,885)	(81,770)	40,885	81,770	
Impact on net parent investment				(204,426)	(245,311)	(122,656)	(81,771)		

(*) The amount presented does not include transaction costs.

Sources: CDI information was obtained from CETIP's (clearinghouse for the custody and financial settlement of securities), considering the last business day of September 2022.

Derivative financial instruments

FS has operations that may be impacted by the variation of foreign currencies. Among them, the most relevant is a loan operation in the net amount of USD 645,052 (R\$ 3,487,535) as of September 30, 2022.

FS manages this risk through short- and medium-term derivative financial instruments, mainly options, swaps and forward contracts ("NDFs"), with the objective of minimizing the impacts of the variation between the dollar and the real.

As of September 30, 2022, including expiration dates, weighted average rates and fair value, are detailed below:

							Combined
Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Notional	Fair value at 09/30/2022
Corn	Sold	09/30/2022	11/30/2022	61	BRL	216,664	35,396
Swap	USD x CDI	01/31/2022	01/01/2023	93	BRL	27,000	5,319
Swap	ICPA x CDI	09/15/2021	09/15/2025	1461	BRL	300,000	11,145
Total Derivative financial instruments (assets)							51,860
							Current 35,357
							Non-current 16,503
							Combined
Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Notional	Fair value at 09/30/2022
Corn	Purchased	09/30/2022	11/30/2022	61	Corn	222,481	(16,698)
Swap	USD x CDI	12/08/2020	12/09/2023	347	USD	350,000	(485,055)
Swap	USD x CDI	01/31/2022	01/31/2023	123	USD	5,496	(1,633)
Swap	SOFR x CDI	01/31/2022	02/02/2023	125	USD	5,000	(2,260)
NDF	FX	10/03/2022	08/31/2023	335	USD	15,039	(2,119)
Total Derivative financial instruments (liabilities)							(507,765)
							Current (431,717)
							Non-current (76,048)
							FS Ltda.
Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2022
Swap	IPCA x CDI	09/15/2021	09/15/2025	1461	BRL	300,000	8,798
Corn	Sold	03/31/2022	09/20/2022	173	Corn	236,340	68,825
Total Derivative financial instruments (assets)							77,623
							Current 75,063
							Non-current 2,560
							FS Ltda.
Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2022
NDF	Purchased	06/01/2021	12/11/2022	558	USD	310,007	(140,502)
Swap	USD x CDI	01/31/2022	01/31/2023	365	USD	5,496	(4,976)
Swap	SOFR x CDI	01/31/2022	02/02/2023	367	USD	5,000	(3,417)
Swap	USD x CDI	12/08/2020	12/09/2023	1096	USD	300,000	(505,792)
Swap	USD x CDI	01/21/2021	12/11/2023	1054	USD	49,444	(83,047)
Corn	Purchased	03/31/2022	09/30/2022	183	Corn	176,639	(38,157)
Total Derivative financial instruments (liabilities)							(775,891)
							Current (584,884)
							Non-current (191,007)

Result with derivative financial instruments

FS recorded the profits and losses arising from these operations in the statement of income for the period as detailed below:

		Combined		FS Ltda.	
	Note	09/30/2022 (3 months)	09/30/2022 (6 months)	09/30/2021 (3 months)	09/30/2021 (6 months)
Gain with derivative operations	27	44,962	433,630	14,264	45,204
Losses with derivative operations	27	(85,630)	(304,412)	(47,006)	(327,945)
Losses with derivative operations (corn marketing)	23	(4,196)	(12,011)	-	-
Total		(44,864)	117,207	(32,742)	(282,741)

23 Income tax and social contribution

a. Current income tax and social contribution liabilities

	Combined	FS Ltda.
	09/30/2022	03/31/2022
Income tax payables (IRPJ)	60,691	18,911
Income tax payables (CSLL)	30,891	49,734
Total	91,582	68,645

b. Deferred income tax and social contribution

Deferred taxes on assets, liabilities and income were attributed as follows:

