

Periods Definition

1Q22: April to June 2021

1Q23: April to June 2022

Earnings Release 1Q23

 August 29th, 2022

Lucas do Rio Verde - MT, August 29th, 2022 - FS Indústria de Biocombustíveis Ltda ("FS Ltda") and FS I Indústria de Etanol S.A. ("FS S.A.") (combined as "Company" or "FS"), leading producers of corn ethanol (anhydrous and hydrous), animal nutrition and bioenergy, announce their results for the first quarter ("1Q23") of the fiscal year 2023 ("FY23"), ended June 30th, 2022. The results of previous periods, prior to the corporate reorganization, represent data only of FS Ltda, and 1Q23 results consider the combined structure with both companies. FS combined financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and with the accounting practices adopted in Brazil, however, are presented here in a managerial format to better explain the Company's performance.

1Q23 HIGHLIGHTS

- **Net revenue: BRL 1,886.6 million** (+45.7%).
- **EBITDA: BRL 676.0 million** (+28.5%) or BRL 2.203/liter of ethanol sold, with margin of 35.8% (-4.8 p.p.)
- **Net profit: BRL 267.2 million**, with 14.2% margin.
- **Capex: BRL 418.5 million**, of which BRL 399.5 million in growth capex
- **Net debt: BRL 3,294.5 million**, or 1.19x LTM EBITDA, a de-leveraging of 0.35x
- On June 20th, 2022 Moody's upgraded FS Ltda's LT Corporate Family rating in the Global Scale from 'B1' to 'Ba3', with a stable outlook.
- On June 30th, 2022 FS Ltda sold the assets of Primavera do Leste Plant ("PDL Plant") and future projects to FS S.A. as part of the corporate reorganization.
- **Subsequent events:** On July 27th, 2022, Moody's upgraded FS Ltda rating in the Local Scale from 'A+.br' to 'AA-.br', with a stable outlook.

Financial highlights (in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Net revenue	1,294,609	1,886,597	45.7%
Cost of goods sold	(685,976)	(1,084,075)	58.0%
Gross profit	608,633	802,522	31.9%
Gross margin	47.0%	42.5%	(4.5 p.p.)
Selling, general & administrative expenses	(113,772)	(159,389)	40.1%
EBIT	494,861	643,133	30.0%
EBIT margin	38.2%	34.1%	(4.1 p.p.)
Depreciation and amortization	31,341	32,864	4.9%
EBITDA	526,202	675,997	28.5%
EBITDA margin	40.6%	35.8%	(4.8 p.p.)
Net profit	506,589	267,249	(47.2%)
Net margin	39.1%	14.2%	(25.0 p.p.)
EBITDA minus maintenance capex	521,923	668,144	28.0%
Net debt	2,333,439	3,294,535	41.2%
EBITDA (LTM)	1,515,551	2,771,562	82.9%
Net debt / EBITDA (LTM)	1.54 x	1.19 x	(0.35 x)

CORPORATE REORGANIZATION

In 1Q23, the Company executed a corporate reorganization that began with the incorporation of FS S.A., an affiliated company to FS Ltda., with the same shareholders and controlling group as FS Ltda., but with no cross-equity holdings between the two companies.

