



CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS (FS)

December 31, 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 Indústria de Biocombustíveis Ltda, FS I Indústria de Etanol S.A. and FS
Comercialização de Etanol 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., FS Indústria de Biocombustíveis Ltda. and FS Comercialização de Etanol Ltda ("FS"), which comprises the condensed combined statement of financial position as of December 31, 2023, the condensed combined statements of income and comprehensive income for the three and nine-month period ended December 31, 2023, changes in net parent investment and cash flows for the nine-month period ended December 31, 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 and with IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement. 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 combined 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 December 31, 2023 do not present fairly, in all material respects, the financial position, financial performance and cash flows of the Company in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB and CPC 21 (R1) - Interim Statement.



Emphasis of matter – Basis for 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 IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB and in accordance with CPC 21 (R1) - Interim Statement, to provide information about all the FS industrial activities in a single statement, to measure financial covenants commitments and to provide financial information to the stakeholders. The condensed combined interim 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 six-month period ended December 31, 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, February 26, 2024

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

Rafael Henrique Klug Accountant
CRC 1SP246035/O-7

Combined statements of financial position

As of December 31, 2023 and March 31, 2023

(In thousand of Reais).

Assets				Liabilities			
	Note	12/31/2023	03/31/2023		Note	12/31/2023	03/31/2023
Current				Current			
Cash and cash equivalents	4	1,914,600	1,374,855	Trade payables	11	3,531,594	1,198,945
Financial investments	5	—	3,109,084	Loans and borrowings	12	2,860,731	4,271,074
Restricted cash	6	2,868,163	2,256,928	Advances from customers	13	461,017	40,308
Trade and other receivables	7	278,034	271,314	Lease payables	14	45,000	26,965
Trade receivables with related parties	28	11,781	166,435	Income tax and social contribution payable	19.a	—	59,816
Inventories	8	2,235,564	1,067,026	Taxes and contributions payable	15.b	20,989	14,964
Advances to suppliers	9	24,832	53,143	Payroll and related changes		50,265	67,041
Recoverable taxes	15.a	537,822	383,452	Derivative financial instruments	18	83,902	407,908
Prepaid expenses		70,673	40,915	Total current liabilities		7,053,498	6,087,021
Biological assets		—	984				
Derivative financial instruments	18	10,518	40,478	Non-current			
Other credits		8,288	36,466	Trade payables	11	16,599	18,795
Total current assets		7,960,275	8,801,080	Loans and borrowings	12	7,157,278	7,351,156
				Lease payables	14	352,177	189,462
Non-current				Deferred tax liabilities	19.b	—	59,445
Long-term assets				Provision for contingencies	16	160	—
Restricted cash	6	49,807	39,246	Total non-current liabilities		7,526,214	7,618,858
Advances to suppliers	9	54,545	49,603				
Recoverable taxes	15.a	392,160	245,805	Total liabilities		14,579,712	13,705,879
Deferred tax assets	19.b	151,959	—				
Derivative financial instruments	18	29,775	—	Net parent investment			
Related party loans	28	263,617	288,452	Net parent investment		(86,997)	736,756
Judicial deposits	16	5,019	4,177	Total net parent investment		(86,997)	736,756
Total long-term assets		946,882	627,283				
				Total liabilities and net parent investment			
Property, plant and equipment	10	5,557,916	4,994,520			14,492,715	14,442,635
Intangible assets		27,642	19,752				
Total non-current assets		6,532,440	5,641,555				
Total assets		14,492,715	14,442,635				

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



Combined statements of profit or loss

For the nine-month periods ended December 31, 2023 and 2022

(In thousands of Reais)

	Note	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Net revenue	21	2,277,034	6,101,743	1,891,165	5,684,504
Cost of goods sold	22	(1,834,448)	(4,619,951)	(1,320,835)	(3,640,442)
Gross profit		442,586	1,481,792	570,330	2,044,062
Operational expenses					
Selling expenses	23	(339,243)	(867,575)	(211,151)	(594,592)
Administrative expenses	24	(57,030)	(150,079)	(48,475)	(116,274)
Other results	25	55,100	121,872	171,167	465,208
Profit before net finance costs and taxes		101,413	586,010	481,871	1,798,404
Finance income		342,150	762,936	252,520	1,031,686
Finance costs		(743,383)	(2,022,985)	(659,150)	(1,617,265)
Foreign exchange rate variations, net		83,677	140,020	119,747	(293,991)
Net finance income (costs)	26	(317,556)	(1,120,029)	(286,883)	(879,570)
(Loss) Profit before income and social contribution taxes		(216,143)	(534,019)	194,988	918,834
Current income and social contribution taxes	19	366	10,727	(6,833)	(206,766)
Deferred income and social contribution taxes	19	100,621	268,022	(28,061)	(33,480)
Tax incentives on income tax		429	(5,286)	8,229	31,293
Net (Loss) profit for the period		(114,727)	(260,556)	168,323	709,881

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



Combined statements of comprehensive income

For the nine-month periods ended December 31, 2023 and 2022

(In thousand of Reais)

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Net (Loss) profit for the period	(114,727)	(260,556)	168,323	709,881
Items that may be reclassified to profit or loss				
Cash flow hedge - effective portion of changes in fair value	14,577	166,526	91,926	(69,316)
Deferred income and social contribution taxes	(4,956)	(56,619)	(31,255)	23,568
Cumulative translation adjustment	(4,794)	(7,241)	(6,057)	3,366
Total comprehensive income	(109,900)	(157,890)	222,937	667,499

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



Combined statements of changes in net parent investment

For the nine-month periods ended december 31, 2023 and 2022

(In thousand of Reais)

	Note	Net parent investment
Balance on April 1, 2023		736,756
Loss for the period		(260,556)
Items that may be reclassified to profit or loss		
Cash flow hedge - effective portion of changes in fair value		166,526
Deferred income and social contribution taxes		(56,619)
Cumulative translation adjustment		(7,241)
Total comprehensive income		(157,890)
Shareholders transactions		
Distribution of dividends	17	(665,909)
Balance on December 31, 2023		(86,997)
Balance on April 1, 2022		547,848
Net profit for the period		709,881
Items that may be reclassified to profit or loss		
Cash flow hedge - effective portion of changes in fair value		(69,316)
Deferred income and social contribution taxes		23,568
Cumulative translation adjustment		3,366
Total comprehensive income		667,499
Shareholders transactions		
Distribution of dividends	17	(712,900)
Balance on December 31, 2022		502,447

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

Combined statements of cash flows - Indirect method

For the nine-month periods ended December 31, 2023 and 2022

(In thousands of Reais)

	Note	12/31/2023	12/31/2022
Cash flow from operating activities			
Net (Loss) profit for the period		(260,556)	709,881
Adjustment for:			
Depreciation and amortization		184,490	104,623
Income from financial investments	26	(472,613)	(477,128)
Current and deferred income tax and contributions, net of tax incentives	19	(273,463)	208,953
Foreign exchange rate (gains) or losses	26	(140,020)	293,092
Adjustment to fair value	18	326,213	71,282
Adjustment to present value		80,280	(64,189)
Provision for interest and amortization of transaction cost		1.251.927	782,581
Adjustment to fair value of biological asset		—	(4,419)
Expected losses on credit	7	413	—
Provision for contingencies		160	—
Gain on sale of assets		(20,124)	(251,037)
Changes in:			
Trade and other receivables		95,454	(65,122)
Trade receivables with related parties		12,624	
Inventories		(1,153,395)	(1,134,373)
Recoverable taxes		(355,100)	(335,573)
Trade and other receivables		(29,758)	(24,903)
Judicial deposits	16	(842)	(333)
Other credits		29,162	(54,067)
Advances to suppliers	9	23,369	(30,547)
Trade payables		2,372,361	1,096,208
Advance from customers	13	420,709	14,322
Payroll and related charges		(16,776)	6,287
Taxes and contributions payable	15.b	6,027	(250,194)
Other non-current payables		—	40,297
Cash generated from operating activities		2.080.542	635,641
Interest and charges paid		(873,999)	(643,421)
Interest redeemed from short-term investments		629,263	308,380
Net cash from operating activities		1.835.806	300,600
Cash flow from investing activities			
Acquisition of property, plant and equipment	29	(731,477)	(890,809)
Proceeds from sale of biological assets, right of contracts and bear plants	28.d	142,030	305,177
Interest charges paid over capitalized loans	10	(15,995)	95,926
Receipt of loans from related parties		(5,953)	—
Proceeds from (investment in) of financial investments		2,363,049	(1,459,782)
Net cash generated from (used in) investing activities		1,751,654	(1,949,488)



Combined statements of cash flows - Indirect method

For the nine-month periods ended December 31, 2023 and 2022

(In thousands of Reais)

