



# CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS

FS Combined

As of June 30, 2023





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

**To the 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 condensed combined interim financial statements of the entities FS I Indústria de Etanol S.A. and FS Indústria de Biocombustíveis Ltda. ("FS"), which comprises the condensed combined statement of financial position as of June 30, 2023, the condensed combined statements of income, comprehensive income, changes in net parent investment and cash flows for the three-month period ended June 30, 2023, and notes to the combined interim financial statements.

The FS's Management is responsible for the preparation of the condensed 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, and with International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB), including IAS 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on the condensed 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 accompanying condensed combined interim financial statements of FS as of June 30, 2023 do not present fairly, in all material respects, the financial position, financial performance and cash flows of the Company in accordance with CPC 21 (R1) - Interim Statements and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB.



## Emphasis of matter - Basis of preparation of the condensed combined financial statements

We draw attention to explanatory note No. 2 (a), which describes the basis for preparing the condensed combined financial statements. The condensed combined interim financial statements were prepared in accordance with the accounting practices adopted in Brazil (BR GAAP), including the requirements of Technical Pronouncement CPC 21 (R1) - Interim Statement, and with International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB), including IAS 34 - Interim Financial Reporting, to provide information about all the FS Group industrial activities in a single statement, to measure financial covenants commitments and to provide financial information to the stakeholders. The condensed combined financial statements should be read in that context. Our conclusion is not qualified with respect to this matter.

## Other matters - Statements of added value

We also reviewed the condensed combined statements of added value ('DVA') for the three-month period ended June 30, 2023, prepared under the responsibility of FS's Management, and presented as supplementary information for IAS 34 issued by the International Accounting Standards Board – IASB, 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 condensed combined interim financial statements with the objective to conclude if they reconcile with the interim financial information and the criteria's 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 condensed combined interim financial statements, taken as a whole.

Cuiabá, August 21, 2023

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

Rafael Henrique Klug  
Accountant CRC 1SP246035/O-7

## Combined statements of financial position at June 30, 2023 and March 31, 2023

(In thousand of Reais)

Assets	Note	06/30/2023	03/31/2023
<b>Current</b>			
Cash and cash equivalents	4	2,159,077	1,374,855
Financial investments	5	1,652,881	3,109,084
Restricted cash	6	2,274,857	2,256,928
Trade and other receivables	7	50,477	271,314
Trade receivables with related parties	28	25,409	166,435
Inventories	8	1,505,010	1,067,026
Advances to suppliers	9	—	53,143
Recoverable taxes	15.a	324,036	383,452
Prepaid expenses		66,894	40,915
Biological assets		617	984
Derivative financial instruments	18	117,314	40,478
Other credits		10,794	36,466
<b>Total current assets</b>		<b>8,187,366</b>	<b>8,801,080</b>
<b>Non-current assets</b>			
<b>Long-term assets</b>			
Restricted cash	6	35,529	39,246
Advances to suppliers	9	179,932	49,603
Recoverable taxes	15.a	378,074	245,805
Derivative financial instruments	18	42,197	—
Related parties' loans	28	277,356	288,452
Judicial deposits	16	4,817	4,177
<b>Total long-term assets</b>		<b>917,905</b>	<b>627,283</b>
Property, plant and equipment	10	5,335,943	4,994,520
Intangible assets		19,973	19,752
<b>Total non-current assets</b>		<b>6,273,821</b>	<b>5,641,555</b>
<b>Total assets</b>		<b>14,461,187</b>	<b>14,442,635</b>

Liabilities	Note	06/30/2023	03/31/2023
<b>Current</b>			
Trade payables	11	2,192,510	1,198,945
Loans and borrowings	12	2,978,091	4,271,074
Advances from customers	13	42,325	40,308
Lease payables	14	34,671	26,965
Income tax and social contribution payable	19.a	—	59,816
Taxes and contributions payable	15.b	25,564	14,964
Payroll and related changes		58,327	67,041
Derivative financial instruments	18	371,066	407,908
<b>Total current liabilities</b>		<b>5,702,554</b>	<b>6,087,021</b>
<b>Non-current</b>			
Trade payables	11	17,342	18,795
Loans and borrowings	12	8,178,610	7,351,156
Lease payables	14	301,873	189,462
Derivative financial instruments	18	—	—
Deferred tax liabilities	19.b	63,903	59,445
Provision for contingencies	16	398	—
<b>Total non-current liabilities</b>		<b>8,562,126</b>	<b>7,618,858</b>
<b>Total liabilities</b>		<b>14,264,680</b>	<b>13,705,879</b>
<b>Net parent investment</b>			
Net parent investment	17	196,507	736,756
<b>Total equity</b>		<b>196,507</b>	<b>736,756</b>
<b>Total liabilities and equity</b>		<b>14,461,187</b>	<b>14,442,635</b>

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

## Combined statements of income

### For the three-month period ended June 30, 2023 and 2022

(In thousand of Reais)

	Note	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Net revenue	21	1,821,550	1,886,597
Cost of goods sold	22	(1,253,625)	(1,084,075)
<b>Gross profit</b>		<b>567,925</b>	<b>802,522</b>
<b>Operational expenses</b>			
Selling expenses	23	(220,455)	(171,059)
Administrative expenses	24	(41,757)	(31,400)
Other results	25	23,483	43,070
<b>Earnings before net financial expenses and taxes</b>		<b>329,196</b>	<b>643,133</b>
Finance income		212,783	611,170
Finance costs		(703,117)	(593,360)
Foreign exchange rate variations, net		160,205	(298,325)
<b>Net financial income (expenses)</b>	26	<b>(330,129)</b>	<b>(280,515)</b>
<b>Profit before income and social contribution taxes</b>		<b>(933)</b>	<b>362,618</b>
Current income and social contribution taxes	19	—	(85,256)
Deferred income and social contribution taxes	19	34,937	(10,113)
<b>Net profit for the period</b>		<b>34,004</b>	<b>267,249</b>

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

## Combined statements of comprehensive income

### For the three-month period ended June 30, 2023 and 2022

(In thousand of Reais)

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Net profit for the period	34,004	267,249
<b>Items that may be reclassified to profit or loss</b>		
Cash flow hedge - effective portion of changes in fair value	115,870	(185,790)
Deferred income and social contribution taxes	(39,396)	63,169
Cumulative translation adjustment	(5,390)	(1,178)
<b>Total comprehensive income</b>	<b>105,088</b>	<b>143,450</b>

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

## Combined statements of changes net parent investment

For the three-month period ended June 30, 2023 and 2022

(In thousand of Reais)

	Note	Total net parent investment
<b>Balance at April 1, 2022</b>		<b>547,848</b>
Net profit for the period		267,249
<b>Items that will be reclassified for the result</b>		
Cash flow hedge - effective portion of changes in fair value		(185,790)
Deferred income and social contribution taxes		63,169
Cumulative translation adjustment		(1,178)
<b>Total comprehensive income</b>		<b>143,450</b>
<b>Shareholders transactions</b>		
Capital increase		38
Distribution of dividends	17	(377,500)
<b>Balance at June 30, 2022</b>		<b>313,836</b>
<b>Balance at April 1, 2023</b>		<b>736,756</b>
Net profit for the period		34,004
<b>Items that will be reclassified to the result</b>		
Cash flow hedge - effective portion of changes in fair value		76,474
Cumulative translation adjustment		(5,390)
<b>Total comprehensive income</b>		<b>105,088</b>
<b>Shareholders transactions</b>		
Capital increase		47
Distribution of dividends	17	(645,384)
<b>Balance at June 30, 2023</b>		<b>196,507</b>

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



## Combined statements of cash flows - Indirect method

For the three-month period ended June 30, 2023 and 2022

(In thousand of Reais)

	Note	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Cash flow from operating activities</b>			
<b>Net profit for the period</b>		34,004	267,249
<b>Adjustment for:</b>			
Depreciation and amortization		47,906	32,864
Income from financial investments		27,347	(82,450)
Borrowing costs (debt charges)		309,947	264,333
Deferred income and social contribution taxes		(34,937)	95,369
Foreign exchange rate (gains) or losses		(163,119)	297,681
Adjustment to fair value		229,379	(166,491)
Adjustment to present value		(13,424)	(12,543)
<b>Changes in:</b>			
Trade receivables	7	242,559	9,476
Inventories	8	(429,421)	(699,340)
Recoverable taxes		(69,791)	(45,835)
Prepaid expenses	28	86,996	—
Trade and other receivables with parties loans		(25,979)	(27,257)
Judicial deposits		(640)	(79)
Other assets		25,115	(4,391)
Advances to suppliers		(77,186)	4,542
Trade payables		1,425,046	1,405,903
Advance from customers		2,017	979
Payroll and related charges		(8,714)	(9,335)
Taxes and contributions payable		(52,278)	(65,462)
Other non-current payables		—	(16,667)
<b>Total</b>		<b>1,554,827</b>	<b>1,248,546</b>
Interest and charges paid	12	(214,151)	(214,319)
Interest redeemed from short-term investments		197,531	151,040
<b>Net cash from operating activities</b>		<b>1,538,207</b>	<b>1,185,267</b>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	29	(716,737)	(282,108)
Proceeds from sale of biological assets, right of contracts and bear plants		54,030	—
Biological assets		367	213
Interest charges paid over capitalized loans	10	(15,995)	(58)
Related parties loans	28	11,096	—
Acquisition of financial investments		1,236,775	138,371
(Applications) redemptions of restricted cash	6	(19,662)	41,086
<b>Net cash (used in) from investing activities</b>		<b>549,874</b>	<b>(102,496)</b>
<b>Cash flow from financing activities</b>			