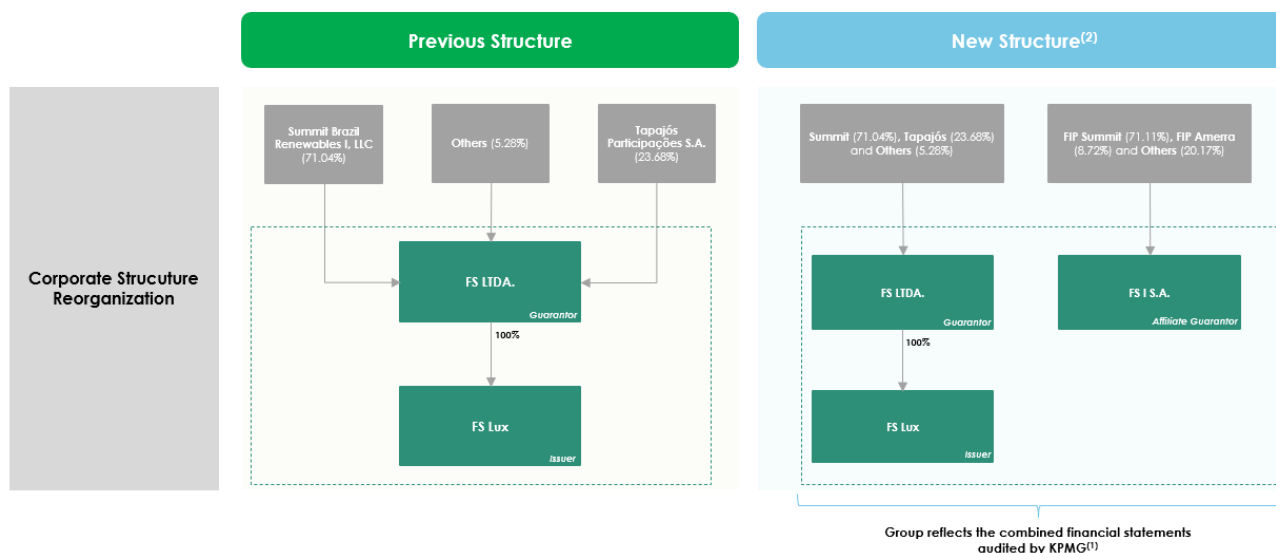
On June 30th, 2022, FS Luxembourg s.à.r.l., ("FS Lux") (subsidiary of FS Ltda) received the Consent from the bondholders of the Green Bonds and FS Ltda sold the assets of PDL Plant and future corn ethanol projects to FS S.A. which will complete the construction and will operate the PDL Plant.

On July 12th, 2022 FS S.A. was added as affiliated guarantor of the Green Bond and bond covenants start to be calculated on a combined financial basis.

Operationally, the existing plants, represented by Lucas do Rio Verde Plant ("LRV Plant") and Sorriso Plant ("SRS Plant"), will remain under FS Ltda. and the PDL Plant and potential future plants are intended to be structured and operated under FS S.A.

Although the new corporate structure introduces two affiliated companies, the management and operations of the companies will be treated as one single entity. In this regard, for a better comparability, all the earning and operating results, as well all the financial statements will be audited and presented in a combined manner¹ and continue to follow the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with accounting practices adopted in Brazil (BR GAAP).

Below is the corporate structure before and after the reorganization ²:



¹For more details on consolidation rules of combined results, see the explanatory notes at the combined financial statements.

²At the new structure, both companies (FS Ltda e FS S.A.) have the same shareholders and controlling group. Summit, the controlling group at FS Ltda. is represented by the FIP Summit at FS S.A., and the shareholders of Tapajós are represented partly by FIP Amera and partly by individual investors joining the group of "others".

OPERATIONAL HIGHLIGHTS

Operational Highlights	1Q22	1Q23	1Q23 vs 1Q22
Corn crushed (tons)	777,506	728,665	(6.3%)
Biomass Consumption (m³)	748,757	643,826	(14.0%)
Ethanol produced (m³) ¹	336,334	319,991	(4.9%)
DDG Products produced (tons) ²	294,745	288,439	(2.1%)
Corn Oil produced (tons)	10,622	9,782	(7.9%)
Ethanol sold (m ³)	317,549	306,792	(3.4%)
% volume anhydrous sold	40.2%	48.8%	8.6 p.p.
DDG Products sold (tons)	306,596	287,775	(6.1%)
Corn Oil sold (tons)	10,411	9,515	(8.6%)
Corn marketing (tons)	28,633	195,902	n.m.
Energy sold (MWh)	40,200	44,376	10.4%

¹ Production of anhydrous ethanol and hydrous ethanol combined.

² Considers the sum of the products: DDG High protein, DDG High fiber and Wetcake.

The Company processed 728.7 thousand tons of corn in 1Q23, a reduction of 6.3% compared to the 1Q22 driven by the annual maintenance shutdown at SRS Plant that stopped the production for 10 days in 1Q23 versus a non-stop operation in 1Q22. In both periods we have the impact of the maintenance shutdown of LRV Plants.

The consumption of Biomass in 1Q23 reached 643.8 m³, a decrease of 14.0% versus 1Q22, mainly explained by (i) the 10-day annual shutdown of SRS Plant; (ii) improvements in boiler efficiency; and (iii) greater ability to extract more calories from the biomass inputs.

In 1Q23, FS produced 320.0 thousand m³ of ethanol, a decrease of 4.9% versus 1Q22, and sold 306.8 thousand m³ of ethanol, an decrease of 3.4% versus 1Q22 mainly driven by the 10-day annual shutdown of SRS Plant. In 1Q23, FS increased the share of anhydrous ethanol sold by 8.6 p.p. compared to 1Q22, taking advantage of market supply and demand dynamics, and commercial initiatives to capture better net prices.