	Note	12/31/2023	12/31/2022
Cash flow from financing activities			
Loans received, net of transaction costs	12	3,696,923	3,311,587
Repayment of loans and borrowings (principal)	12	(5,413,804)	(1,300,740)
Dividends paid	17.c	(665,909)	(712,900)
Lease paid (principal)	14	(62,299)	(16,836)
Capital increase		46	4,731
Derivative financial instruments paid		(483,508)	(521,961)
Net cash (used in) generated from financing activities		(2,928,551)	763,881
Foreign currency translation adjustment		(119,164)	9,985
Increase (decrease) in cash and cash equivalents		539,745	(875,022)
Cash and cash equivalents at the beginning of the period		1,374,855	1,719,194
Cash and cash equivalents at the end of the period		1,914,600	844,172

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

Combined statements of added value

For the nine-month periods ended December 31, 2023 and 2022

(In thousands of Reais)

	01/04/2023 a 31/12/2023	01/04/2022 a 31/12/2022
Sales of goods, products and services	6,486,324	5,962,497
Other income	144,517	467,706
Loss on impairment of accounts receivable	(413)	8
Revenue	6,630,428	6,430,211
Inputs purchased from third parties	(5,268,316)	(4,098,587)
Costs of products, goods and services sold	(4,367,195)	(3,476,762)
Materials, energy, third party services and others	(921,245)	(621,825)
Gain on sale of assets and right	20,124	—
Gross added value	1,362,112	2,331,624
Depreciation and amortization	(184,490)	(104,623)
Net added value produced	1,177,622	2,227,001
Added value received in transfer	(271,545)	1,262,152
Finance income	(271,545)	1,262,152
Total added value to distribute	906,077	3,489,153
Distribution of added value	906,077	3,489,153
Employee	178,092	149,424
Direct remuneration	128,556	115,801
Benefits	41,046	27,637
Service Guarantee Fund	8,490	5,986
Taxes, fees and contributions	140,057	488,126
Federal taxes	(80,011)	208,953
State taxes	220,068	279,173
Remuneration of third party capital	848,484	2,141,722
Interest	848,484	826,796
Other	—	1,314,926
Remuneration of equity	(260,556)	709,881
Dividends	—	712,900
(Accumulated losses) Retained earnings	(260,556)	(3,019)

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

1. Operations

The condensed 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 Atílio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil.
- FS Ltda. holds 100% of the share capital of FS Luxembourg S.a.r.l. ("FS Lux"). FS Lux is a limited liability company 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 Atílio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil. FS S.A, on June 13, 2022 and commenced its operations in may, 2023.
- FS Comercialização de Etanol Ltda. ("FS ECE"). A limited liability company, incorporated on May 30, 2023, and located at A-01 Road, 900 meters from Km 7 of Avenida das Indústrias, s/nº - Senator Atílio Fontana Industrial District, Lucas do Rio Verde - Mato Grosso State, Brazil.

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

2. Basis for preparation

The condensed combined 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 Financial Statements.

These condensed combined interim financial statements as of and for the six months ended December 31, 2023, should be read in conjunction the last annual combined interim financial statements. as at and for the year ended March 31, 2023 ('last annual financial statements').

They do not include all the information required for a complete set of combined 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 FS's financial position and performance since the last combined financial statements.

In preparing these condensed combined interim financial statements management has used judgments, estimates and assumptions that affect the application of FS accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and assumptions are continually reviewed and have not changed materially from the March 31, 2023, combined financial statements. Except for uncertainties and estimates related to Note 20.c - recognition of deferred tax assets: availability of future taxable income against which deductible temporary differences and tax losses can be utilized, see note 19.c.

The issue of condensed combined interim financial statements was authorized by Management on February 26, 2024.

a. Basis of combination and reasons for combining Companies.

FS condensed 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 shareholders and stakeholders. Therefore, these financials are not the parent company nor consolidated 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 condensed 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 both in relation to the assessment of the existence of common control and the combination procedure for both companies as of December 31, 2023.

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

(i) Criteria for preparing combined financial statements.

The combination 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:

- Intercompany balances and transactions, and any unrealized income or expenses derived from Intercompany 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 period December 31, 2023, and the companies' income for the period ended December 31, 2023, which are part of the condensed 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 (Loss) profit for the period
FS Ltda. consolidated(i)	6,695,489	4,077,083	3,591,961	6,715,605	465,006	(116,554)
FS S.A.	1,484,983	2,994,939	3,689,681	955,375	(165,135)	(148,128)
FS ECE	10,543	205	1,147	—	9,602	(399)
Eliminations	(230,740)	(539,787)	(229,291)	(144,766)	(396,470)	4,525
Combined	7,960,275	6,532,440	7,053,498	7,526,214	(86,997)	(260,556)

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

3. New standards and interpretations

The standards and interpretations that came into force on April 1, 2023, but did not significantly impact.

The FS' financial statements of the are presented below:

- Definition of Accounting Estimate (Amendments to CPC 23/IAS 8);
- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2);
- Deferred Tax relating to Assets and Liabilities arising from a Single Operation (Amendments to CPC 32/IAS 12);
- Insurance Agreements, and amendments to IFRS 17 Insurance Agreements.

The new standards and interpretations listed below will come into force after January 1, 2024 and will be applicable to FS after April 1, 2023.

- Classification of Liabilities as Current and Non-Current and Non-Current liabilities with covenants (Amendments to CPC 26/IAS);
- Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16); and
- Finance Arrangements (Amendments to CPC 03 and CPC 40, IAS 7 and IFRS7)

4. Cash and cash equivalents

	12/31/2023	03/31/2023
Bank deposits and cash	246,655	36,597
Financial investments CDB	1,667,945	1,338,258
Total	1,914,600	1,374,855

FS 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 December 31, 2023, the average annual return on these investments was 11.432% (13.63% for the period ended March 31, 2023) These instruments are available for immediate redemption by the FS.

As of December 31, 2023, the balance of cash and cash equivalents held in US dollars ("USD") amounts to USD 46,833 or R\$ 226,732 (USD 5,846 or R\$ 29,698 as of March 31, 2023).

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

5. Financial investments

	12/31/2023	03/31/2023
Total return swap (TRS)	—	3,109,084
Total	—	3,109,084

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

	12/31/2023	03/31/2023
Investments linked to loans	2,917,970	2,296,174
Total	2,917,970	2,296,174
Current	2,868,163	2,256,928
Non-current	49,807	39,246

Investments linked to loans are related to loans and derivative financial instruments..

For the period ended December 31, 2023, and year ended on March 31, 2023, the average annual return on these investments was 11.59% 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

	12/31/2023	03/31/2023
Trade receivables	278,452	271,319
Allowance for expected credit losses	(418)	(5)
Total	278,034	271,314

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's 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:

Notes to the condensed combined interim financial statements

(In thousand of Reais)



	12/31/2023	03/31/2023
Not overdue		
Up to 30 days	164,996	235,235
31-60 days	8,333	15,044
61-90 days	8,965	4,359
>90 days	63,315	16,129
Subtotal	245,609	270,767
Overdue		
Up to 30 days	26,867	547
31-60 days	282	—
61-90 days	4,551	—
91-180 days	725	—
Subtotal	32,843	547
Total	278,452	271,314

Changes in the provision for expected losses of receivables from customers and contract assets during the period are presented in the following table:

Allowance March 31, 2023	(5)
Provision for expected credit losses	(413)
Allowance December 31, 2023	(418)
Allowance March 31, 2022	(115)
Reversal of expected credit losses	1
Allowance December 31, 2022	(114)

As of March 31, 2023, the amount of R\$ 40,000 was pledged as collateral for financing arrangements. See note 12. As of December 31, 2023, there were no receivables as collateral for loan agreements.

Trade and other receivables with related parties as of December 31, 2023, and March 31, 2023, is R\$ 11,781 and R\$166,435, 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

	12/31/2023	03/31/2023
Inventories held by third party	707,824	165,473
Raw material	1,175,605	703,764
Finished goods	123,392	37,212
Production inputs	89,800	60,941
Consumption material	100,240	84,864
Work-in-process	26,127	14,773
Corn inventory for resale	12,576	—
Total	2,235,564	1,067,027

Cost is determined by the weighted average costing method see note 23.

As of December 31, 2023, and March 31, 2023, the stocks of grain corn held as collateral totaled:

	12/31/2023	03/31/2023
Tons pledged as collateral	655,972	679,744
Amount pledged as collateral	422,911	533,344

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

	12/31/2023	03/31/2023
Raw material - Corn	529,099	80,877
Finished goods - Ethanol	134,830	84,595
Finished Product - Resale	43,487	—
Finished goods - DDGs	408	—
Total	707,824	165,472

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

	12/31/2023	03/31/2023
Raw material - Corn	586,675	73,088
Finished goods - Ethanol	50,165	29,389
Finished Product - Resale	975	—



9. Advances to suppliers

	12/31/2023	03/31/2023
Advances to suppliers of inventories	72,824	92,386
Advances to related parties	293	5,468
Advances to other suppliers	6,261	4,892
Total	79,377	102,746
Current	24,832	53,143
Non current	54,545	49,603

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

The advances to suppliers with related parties was as of December 31, 2023, was R\$ 293 (R\$ 5,468 as of December 31, 2023), see note 28.