## Combined statements of cash flows - Indirect method

For the three-month period ended June 30, 2023 and 2022

(In thousand of Reais)

	Note	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Proceeds from loans and borrowings	12	2,378,671	1,294,711
Loans paid to related parties		(47,819)	(27,127)
Repayment of loans and borrowings	12	(2,191,672)	(520,174)
Exchange differences on conversion of foreign loans		(521,391)	—
Dividends paid		(645,384)	(377,500)
Lease paid	14	(19,262)	(11,519)
Capital increase		47	37
Derivative financial instruments paid		(251,659)	(272,182)
<b>Net cash (used in) from financing activities</b>		<b>(1,298,469)</b>	<b>86,246</b>
Foreign currency translation adjustment		(5,390)	3,611
<b>Increase in cash and cash equivalents</b>		<b>784,222</b>	<b>1,172,628</b>
Cash and cash equivalents at the beginning of the period		1,374,855	1,719,194
<b>Cash and cash equivalents at the end of the period</b>		<b>2,159,077</b>	<b>2,891,822</b>

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

## Combined statements of added value

### For the three-month period ended June 30, 2023 and 2022

(In Thousand of Reais)

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Sales of goods, products and services</b>	<b>1,896,379</b>	<b>2,009,869</b>
Other revenue	86,641	4,406
Loss on impairment of accounts receivable	(51)	—
<b>Revenue</b>	<b>1,982,969</b>	<b>2,014,275</b>
<b>Inputs purchased from third parties</b>	<b>(1,504,515)</b>	<b>(1,177,005)</b>
Costs of products, goods and services sold	(1,208,581)	(1,036,227)
Materials, energy, third party services and others	(296,038)	(140,778)
Gain on sale of assets and right	104	—
<b>Gross added value</b>	<b>478,454</b>	<b>837,270</b>
<b>Depreciation and amortization</b>	<b>(47,906)</b>	<b>(32,866)</b>
<b>Net added value produced by the Company</b>	<b>430,548</b>	<b>804,404</b>
<b>Added value received in transfer</b>	<b>294,052</b>	<b>617,227</b>
Finance income	294,052	617,227
<b>Total added value to distribute</b>	<b>724,600</b>	<b>1,421,631</b>
<b>Distribution of added value</b>	<b>724,600</b>	<b>1,421,631</b>
<b>Employee</b>	<b>26,522</b>	<b>37,450</b>
Direct remuneration	12,888	27,375
Benefits	10,980	8,101
Service Guarantee Fund	2,654	1,974
<b>Taxes, fees and contributions</b>	<b>39,892</b>	<b>219,191</b>
Federal taxes	(34,937)	95,369
State taxes	74,829	123,822
<b>Remuneration of third-party capital</b>	<b>624,182</b>	<b>897,741</b>
Interest	334,547	177,775
Other	289,635	719,966
<b>Remuneration of equity</b>	<b>34,004</b>	<b>267,249</b>
Intermediate dividends distributed	—	200,849
Retained earnings (accumulated losses)	34,004	66,400

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

## 1. Operations

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

- FS Indústria de Biocombustíveis Ltda., (“FS Ltda.”), is a limited liability company 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; and
- 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 acquired assets from FS Ltda.

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, and corn marketing and ethanol resale. Companies use corn as raw material of their products and biomass in its energy matrix.

## 2. Basis for preparation

The FS's were prepared in accordance with the technical pronouncement CPC 21 (R1 Interim Statements). The FS's combined condensed interim financial statements were prepared in accordance with IAS 34 – Interim Financial Reporting issued by International Accounting Standards Board (IASB) and also with the technical pronouncement CPC 21 (R1 Interim Statements).

These combined interim financial statements as of and for the three months ended June 30, 2023 should be read in conjunction with the last annual consolidated interim financial statements as at and for the year ended March 31, 2023 (“last annual interim financial statements”).

They do not include all the information required for a complete set of interim financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last combined financial statements.

In preparing these condensed interim financial statements, management has used judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and assumptions are continually reviewed and have not changed materially from the March 31, 2023, combined financial statements.

The issuance of the combined interim financial statements was authorized by the Management on August 21, 2023.



**a. Basis for the combination and reasons for combining Companies.**

The FS combined interim financial statements are being presented exclusively to provide information about all the FS industrial activities in a single financial statements, to measure financial covenants commitments and to provide financial information to the stakeholders. Therefore, these financials are not the parent company nor consolidated combined interim 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 FS combined interim financial statements are a single set of combined interim financial statements for two or more entities that are ultimately under common control. The Management of the Companies used the definition of control in accordance with CPC 44 - combined interim financial statements and CPC 36 Combined Financial Statements/ IFRS 10 Consolidated combined interim financial statements and, both in relation to the assessment of the existence of common control and the combination procedure for both companies as of June 30, 2023.

In defining the entities comprising the combined interim financial statements, Management included only companies directly linked to industrial activities, namely FS Ltda. and FS S.A., excluding companies under common control that are not directly engage in such activities, as FS Infraestrutura S.A. and FS Florestal S.A.

FS S.A. was established on June 13, 2022, with no significant assets, liabilities, equity or operations. Between June 13, 2022, and June 30, 2023, FS S.A. acquired assets from FS Ltda., as described in note 28 and did not present expenses or income.

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

The combination of the principles of Technical Pronouncement CPC 44 – combined interim 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 interim financial statements; and
- The accounting practices were uniform to all the combined Companies.

The composition of net assets and net investment for the year ended June 30, 2023, and the companies' income for the year ended June 30, 2023, 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	Equity	Net income for the period	Other comprehensive income of the period
FS Ltda. consolidated	7,352,603	4,161,825	4,470,759	6,400,172	643,497	72,990	144,074
FS S.A.	1,104,035	2,709,894	1,478,800	2,390,978	(55,849)	(38,843)	(38,843)
Eliminations	(269,272)	(597,898)	(247,005)	(229,024)	(391,141)	(143)	(143)
<b>Combined</b>	<b>8,187,366</b>	<b>6,273,821</b>	<b>5,702,554</b>	<b>8,562,126</b>	<b>196,507</b>	<b>34,004</b>	<b>105,088</b>

### 3. New standards and interpretations

#### 3.1. Effective

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

- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to CPC25/IAS 37;
- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to CPC27/IAS 16; and
- Reference to the Conceptual Framework - Amendments to CPC15/IFRS 3.

The standards and interpretations that came into force on April 1, 2023. The following new and amended standards are not expected to have a significant impact on the combined condensed interim financial statements:

- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to CPC 23/IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CPC36/IAS 12); and
- Classification of Liabilities as Current and Non-Current (Amendments to CPC 26/IAS I).

### 4. Cash and cash equivalents

	06/30/2023	03/31/2023
Bank deposits and cash	870,233	36,597
Financial investments	1,288,844	1,338,258
<b>Total</b>	<b>2,159,077</b>	<b>1,374,855</b>

The Company considers as cash and cash equivalents highly liquid balances that mature no later than 90 days from the date of investment which are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

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 June 30, 2023, and March 31, 2023, the average annual return on these investments was 13.63%. These instruments are available for immediate redemption by the FS.

As of June 30, 2023, of the total bank deposits and cash denominated in US Dollars ("USD") are USD 173,930 or R\$ 838,202 (USD 5845 or R\$ 29,698 as of March 31, 2023).

Information on the FS exposure to market and credit risk and fair value measurement is included in Note 18.

## 5. Financial investments

	06/30/2023	03/31/2023
Total return swap (TRS)	1,652,881	3,109,084
<b>Total</b>	<b>1,652,881</b>	<b>3,109,084</b>

As part of the Green Bond issuance process, FS Lux acquired a total return swap ('TRS') with an annual return of 10.7% p.y. 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 18.

## 6. Restricted cash

	06/30/2023	03/31/2023
Investments linked to loans	2,310,386	2,296,174
<b>Total</b>	<b>2,310,386</b>	<b>2,296,174</b>
Current	2,274,857	2,256,928
Non-current	35,529	39,246

Investments linked to loans and derivative financial instruments are related to guarantees of loans and borrowings.

For the period ended June 30, 2023, and year ended March 31, 2023, the average annual return on these investments was 13,71% and 13.63%, respectively.

Information on the FS exposure to credit, market and fair value risks related to restricted cash is included in Note 18.