	Assets		Liabilities		Net parent investment / Equity		Income statements	
	09/30/2022	03/31/2022	09/30/2022	03/31/2022	09/30/2022	03/31/2022	09/30/2022	09/30/2021
	Combined	FS Ltda.	Combined	FS Ltda.	Combined	FS Ltda.	Combined (6 months)	FS Ltda. (6 months)
Deferred income and social contribution taxes								
Allowance for expected losses on credit	39	39	-	-	-	-	-	(3)
Bonus provisions	5,934	9,339	19,558	-	-	-	(4,548)	(990)
Trade payables provision	1,679	2,751	-	-	-	-	(1,072)	93
Capitalized loan interest	-	-	55,302	50,832	-	-	(4,470)	5,378
Transaction costs	-	-	65,386	49,400	-	-	(15,986)	-
Derivative financial instruments	172,759	265,798	22,873	29,151	71,342	16,521	(141,582)	78,827
Right of use and Lease liabilities	50,142	78,345	50,992	78,889	-	-	(306)	-
Adjustment to present value	16,579	6,430	7,546	3,616	-	-	6,219	4,123
Fair value adjustment - biological assets	-	-	-	11,053	-	-	11,053	1,307
Accrued tax loss	-	-	-	-	-	-	-	(98,208)
Depreciation	-	-	245,820	204,028	-	-	(41,792)	(41,883)
Others	24,190	18,704	12,649	15,444	-	-	(10,136)	1,054
Intercompany unrealized income	197,201	-	-	-	-	-	197,201	-
	468,523	(381,406)	480,126	442,413	71,342	16,521	(5,419)	(50,302)
Offsetting (*)	(480,126)	(381,406)	(480,126)	(381,406)	-	-	-	-
Net deferred tax assets	-	-	11,603	61,007	71,342	16,521	(5,419)	(50,302)

(*) Balances of offset deferred tax assets and liabilities, as they relate to income taxes levied by the same tax authority.

c. Effective rate reconciliation

Deferred taxes are calculated considering income tax and social contribution rates, which total 34%.

The deferred tax arising from the adjustment to present value is being amortized according to the term of the financial transactions, which generated it.

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 months)	(6 months)	(3 months)	(6 months)
Effective rate reconciliation				
Profit before income and social contribution taxes	361,431	723,853	144,611	727,625
Nominal rate	34%	34%	34%	34%
Tax expense at nominal rate	(122,887)	(246,110)	(49,168)	(247,393)
Adjustment of income and social contribution taxes				
Permanent exclusion - tax incentive - (PRODEIC)	10,307	24,711	12,635	23,900
Other permanent exclusion (addition), net - CBIOS	4,618	21,538	(93)	917
Tax incentive - (others)	2,082	2,870	-	-
Others	(4,103)	(8,361)	(673)	1,891
Tax and social contribution	(109,983)	(205,352)	(37,299)	(220,685)
Reconciliation with values presented in the final period				
Current tax	(114,677)	(199,933)	(10,171)	(170,383)
Deferred tax	4,694	(5,419)	(27,128)	(50,302)
Tax and social contribution	(109,983)	(205,352)	(37,299)	(220,685)
Tax incentive	23,064	23,064	17,641	124,602
Tax and social contribution in the end of the period	(86,919)	(182,288)	(19,658)	(96,083)
Effective rate	24%	25%	14%	13%

Realization

Deferred tax assets were recognized, as Management analyzed its estimates of future income and considered it probable that future taxable profits would be available, and contract expenses could be used.

24 Information by segment

Basis for segmentation

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

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

Reportable segments	Operations
Ethanol	Sales of anhydrous and hydrous ethanol.
Animal nutrition	Sales of DDG (Distiller's dried grains) and corn oil
Energy co-generation	Sales and resale of energy co-generation
Corn Marketing	Sale of corn purchased from third parties

Other aspects of FS' operations consist of the sale of excess steam produced as a result of production. Management discloses these other activities as "Other segments." The operating assets related to these segments are all located in Brazil.

Information on reportable segments

For a better understanding of the results of the reportable segments and for a better decision making in their pricing, FS Management evaluates its net revenues, deducting logistical costs (freight expenses) in the distribution.

Management's decision on allocating resources and monitoring the performance of each segment is based on net revenue, less freight expenses. The products sold by FS come from the production process – corn grinding – and corn marketing, therefore, Management does not allocate operating costs and expenses between the segments in its management reports. In addition, FS assets and liabilities are not allocated by segment.