10. Property, plant and equipment

Cost of acquisition	03/31/2022	Additions	Disposals	Transfers	12/31/2022	03/31/2023	Additions	Disposals	Transfers	12/31/2023
Land	140,345	876	—	—	141,221	151,094	—	—	33,099	184,193
Buildings	630,526	2,388	—	—	632,914	654,994	3,559	—	593,783	1,252,336
Machinery and equipment	1,374,473	680	(378)	—	1,374,775	1,426,375	7,509	(3,237)	849,271	2,279,918
Furniture and computers	19,187	4,565	(92)	—	23,660	24,040	1,369	(9)	8,375	33,775
Vehicles	3,675	—	(1,363)	(93)	2,219	1,891	—	—	500	2,391
Airplane	28,164	1,032	—	93	29,289	29,196	—	(29,196)	—	—
Installations	527,536	2,512	—	—	530,048	562,132	1,515	(1,450)	392,916	955,113
Construction in progress	576,795	724,320	(3,165)	606,802	1,904,752	2,228,545	522,783	—	(1,843,939)	907,389
Advance to suppliers	127,021	686,261	—	(606,802)	206,480	123,071	33,661	(6)	(34,006)	122,720
Bearer plant (bamboo)	60,131	33,689	(81,291)	(12,529)	—	—	—	—	—	—
Right of use	151,581	50,195	(89,189)	(24,157)	88,430	243,555	210,436	—	1	453,992
Total	3,639,434	1,506,518	(175,478)	(36,686)	4,933,788	5,444,893	780,832	(33,898)	—	6,191,827
Depreciation										
Buildings	(35,932)	(11,846)	—	—	(47,778)	(51,787)	(21,964)	—	57	(73,694)
Machinery and equipment	(178,814)	(55,763)	92	—	(234,485)	(253,740)	(79,565)	700	(635)	(333,240)
Furniture and computers	(5,975)	(2,078)	92	—	(7,961)	(8,699)	(2,988)	9	13	(11,665)
Vehicles	(1,903)	(341)	1,105	—	(1,139)	(819)	(350)	—	—	(1,169)
Airplane	—	(2,432)	—	—	(2,432)	(3,161)	(1,460)	4,621	—	—
Installations	(71,059)	(26,565)	—	—	(97,624)	(106,637)	(44,921)	218	563	(150,777)
Right of use	(16,653)	(13,166)	8,215	706	(20,898)	(25,530)	(37,838)	—	2	(63,366)
Total	(310,336)	(112,191)	9,504	706	(412,317)	(450,373)	(189,086)	5,548	—	(633,911)
Net	3,329,098	1,394,327	(165,974)	(35,980)	4,521,470	4,994,520	591,746	(28,350)	—	5,557,916

Construction in progress and advance to suppliers

The balance in construction in progress and advances to supplier refers to the remainder of the expansion of the plant in Sorriso and Lucas do Rio Verde – MT and the construction of 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.

Management did not identify indicators of impairment of its assets on December 31, 2023.

Capitalization of borrowing costs

For the period ended December 31, 2023 and 2022, borrowing costs capitalized were R\$ 15,995 and R\$ 70,369, respectively, interest accrued and paid. The average interest rate of the period was 13,62%% p.y. (13,63 p.v. on June 30, 2023 and March 31, 2023).

Collateral

FS has pledged fixed assets as collateral linked to loans in the amount of R\$ 2,886,562 (R\$ 2,886,562 on March 31, 2023) and comprises lands, buildings, machinery, installations, and construction in progress.

11. Trade payables

	12/31/2023	03/31/2023
Raw material payables	3,115,094	570,963
Fixed assets payables	347,290	505,929
Other payables	85,809	140,848
Total	3,548,193	1,217,740
Current	3,531,594	1,198,945
Non-current	16,599	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 balance of lease payables with related parties as of December 31, 2023, was 376,775 (R\$ 5,468 as of March 31, 2023). See note 28.

Reverse Factoring

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

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



	12/31/2023	03/31/2023
Trade payables	777,138	479,212
Reverse factoring	2,771,055	738,527
Total	3,548,193	1,217,740

On December 31, 2023, , the discount rates on reverse factoring averaged CDI +2.39% p.y. (as of March 31, 2023, these rates were CDI +2.93% p.v.) with an average maturity of 130 days. 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	12/31/2023	03/31/2023
Loans for investments	6.5% to 10.77%	USD	2,317,623	6,374,590
Loans for investments	CDI + 0.78%	R\$	1,796,242	1,642,591
Loans for working capital	8.46%	USD	305,146	141,917
Loans for working capital	CDI + 1.59%	R\$	5,896,280	3,629,835
Total loans			10,315,291	11,788,933
(-) Transaction cost			(297,282)	(166,703)
Total			10,018,009	11,622,230
Current			2,860,731	4,271,074
Non-current			7,157,278	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. Terms and schedule of debt repayment

The following collateral were granted:

- FS's land (note 10);
- Fiduciary assignment of fixed assets (note 10);
- Inventories of corn (note 8); and (note 8); and
- Restricted cash (note 7); and

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

Notes to the condensed combined interim financial statements

(In thousand of Reais)



	Book Value	Until	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	4,113,865	1,805,693	—	2,162,933	—	145,239
Loans for working capital (*)	6,201,426	1,122,966	1,009,424	682,798	406,205	2,980,033
Total	10,315,291	2,928,659	1,009,424	2,845,731	406,205	3,125,272

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

(*) The amount does not include transaction costs.

b. Reconciliation of loans to cash flows arising from financing activities

Balance as of March 31, 2022	11,622,230
Cash items	
Loans received	3,831,597
Payments of principal	(5,413,804)
Interest payment	(610,158)
Provision for interest (capitalized)	(15,995)
Transaction cost	(134,674)
Non-cash items	
Provision for interest	968,046
Foreign exchange rate (gains) or losses (*)	(153,353)
Transition cost (Amortization)	54,725
Foreign currency translation effect (**)	(130,605)
Balance as of December 31, 2023	10,018,009

Balance as of March 31, 2022	8,195,291
Cash items	
Loans received	3,311,587
Payments of principal	(1,300,741)
Interest payment	(517,076)
Transition cost	61,187
Non-cash items	
Provision for interest	782,581
Capitalized interest payment	95,926
Foreign exchange rate (gains) or losses (*)	297,847
Foreign currency translation effect (**)	273,810
Balance as of December 31, 202D	11,200,412

(*) The exchange variation comprises the amount realized and unrealized (note 26).

(**) Refers to the adjustment for converting the loans denominated in dollars, from the subsidiary FS Lux.

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.

For the period ended December 31, 2023, FS calculated a financial ratio of net debt to EBITDA higher than 3.0x. Therefore, FS has restrictions on conducting certain transactions, but does not result in a default or accelerate the maturity of its loans.

13. Advances from customers

Advances from customers represent cash received from customers for the sales of products which have not yet met the criteria to be recognized as net revenue as of the end of the period. These advances are shown as a liability on the statement of financial position with a balance of R\$ 461,017 and R\$ 40,308 as of December 31, 2023, and March 31, 2023, respectively.

14. Lease payables

	Warehouse ⁽ⁱⁱⁱ⁾	Wagons ^(v)	Other ⁽ⁱⁱⁱ⁾	Total
Balance as of March 31, 2023	95,482	98,579	22,366	216,427
Addition	289,875	48,740	29,256	367,871
Contractual adjustment (iv)	1,862	—	925	2,787
(-) Adjustment to present value	(136,033)	(18,711)	(5,478)	(160,222)
Amortization of adjustment to present value	17,494	11,869	3,250	32,613
Payment	(25,809)	(22,694)	(13,796)	(62,299)
Balance as of December 31, 2023	242,871	117,783	36,523	397,177

Current	45,000
Non current	352,177

	Lands ⁽ⁱ⁾	Warehouse ⁽ⁱⁱ⁾	Other ⁽ⁱⁱⁱ⁾	Total
Balance as of March 31, 2022	86,179	38,912	8,238	133,329
Addition	31,658	3,977	24,743	60,378
Write-off	(103,692)	—	—	(103,692)
Contractual adjustment (iv)	3,226	2,117	—	5,343
(-) Adjustment to present value	(12,849)	(405)	(2,412)	(15,666)
Amortization of adjustment to present value	391	435	867	1,693
Payment	(4,913)	(5,051)	(6,872)	(16,836)
Balance as of December 31, 2022	—	39,985	24,564	64,549

Current	14,839
Non current	49,710

The balance of lease payables with related parties as of December 31, 2023 was R\$ 117,783 (R\$ 98,579 as of March 31, 2023. See note 28.



Right of use

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 5).