## 7. Trade and other receivables and trade receivables with related parties

	06/30/2023	03/31/2023
Trade receivables	50,533	271,319
Allowance for expected credit losses	(56)	(5)
<b>Total</b>	<b>50,477</b>	<b>271,314</b>

### 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 18); 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).

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 reporting date of the combined interim financial statements is as follows:

	06/30/2023	03/31/2023
<b>Not overdue</b>		
Up to 30 days	24,428	235,235
31-60 days	1,771	15,044
61-90 days	4,996	4,359
>90 days	8,296	16,129
<b>Subtotal</b>	<b>39,491</b>	<b>270,767</b>
<b>Overdue</b>		
Up to 30 days	7,915	547
31-60 days	700	—
61-90 days	2,044	—
91-180 days	327	—
<b>Subtotal</b>	<b>10,986</b>	<b>547</b>
<b>Total</b>	<b>50,477</b>	<b>271,314</b>

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

<b>Allowance March 31, 2023</b>	<b>(4)</b>
Reversal of expected credit losses	(52)
<b>Allowance June 30, 2023</b>	<b>(56)</b>
<b>Allowance March 31, 2022</b>	<b>(115)</b>
Reversal of expected credit losses	1
<b>Allowance June 30, 2022</b>	<b>(114)</b>

As of June 30, 2023, there is R\$49,198 (R\$40,000 as of March 31, 2023) pledged as collateral for loan agreements, see note 12.

Trade receivables with related parties as of June 30, 2023, and March 31, 2023, amounted to R\$ 30,548 and R\$ 166,4355, respectively. See note 28.

The FS exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 18.



## 8. Inventories

	06/30/2023	03/31/2023
Inventories held by third party	549,859	165,473
Raw material	453,192	703,764
Finished goods	337,347	37,212
Production inputs	54,697	60,941
Consumption material	86,918	84,864
Work-in-process inventory	22,997	14,773
<b>Total</b>	<b>1,505,010</b>	<b>1,067,027</b>

Cost is determined by the weighted average costing method see note 22.

As of June 30, 2023, there were inventory balances of 701,369 tons of corn (679,744 tons of corn as of March 31, 2023) given as collateral for financing arrangements. The collateral represents the amount of R\$ 384,046 (R\$ 533,344 as of March 31, 2023).

As of June 30, 2023, and March 31, 2023, the amounts held by third parties were as follows:

	06/30/2023	03/31/2023
Raw material	356,382	80,877
Finished goods	190,833	84,595
Finished goods - DDGs	2,644	—
<b>Total</b>	<b>549,859</b>	<b>165,473</b>

Raw material inventories held by third parties correspond to 329,424 tons of corn and 43.293 cubic meters of ethanol as of June 30, 2023 (73,088 tons of corn and 29,389 cubic meters of ethanol as of March 31, 2023).

## 9. Advances to suppliers

	06/30/2023	03/31/2023
Advances to suppliers of inventories	2,751	92,386
Advances to related parties	106,615	5,468
Advances to other suppliers	70,566	4,892
<b>Total</b>	<b>179,932</b>	<b>102,746</b>
Current	—	53,143
Non-current	179,932	49,603

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

The advances to suppliers with related parties as of June 30, 2023, was R\$ 106,615, (R\$ 5,468 as of March 31, 2023) see note 28.

## 10. Property, plant and equipment

Cost of acquisition	03/31/2022	Additions	Disposals	06/30/2022	03/31/2023	Additions	Transfers	06/30/2023
Land	140,345	833	—	141,178	151,094	—	33,115	184,209
Buildings	630,526	346	—	630,872	654,994	2,198	782,320	1,439,512
Machinery and equipment	1,374,473	6,940	(378)	1,381,035	1,426,375	3,457	851,695	2,281,527
Furniture and computers	19,187	1,303	(46)	20,444	24,040	379	9,511	33,930
Vehicles	3,675	—	(835)	2,840	1,891	—	500	2,391
Airplane	28,164	523	—	28,687	29,196	—	—	29,196
Installations	527,536	—	—	527,536	562,132	530	483,397	1,046,059
Construction in progress	576,795	330,987	—	907,782	2,228,545	228,496	(2,149,894)	307,147
Advance to suppliers	127,021	66,973	—	193,994	123,071	35,939	(10,644)	148,366
Bearer plant (bamboo)	60,131	11,133	—	71,264	—	—	—	—
Right of use	151,581	716	—	152,297	243,555	131,079	—	374,634
<b>Total</b>	<b>3,639,434</b>	<b>419,754</b>	<b>(1,259)</b>	<b>4,057,929</b>	<b>5,444,893</b>	<b>402,078</b>	<b>—</b>	<b>5,846,971</b>
<b>Depreciation</b>								
Buildings	(35,932)	(3,944)	—	(39,876)	(51,787)	(7,372)	—	(59,159)
Machinery and equipment	(178,814)	(17,800)	92	(196,522)	(253,740)	(26,804)	—	(280,544)
Furniture and computers	(5,975)	(584)	46	(6,513)	(8,699)	(952)	—	(9,651)
Vehicles	(1,903)	(130)	630	(1,403)	(819)	(111)	—	(930)
Airplane	—	(953)	—	(953)	(3,161)	(730)	—	(3,891)
Installations	(71,059)	(8,790)	—	(79,849)	(106,637)	(14,755)	—	(121,392)
Right of use	(16,653)	(4,323)	—	(20,976)	(25,530)	(9,931)	—	(35,461)
<b>Total</b>	<b>(310,336)</b>	<b>(36,524)</b>	<b>768</b>	<b>(346,092)</b>	<b>(450,373)</b>	<b>(60,655)</b>	<b>—</b>	<b>(511,028)</b>
<b>Net</b>	<b>3,329,098</b>	<b>383,230</b>	<b>(491)</b>	<b>3,711,837</b>	<b>4,994,520</b>	<b>341,423</b>	<b>—</b>	<b>5,335,943</b>

### 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 second round of the ethanol plant in Primavera do Leste – MT.

### Provision for impairment

The FS, at the end of each reporting, 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 June 30, 2023.

### Capitalization of borrowing costs

For the years ended June 30, 2023 and 2022, borrowing costs capitalized were R\$ 15,989 and R\$ 58, respectively. The average interest rate of the period was 13.63% p.y. as of June 30, 2023 and March 31, 2023.

### Collateral

FS has pledged fixed assets as collateral linked to loans in the amount of R\$ 2,544,147 (R\$ 4,610,975 on March 31, 2023) and comprises lands, buildings, machinery, installations, and construction in progress.

## 11. Trade payables

	06/30/2023	03/31/2023
Fixed assets payables	60,484	505,929
Raw material payables	1,767,903	570,962
Other payables	381,465	140,849
<b>Total</b>	<b>2,209,852</b>	<b>1,217,740</b>
Current	2,192,510	1,198,945
Non-current	17,342	18,795

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 June 30, 2023, as of R\$ 32,089. See note 28.

### Reverse Factoring

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

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



	06/30/2023	03/31/2023
Trade payables	1,650,089	479,213
Reverse factoring	559,763	738,527
<b>Total</b>	<b>2,209,852</b>	<b>1,217,740</b>

On June 30, 2023, the discount rates on reverse factoring are CDI+ 2.92% p. y. (as of March 31, 2023, these rates were CDI +2.93% p.y.). Negotiated rates are pre-fixed and, therefore, do not have CDI variation after negotiation. Interest is recognized in finance costs, see note 26.

FS' exposure to liquidity risks and fair value measurement risks related to trade payables is disclosed in note 18.

## 12. Loans and borrowings

	Interest rates	Currency	06/30/2023	03/31/2023
Loans for investments	6.5% to 10.77%	USD	4,293,100	6,374,590
Loans for investments	CDI + 0.78%	R\$	1,693,481	1,642,591
Loans for working capital	8.46%	USD	291,257	141,917
Loans for working capital	CDI + 1.33%	R\$	5,128,253	3,629,835
<b>Total Loans</b>			<b>11,406,091</b>	<b>11,788,933</b>
(-) Transaction cost			(249,390)	(166,703)
<b>Total</b>			<b>11,156,701</b>	<b>11,622,230</b>
Current			2,978,091	4,271,074
Non-current			8,178,610	7,351,156

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.

For more information on the exposure of the FS to risks of interest rates, liquidity, fair value measurement and a sensitivity analysis arising from these loans and borrowings, see Note 18.

### a. Debt amortization terms and schedule

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

- Mortgage on the land of FS Ltda. (note 10);
- Fiduciary sale of fixed assets (note 10);
- Corn inventories (note 8);
- Trade and receivables (note 7); and
- Restricted cash (note 6).

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

<b>June 30, 2023</b>	<b>Book Value</b>	<b>Until</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	<b>Above 4 years</b>
Loans for investments (*)	6,920,401	2,229,831	1,873,493	2,563,758	—	544,576
Loans for working capital (*)	4,194,433	805,554	793,393	693,954	390,979	1,510,553
<b>Total</b>	<b>11,114,834</b>	<b>3,035,385</b>	<b>2,666,886</b>	<b>3,257,712</b>	<b>390,979</b>	<b>2,055,129</b>

<b>March 31, 2022</b>	<b>Book Value</b>	<b>Until</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	<b>Above 4 years</b>
Loans for investments (*)	6,374,590	3,206,780	—	3,015,398	—	152,412
Loans for working capital (*)	5,414,343	1,120,817	2,284,174	697,142	383,449	928,761
<b>Total</b>	<b>11,788,933</b>	<b>4,327,597</b>	<b>2,284,174</b>	<b>3,712,540</b>	<b>383,449</b>	<b>1,081,173</b>

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

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

<b>Balance as of March 31, 2023</b>	<b>11,622,230</b>
Loans received	2,378,671
Payments of principal	(2,191,672)
Provision for interest	309,947
Provision for interest (capitalized)	(15,995)
Interest payment	(214,151)
Exchange variation	(163,119)
Foreign currency translation effect	(521,391)
Transition cost	(68,257)
Transition cost (Amortization)	20,438
<b>Balance as of June 30, 2023</b>	<b>11,156,701</b>
<b>Balance as of March 31, 2022 - FS Ltda.</b>	<b>8,195,294</b>
Loans received	1,267,584
Payments of principal	(520,174)
Provision for interest	264,333
Provision for interest (capitalized)	58
Interest payment	(183,280)
Exchange variation	302,438
Foreign currency translation effect	322,196
Transition cost	27,127
<b>Balance as of June 30, 2022</b>	<b>9,675,576</b>

Exchange variation comprises realized and unrealized amounts (note 26).