Segment revenue	Combined		FS Ltda.	
	09/30/2022 (3 Months)	09/30/2022 (6 Months)	09/30/2021 (3 Months)	09/30/2021 (6 Months)
Anhydrous	644,486	1,209,182	565,034	946,718
Hydrous	359,735	916,621	485,257	987,290
Ethanol	1,004,221	2,125,803	1,050,291	1,934,008
High protein	163,713	306,545	158,790	321,177
High fiber	95,657	181,325	58,988	101,368
Wet cake	58,963	104,879	24,611	46,293
Corn oil	86,296	150,753	62,692	114,976
Animal nutrition	404,629	743,502	305,081	583,814
Corn marketing	283,857	538,517	49,851	88,797
Energy co-generation	11,535	18,467	17,139	23,942
Others	1,152	2,108	727	1,414
Total net revenue from segments	1,705,394	3,428,397	1,423,089	2,631,975
Reclassification - Sales Freight**	201,346	364,942	97,223	182,946
Total net revenue	1,906,740	3,793,339	1,520,312	2,814,921
Cost of goods sold	(1,235,533)	(2,319,607)	(806,658)	(1,492,634)
Gross profit	671,207	1,473,732	713,654	1,322,287
Operational expenses	203,446	207,654	(28,748)	(56,796)
Reclassification - Sales Freight (*)	(201,346)	(364,942)	(97,223)	(182,946)
Total operational expenses	2,100	(157,288)	(125,971)	(239,742)
Net finance costs	(311,876)	(592,591)	(443,072)	(354,920)
Profit before income and social contribution taxes	361,431	723,853	144,611	727,625

(*) Reclassification of logistics costs in the distribution of products, assessed by management, within net revenue.

During the six-month period ended September 30, 2022, and 2021, the FS had customers that represented over 10% of its net revenues. The major 5 customers accounted for 77.4% of gross revenue, the two largest with percentages of 49.4% and 11.7%

25 Net revenue

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 Months)	(6 Months)	(3 Months)	(6 Months)
Internal market				
Ethanol	1,145,866	2,432,414	1,167,085	2,148,189
DDG	381,838	705,341	281,621	548,531
Corn oil	106,779	186,307	78,573	144,758
Energy co-generation	2,644	5,908	19,004	27,186
Corn marketing	346,297	669,429	49,125	87,388
Energy resale	9,928	14,471	15,468	27,801
Other	1,270	2,325	727	1,414
External market				
Ethanol	-	-	70,872	105,406
Operating revenue	1,994,622	4,016,195	1,682,475	3,090,673
Deductions				
Sales tax and other deductions	(80,660)	(204,245)	(116,071)	(226,267)
Return of sales	(7,222)	(18,611)	(46,092)	(49,485)
	(87,882)	(222,856)	(162,163)	(275,752)
Net revenue	1,906,740	3,793,339	1,520,312	2,814,921

Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in the contract with the customer. FS recognizes revenue when it transfers control over the product to the customer.

Ethanol	FS recognizes the amount of its revenues reflecting the consideration it expects to receive in exchange
Animal nutrition	for controlling the products it offers. There are no estimated losses in terms of sales, nor are there any
Energy	loyalty programs. FS considers that all performance obligations are completed at the time of product
co-generation	delivery, which is also the time of revenue recognition. As for electricity, revenue is recognized when
Corn marketing	it is made available on the transmission line.

26 Cost of goods sold

Production costs for the period are allocated across the Company's product line utilizing the relative sales value methodology. Below is a table showing the cost of goods sold allocated by production inputs for the period ended September 30, 2022 and 2021:

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 Months)	(6 Months)	(3 Months)	(6 Months)
Corn	(782,877)	(1,449,397)	(605,136)	(1,097,924)
Biomass	(60,627)	(116,840)	(49,468)	(99,117)
Labor	(23,476)	(43,844)	(14,070)	(27,921)
Enzymes	(17,885)	(32,332)	(14,778)	(30,003)
Depreciation	(32,086)	(62,532)	(28,234)	(58,685)
Production	(18,174)	(35,562)	(11,306)	(27,384)
Chemicals	(14,592)	(29,931)	(21,316)	(37,495)
Maintenance	(13,612)	(27,595)	(10,515)	(20,771)
Lab	(966)	(1,802)	(787)	(1,354)
Resale costs corn*	(265,106)	(507,018)	(43,743)	(79,342)
Resale costs energy*	(4,913)	(7,234)	(7,305)	(12,638)
Gain (loss) derivatives	(1,219)	(5,520)	-	-
Total	(1,235,533)	(2,319,607)	(806,658)	(1,492,634)

(*) Not included in production costs, as they refer to the acquisition cost of corn and energy, which were sold in the period presented.

27 Selling expenses

Selling expenses are broken down as follows:

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 Months)	(6 Months)	(3 Months)	(6 Months)
Expenses with freight on sales	(201,346)	(364,942)	(97,222)	(182,945)
Personnel expenses	(9,265)	(14,404)	(6,455)	(10,758)
Expenses with contracted services	(830)	(2,104)	(704)	(1,128)
Allowance for expected credit losses	-	2	13	10
Travel expenses	(403)	(709)	(122)	(302)
Other selling expenses	(539)	(1,284)	(159)	(288)
Total	(212,383)	(383,441)	(104,649)	(195,411)

28 General and administrative expenses

The administrative and general expenses incurred in the period are divided as follows:

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 Months)	(6 Months)	(3 Months)	(6 Months)
Personnel expenses	(17,563)	(32,471)	(11,852)	(22,621)
Expenses with contracted services	(8,724)	(16,692)	(6,242)	(10,387)
Depreciation and amortization expenses	(1,846)	(4,133)	(1,073)	(1,973)
Travel expenses	(2,298)	(3,986)	(863)	(1,500)
Expenses with taxes and fees	(381)	(931)	(137)	(336)
Office expenses	(1,095)	(2,150)	(658)	(1,331)
Other operating income (expenses)	(4,583)	(7,526)	(2,658)	(4,211)
Total	(36,490)	(67,889)	(23,483)	(42,359)

29 Others results

Other results incurred in the period are presented as follows:

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 Months)	(6 Months)	(3 Months)	(6 Months)
Fair value of biological assets	-	4,419	1,085	(3,844)
Carbon credit (CBIO)	23,040	64,970	2,223	2,731
Donations	(428)	(1,116)	1,482	4,179
Gain on sale of assets (**)	170,628	171,302	-	-
Income from extemporaneous credit (*)	57,522	57,522	-	-
Other income	5,556	7,253	-	-
Other expenses	(5,345)	(10,308)	(2,628)	(5,038)
Total	250,973	294,042	2,162	(1,972)

(*) The FS Ltda. has been claiming in court the right to exclude ICMS from the PIS and COFINS tax base for ethanol sales operations. FS Ltda. believes, supported by its legal advisors, that due to the final judgment by the STF on the matter, the chances of success are virtually certain, guaranteeing the right to recognize this credit.

Thus, during the six month period ended September 30, 2022, the company recognized in the item Recoverable Taxes, Non-Current Assets, consolidated credits in the amount of R\$ 57,522. FS Ltda. calculated the amount related to this period based on the best estimate and available tax documents, and such amount involved is subject to adjustments to be made by Management in future periods.

(**) Mainly composed by the gain on sale of forestry assets in total of R\$ 170,222, as a result of the purchase and sale agreement between FS Ltda. and FS Florestal S.A (see note 32c (i)).

30 Net financial income (costs)

Gain (loss) on the derivative transaction is a consequence of fair value adjustments, as disclosed in Note 22.