	Warehouse (ii)	Wagons (v)	Other (iii)	Total
Balance as of March 31, 2023	98,083	96,962	22,983	218,028
Addition	153,841	30,029	23,779	207,649
Contractual adjustment (iv)	1,862	—	925	2,787
Amortization	(16,516)	(9,217)	(12,105)	(37,838)
Balance as of December 31, 2023	237,270	117,774	35,582	390,626

FS LTDA	Warehouse (ii)	Wagons (v)	Other (iii)	Total
Balance as of March 31, 2022	86,470	39,845	8,613	134,928
Addition	22,079	4,783	8,775	35,637
Right-of-use asset impairment	(81,010)	—	—	(81,010)
(-) Adjustment to present value	(3,685)	(2,243)	(3,259)	(9,187)
Balance as of December 31, 2022	23,854	42,385	14,129	80,368

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 warehouses for the storage of corn.

iii) Composed by machinery that serves industrial activities and a leased office located in São Paulo.

iv) Contract update according to the annual adjustment of open balances.

v) Refers to lease operations with wagons.

15. Taxes and contributions

a) Recoverable taxes

	12/31/2023	03/31/2023
PIS and COFINS	792,595	560,236
Recoverable ICMS recoverable	20,589	5,289
IRRF	115,636	63,596
Other taxes and contributions	1,162	136
Total	929,982	629,257
Current	537,822	383,452
Non-current	392,160	245,805

b) Taxes and contributions payable

	12/31/2023	03/31/2023
ICMS	13,977	—
Retained tax of third parties (*)	3,860	3,153
ISS	503	11,641
PIS and COFINS	264	—
Other taxes	2,385	170
Total	20,989	14,964

(*) 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 December 31, 2023, FS had contingent liabilities related to ongoing lawsuits whose cash outflow was considered probable in the amount of R\$ 160 (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 December 31, 2023, and March 31, 2023, FS had contingencies assessed as possible risk by legal advisors and Management in the amount of R\$ 104,109 and R\$ 91,677,, respectively, for which no provision was recorded, are as follows:

	12/31/2023	03/31/2023
Civil	68,125	78,684
Labor	3,632	5,575
Tax	32,352	7,419
Total	104,109	91,677

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\$ 5,019 (R\$ 4,177 as of March 31, 2023).

17. Total Net parent investment

a. Capital

i. FS Ltda.

The Company's subscribed and paid-in capital stock as of December 31, 2023 and March 31, 2023, was R\$ 88,083 and 88,083. As of December 31, 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 share as of March 31, 2023). The preferred quotas were approved by the Board, fully subscribed by members of management with no voting rights, no priority to receive dividends and no minimum dividends guaranteed, with priority to redeem it without a premium

Quota holder	Type	12/31/2023			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	71.03%
Non-majority quotaholders	Ordinary	21,116	21,116	23.97%	20,845	20,845	23.68%
Others	Preferential	4,702	4,702	5.34%	4,656	4,656	5.29%
Total		88,083	88,083	100.00%	88,037	88,037	100.00%

ii. FS S.A.

The Company's capital as of December 31, 2023 and March 31, 2023, was R\$ 4,500,000, divided into 4,500,000 (four million and five hundred thousand) shares, with a par value of R\$ 1,00 each.

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

iii. FS ECE

The Company's capital as of December 31, 2023 was R\$ 10,000, divide into 10.000 (ten million shares) shares, with a par value of R\$ 1,00 each.

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

b. Tax incentive reserves

i. FS Ltda.

Corresponds to the reserve that is recorded 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 12.973/14.

The tax incentive reserve on December 31, 2023, amounts to R\$ 366,955 and is composed of R\$ 15.954 related to PRODEIC and R\$ 351,001 related to SUDAM (R\$ 372,241 as of March 31, 2023). During the quarter ended December 31, 2023, the Company did not set up a "tax incentive reserve" as it did not record any tax profit in the period.

c. Dividends

i. FS Ltda.

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

Quota holder	% of ownership	Subscribed capital	Distribution of results
Summit Brazil Renewables I Participações Ltda	70.69 %	62,265	458,190
Non-majority quota holder	23.97 %	21,116	156,927
Others	5.34 %	4,702	50,792
Total as of December 31, 2023	100.00 %	88,083	665,909

Quota holder	% of ownership	Subscribed capital	Distribution of results		
			Cumulative	Interim	Total
Summit Brazil Renewables I Participações Ltda	70.69%	62,536	125,422	368,046	493,468
Non-majority quota holder	23.97%	20,845	42,396	122,096	164,492
Others	5.34%	4,656	8,833	46,107	54,940
Total as of December 31, 2022	100.00%	88,037	176,651	536,249	712,900

18. Financial instruments

a. Accounting classification and fair values

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

	Note	Fair value through profit or loss		Amortized Cost		Fair value – hedging instruments		Fair value – hedging instruments		Total		Fair value Level 2	
		12/31/2023	03/31/2023	12/31/2023	03/31/2023	12/31/2023	03/31/2023	12/31/2023	03/31/2023	12/31/2023	03/31/2023	12/31/2023	03/31/2023
Financial assets measured at fair value													
Cash and cash equivalents	4	1,667,945	1,374,855	—	—	—	—	—	—	1,667,945	1,374,855	1,667,945	1,374,855
Total return swap (TRS)	5	—	3,109,084	—	—	—	—	—	—	—	3,109,084	—	3,109,084
Derivative financial instruments	18	40,293	40,478	—	—	—	—	—	—	40,293	40,478	40,293	40,478
Total		1,708,238	4,524,417	—	—	—	—	—	—	1,708,238	4,524,417	1,708,238	4,524,417
Financial assets not measured at fair value													
Restricted cash	6	—	—	2,917,970	2,296,174	—	—	—	—	2,917,970	2,296,174	—	—
Related parties loans	28	—	—	263,617	288,452	—	—	—	—	263,617	288,452	—	—
Trade and other receivables	7	—	—	278,034	271,314	—	—	—	—	278,034	271,314	—	—
Trade and other receivables	28	—	—	11,781	166,435	—	—	—	—	11,781	166,435	—	—
Judicial deposits	16	—	—	5,019	4,177	—	—	—	—	5,019	4,177	—	—
Total		—	—	3,476,421	3,026,552	—	—	—	—	3,476,421	3,026,552	—	—
Financial liabilities measured at fair value													
Derivative financial instruments	18	31,176	15,059	—	—	52,726	392,849	—	—	83,902	407,908	83,902	407,908
Total		31,176	15,059	—	—	52,726	392,849	—	—	83,902	407,908	83,902	407,908
Financial liabilities not measured at fair value													
Trade payables	11	—	—	—	—	—	—	3,548,193	1,217,740	3,548,193	1,217,740	—	—
Loans and borrowings (*)	12	—	—	—	—	—	—	10,315,291	11,788,933	10,315,291	11,788,933	10,388,652	11,788,933
Lease liabilities	14	—	—	397,177	216,427	—	—	—	—	397,177	216,427	—	—
Total		—	—	397,177	216,427	—	—	13,863,484	13,006,673	14,260,661	13,223,100	10,388,652	11,788,933

(*) The amount does not include transaction costs.

b. Measurement of fair value

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

The fair value of restricted cash, related party loans, 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 loans and borrowings 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 fair value of trade payables and lease payables approximate their book value as they are subject to variable interest rates and there has been no significant change in FS' credit risk.

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, mainly, to swaps of interest rates, foreign exchange forward contracts. The valuation techniques applied often include pricing models and swaps contracts, with present value calculations. The models incorporate various data, including the credit quality of counterparties, foreign exchange spot, and forward rates and interest 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: prices quoted (without adjustments) in active markets for identical assets and liabilities;
- Level 2: other techniques for which all data that has significant effect on the recorded fair value is observable, either directly or indirectly; and
- Level 3: techniques that use data that have a significant effect on fair value that are not based on observable market data.

There were no transfers between levels during the period ended December 31, 2023.

c. Financial risk management

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

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

(i) Risk management structure

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



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	12/31/2023	03/31/2023
Cash and cash equivalents	4	1,914,600	1,374,855
Financial investments	5	—	3,109,084
Restricted cash	6	2,917,970	2,296,174
Trade and other receivables	7	278,034	271,314
Trade receivables with related parties	28	11,781	166,435
Intercompany loans	28	263,617	288,452
Derivative financial instruments	18	40,293	40,478
Other credits		8,288	36,466
Judicial deposits	16	5,019	4,177
Total		5,439,602	7,587,435

Cash and cash equivalents

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

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

Derivatives

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

Trade and other receivables

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

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

- a) Market information (Serasa and network with other companies of the sector);
- b) b) Financial analysis of on financial statements of counterparty position ; and



c) Constitution of guarantees through a rural producer note (CPRs), 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 are as follows:

	Note	12/31/2023	03/31/2023
Trade payables	11	3,548,193	1,217,740
Loans and borrowings (*)	12	10,315,291	11,788,933
Lease liabilities	14	397,177	216,427
Derivative financial instruments	18	83,902	407,908
Total		14,344,563	13,631,008
Current		6,521,227	5,904,892
Non-current		7,526,054	7,559,413

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

december 31, 2023	Book value	Contractual Cash Flow	Until 12 months	1 to 2 years	Above 3 years
Trade payables	3,548,193	3,694,297	3,677,698	98	16,501
Loans and borrowings (*)	10,315,291	13,592,672	3,560,518	3,972,663	6,059,491
Lease liabilities	397,177	651,731	86,385	82,069	483,277
Derivative financial instruments	83,902	(59,329)	(111,409)	44,047	8,032
Total	14,344,563	17,879,371	7,213,192	4,098,877	6,567,301

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

(*) The amount does not include transaction costs.