### c. Restrictive clauses (“covenants”)

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

The restrictive clauses of financial covenants referring to loans are in compliance by FS as of June 30, 2023.



### 13. Advances from customers

Advances from customers represent cash received from customer for the sales of products which have not yet met the criteria to be recognized as net revenue as of the year end. These advances are shown as a liability on the FS statement of financial position with a balance of R\$ 42,325 and R\$ 40,308 as of June 30, 2023, and March 31, 2023, respectively.

### 14. Lease payables

	Warehouse (ii)	Wagons (v)	Other (iii)	Total
<b>Balance as of March 31, 2023</b>	<b>95,482</b>	<b>98,579</b>	<b>22,366</b>	<b>216,427</b>
Addition	187,075	48,738	1,680	237,493
Contractual adjustment (iv)	—	—	(177)	(177)
(-) Adjustment to present value	(87,425)	(18,711)	(99)	(106,235)
Amortization adjustment to present value	3,920	3,838	540	8,298
Payment	(9,549)	(7,065)	(2,648)	(19,262)
<b>Balance as of June 30, 2023</b>	<b>189,503</b>	<b>125,379</b>	<b>21,662</b>	<b>336,544</b>
Current				34,671
Non-current				301,873

	Lands (i)	Warehouse (ii)	Other (iii)	Total
<b>March 31, 2022</b>	<b>86,179</b>	<b>38,912</b>	<b>8,238</b>	<b>133,329</b>
Addition	—	—	3,377	3,377
(-) Adjustment to present value	1,110	—	(546)	564
Amortization	143	112	258	513
Payment	(7,752)	(1,613)	(2,154)	(11,519)
<b>June 30, 2022</b>	<b>79,680</b>	<b>37,411</b>	<b>9,173</b>	<b>126,264</b>
Current				15,324
Non-current				110,940

## 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 10).

	Warehouse (ii)	Wagons (v)	Other (iii)	Total
<b>Balance as of March 31, 2023</b>	<b>98,083</b>	<b>96,962</b>	<b>22,980</b>	<b>218,025</b>
Addition	99,650	30,028	1,494	131,172
Contractual adjustment (iv)	—	—	(94)	(94)
Amortization	(4,131)	(2,904)	(2,895)	(9,930)
<b>Balance as of June 30, 2023</b>	<b>193,602</b>	<b>124,086</b>	<b>21,485</b>	<b>339,173</b>

	Lands (i)	Warehouse (ii)	Other (iii)	Total
<b>Balance as of March 31, 2022</b>	<b>86,470</b>	<b>39,845</b>	<b>8,613</b>	<b>134,928</b>
Addition	—	—	716	716
(-) Adjustment to present value	(1,812)	(1,077)	(1,434)	(4,323)
<b>Balance as of June 30, 2022</b>	<b>84,658</b>	<b>38,768</b>	<b>7,895</b>	<b>131,321</b>

- i) A rural area for Bamboo cultivation that has a 3-year period for harvest (5 seasons in total) and will be used as a Biomass in the Company's energy matrix.
- ii) Refers to the leasing of a shed for a period of 10 years for the storage of corn.
- iii) Composed by machinery that serves industrial activities and a leased office located in São Paulo.
- iv) Contract update according to the annual adjustment of open balances.
- v) FS Indústria de Biocombustível Ltda. and FS Infraestrutura S.A. signed an ethanol tank car ("Wagon") lease agreement in order to optimize the Company logistics system.

## 15. Taxes and contributions

### a) Recoverable taxes

	06/30/2023	03/31/2023
PIS and COFINS	627,422	560,236
ICMS recoverable	3,936	5,289
IRRF	70,614	63,596
Other taxes and contribution	138	136
<b>Total</b>	<b>702,110</b>	<b>629,257</b>
Current	324,036	383,452
Non-current	378,074	245,805

### b) Taxes and contributions payable

	06/30/2023	03/31/2023
ICMS	13,654	—
Retained tax of third parties (*)	7,334	3,153
ISS	1,100	11,641
Other taxes	2,473	170
<b>Total</b>	<b>25,564</b>	<b>14,964</b>

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

## 16. 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 these combined interim financial statements, unless the probability of any outflow of resources incorporating economic benefits is considered remote.

As of June 30, 2023, the FS had contingent liabilities related to ongoing lawsuits whose cash outflow was considered probable in the amount of R\$ 398 (R\$ 1,453 as of March 31, 2023).

### Contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred, As of June 30, 2023, and March 31, 2023, the FS had contingencies assessed as possible risk by legal advisors and Management in the amount of R\$ 115,621 and R\$ 91,677, respectively, for which no provision was recorded.

	06/30/2023	03/31/2023
Civil	78,691	78,684
Labor	5,140	5,575
Tax	31,790	7,419
<b>Total</b>	<b>115,621</b>	<b>91,677</b>

Among the 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\$ 4,817 (R\$ 4,177 as of March 31, 2023).

## 17. Net parent investment

### a. Capital

#### i. FS Ltda.

The Company's subscribed and paid-in capital stock as of June 30, 2023 and March 31, 2023, was R\$ 88,083 and 88,037, respectively. As of June 30, 2023, of the total of 88,083,439 quotas, 83,380,928 are ordinary and 4,702,511 are preferred (of the 87,806,369 quotas, 83,380,928 are ordinary and 4,656,010 are preferred as of March 31, 2023). The preferred shares were approved by the Board of Directors and were fully subscribed to and paid up by the managers, not having voting rights, without priority of receipt and without guaranteed minimum dividend, with priority for redemption without premium.

Quota holder	Type	06/30/2023			03/31/2023		
		Subscribed capital	Paid in capital	% of ownership	Subscribed capital	Paid in capital	% of ownership
Summit Brazil Renewables I, LLC	Ordinary	62,265	62,265	70.69%	62,536	62,536	71%
Non-majority quota holder	Ordinary	21,116	21,116	23.97%	20,845	20,845	24%
Others	Preferential	4,702	4,702	5.34%	4,656	4,656	5%
<b>Total</b>		<b>88,083</b>	<b>88,083</b>	<b>100.00%</b>	<b>88,037</b>	<b>88,037</b>	<b>100%</b>



## ii. FS S.A.

The Company's capital as of June 30, 2023 and March 31, 2023, was R\$ 4,500, divided into 4,500 (four million and five hundred thousand) shares, with a par value of R\$ 1,00 each.

Shareholder	% of Ownership	Subscribed capital
SBR FS Fundo de Investimentos	70%	3,173
LRV Fundo de Investimentos em Participações	9%	392
Others	21%	935
<b>Total</b>	<b>100%</b>	<b>4,500</b>

## b. Tax incentives

### i. 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, FS Ltda. 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 June 30, 2023 and March 31, 2023, was R\$ 15,952 for PRODEIC and R\$ 356,289 for SUDAM.

## c. Dividends

### i. FS Ltda.

In the period ended on June 30, 2023, accumulated results were distributed, as below:

Quota holder	% of ownership	Subscribed capital	Distribution of interim results
Summit Brazil Renewables I Participações Ltda	71 %	62,265	445,819
Non-majority quota holder	24 %	21,116	152,214
Others	5 %	4,702	47,349
<b>Total as of June 30, 2023</b>	<b>100 %</b>	<b>88,083</b>	<b>645,382</b>

Quota holder	% of ownership	Subscribed capital	Distribution of interim results	Distribution of interim results
Summit Brazil Renewables I Participações Ltda	71 %	62,536	125,422	130,084
Non-majority quota holder	24 %	20,845	42,396	42,775
Others	5 %	4,462	8,833	27,990
<b>Total as of June 30, 2023</b>	<b>100 %</b>	<b>87,843</b>	<b>176,651</b>	<b>200,849</b>