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 months)	(6 months)	(3 months)	(6 months)
Finance income				
Interests over short term investments	208,653	368,915	93,026	190,885
Discounts obtained	367	999	370	876
Adjustment to present value - receivables	5,863	9,733	1,827	4,924
Gain with derivative operations	44,962	433,630	14,264	45,204
Interest income	143	363	77	142
	259,988	813,640	109,564	242,031
Finance expenses				
Interest expense on loans	(259,622)	(534,292)	(179,235)	(352,856)
Interest expense on loans with related parties	-	-	-	-
Adjustment to present value - trade payables	(46,675)	(56,649)	(24,574)	(28,992)
Adjustment to present value - loans with related parties	-	-	-	-
Bank fees	(24,533)	(23,245)	(13,865)	(25,746)
Taxes (IOF)	208	(797)	(1,500)	(1,684)
Losses with derivative operations	(85,630)	(304,412)	(47,006)	(327,945)
Other	(40,199)	(73,098)	(14,240)	(24,163)
	(456,451)	(992,493)	(280,423)	(761,386)
Income foreign exchange rate variation	52,050	154,606	46,610	477,424
Expense foreign exchange rate variation	(167,463)	(568,344)	(318,824)	(312,989)
	(115,413)	(413,738)	(272,214)	164,435
Net finance income (expenses)	(311,876)	(592,591)	(443,073)	(354,920)

The result of the foreign exchange variation as of September 30, 2022 and 2021, is presented according to the following breakdown:

	Combined		FS Ltda.	
	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 months)	(6 months)	(3 months)	(6 months)
Net exchange variations of payables				
Foreign exchange rate variation of trade payables unrealized	-	4,757	1,753	9,341
Foreign exchange rate variation of trade payables	(118)	(562)	(6,031)	(6,305)
	(118)	4,195	(4,278)	3,036
Foreign exchange rate variation on loan unrealized	(115,295)	(417,933)	(267,936)	158,968
Foreign exchange rate variation on loan	-	-	-	2,431
	(115,295)	(417,933)	(267,936)	161,399
Net income (loss) of exchange variation	(115,413)	(413,738)	(272,214)	164,435

31 Commitments

The FS had the following commitments effective on September 30, 2022:

- Selling of ethanol of 751,918 cubic meters, which will occur until May 2023 with a price that fluctuates based on current market prices at the time of sale.
- Sale of steam of 21,896 tons, which will occur until April 2023, with a fixed price of R\$ 115.92 per ton.
- Selling of Distiller's dried grains "DDGs" of 801,963 tons, which will occur until May 2024 at a gross average price of R\$ 740.73 per ton.

- d) Selling of corn oil of 7,856 tons, which will occur until January 2023 at a gross average price of R\$ 5,460 per ton.
- e) Selling of energy of 361,704 MWh, which will occur until December 2024 at a gross average price of R\$ 197.29 per MWh and purchase of energy of 162,864 MWh that will occur until December 2022 at an average price of R\$ 153.74 per MWh.
- f) The FS Ltda. carries out operations to purchase forward commodities (raw material - corn), with fixed prices, to avoid being exposed to price fluctuations in that commodity. The fair value of this financial instrument is not recognized for the open term contracts, as they are negotiated with the purpose to receive the corn in the facilities, in accordance with the FS Ltda. purchase and expected use requirements. As of September 30, 2022, the FS Ltda. had corn purchase contracts with a contracted price on volume of 1,952,261 tons of corn at a total cost of approximately R\$ 1,807 billion, which represents a gross average price of R\$ 68.75 per 60 kg bag which will occur until May 2023. The FS Ltda. also conducts fixed prices commodity purchase and sale negotiations (corn marketing), the grains traded in this operation are recorded at their fair value. As of September 30, 2022, the FS Ltda. had fixed-price corn sales contracts, with a volume of 211,904 tons at an approximate total of R\$ 201,450, representing an average price of R\$ 71.36 per 60 kg bag.
- g) Contracts for the purchase of eucalyptus and forest development at a gross average contracted price of R\$ 40.68 per cubic meter, which totals R\$ 230,659, of which R\$ 31,740 has already been paid in advance and the remainder of which will occur until September 2028.
- h) FS S.A. has commitments to purchase equipment and services, related to investments in the construction of the plant in Primavera do Leste - MT, in the amount of R\$ 686,848, which has not been disbursed. The management of these commitments is carried out by complying with contractual clauses and by physical evidence that the execution schedules are being followed within the previously agreed deadlines.