Price risk

Due to 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 outstanding as of December 31, 2023:

Notes to the condensed combined interim financial statements

(In thousand of Reais)



Derivatives	Purchased/ Sold	Market	Contract	Maturity	Currency	Notional	Fair value as of 12/31/2023
Forward contract	Sold	B3	Corn	01/31/2024	BRL	16,307	1,081
Forward contract	Purchased	B3	Corn	01/31/2024	BRL	1,203	(89)
Total Derivative Financial Instrument							992

Sensitivity analysis – commodity price risk

Based on US dollar exchange rate on December 31, 2023, traded at B3 (Brazilian exchange), a probable scenario (level 1) was defined to calculate the exchange rate variation impact in assuming every other variable is held constant, and based on this, changes of 25% (level 2) and 50% (level 3) are, as detailed below:

Instruments on December 31, 2023	Contract	Value	Corn Bag	Probable	Appreciation (R\$)		Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
				In Reais	25%	50%	25%	50%
Financial assets								
Forward contract	Corn	1,081	37.79	1,081	1,351	1,622	811	541
Financial liabilities								
Forward contract	Corn	(89)	37.79	(89)	(111)	(134)	(67)	(45)
Total				992	1,240	1,488	744	496
Impact on net income and equity					248	496	(248)	(496)

Market risk

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

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

Foreign 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 condensed combined interim financial statements

(In thousand of Reais)

	Financial Assets	12/31/2023		03/31/2023	
		R\$	USD	R\$	USD
Financial assets					
Cash and cash equivalents	4	226,732	46,833	29,698	5,846
Total return swap (TRS)	5	—	—	3,109,084	611,976
Derivative financial instruments	18	3,316	20,845	602,710	118,634
Total financial assets		230,048	67,678	3,741,492	736,456
Financial liabilities					
Loans for investments (*)	12	(2,317,623)	(478,719)	(6,374,590)	(1,254,742)
Loans for working capital (*)	12	(305,146)	(63,030)	(141,917)	(27,934)
Derivative financial instruments	18	(79,075)	381,155	(569,388)	(112,075)
Total financial liabilities		(2,701,844)	(160,594)	(7,085,895)	(1,394,751)
Net exposure			(185,832)		(1,316,590)

(*) The amount does not include transaction costs.

Hedge accounting effects.

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

Type	Date of Operation	Due date	Deadline	Contract	Notional	Fair value on 2023
Swap	12/08/2020	12/09/2025	1,827	USD	300,000	(52,726)

FS formally designates its hedge accounting operations, documenting: (i) the hedge relationship; (ii) FS objective and risk management strategy in adopting the hedge; (iii) the identification of the financial instrument; (iv) the covered purpose or transaction; (v) the nature of the risk to be covered; (vi) the description of the hedging ratio and (vii) the demonstration of the correlation between the hedge and the hedging object, as determined in the Technical Pronouncement CPC 48 (IFRS 9) – Financial instruments.

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

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

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

The effective portion of the changes in the fair value of derivatives in the fair value of derivatives designated and classified as cash flow hedge are recorded as a component of "other comprehensive income". As of December 31, 2023, the balance recorded in other comprehensive income was R\$ 98,436, net of income tax and social contribution. The loss related to the non-effective portion, when calculated, is recognized immediately in the results, in the period ended December 31, 2023, the total amount of the loss was R\$ 5.168.



Effect of fair value recognized on parent company's net investment	
Balance as of March 31, 2023	(11,471)
Unearned results from cash flow hedges and recognized on parent company's net investment	166,526
Deferred income and social contribution taxes	(56,619)
Balance as of December 31, 2023	98,436

Cash flow sensitivity analysis – foreign exchange risk

Based on US dollar exchange rate on December 31, 2023, a probable scenario (level 1) was defined to calculate the exchange rate impact in assuming every other variable is held constant, and based on this, changes of 25% (level 2) and 50% (level 3) are, as detailed below:

Instruments in December, 31 2023	Currency	Carrying amount	Exchange rate	Probable	Appreciation (R\$)		Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
				In reais	25%	50%	25%	50%
Financial assets								
Cash and cash equivalents	USD	46,833	4.8413	226,733	283,416	340,099	170,049	113,366
Derivative financial instruments	USD	20,845	4.8413	100,917	126,146	151,375	75,688	50,458
Financial liabilities								
Loans for working capital*	USD	(63,030)	4.8413	(305,147)	(381,434)	(457,721)	(228,860)	(152,574)
Loans for investments*	USD	(478,719)	4.8413	(2,317,622)	(2,897,028)	(3,476,433)	(1,738,217)	(1,158,811)
Derivative financial instruments	USD	381,155	4.8413	1,845,286	2,306,607	2,767,929	1,383,964	922,643
Total		(92,916)		(449,833)	(562,293)	(674,751)	(337,376)	(224,918)
Impact on income statement and net parent investment					112,460	224,918	(112,457)	(224,915)

(*) The amount does not include transaction costs.

Reference: Ptax (exchange rate) information was obtained from the BACEN (Central Bank of Brazil), considering the last business day of December 2023.

Interest rate risk

FS is exposed to the interest rate risk in transactions related to financial investments and loans indexed to CDI.

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

Financial instruments	Note	12/31/2023	03/31/2023
Financial investments - CDB	4	1,667,945	1,338,258
Restricted cash	6	2,917,970	2,296,174
Loans for investments (*)	12	(1,796,242)	(1,642,591)
Loans for working capital (*) (**)	12	(5,896,280)	(3,629,835)
Total		(3,106,607)	(1,637,994)

(*) The amount does not include transaction costs.

(**) All working capital loans are exposed to CDI.

Interest rate risk on financial assets and liabilities - sensitivity analysis

Based on the CDI rate in effect on December 31, 2023, a probable scenario (level 1) was defined to calculate the interest income for the period, 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:

Notes to the condensed combined interim financial statements

(In thousand of Reais)



Financial instruments	Combined	Risk	Probable		Appreciation (R\$)		Depreciation (R\$)	
	Exposure at 12/31/2023		(Level 1)		(Level 2)	(Level 3)	(Level 2)	(Level 3)
Financial assets and liabilities			%	Value in Reais	25%	50%	25%	50%
Cash and cash equivalents	1,667.945	CDI	11.65	194,316	242,895	291,474	145,737	97,158
Restricted cash	2,917.970	CDI	11.65	339,944	424,930	509,916	254,958	169,972
Loans for working capital*	(5,896.280)	CDI	11.65	(686,917)	(858,646)	(1,030,376)	(515,188)	(343,459)
Loans for investments	(1,796.242)	CDI	11.65	(209,262)	(261,578)	(313,893)	(156,947)	(104,629)
Total	(3.106.607)			(361,919)	(452,399)	(542,879)	(271,440)	(180,958)
Impact on income and equity					90,480	180,960	(90,479)	(180,961)

(*) 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 December 2023

Derivative financial instruments

FS has operations that may be impacted by the variation of foreign currencies. Among these exposures is a USD denominated loan for investments net of USD USD 474.216 (R\$ 2.295.850) as of December 31, 2023, and USD 624.552 (R\$ 3.172.971) as of March 31, 2023.