NET REVENUE

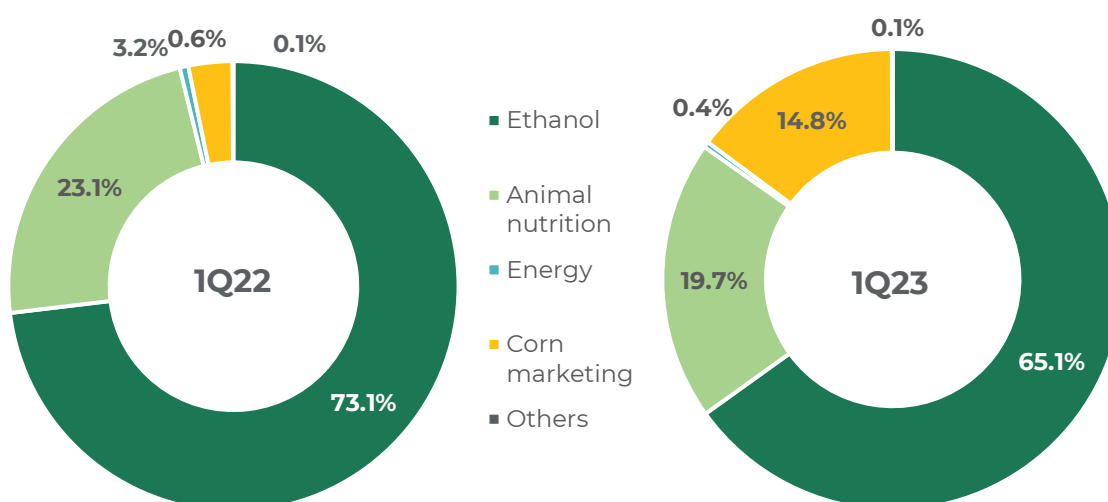
Net revenue (in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Ethanol segment	883,714	1,121,579	26.9%
Anhydrous ethanol	381,684	564,694	47.9%
Hydrous ethanol	502,030	556,885	10.9%
Animal nutrition segment	278,736	338,873	21.6%
DDG High-protein	162,389	142,589	(12.2%)
DDG High-fiber	42,381	85,911	102.7%
Wetcake	21,682	45,915	111.8%
Corn Oil	52,284	64,458	23.3%
Energy co-generation segment	7,490	6,932	(7.4%)
Corn marketing	38,258	254,659	n.m.
Other segment	688	957	39.2%
Total net revenue from segments	1,208,886	1,723,000	42.5%
Reclassification - Freight	85,723	163,597	90.8%
Net revenue	1,294,609	1,886,597	45.7%

Total net revenue from segments

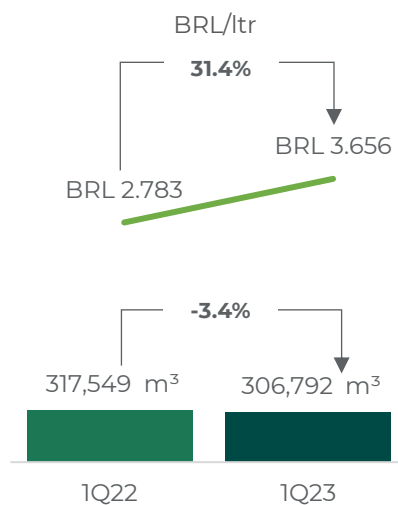
For management reporting purposes and for a better understanding and standardization of financial performance by product and segment, FS deducts from the net revenue all logistics and freight expenses to determine net revenue from segments and products. With this view, the determination of net revenue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

In 1Q23, net revenue from segments totaled BRL 1,723.0 million, 42.5% higher than 1Q22, driven by the improvement in net sales prices of ethanol and animal nutrition products, and the increase in corn marketing operations.

Net revenue from segments



Ethanol Segment



(in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Ethanol segment	883,714	1,121,579	26.9%
Anhydrous ethanol	381,684	564,694	47.9%
Hydrous ethanol	502,030	556,885	10.9%
% volume anhydrous sold	40.2%	48.8%	8.6 p.p.