## 18. 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.

June 30, 2023	Note	Fair value through profit or loss	Amortized Cost	Fair value - hedging instruments	Other financial liabilities	Total	Level 2
<b>Financial assets measured at fair value</b>							
Cash and cash equivalents	4	2,159,077	—	—	—	2,159,077	2,159,077
Total return swap (TRS)	5	1,652,881	—	—	—	1,652,881	1,652,881
Derivative financial instruments	18	159,511	—	—	—	159,511	159,511
<b>Total</b>		<b>3,971,469</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,971,469</b>	<b>3,971,469</b>
<b>Financial assets not measured at fair value</b>							
Restricted cash	6	—	2,310,386	—	—	2,310,386	—
Related parties loans	28	—	277,356	—	—	277,356	—
Trade and other receivables	7	—	50,477	—	—	271,314	—
Trade receivables with related parties	28	—	25,409	—	—	166,435	—
Judicial deposits	16	—	4,817	—	—	4,817	—
<b>Total</b>		<b>—</b>	<b>2,668,445</b>	<b>—</b>	<b>—</b>	<b>3,030,308</b>	<b>—</b>
<b>Financial liabilities measured at fair value</b>							
Derivative financial instruments	18	125,625	—	245,441	—	371,066	371,066
<b>Total</b>		<b>125,625</b>	<b>—</b>	<b>245,441</b>	<b>—</b>	<b>371,066</b>	<b>371,066</b>
<b>Financial liabilities not measured at fair value</b>							
Trade payables	11	—	—	—	2,209,852	2,209,852	—
Loans and borrowings (*)	12	—	—	—	11,406,091	11,406,091	11,406,091
Lease liabilities	14	—	336,544	—	—	336,544	—
<b>Total</b>		<b>—</b>	<b>336,544</b>	<b>—</b>	<b>13,615,943</b>	<b>13,952,487</b>	<b>11,406,091</b>

## Notes to the interim financial statements condensed combined

(In thousands of Reais)



March 31, 2023	Note	Fair value through profit or loss	Amortized Cost	Fair value - hedging instruments	Other financial liabilities	Total	Level 2
<b>Financial assets measured at fair value</b>							
Cash and cash equivalents	4	1,374,855	—	—	—	1,374,855	1,374,855
Total return swap (TRS)	5	3,109,084	—	—	—	3,109,084	3,109,084
Derivative financial instruments	18	40,478	—	—	—	40,478	40,478
<b>Total</b>		<b>4,524,417</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,524,417</b>	<b>4,524,417</b>
<b>Financial assets not measured at fair value</b>							
Restricted cash	6	—	2,296,174	—	—	2,296,174	—
Related parties loans	28	—	288,452	—	—	288,452	—
Trade and other receivables	7	—	271,314	—	—	271,314	—
Trade receivables with related parties	28	—	166,435	—	—	166,435	—
Judicial deposits	16	—	4,177	—	—	4,177	—
<b>Total</b>		<b>—</b>	<b>3,026,552</b>	<b>—</b>	<b>—</b>	<b>3,026,552</b>	<b>—</b>
<b>Financial liabilities measured at fair value</b>							
Derivative financial instruments	18	15,059	—	392,849	—	407,908	407,908
<b>Total</b>		<b>15,059</b>	<b>—</b>	<b>392,849</b>	<b>—</b>	<b>407,908</b>	<b>407,908</b>
<b>Financial liabilities not measured at fair value</b>							
Trade payables	11	—	—	—	1,217,740	1,217,740	—
Loans and borrowings (*)	12	—	—	—	11,788,933	11,788,933	11,788,933
Lease liabilities	14	—	216,427	—	—	216,427	—
<b>Total</b>		<b>—</b>	<b>216,427</b>	<b>—</b>	<b>13,006,673</b>	<b>13,223,100</b>	<b>11,788,933</b>

(\*) 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, trade and others receivable, other financial assets, trade payables and other short-term liabilities approximate their book value due to their short-term maturity. The fair value of other long-term assets and liabilities 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 borrowings 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 12).

The TRS (Total Return Swap) is a financial investment measured at fair value through profit or loss. 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), options, 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 and ethanol) 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 June 30, 2023.

### **c. Financial risk management**

FS is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Price risk;
- Liquidity 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 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	06/30/2023	03/31/2023
Cash and cash equivalents	4	2,159,077	1,374,855
Financial investments	5	1,652,881	3,109,084
Restricted cash	6	2,310,386	2,296,174
Trade and other receivables	7	50,477	271,314
Trade receivables with related parties	28	25,409	166,435
Intercompany loans	28	277,356	288,452
Derivative financial instruments	18	159,511	40,478
Other credits		10,795	36,466
Judicial deposits	16	4,817	4,177
<b>Total</b>		<b>6,650,709</b>	<b>7,587,435</b>

### *Cash and cash equivalents and financial investments*

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

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

### *Derivatives*

Derivatives are contracted with banks and financial institutions to manage market exchange risk in future receivables from loan operations, and to manage the fluctuation of corn price and ethanol according to the volume necessary to operate. The derivatives are maintained with banks and financial institutions that have a rating between AA- to AAA, and equivalents, based on the reference rating agencies.

### *Trade and other receivables*

The credit risk of trade receivables arises from the possibility of FS not receiving amounts from sales operations. To mitigate this risk, FS adopts the practice of detailed analysis of the financial and equity situation of its customers, establishing a credit limit, according to note 7.

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-Centralização de Serviços Bancários” and network with other companies);
- b) Financial analysis of the financial statements of the counter party; 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 carrying amount of financial liabilities with liquidity risk is shown below:

	Note	06/30/2023	03/31/2023
Trade payables	11	2,209,852	1,217,740
Loans and borrowings (*)	12	11,406,091	11,788,933
Lease liabilities	14	336,544	216,427
Derivative financial instruments	18	371,066	407,908
<b>Total</b>		<b>14,323,553</b>	<b>13,631,008</b>
Current		5,636,781	5,904,892
Non-current		8,686,772	7,559,413

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

June 30, 2023	Book Value	Contractual Cash Flow	Until 12 months	1 to 2 Years	Above 3 years
Loans and borrowings (*)	11,406,091	14,685,826	3,688,207	3,708,567	7,289,052
Trade payables	2,209,852	2,530,886	2,513,544	17,342	—
Lease liabilities	336,544	563,622	71,686	65,259	426,677
Derivative financial instruments	371,066	278,684	326,256	65,389	(112,961)
<b>Total</b>	<b>14,323,553</b>	<b>18,059,018</b>	<b>6,599,693</b>	<b>3,856,557</b>	<b>7,602,768</b>

March 31, 2023	Book Value	Contractual Cash Flow	Until 12 months	1 to 2 Years	Above 3 years
Loans and borrowings (*)	11,788,933	14,373,740	4,818,096	3,042,718	6,512,926
Trade payables	1,217,740	1,263,042	1,244,247	18,795	—
Lease liabilities	216,427	34,557	48,771	48,771	248,028
Derivative financial instruments	407,908	598,643	383,867	76,728	138,048
<b>Total</b>	<b>13,631,008</b>	<b>16,269,982</b>	<b>6,494,981</b>	<b>3,187,012</b>	<b>6,899,002</b>

(\*) 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 June 30, 2023:

Derivatives	Purchased/ Sold	Market	Contract	Maturity	Currency	Notional	Fair value as of 06/30/2023
Forward contract	Sold	B3	Corn	09/28/2023	BRL	294,860	109,123
Forward contract	Purchased	B3	Corn	09/28/2023	BRL	191,768	(69,144)
<b>Total derivative financial instrument</b>							<b>39,979</b>

#### Sensitivity analysis – commodity price risk

Based on the corn price on June 30, 2023, 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:

Instruments on June 30, 2023	Currency	Value	In Reais	Probable	Appreciation (R\$)		Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
				In Reais	25%	50%	25%	50%
<b>Financial assets</b>								
Forward contract	Corn	294,860	83.29	294,860	368,575	442,290	221,145	147,430
<b>Financial liabilities</b>								
Forward contract	Corn	(191,768)	83.29	(191,768)	(239,710)	(287,653)	(143,826)	(95,884)
<b>Total</b>				<b>103,092</b>	<b>128,865</b>	<b>154,637</b>	<b>77,319</b>	<b>51,546</b>
<b>Impact on net income and equity</b>					<b>25,773</b>	<b>51,546</b>	<b>(25,773)</b>	<b>(51,546)</b>

### 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.

## Notes to the interim financial statements condensed combined

(In thousands of Reals)

	Note	06/30/2023		03/31/2023	
		R\$	USD	R\$	USD
<b>Financial Assets</b>					
Cash and cash equivalents	4	838,203	173,930	29,698	5,846
Total return swap (TRS)	5	1,652,881	342,978	3,109,084	611,976
Derivative financial instruments	18	6,264	1,300	602,710	118,634
<b>Total financial assets</b>		<b>2,497,348</b>	<b>518,208</b>	<b>3,741,492</b>	<b>736,456</b>
<b>Financial Liabilities</b>					
		<b>R\$</b>	<b>USD</b>	<b>R\$</b>	<b>USD</b>
Loans for investments (*)	12	(4,293,100)	(890,833)	(6,374,590)	(1,254,742)
Loan for working capital (*)	12	(291,257)	(60,437)	(141,917)	(27,934)
Derivative financial instruments	18	(753,491)	(156,352)	(569,388)	(112,075)
<b>Total financial liabilities</b>		<b>(5,337,848)</b>	<b>(1,107,622)</b>	<b>(7,085,895)</b>	<b>(1,394,751)</b>
<b>Foreign exchange</b>		<b>(2,840,499)</b>	<b>(589,414)</b>	<b>(3,344,403)</b>	<b>(658,295)</b>

(\*) 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:

Type	Buy/ Sell	Date of Operation to	Due date	Deadline	Contract	Notional	Fair value on 06/30/2023
Swap	Buy	12/08/2020	12/09/2025	1827	USD	350,000	(245,441)

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 and IFRS 9 – 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 confirm 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 results". On June 30, 2023, was calculated a balance to be recorded in other comprehensive results of R\$ 65,001 net of income tax and social contribution. The loss related to the non-effective portion, when calculated, is recognized immediately in the result, in the period ended June 30, 2023, in the total amount of the loss was R\$ 3,913.