32 Related parties

a. Ultimate parent

In the period ended on September 30, 2022, the ultimate parent of FS Ltda. and FS S.A. is SRMM, LLC (Summit Group).

b. Remuneration of key Management personnel

Officers are the key personnel who have authority and responsibility for planning, directing, and controlling the activities of the Companies. In the period ended on September 30, 2022 and 2021, short-term benefits (salaries, profit sharing, medical assistance, housing, among others) were granted to management and were recorded under "Personnel expenses."

The remuneration of key management personnel comprises:

	09/30/2022	09/30/2022	09/30/2021	09/30/2021
	(3 months)	(6 months)	(3 months)	(6 months)
Short term benefit	3,960	7,663	3,648	7,016

c. Transactions with related parties

FS maintains a balance with related parties related to the sale of DDG and forestry assets, purchase of corn, and loans in the period.

Trade receivable	Note	Combined	FS Ltda.
Nature of relationship		09/30/2022	03/31/2022
Other related parties	11	9,950	6,272
Non-controlling		3,477	188
Other related parties		1,102	-
		14,529	6,460

Related parties loans		Combined	FS Ltda.
Nature of relationship		09/30/2022	03/31/2022
Ultimate controlling	32	222,462	188,276
Non-controlling		73,681	62,759
		296,143	251,035

Advanced to suppliers		Combined	FS Ltda.
Nature of relationship		09/30/2022	03/31/2022
Non-controlling	13	692	191
		692	191

Suppliers		Combined	FS Ltda.
Nature of relationship		09/30/2022	03/31/2022
Other related parties	15	33,877	-
Non-controlling		1,454	-
		35,331	-

The FS maintains adherence to the internal policies ensuring that related parties' transactions are conducted at an arm's length basis.

The cost to purchase products and services from related parties are listed below:

			Combined
April 01, 2022, to September 30, 2022	Cost		
Nature of relationship	acquisition	Product	
Other related parties	43,607	Corn	
Non-controlling	12,866	Corn	
April 01, 2022, to September 30, 2022	Cost		
Nature of relationship	acquisition	Service	
Other related parties	2,656	Warehouse monthly rent	
			FS Ltda.
April 01, 2021, to September 30, 2021	Cost		
Nature of relationship	acquisition	Product	
Other related parties	116,943	Corn	
Non-controlling	25,392	Corn	
April 01, 2021, to September 30, 2021	Cost		
Nature of relationship	acquisition	Service	
Other related parties	6,939	Warehouse monthly rent	

The sales of products and forestry assets to related parties are listed below:

Combined		
April 01, 2022, to September 30, 2022		
Nature of relationship	Revenue	Other transactions
Other related parties (i)	295,185	Revenue from the sale of farms and biomass
April 01, 2022, to September 30, 2022		
Nature of relationship	Revenue	Product
Other related parties	101	DDG High fiber
Other related parties	43,607	DDG High protein
Non-controlling	12,866	Corn
		FS Ltda.
April 01, 2021, to September 30, 2021		
Nature of relationship	Revenue	Product
Other related parties	4,400	DDG High fiber
Non-controlling	612	DDG High fiber
Non-controlling	2,386	DDG Wet cake
Other related parties	1,559	DDG High fiber
Other related parties	4,400	DDG Corn Oil

- (i) In September 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 8,666ha. The transaction price was defined in market conditions (fair value) and the sale transaction amounts R\$ 295,185 supported by a third-party value appraisal (cost of the assets sold R\$ 124,963), fully received by FS Indústria de Biocombustível Ltda.

d. Other related parties

As of September 30, 2022, the FS Ltda. and FS I is the guarantor of debts with FS Florestal S.A. in the amount of R\$350,000.

33 Statements of cash flows

During the six-month period ended on September 30, 2022 and 2021, property, plant and equipment were acquired at a total net cash outflow of R\$ 758,154 and R\$ 273,924, respectively, as follows (see note 14):

		Combined	FS Ltda.
	Note	09/30/2022	09/30/2021
Cost of acquisition of fixed assets	14	1,059,093	183,832
Movement of payables related to fixed assets		(263,198)	157,894
Capitalization of loan costs	16	(29,030)	(874)
Right of use capitalized (bearer plant)		(12,389)	(59,230)
Others		3,678	(8,328)
Net acquisition of property, plant and equipment		758,154	273,294

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