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

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

Notes to the condensed combined interim financial statements

(In thousand of Reais)



Type	Sold/ Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 12/31/2023
NDF	Soybean	11/01/2023	01/02/2024	62	USD	9,900 (st)	2,165
NDF	Corn	01/06/2024	03/18/2024	72	BRL	20,007 (ton)	2,440
NDF	USD	11/13/2023	03/28/2024	136	USD	10,945	1,151
Swap	IPCA x CDI	09/15/2021	09/15/2025	1,461	BRL	300,000	25,141
Swap	IPCA x CDI	02/03/2023	02/15/2029	2,204	BRL	300,000	4,634
Forward contract	Ethanol	03/07/2023	01/31/2024	330	BRL	14,700 m ³	3,681
Forward contract	Corn	12/29/2023	01/31/2024	33	BRL	16,307,000	1,081
Total Derivative financial instruments (assets)							40,293
Current							10,518
Non- current							29,775

Type	Sold/ Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 12/31/2023
Forward contract	Ethanol	03/07/2023	12/31/2024	665	BRL	7,800 m ³	(3,673)
NDF	Soybean	12/06/2023	01/02/2024	27	USD	6,600 (st)	(292)
NDF	USD	11/13/2023	03/28/2024	136	USD	14,555	(463)
Swap	USD x BRL	12/08/2020	12/09/2025	1,827	USD	300,000	(52,726)
Swap	USD x BRL	05/30/2023	05/24/2024	360	USD	60,000	(25,595)
Swap	Pré x CDI	08/16/2023	08/15/2025	730	BRL	100,000	(1,065)
Forward contract	Corn	12/29/2023	01/31/2024	33	BRL	1,203,000	(89)
Total Derivative financial instruments (liabilities)							–
							(83,902)

Type	Index	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2023
Forward contract	Corn	03/31/2023	05/30/2023	60	Corn	28	4,621
Forward contract	Ethanol	03/07/2023	12/29/2023	297	USD	6,000 m ³	46
NDF	USD	11/04/2022	08/30/2023	299	USD	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
Total Derivative financial instruments (assets)							40,478

Type	Index	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2023
Forward contract	Purchased	03/31/2023	05/30/2023	—	Corn	24,342	(1,977)
NDF	USD	05/11/2023	10/30/2023	—	USD	92,388	(3,942)
Swap	USD x CDI	12/08/2020	12/09/2025	2	USD	350,000	(392,849)
Swap	Pré x CDI	03/29/2023	03/22/2024	—	BRL	100,000	(760)
Swap	USD x CDI	09/14/2022	06/12/2023	—	USD	27,000	(8,380)
Total Derivative financial instruments (liabilities)							(407,908)



Income from derivative financial instruments

FS recorded the gains and losses on these transactions in the statement of income for period, as detailed below:

	Note	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Gain with derivative operations	26	190,304	211,121	65,077	498,706
Losses with derivative operations	26	(241,989)	(535,385)	(240,737)	(545,149)
Losses with derivative operations (corn marketing)	22	(15,214)	151	(13,100)	(19,591)
Total		(66,899)	(324,113)	(188,760)	(66,034)

19. Income taxes and social contribution

a. Income tax and social contribution payable

	12/31/2023	03/31/2023
Income tax recoverable (IRPJ)	—	38,772
Income tax recoverable (CSLL)	—	21,044
Total	—	59,816

Notes to the condensed combined interim financial statements

(In thousand of Reais)



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	
	12/31/2023	03/31/2023	12/31/2023	03/31/2023	12/31/2023	03/31/2023	04/01/2023 a 12/31/2023	04/01/2022 a 12/31/2022
Net deferred tax assets								
Allowance for expected losses on credit	142	2	—	—	—	—	140	3
Bonus provision	7,253	12,985	—	—	—	—	(5,732)	(470)
Trade payables provision	11,145	1,524	—	—	—	—	9,621	1,333
Capitalized loan interest	—	—	(72,311)	(40,054)	—	—	(32,257)	8,078
Transaction costs	—	—	(93,663)	(57,571)	—	—	(36,092)	(11,317)
Derivative financial instruments	14,125	138,807	—	(25,680)	50,710	(5,909)	(42,383)	(164,707)
Right of use and lease liabilities	135,040	110,347	(132,814)	(110,890)	—	—	2,769	(346)
Adjustment to present value	10,757	6,154	—	(1,893)	—	—	6,496	4,878
Adjustment to fair value - biological assets	—	—	—	—	—	—	—	11,053
Tax losses carryforwards	433,294	5,682	—	—	—	—	427,612	3,543
Depreciation	—	—	(339,540)	(282,772)	—	—	(56,768)	(62,549)
Unearned gains losses (**)	192,306	196,843	—	—	—	—	(4,537)	197,200
Others	11,064	13,287	(24,839)	(26,216)	—	—	(847)	(20,179)
Subtotal	815,126	485,631	(663,167)	(545,076)	50,710	(5,909)	268,022	(33,480)
Offsetting (*)	(663,167)	(485,631)	663,167	485,631	—	—	—	—
Total	151,959	—	—	(59,445)	50,710	(5,909)	268,022	(33,480)

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

(**) Refers to deferred tax calculated on the unrecognized gain upon the sale of assets by FS Ltda. to FS S.A., which took place in June 2022.



c. Effective rate reconciliation

Deferred taxes are calculated based on income and social contribution tax rates in the total of 34%.

Deferred tax resulting from the adjustment to present value has been amortized, in line with the maturity of the financial transactions that generated it.

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Effective rate reconciliation				
(loss) Profit before income and social contribution taxes	(216,143)	(534,019)	194,988	918,834
Nominal rate	34 %	34 %	34 %	34 %
Tax expense at nominal rate	73,489	181,566	(66,296)	(312,404)
Adjustment of income and social contribution taxes				
PRODEIC	22,665	41,821	30,262	54,973
CBIOs	12,594	53,477	2,845	21,885
Tax incentive - (PAT)	—	—	130	3,000
Others	(7,760)	1,885	(1,835)	(7,700)
Income taxes and social contribution	100,987	278,749	(34,894)	(240,246)
Reconciliation with values presented in the income statement				
Current income and social contribution taxes	366	10,727	(6,833)	(206,766)
Deferred income and social contribution taxes	100,621	268,022	(28,061)	(33,480)
Tax and social contribution	100,987	278,749	(34,894)	(240,246)
Tax incentives on income tax	429	(5,286)	8,229	31,293
Income tax and social contribution in the period	101,416	273,463	(26,665)	(208,953)
Effective rate	47 %	51 %	14 %	23 %

Realization

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

20. Information by segment

Base for segmentation

FS has four strategic divisions which are its reportable segments, grouped into industrial activities and marketing. These divisions offer different products and are managed separately as they require different sales strategies. Management makes its decisions based on internal and segmented reports, 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	Type of activity	Operations
Ethanol	Industrial	Sales of anhydrous and hydrous ethanol
Animal nutrition	Industrial	Sales of DDG (Distiller's dried grains) and corn oil
Energy	Industrial	Sale of energy and generated steam
Marketing	Marketing	Sale of corn purchased from third parties

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

Information about reportable segments

For analysis of the reportable segment results and for decisions about pricing, FS Management evaluates the net revenue, less the logistics costs (freight expenses) of sales.

Management's decision on allocating resources and monitoring the performance of each segment, is based on net revenue less freight expenses. Products sold by FS relating to industrial activities derive from the same production process – corn crushing – and therefore management does not allocate operating costs and expenses between the segments in its internal reporting, but segregates the costs directly attributable to industrial and marketing activities, to assess the gross margin per activity. In addition, FS' assets and liabilities are not allocated by segment.

The result by segment in the period was as follows:

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(In thousand of Reais)

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Anhydrous	628,264	2,002,286	530,596	1,739,778
Hydrous	654,567	1,496,363	459,933	1,376,554
Total ethanol segment	1,282,831	3,498,649	990,529	3,116,332
High protein	168,600	496,387	151,243	457,788
High fiber	75,572	258,427	85,909	267,234
Wet cake	48,639	166,286	49,852	154,731
Corn oil	86,917	214,565	75,004	225,757
Total animal nutrition segment	379,728	1,135,665	362,008	1,105,510
Energy	5,946	14,387	6,056	11,425
Steam	1,629	4,469	1,046	3,154
Total energy co-generation segment	7,575	18,856	7,102	14,579
Total net revenue from industrial segments (A)	1,670,134	4,653,170	1,359,639	4,236,421
Corn	223,418	549,883	326,854	865,371
Ethanol	50,634	52,416	—	—
Energy	6,014	17,295	6,284	19,382
Total net revenue from marketing segments (B)	280,066	619,594	333,138	884,753
Total net revenue from segments (A+B)	1,950,200	5,272,764	1,692,777	5,121,174
Freight on sales (reclassification) (C) (1)	326,834	828,979	198,388	563,330
Total net revenue	2,277,034	6,101,743	1,891,165	5,684,504
Cost of goods sold - (Industrial) (D)	(1,571,303)	(4,088,148)	(1,015,495)	(2,814,962)
Cost of goods sold - (Marketing) (E)	(263,145)	(531,803)	(305,340)	(825,480)
Cost of goods sold	(1,834,448)	(4,619,951)	(1,320,835)	(3,640,442)
Gross profit (Industrial) (A+D)	98,831	565,022	344,144	1,421,459
Gross profit (Marketing and service) (B+E)	16,921	87,791	27,798	59,273
Freight on sales (reclassification) (C) (1)	326,834	828,979	198,388	563,330
Gross profit	442,586	1,481,792	570,330	2,044,062
Operational expenses (2)	(14,339)	(66,803)	109,929	317,672
Freight on sales (C) (1)	(326,834)	(828,979)	(198,388)	(563,330)
Total operational expenses	(341,173)	(895,782)	(88,459)	(245,658)
Net finance costs	(317,556)	(1,120,029)	(286,883)	(879,570)
(Loss) profit before income and social contribution taxes	(216,143)	(534,019)	194,988	918,834

(1) Reclassification of logistic expenses on sales of products, that is reported by Management in net revenue.