Change in fair value recognized in OCI	
<b>As of March 31, 2023</b>	<b>(11,471)</b>
Cash flow hedge - effective portion of changes in fair value	115,868
Deferred income tax and social contribution	(39,396)
<b>As of June 30, 2023</b>	<b>65,001</b>

*Cash flow sensitivity analysis – Exchange risk*

Based on the dollar rate in force on June 30, 2023, a probable scenario (level 1) was defined to calculate the exchange rate impact of the period ended, 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:

Instruments in June, 30 2023	Currency	Value	Exchange	Probable	Appreciation (R\$)		Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
				In Reais	25%	50%	25%	50%
<b>Financial assets</b>								
Cash and cash equivalents	USD	173,930	4.82	838,203	1,047,754	1,257,305	628,652	419,102
Total return swap (TRS)	USD	342,978	4.82	1,652,880	2,066,100	2,479,320	1,239,660	826,440
Derivative financial instruments	USD	1,300	4.82	6,265	7,831	9,398	4,699	3,133
<b>Financial liabilities</b>								
Loan for working capital*	USD	(60,437)	4.82	(291,258)	(364,073)	(436,887)	(218,444)	(145,629)
Loans for investments*	USD	(890,833)	4.82	(4,293,102)	(5,366,378)	(6,439,653)	(3,219,827)	(2,146,551)
Derivative financial instruments	USD	(156,352)	4.82	(753,492)	(941,865)	(1,130,238)	(565,119)	(376,746)
<b>Total</b>				<b>(2,840,504)</b>	<b>(3,550,631)</b>	<b>(4,260,755)</b>	<b>(2,130,379)</b>	<b>(1,420,251)</b>
<b>Impact on net income and equity</b>					<b>710,127</b>	<b>1,420,251</b>	<b>(710,125)</b>	<b>(1,420,253)</b>

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

Reference: PTAX (Exchange rate calculated during the day by the Central Bank of Brazil) information was obtained from the BACEN (Central Bank of Brazil), considering the last business day of June of 2023.

*Interest rate risk*

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

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

Financial instruments	Note	06/30/2023	03/31/2023
Financial investments - CDB	4	1,288,844	1,338,258
Restricted cash	6	2,310,386	2,296,174
Loans for investments*	12	(1,693,481)	(1,642,591)
Loans for working capital*	12	(5,128,253)	(3,629,835)
<b>Total</b>		<b>(3,222,504)</b>	<b>(1,637,994)</b>

(\*) 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 June 30, 2023, a probable scenario (level 1) was defined to calculate the interest income for the year ended, assuming that all other variables are kept constant and, based on that, variations of 25 % (level 2) and 50% (level 3) are calculated, as detailed below:

Instruments	Exposure at 06/30/2023	Risk	Probable (Level 1)		Appreciation (R\$) (Level 2)		Depreciation (R\$) (Level 3)	
			%	Value	25%	50%	25%	50%
<b>Financial assets and liabilities</b>								
Cash and cash equivalents	1,288,844	CDI	13.65%	175,927	219,909	263,891	131,945,25	87,964
Restricted cash	2,310,386	CDI	13.65%	315,368	394,210	473,052	236,526	157,684
Loans for working capital	(5,128,253)	CDI	13.65%	(700,007)	(875,008)	(1,050,010)	(525,005)	(350,004)
Loans for investments	(1,693,481)	CDI	13.65%	(231,160)	(288,950)	(346,740)	(173,370)	(115,580)
<b>Total</b>	<b>(3,222,504)</b>			<b>(439,872)</b>	<b>(549,840)</b>	<b>(659,808)</b>	<b>(329,904)</b>	<b>(219,936)</b>
<b>Impact on income and equity</b>	<b>(4,511,348)</b>				<b>109,968</b>	<b>219,936</b>	<b>(109,968)</b>	<b>(219,936)</b>

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

*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 541,745 (R\$ 2,610,779) as of June 30, 2023, and USD 624,552 (R\$ 3,172,971) as of March 31, 2023.

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.

## Notes to the interim financial statements condensed combined

(In thousands of Reals)



As of June 30, 2023 and March 31, 2023, including expiration dates, weighted average rates and fair value, are detailed below:

Type	Indexer	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 06/30/2023
Forward contract	Ethanol	03/07/2023	01/31/2024	330	BRL	7200m <sup>3</sup>	1,121
NDF	Soybean	04/19/2023	11/29/2023	224	USD	53,700 (USD/St)	5,086
Forward contract	Corn	06/30/2023	09/28/2023	90	BRL	294,860	109,123
NDF	USD	06/15/2023	11/06/2023	144	USD	6,264	1,984
Swap	IPCA x CDI	09/15/2021	09/15/2025	1,461	BRL	300,000	30,318
Swap	IPCA x CDI	02/03/2023	02/15/2029	2,204	BRL	300,000	11,879
<b>Total Derivative financial instruments (assets)</b>						<b>901,125</b>	<b>159,511</b>

Current 117,314  
Non-current 42,197

Type	Indexer	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 06/30/2023
Forward contract	Corn	06/30/2023	09/28/2023	90	BRL	191,768	(69,143)
Future	Ethanol	03/07/2023	01/31/2024	330	BRL	7200m <sup>3</sup>	(1,611)
NDF	Soybean	05/25/2023	11/28/2023	187	USD	79,900 (USD/St)	(5,220)
NDF	USD	05/11/2023	12/28/2023	231	USD	103,491	(28,630)
Swap	Pré x CDI	03/29/2023	03/22/2024	359	BRL	100,000	(557)
Swap	USD x BRL	12/08/2020	12/09/2023	1,096	USD	350,000	(245,441)
Swap	USD x BRL	05/30/2023	05/24/2024	360	USD	300,000	(20,464)
<b>Total Derivative financial instruments (liabilities)</b>						<b>1,045,259</b>	<b>(371,066)</b>

Current (371,066)

Type	Indexer	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value on 03/31/2023
Forward contract	Corn	03/31/2023	05/30/2023	60	Corn	28	4,621
Future	Ethanol	03/07/2023	12/29/2023	297	USD	6000 m <sup>3</sup>	46
NDF	USD	11/04/2022	08/30/2023	299	USD	3	24
Swap	IPCA x CDI	09/15/2021	09/15/2025	1,461	BRL	300	26,499
Swap	IPCA x CDI	02/03/2023	02/15/2029	2,204	BRL	300	9,288
<b>Total Derivative financial instruments (assets)</b>						<b>630,994</b>	<b>40,478</b>

Current 40,478

## Notes to the interim financial statements condensed combined

(In thousands of Reais)



Type	Indexer	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value on 03/31/2023
Forward contract	Purchased	03/31/2023	05/30/2023	60	Corn	24,342	(1,977)
NDF	FX	05/11/2023	10/30/2023	172	USD	92,388	(3,942)
Swap	USD x CDI	12/08/2020	12/09/2025	1,827	USD	350,000	(392,849)
Swap	Pré x CDI	03/29/2023	03/22/2024	359	BRL	100,000	(760)
Swap	USD x CDI	09/14/2022	06/12/2023	271	USD	27,000	(8,380)
<b>Total Derivative financial instruments (liabilities)</b>						<b>595,830</b>	<b>(407,908)</b>

Current (407,908)

### Result with derivative financial instruments

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

	Note	06/30/2023	06/30/2022
Gain with derivative operations	26	7,194	446,182
Losses with derivative operations	26	(257,141)	(276,297)
Losses with derivative operations (resale corn)	22	33,079	(3,514)
<b>Total</b>		<b>(216,868)</b>	<b>166,371</b>

## 19. Income taxes and social contribution

### a. Income tax and social contribution payable

	06/30/2023	03/31/2023
Income tax recoverable (IRPJ)	—	38,772
Income tax recoverable (CSLL)	—	21,044
<b>Total</b>	<b>—</b>	<b>59,816</b>



**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	
	06/30/2023	03/31/2023	06/30/2023	03/31/2023	06/30/2023	03/31/2023	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Net deferred tax assets</b>								
Allowance for expected losses on credit	15	2	—	—	—	-	13	(37)
Bonus provision	4,511	12,985	—	—	—	-	(8,474)	3,646
Trade payables provision	2,943	1,524	—	—	—	-	1,419	(1,227)
Capitalized loan interest	—	—	82,368	40,054	—	-	(42,314)	10,778
Costs transaction	—	—	74,688	57,571	—	-	(17,117)	(8,171)
Derivative financial instruments	127,710	138,807	56,705	25,680	33,486	5,909	(2,727)	(112,908)
Right of use and lease liabilities	202,510	91,744	203,405	92,287	—	-	(352)	—
Adjustment to present value	8,413	6,154	12,021	1,893	—	-	(7,869)	1,446
Fair value adjustment - biological assets	—	—	—	—	—	-	—	11,053
Tax losses carryforward	134,790	5,682	—	—	—	-	129,108	5,682
Depreciation	—	—	302,490	282,772	—	-	(19,718)	(78,744)
Others	36,994	13,287	46,426	26,216	—	-	3,497	(16,189)
Intercompany unrealized income	196,314	196,843	—	—	—	—	(529)	196,843
<b>Total</b>	<b>714,200</b>	<b>467,028</b>	<b>778,103</b>	<b>526,473</b>	<b>33,486</b>	<b>5,909</b>	<b>34,937</b>	<b>12,172</b>
Offsetting (*)	(714,200)	(467,028)	(714,200)	(467,028)	—	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>63,903</b>	<b>59,445</b>	<b>33,486</b>	<b>5,909</b>	<b>34,937</b>	<b>12,172</b>

(\*) Balances of deferred tax assets and liabilities are offset, 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.