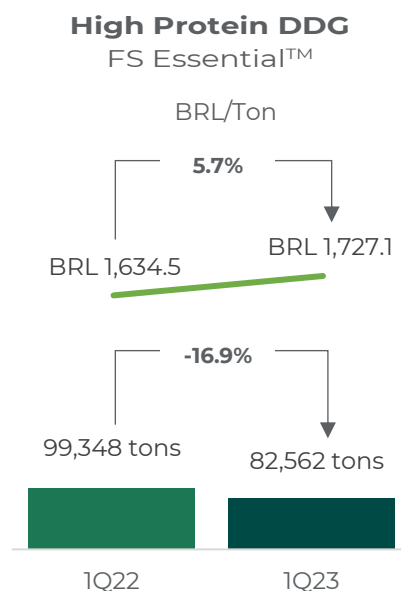
Net revenue from the ethanol segment totaled BRL 1,121.6 million in 1Q23, 26.9% higher than 1Q22. The average net sales price of ethanol in 1Q23 was BRL 3.656/liter, 31.4% higher than 1Q22, while the average ESALQ hydrous net price in 1Q23 was BRL 3.358/liter, 21.1% higher than 1Q22. FS ethanol net sales price was BRL 0.298/liter above ESALQ hydrous in the 1Q23, an increase in the basis of BRL 0.288/liter vs the 1Q22. Ethanol sales volume in 1Q23 was 3.4% lower than 1Q22. Share of anhydrous ethanol sold increased by 8.6 p.p. in 1Q23 compared to 1Q22, reaching 48.8% of total ethanol sold, as we took advantage of market supply and demand dynamics, and commercial initiatives to capture better net prices.

Animal Nutrition Segment

(in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Animal nutrition segment (a)	278,736	338,873	21.6%
DDG High-protein	162,389	142,589	(12.2%)
DDG High-fiber	42,381	85,911	102.7%
Wetcake	21,682	45,915	111.8%
Total DDGs	226,452	274,415	21.2%
Corn Oil	52,284	64,458	23.3%
P&L corn marketing (b)	2,659	9,232	247.2%
Production cost - corn (c)	500,055	667,187	33.4%
Coverage rate (d) = (a + b) / (c)	56.3%	52.2%	(4.1 p.p.)

Net revenue from the animal nutrition segment totaled BRL 338.9 million in 1Q23, 21.6% higher than 1Q22 mainly driven by price increases, offset by lower volumes due to the plant annual maintenance shutdown. The price appreciation of substitute products (soybean complex and corn), combined with commercial initiatives and better pricing positioning of our products, were the key drivers of price increases.

The coverage ratio of animal nutrition segment revenue plus the result of our corn marketing initiatives, compared to the production cost of corn, reached 52.2% in the 1Q23, 4.1 p.p. lower than 1Q22. The coverage ratio represents our ability to effectively hedge our cost of corn with the sales of animal nutrition products and is a key risk management metric for our operations.

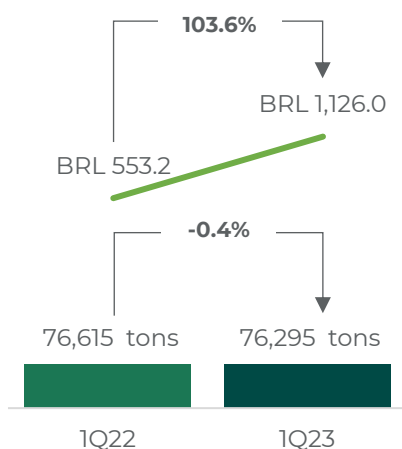


Net revenue from High Protein DDG totaled BRL 142.6 million in 1Q23, 12.2% lower than 1Q22, driven by the decrease in volume sales and partially offset by better pricing. The net sales price of High Protein DDG in 1Q23 was BRL 1,727.1/ton, 5.7% higher than 1Q22, mainly due the increase in price of its substitute product (soybean meal), combined with commercial initiatives and better pricing of our products. Volume decreased 16.9% in 1Q23 versus 1Q22, explained by (i) plant annual maintenance shutdown; and (ii) change in production mix from High Protein DDG to High Fiber DDG and Wetcake.

High Fiber DDG

FS Ouro™

BRL/Ton

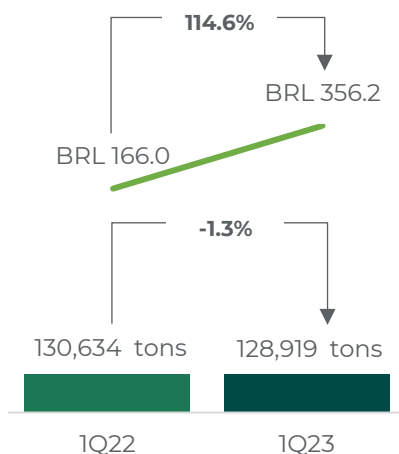


Net revenue from High Fiber DDG totaled BRL 85.9 million in 1Q23, 102.7% higher than 1Q22. The net sales price of High Fiber DDG in 1Q23 was BRL 1,126.0/ton, 103.6% higher than 1Q22, mainly due to the increase in the price of its substitute product (corn), combined with commercial initiatives and better pricing positioning of our products. Volume remained constant in 1Q23 versus 1Q22, explained by (i) plant annual maintenance shutdown; and (ii) change in production mix from High Protein DDG to High Fiber DDG and Wetcake.