(2) Operational expenses include: selling expenses administrative expenses and other results.

For the period ended December 31, 2023, the FS had customers that represented over 10% of its net revenue. The main 5 customers account for approximately 51,8% of gross revenue, the two largest with percentages of 30,6% e 9,6%

21. Net revenue

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Domestic market				
Ethanol	1,298,213	3,731,401	1,087,194	3,379,125
DDG	363,426	1,107,282	323,746	990,724
Corn oil	99,555	238,769	78,637	238,448
Energy	5,946	14,387	6,056	11,425
Corn marketing	301,251	783,171	385,018	1,039,060
Energy resale	6,014	17,295	6,284	19,382
Ethanol marketing	54,069	56,279	—	—
Others	1,628	4,469	1,043	3,153
Total domestic market	2,130,102	5,953,053	1,887,978	5,681,317
Foreign market				
Ethanol	146,796	146,796	—	—
Corn oil	—	1,758	3,187	3,187
DDG	136	136	—	—
Total foreign market	146,932	148,690	3,187	3,187
Net revenue	2,277,034	6,101,743	1,891,165	5,684,504

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Gross operating revenue	2,474,630	6,568,766	1,996,216	6,012,411
Deductions				
Sales tax and other deductions	(171,832)	(384,581)	(78,850)	(283,095)
Return of sales	(25,764)	(82,442)	(26,201)	(44,812)
Net revenue	2,277,034	6,101,743	1,891,165	5,684,504

22. Cost of goods sold 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 periods ended December 31, 2023 and 2022:

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Corn	(1,239,332)	(3,277,391)	(830,681)	(2,280,008)
Biomass	(123,233)	(288,269)	(63,316)	(180,085)
Labor	(30,531)	(78,813)	(17,255)	(52,751)
Enzymes	(24,502)	(64,661)	(17,403)	(49,712)
Depreciation	(69,773)	(173,943)	(34,348)	(96,879)
Production	(24,411)	(62,972)	(13,665)	(43,521)
Chemicals	(32,359)	(82,176)	(23,000)	(66,801)
Maintenance	(24,862)	(55,037)	(14,737)	(42,311)
Lab	(2,300)	(4,886)	(1,090)	(2,894)
Cost of product sold	(1,571,303)	(4,088,148)	(1,015,495)	(2,814,962)
Corn marketing	(192,602)	(466,841)	(286,997)	(793,411)
Energy resale	(5,352)	(13,424)	(5,243)	(12,478)
Ethanol resale	(49,977)	(51,689)	—	—
Gain (losses) on derivatives	(15,214)	151	(13,100)	(19,591)
Cost of goods sold	(263,145)	(531,803)	(305,340)	(825,480)
Total	(1,834,448)	(4,619,951)	(1,320,835)	(3,640,442)

23. Selling expenses

Expenses incurred in the process of selling are as follows:

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Expenses with freight on sales	(326,834)	(828,979)	(198,388)	(563,330)
Personnel expenses	(8,962)	(29,006)	(10,957)	(25,361)
Expenses with contracted services	(1,212)	(3,729)	(802)	(2,906)
Allowance for expected credit losses	(290)	(413)	(10)	(8)
Travel expenses	(530)	(1,407)	(285)	(994)
Depreciation and amortization expenses	(512)	(1,493)	—	—
Other selling expenses	(903)	(2,548)	(709)	(1,993)
Total	(339,243)	(867,575)	(211,151)	(594,592)

24. Administrative expenses

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

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Personnel expenses	(29,718)	(70,273)	(24,794)	(57,261)
Expenses with contracted services	(11,115)	(38,319)	(13,226)	(30,385)
Depreciation and amortization expenses	(2,939)	(9,054)	(3,023)	(7,157)
Travel expenses	(2,604)	(8,439)	(2,210)	(6,195)
Expenses with taxes and fees	(618)	(1,375)	(249)	(1,180)
Office expenses	(4,847)	(8,036)	(778)	(2,928)
Other operating income (expenses)	(5,189)	(14,583)	(4,195)	(11,168)
Total	(57,030)	(150,079)	(48,475)	(116,274)

25. Other results

Other results incurred in the period are presented as follows:

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Other revenues				
Carbon credit (CBIOS)	36,610	109,313	27,253	92,223
Gain (loss) on the sale of assets and rights (*)	8,989	20,124	79,736	251,037
Other income	10,529	21,010	10,958	12,830
Fair value of biological assets	—	—	—	4,419
Revenue from extemporaneous credit	6,750	14,194	53,314	110,836
Total	62,878	164,641	171,261	471,345
Others expenses				
Tax reversals (**)	(1,674)	(28,939)	—	—
Donations	(153)	(896)	(31)	(1,147)
Other expenses	(5,951)	(12,934)	(63)	(4,990)
Total	(7,778)	(42,769)	(94)	(6,137)
Other results	55,100	121,872	171,167	465,208

(*) As of December 31, 2022, gains on the sale of assets and rights mainly comprises the gain on the sale of forest assets totaling R\$ 170,222, as a result of a purchase and sale agreement between FS Ltda and FS Florestal S.A.

(**) The total accumulated in nine months ended December 31, 2023 is composed by: (i) R\$ 14,194 (R\$ 57,522 in December 31, 2022) related to the PIS and COFINS tax credits. The FS has filed a writ of mandamus to ensure the right to not include the ICMS in the PIS/COFINS base for the ethanol sales. FS believes, supported by its legal advisors, that due to the final judgment by the STF on this matter, the chances of success are virtually certain. (ii) R\$ 53,314 for the period ended December 31, 2022 of the ICMS credit granted by the State of Mato Grosso through Decree No. 201/2022 due to the state of emergency established by the art. 120 of the Temporary Constitutional Provisions Act issued by Federal Government, as a results of the extraordinary and unpredictable rise in the prices of oil, fuels, and their derivatives and the social impacts in the year 2022.



26. Net financial costs

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Finance income				
Interest over short term investments	130,494	472,677	177,365	496,067
Discounts obtained	1,518	7,918	412	1,411
Adjustment to present value - receivables	18,601	55,359	4,687	14,419
Gain with derivative operations	189,720	210,537	65,077	498,706
Interest income	1,303	15,931	4,979	21,083
Total	341,636	762,422	252,520	1,031,686
Finance expenses				
Interest expense on loans	(298,951)	(981,066)	(286,287)	(820,518)
Reverse factoring interest	(114,034)	(171,757)	—	(6,278)
Adjustment to present value - trade payables	(20,779)	(103,028)	(39,791)	(96,440)
Present value adjustment - lease obligations	(12,178)	(32,613)	—	—
Interest on advance receivables	(17,406)	(77,276)	—	—
Bank fees	(465)	(1,291)	(26,161)	(8,812)
Taxes (IOF)	(849)	(2,354)	(716)	(1,513)
Losses with derivative operations	(244,071)	(537,467)	(240,737)	(545,149)
Others	(34,145)	(115,628)	(65,458)	(138,555)
Total	(742,868)	(2,022,470)	(659,150)	(1,617,265)
Foreign exchange rate variation				
Income foreign exchange rate variation	(1,135,270)	(1,033,967)	75,858	230,465
Expense foreign exchange rate variation	1,218,946	1,173,986	43,889	(524,456)
Total	83,676	140,019	119,747	(293,991)
Net finance income (costs)	(317,556)	(1,120,029)	(286,883)	(879,570)

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 December 31, 2023, and 2022, is presented according to the following breakdown:

	10/01/2023 to 12/31/2023	04/01/2023 to 12/31/2023	10/01/2022 to 12/31/2022	04/01/2022 to 12/31/2022
Net exchange variations of payables				
Foreign exchange rate variation of trade payables - unrealized	—	—	—	4,757
Foreign exchange rate variation of trade payables - realized	(4,347)	(13,763)	(365)	(927)
Total	(4,347)	(13,763)	(365)	3,830
Net exchange variations of loans				
Foreign exchange rate variation on loan unrealized	3,840	1,373	123,598	(294,335)
Foreign exchange rate variation on loan - realized	33,817	129,335	(3,486)	(3,486)
Foreign exchange rate variation on related party loans - unrealized	50,366	40,368	—	—
Foreign exchange rate variation on related party loans - realized	—	(17,294)	—	—
Total	88,023	153,782	120,112	(297,821)
Net foreign exchange variation	83,676	140,019	119,747	(293,991)

27. Commitments

The FS has the following commitments effective on December 31, 2023:

Sale				
Product	Unit	Quantity	Price	Term
Ethanol	m ³	637,603	Current market prices	May, 2024
Steam	ton.	56,433	R\$ 114.45	March, 2025
DDG	ton	1,406,462	R\$ 471.28	March, 2026
Oil	ton	4,264	R\$ 3,722.60	January, 2024
Energy	MWh	446,256	R\$ 159.70	December, 2025

Purchase				
Product	Unit	Quantity	Price	Term
Energy	MWh	197,904	R\$ 149.30	December, 2025
Corn	ton.	1,703,531	R\$ 43.95 per bag	December, 2024
Corn marketing	ton.	1,910	R\$ 44.71 per bag	March, 2024
Eucalyptus	Stereo meter	6,367	R\$ 46.45	September, 2038
Purchase of equipment and services	—	—	R\$ 55,562	—

28. Related parties

a. Ultimate parent

In the periods ended December 31, 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 periods ended December 31, 2023, and 2022, short-term benefits (salaries, profit sharing, medical care, housing, among others) were accrued to managers and recorded under 'Personnel Expenses'.