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Effective rate reconciliation</b>		
Profit before income and social contribution taxes	(933)	362,618
Nominal rate	34 %	34 %
<b>Tax expense at nominal rate</b>	<b>317</b>	<b>(123,290)</b>
<b>Adjustment of income and social contribution taxes</b>		
PRODEIC	12,248	14,404
CBIOs	22,964	16,948
Equity Pickup	(634)	—
Tax incentive - (PAT)	—	848
Others	42	(4,279)
<b>Tax and social contribution</b>	<b>34,937</b>	<b>(95,369)</b>
<b>Reconciliation with values presented in the final period</b>		
Current tax	—	(85,256)
Deferred tax	34,937	(10,113)
<b>Tax and social contribution</b>	<b>34,937</b>	<b>(95,369)</b>
Tax incentive	—	—
<b>Tax and social contribution in the end of the period</b>	<b>34,937</b>	<b>(95,369)</b>
<b>Effective rate</b>	<b>37 %</b>	<b>26 %</b>

### 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.

## 20. 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, 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:

<b>Reportable segments</b>	<b>Operations</b>
Ethanol	Sales of anhydrous and hydrous ethanol
Animal nutrition	Sales of DDG (Distiller's dried grains) and corn oil
Energy	Sale of energy and generated steam
Corn Marketing	Sale of corn purchased from third parties

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

### **Information about reportable segments**

For a better understanding of the results of the reportable segments and for 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.

## Notes to the interim financial statements condensed combined

(In thousands of Reais)



	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Anhydrous	694,899	564,694
Hydrous	422,142	556,885
<b>Total ethanol segment</b>	<b>1,117,041</b>	<b>1,121,579</b>
High protein	156,563	142,589
High fiber	93,017	85,911
Wet cake	59,553	45,915
Corn oil	60,999	64,458
<b>Total animal nutrition segment</b>	<b>370,132</b>	<b>338,873</b>
Energy	4,580	2,969
Steam	1,376	957
<b>Total energy co-generation segment</b>	<b>5,956</b>	<b>3,926</b>
<b>Total net revenue from industrial segments (A)</b>	<b>1,493,129</b>	<b>1,464,378</b>
Corn	114,958	254,659
Energy	3,380	3,963
<b>Total net revenue from marketing segments (B)</b>	<b>118,338</b>	<b>258,622</b>
<b>Total net revenue from segments (A+B)</b>	<b>1,611,467</b>	<b>1,723,000</b>
Freight on sales (Industrial)	158,325	103,896
Freight on sales (Marketing)	51,758	59,701
<b>Freight on sales (2) (C)</b>	<b>210,083</b>	<b>163,597</b>
<b>Total net revenue</b>	<b>1,821,550</b>	<b>1,886,597</b>
Cost of goods sold - Industrial products (D)	(1,184,892)	(836,326)
Cost of goods sold - Marketing and services (E)	(68,733)	(247,749)
<b>Cost of goods sold</b>	<b>(1,253,625)</b>	<b>(1,084,075)</b>
Gross profit from industrial segments (A+D)	308,237	628,052
Gross profit from marketing and service segment (B+E)	49,605	10,873
Freight on sales (reclassification) (*) (C)	210,083	163,597
<b>Gross profit</b>	<b>567,925</b>	<b>802,522</b>
Operational expenses (**)	(62,673)	(37,722)
Other results	34,027	41,930
Reclassification - Freight on sales (*)	(158,325)	(103,896)
Reclassification - Sales Freight (*)	(51,758)	(59,701)
<b>Total operational expenses</b>	<b>329,196</b>	<b>643,133</b>
Net finance costs	(330,129)	(280,515)
<b>(Loss) profit before income and social contribution taxes</b>	<b>(933)</b>	<b>362,618</b>

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





(\*\*) Operating expenses include: selling, administrative and other income expenses.

For the three-month ended June 30, 2023, the FS had customers that represented over 10% of its net revenue. The major 5 customers accounted for 65% of gross revenue, the two largest with percentages of 43 and 7%.

## 21. Net revenue

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Internal market</b>		
Ethanol	1,217,268	1,191,015
DDG	361,529	305,516
Corn oil	66,704	67,817
Energy	4,579	6,932
Corn marketing	166,715	314,360
Energy resale	3,380	957
Others	1,375	—
<b>Net revenue</b>	<b>1,821,550</b>	<b>1,886,597</b>

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Gross operating revenue</b>	1,906,500	2,012,642
<b>Deductions</b>		
Sales tax and other deductions	(72,970)	(123,272)
Return of sales	(11,980)	(2,773)
<b>Net revenue</b>	<b>1,821,550</b>	<b>1,886,597</b>

## 22. Cost of goods sold

Production costs for the period are allocated across the FS's product line utilizing the relative sales value methodology. The cost of resold products is measured by the average acquisition cost and allocated to the product's result. Below is a table showing the cost of goods sold allocated by production inputs for the For the three-month period ended June 30, 2023 and 2022:

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Corn	(972,008)	(667,187)
Biomass	(74,292)	(56,262)
Labor	(20,777)	(17,402)
Enzymes	(18,799)	(14,463)
Depreciation	(45,046)	(30,446)
Production	(16,023)	(15,348)
Chemicals	(23,510)	(20,388)
Maintenance	(13,308)	(13,993)
Lab	(1,129)	(837)
<b>Cost of product sold</b>	<b>(1,184,892)</b>	<b>(836,326)</b>
Corn marketing costs	(99,794)	(241,913)
Resale costs energy	(2,018)	(2,322)
Gain (loss) derivatives	33,079	(3,514)
<b>Cost of goods sold</b>	<b>(68,733)</b>	<b>(247,749)</b>
<b>Total</b>	<b>(1,253,625)</b>	<b>(1,084,075)</b>

## 23. Selling expenses

Expenses incurred in the process of selling are as follows:

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Expenses with freight on sales	(210,083)	(163,597)
Personnel expenses	(7,691)	(5,139)
Expenses with contracted services	(780)	(1,273)
(Allowance for) reversal of expected credit losses	(51)	1
Travel expenses	(416)	(306)
Depreciation and amortization expenses	(469)	(133)
Other selling expenses	(965)	(612)
<b>Total</b>	<b>(220,455)</b>	<b>(171,059)</b>

## 24. Administrative expenses

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

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Personnel expenses	(18,830)	(14,909)
Expenses with contracted services	(11,400)	(7,871)
Depreciation and amortization expenses	(2,391)	(2,287)
Travel expenses	(2,878)	(1,688)
Expenses with taxes and fees	(327)	(550)
Office expenses	(1,121)	(1,055)
Other operating income (expenses)	(4,810)	(3,040)
<b>Total</b>	<b>(41,757)</b>	<b>(31,400)</b>

## 25. Other results

Other results incurred in the period are presented as follows:

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Carbon credit (CBIO)	34,027	41,930
Result on the sale of assets and rights	104	674
Other income	4,825	627
Fair value of biological assets	—	4,419
<b>Total</b>	<b>38,956</b>	<b>47,650</b>

### Others expenses

Reversal of taxes	(10,337)	(3,174)
Donations	(608)	(688)
Disposals in inventory	(617)	—
Other expenses	(3,911)	(718)
<b>Total</b>	<b>(15,473)</b>	<b>(4,580)</b>

<b>Other results</b>	<b>23,483</b>	<b>43,070</b>
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## 26. Net financial costs

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Finance income</b>		
Interests over short term investments	175,035	160,262
Discounts obtained	4,578	636
Adjustment to present value - receivables	21,722	3,869
Gain with derivative operations	7,194	446,182
Interest income	4,254	221
<b>Total</b>	<b>212,783</b>	<b>611,170</b>
<b>Finance expenses</b>		
Interest expense on loans	(335,417)	(270,092)
Reverse factoring interest	(16,427)	—
Adjustment to present value - trade payables	(12,511)	(9,974)
Interest on advance receivables	(37,667)	—
Bank fees	(438)	(3,094)
Taxes (IOF)	(1,275)	(1,004)
Losses with derivative operations	(257,141)	(276,297)
Other	(42,241)	(32,899)
<b>Total</b>	<b>(703,117)</b>	<b>(593,360)</b>
Income foreign exchange rate variation	(462,436)	102,556
Expense foreign exchange rate variation	622,641	(400,881)
<b>Total</b>	<b>160,205</b>	<b>(298,325)</b>
<b>Net finance income (costs)</b>	<b>(330,129)</b>	<b>(280,515)</b>

Gain (loss) on the derivative transaction is a consequence of fair value adjustments, as disclosed in note 18.