Wetcake

FS Úmido™

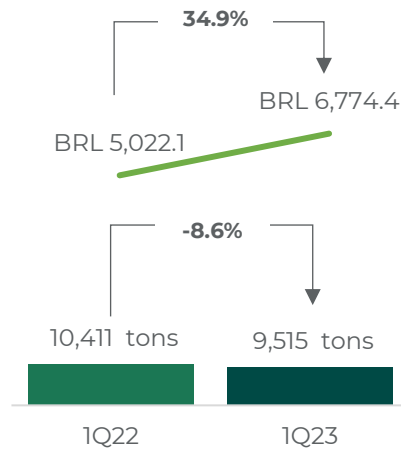
BRL/Ton



Net revenue from Wetcake totaled BRL 45.9 million in 1Q23, 111.8% higher than 1Q22. The net sales price of Wetcake in 1Q23 was BRL 356.2/ton, 114.6% higher than 1Q22, mainly due to the increase in the price of its substitute product (corn), combined with commercial initiatives and better pricing positioning of our products. Volume decreased 1.3% in 1Q23 versus 1Q22 explained by (i) plant annual maintenance shutdown; and (ii) change in production mix from High Protein DDG to High Fiber DDG and Wetcake.

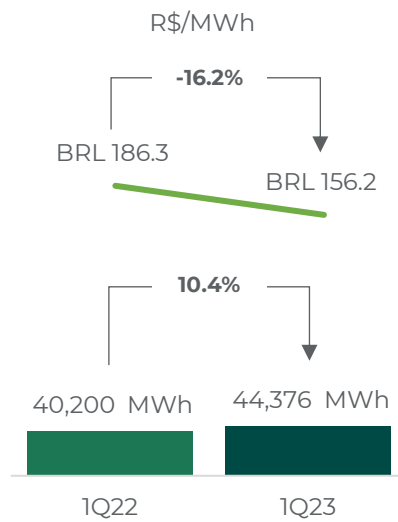
Corn Oil FS Vital™

BRL/Ton



Net revenue from Corn Oil totaled BRL 64.5 million in 1Q23, 23.3% higher than 1Q22. The net sales price of corn oil in 1Q23 was BRL 6,774.4/ton, 34.9% higher than 1Q22, mainly due to the increase in the price of its substitute product (soybean oil), combined with commercial initiatives and better pricing positioning of our products. Volume decreased 8.6% in 1Q23 versus 1Q22 explained by the plant annual maintenance shutdown.

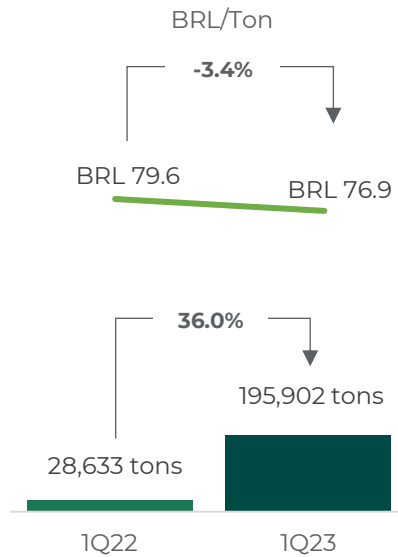
Energy Co-generation Segment



<i>(in BRL thousands)</i>	1Q22	1Q23	1Q23 vs 1Q22
Energy co-generation segment	7,490	6,932	(7.4%)

Net revenue from Energy Co-generation totaled BRL 6.9 million in 1Q23, 7.4% lower than 1Q22. Despite the increase in volume sold by 10.4% in 1Q23 versus 1Q22, the decrease in net sales price of energy of 16.2% drove the reduction in net revenue in the quarter. Price reduction was in line with reduction of energy market prices.

Corn Marketing



(in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
P&L corn marketing	2,659	9,232	n.m.
Net revenue - corn marketing	38,258	254,659	n.m.
Cost of goods resold - corn marketing	(35,599)	(245,427)	n.m.