The remuneration of key management personnel comprises:

	01/10/2023 a 31/12/2023	01/04/2023 a 31/12/2023	01/10/2022 a 31/12/2022	01/04/2022 a 31/12/2022
Short term benefit	4,452	13,543	3,531	15,782



c. transaction with related parties

The Company maintains balances with related parties referring to the sale or purchase of DDG and assets, services, corn, lease payables and loans in the period:

	Note	Other related parties		Non-controlling		Related parties		Total	
		12/31/2023	03/31/2023	12/31/2023	03/31/2023	12/31/2023	03/31/2023	12/31/2023	03/31/2023
Trade and other receivables	7	4,101	164,251	7,680	2,184	—	—	11,781	166,435
Related parties' loans (i)		—	—	65,904	70,804	197,712	217,648	263,616	288,452
Advances to suppliers	14	101	5,277	192	191	—	—	293	5,468
Right of use	9	107,703	—	90,858	—	—	—	198,561	—
Total assets		107,804	5,277	156,954	70,995	197,712	217,648	462,470	293,920
Trade Payables (ii)	12	202,480	5,276	174,295	192			376,775	5,468
Lease payables (iii)	15	117,783	98,579	—	—			117,783	98,579
Advance from customers	14	213	111,631					213	111,631
Total liabilities		320,476	215,486	174,295	192	—	—	494,771	215,678

(i) On October 5, 2021, FS Lux, a subsidiary of FS Ltda., granted to 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) Refers mainly to the acquisition of grains (corn)

(iii) Refers to the lease of warehouses for storing corn and 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:

Nature of relationship	Cost	
	04/01/2023 to 12/31/2023	04/01/2022 to 12/31/2022
Other related parties	435,508	120,718
Corn	348,287	109,658
Corn marketing	29,862	—
Biomass	31,785	—
Warehouse monthly rent	21,122	—
Corn oil	1,834	—
Others	2,618	11,060
Non-controlling	380	41,325
Corn	380	41,325
Total	435,888	162,043

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

Nature of relationship	Revenue	
	04/01/2023 to 12/31/2023	04/01/2022 to 12/31/2022
Other related parties	108,977	530,393
Revenue from sale of farms and biomass	—	412,925
Airplan	32,008	—
Corn oil	40,597	—
Corn	15,598	109,658
Corn marketing	330	—
Ethanol anhydrous	1,867	—
Ethanol hydrous	6,569	—
Biomass	210	637
Wet Cake	7	—
High protein	1,618	—
High fiber	—	3,698
Steam	5,567	3,475
Others	4,606	—
Non-controlling	19,303	41,372
Corn	—	41,325
Warehouse monthly rent	5,600	—
Ethanol hydrous	4,027	—
Wet Cake	9,396	—
High protein	265	—
High fiber	—	47
Others	15	—
Total	128,280	571,765

Notes to the condensed combined interim financial statements

(In thousand of Reais)



During the quarter ended December 31, 2023, FS Ltda. 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 with FS Florestal S.A.

e. Other related parties

FS is the guarantor of certain related party's loans, being jointly liable in those transactions. As of December 31, 2023, the total amount of guarantees was:

	12/31/2023	03/31/2023
FS Florestal S.A.	1,008,941	738,492
FS Infraestrutura S.A.	146,563	113,251
Total	1,155,504	851,743

Of the total of guarantees, R\$ 2,222,753 refers to financial investments collateral that is disclosed as Restricted Cash, see note 6.

29. Statements of cash flows

For the periods ended December 31, 2023 and 2022, property, plant and equipment were acquired at a total net cash outflow of R\$ 731,477 and R\$ 890,809, respectively, as follows (see note 10):

	Note	04/01/2023 to 12/31/2023	04/01/2022 to 12/31/2022
Cost of acquisition of fixed assets	10	780,832	1,506,518
Movement of payables related to fixed assets	11	158,639	(473,817)
Capitalization of borrowing costs	12	(15,995)	(95,860)
Right of use	14	(210,436)	(50,190)
Others		18,437	4,158
Net acquisition of property, plant and equipment		731,477	890,809

30. Subsequent events

i. Issuance of CRA (Certificado de Recebíveis do Agronegócio)

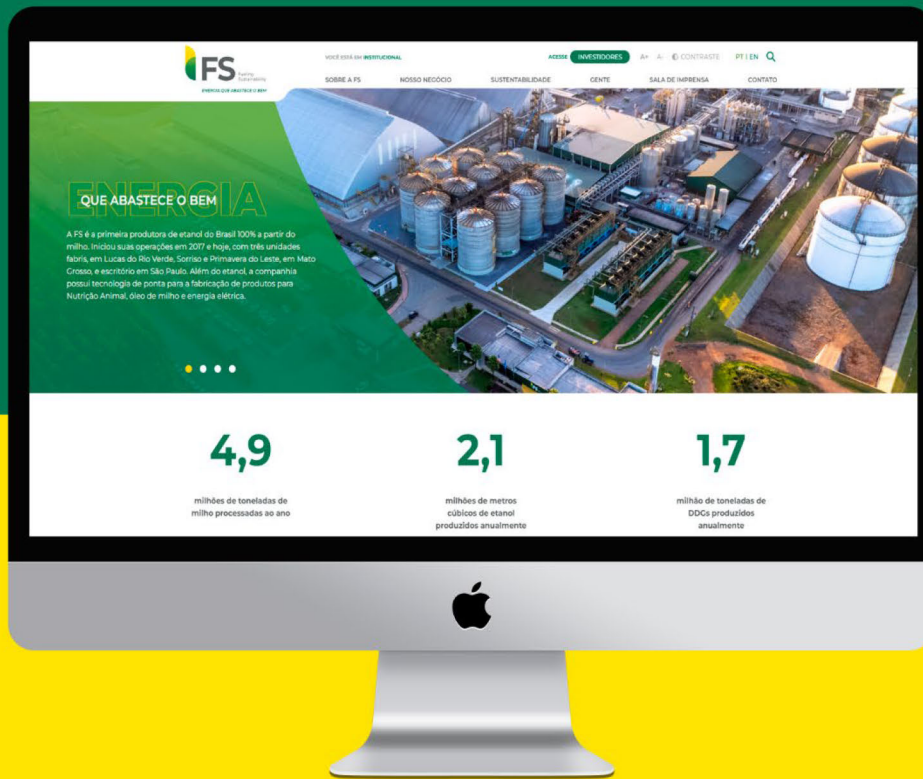
In January 2024, FS Ltda. issued an CRA (Certificado de Recebíveis do Agronegócio) in the amount of R\$ 868,000, in 4 series. The 1st series has a maturity of 5 years with a fixed remuneration of 12.45% p.y., and the 2nd, 3rd, and 4th series have a maturity of 6.5 years with remuneration of CDI+2.0%, fixed 13.20% p.y, and IPCA + 7.3302% p.y., respectively. Interest payments for all series are monthly.

ii. Green Bond offering

In February 2024, FS Lux completed the refinancing process of the Green Bond maturing in 2025 ('Green Bond 2025') through (i) the issuance of a new Green Bond in the amount of US\$ 500,000, with a maturity of 7 years, yielding at a cost of US\$+8.875% p.y., and (ii) the repurchase of the Green Bond 2025 in the total amount of US\$ 315,500.

iii. Loan agreement with BNDES

On January 2024, FS S.A. entered into a financing agreement with BNDES (Brazilian Development Bank) for a total amount of R\$ 490,000, with the disbursement of the first tranche of R\$ 359,000 expected to be completed by the end of February 2024. The loan will be subject to the Selic interest rate, plus fixed interest of 3.33% p.y., maturing in February 2040 (a 16-year term), with a 3-year grace period before commencing principal payments. The funds will be allocated for reimbursing the investments made by FS S.A. in equipment at the Primavera do Leste plant, which will serve as collateral for the loan. As of the date of the financial statements issuance, the credit is pending release for FS.S.A.



fsfuelingsustainability

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