The result of the foreign exchange variation as of June 30, 2023, and 2022, is presented according to the following breakdown:

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Net exchange variations of payables</b>		
Foreign exchange rate variation of trade payables unrealized	—	4,757
Foreign exchange rate variation of trade payables	(2,927)	(644)
<b>Total</b>	<b>(2,927)</b>	<b>4,113</b>
<b>Net exchange variations of loans</b>		
Foreign exchange rate variation on loan unrealized	163,700	(302,438)
Foreign exchange rate variation on loan	(568)	—
<b>Total</b>	<b>163,132</b>	<b>(302,438)</b>
<b>Net income (loss) of exchange variation</b>	<b>160,205</b>	<b>(298,325)</b>

## 27. Commitments

The FS has the following commitments effective on June 30, 2023:

Sale				
Product	Unit	Quantity	Price	Term
Ethanol	m <sup>3</sup>	1,242,204	current market prices	May, 2024
Steam	ton.	29,822	115.92	April, 2024
DDGs	ton.	826,311	577.95	December, 2024
Oil	ton.	1,323	3,456.90	July, 2023
Energy	MWh	446,256	159.70	December, 2025
Corn - resale	ton.	355,906	R\$ 38.11 per bag	September, 2023

Purchase				
Product	Unit	Quantity	Price	Term
Energy	MWh	197,904	149.30	December, 2025
Corn	ton.	2,373,822	R\$ 47.01 per bag	September, 2025
Corn marketing	ton.	336,558	R\$ 33.37 per bag	September, 2023
Eucalyptus	stereo meter	6,367	46.45	September, 2028
Purchase of equipment and services	-	—	74,175	-

## 28. Related parties

### a. Ultimate parent

In the For the three-month period ended June 30, 2023 and 2022, the ultimate parent company of FS Ltda. And FS I S.A. is SRMM, LLC (Summit).

### 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, for the For the three-month period ended June 30, 2023 and 2022, 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:

	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
<b>Short term benefit</b>	<b>3,983</b>	<b>4,920</b>

### c. Transaction with related parties

During the quarter ended June 30, 2023, the Company received cash of R\$ 142,030 related to purchase and sale agreements entered into between September 30, 2022 and March 31, 2023 from carrier biological and plant assets.

Trade receivables		
Trade receivables	06/30/2023	03/31/2023
Non-controlling	5,201	2,184
Others	25,347	164,251
<b>Total</b>	<b>30,548</b>	<b>166,435</b>

Related parties loans (i)		
Nature of relationship	06/30/2023	03/31/2023
Related parties	208,017	217,648
Non-controlling	69,339	70,804
<b>Total</b>	<b>277,356</b>	<b>288,452</b>

Advances to suppliers		
Nature of relationship	06/30/2023	03/31/2023
Other related parties	106,420	5,277
Non-controlling	195	—
<b>Total</b>	<b>106,615</b>	<b>5,468</b>

Trade Payables		
Nature of relationship	06/30/2023	03/31/2023
Other related parties	32,089	—
Non-controlling	—	—
<b>Total</b>	<b>32,089</b>	<b>—</b>

Lease payables (ii)		
Nature of relationship	06/30/2023	03/31/2023
Other related parties	125,379	98,579
<b>Total</b>	<b>125,379</b>	<b>98,579</b>

Advance from customers		
Nature of relationship	06/30/2023	03/31/2023
Other related parties	19,920	—
<b>Total</b>	<b>19,920</b>	<b>—</b>

(i) On October 5, 2021, FS Lux, a subsidiary of FS Ltda., granted its ultimate controlling shareholders loans in the amount of USD 50,000 (R\$ 274,055) with a rate of 7.28% p.y. to maturity payment of semiannual interest and principal in October 2028.

(ii) In order to reduce logistics costs and improve operational efficiency to transport ethanol to the consumer center of the State of São Paulo, in January 2023, the FS Ltda. Contracted a lease agreement with FS Infraestrutura Ltda. For 80 railroad wagons.



**d. Purchases and sales transactions with related parties**

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:

April 01, 2023 to June 30, 2023	Cost	Product and Service
<b>Nature of relationship</b>		
Other related parties	24,548	Corn
Other related parties	6,116	Biomass
Other related parties	4,325	Corn marketing
Other related parties	922	Others
Other related parties	4,065	Warehouse monthly rent
<b>Total</b>	<b>39,976</b>	

April 01, 2022 to June 30, 2022	Cost	Product and Service
<b>Nature of relationship</b>		
Other related parties	9,230	Corn
Non-controlling	3,904	Corn
Other related parties	13,835	Warehouse monthly rent
<b>Total</b>	<b>26,969</b>	



Sales of products and assets to related parties are listed below:

April 01 to June 30, 2023	Revenue	Product
<b>Nature of relationship</b>		
Other related parties	15,762	Corn oil
Other related parties	4,171	Wet cake
Other related parties	1,515	Steam
Other related parties	413	DDG Essential
Other related parties	797	DDG Gold
Other related parties	1,303	Corn
Other related parties	8	Others
<b>Total</b>	<b>23,969</b>	

April 01, 2022 to June 31, 2022	Revenue	Product
<b>Nature of relationship</b>		
Other related parties	101	DDG gold
Other related parties	265	DDG FS Essential
<b>Total</b>	<b>366</b>	

#### e. Other related parties

The FS is the guarantor of certain related parties' loans, being jointly liable in those transactions. As of June 30, 2023, the total amount of guarantees was:

	06/30/2023	03/31/2023
FS Florestal S.A.	739,639	738,492
FS Infraestrutura S.A.	111,442	113,251
<b>Total</b>	<b>851,081</b>	<b>851,743</b>

Of the total of guarantees, R\$ 378,024 refers to financial investments collateral that is disclosed as Restricted Cash, see note 6.

## 29. Statements of cash flows

For the For the three-month period ended June 30, 2023 and 2022, property, plant and equipment were acquired at a total net cash outflow of R\$ 716,737, and R\$ 135,909, respectively, as follows (see note 10):

	Note	04/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022
Cost of acquisition of fixed assets	10	402,078	419,754
Movement of payables related to fixed assets	11	445,445	(274,052)
Capitalization of loan costs	12	—	(58)
Right of use	14	(131,079)	(11,519)
Others		293	1,784
<b>Net acquisition of property, plant and equipment</b>		<b>716,737</b>	<b>135,909</b>

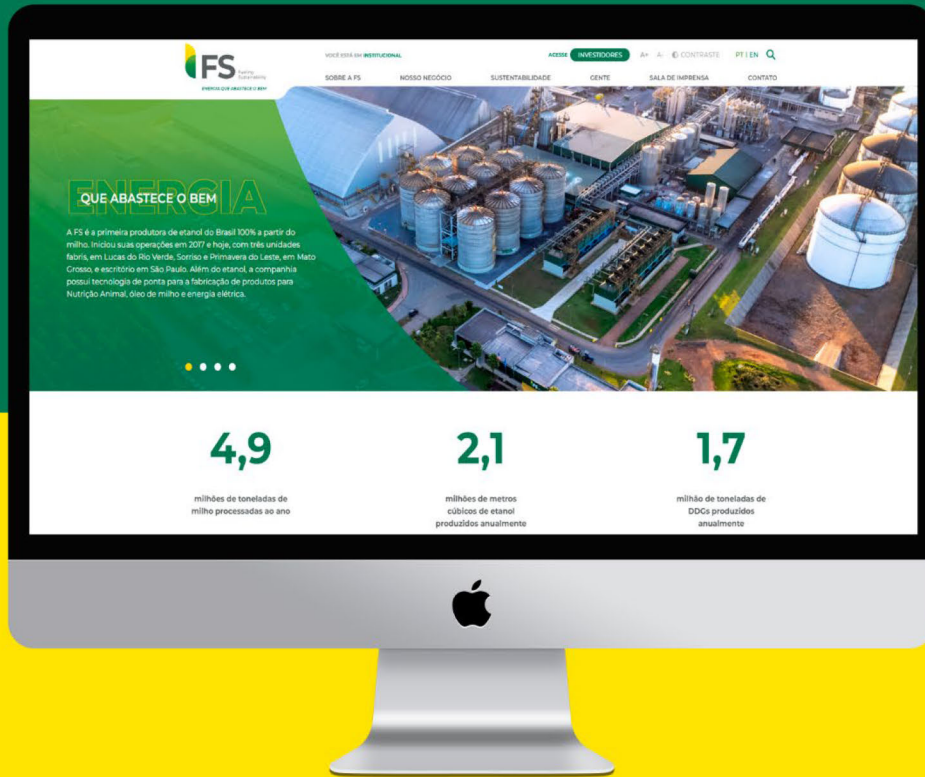




### **30. Subsequent events**

On May 30, 2023, FS Indústria de Etanol S.A. and FS Indústria de Biocombustível Ltda formed FS Comercializadora de Etanol Ltda ("Comercializadora"). The initial share capital is R\$10,000, divided into 10,000 shares, with a nominal value of R\$1 real each. FS Indústria de Etanol S.A. holds 9,900 shares and FS Indústria de Biocombustível Ltda. holds 100 shares, representing 99% and 1% ownership, respectively. For the period ended June 30, 2023, FS Comercializadora de Etanol Ltda has no assets or liabilities. On July 20, 2023, the share capital was fully paid-up, in the amount of R\$10,000.

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**fsfuelingsustainability**

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**FS - Primavera do Leste**

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