Net revenue from Corn Marketing totaled BRL 254.6 million in 1Q23, BRL 216.4 million higher than 1Q22. The net sales price of corn in 1Q23 was BRL 76.89/sac, 3.4% lower than 1Q22. Volume increases 167.3 thousand tons in 1Q23 versus 1Q22, driven due to our strategy to increase our presence in corn procurement and trading. Important to highlight that we only operate in back-to-back transactions, without taking directional positions in corn trading, neither bringing additional credit risks to our balance sheet.

Other Segment

(in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Other segments	688	957	39.2%

Net revenue from the Other Segment totaled BRL 1.0 million in 1Q23, driven mainly by the commercialization of 9.5 thousand tons of steam, traded at a net price of BRL 102.89/ton.

COST OF GOODS SOLD

Cost of Goods Sold <i>(in BRL thousands)</i>	1Q22	1Q23	1Q23 vs 1Q22
Net revenue	1,294,609	1,886,597	45.7%
Variable cost (a)	(573,840)	(758,300)	32.1%
Cost of corn crushed	(500,055)	(667,187)	33.4%
Biomass costs	(42,381)	(56,262)	32.8%
Chemicals and enzymes	(31,403)	(34,851)	11.0%
Fixed cost (b)	(71,204)	(78,026)	9.6%
Maintenance	(10,256)	(13,993)	36.4%
Labor	(13,851)	(17,402)	25.6%
Depreciation	(30,451)	(30,446)	(0.0%)
Other production costs	(16,645)	(16,185)	(2.8%)
Cost of goods sold (c) = (a+b)	(645,044)	(836,326)	29.7%
Cost of goods resold (d)	(40,932)	(247,749)	n.m.
Cost of goods resold (Corn)	(35,599)	(245,427)	n.m.
Cost of goods resold (Energy)	(5,333)	(2,322)	(56.5%)
Cost of goods sold (e) = (c+d)	(685,976)	(1,084,075)	58.0%
Gross profit	608,633	802,522	31.9%
Gross margin	47.0%	42.5%	(4.5 p.p.)
Corn cost - in BRL per sac	40.65	55.95	37.6%
Biomass cost - in BRL per m³	69.55	89.85	29.2%

Cost of goods sold (c)

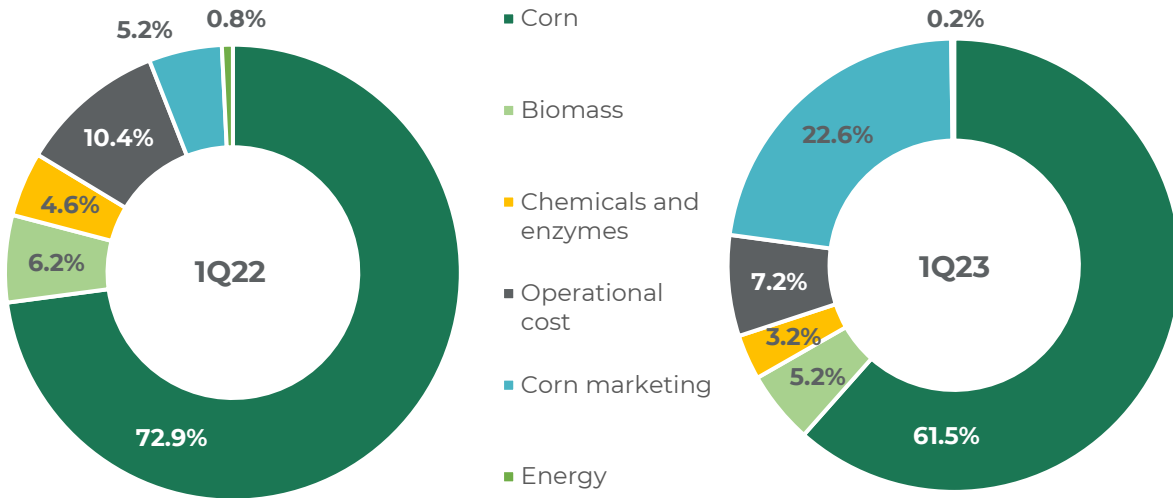
In 1Q23, the total cost of goods sold was BRL 836.3 million, 29.7% higher than 1Q22. The main reasons for the variation were:

- Corn cost: total cost of BRL 667.2 million, 33.4% higher than 1Q22, driven by the increase in commodity price, resulting in an average cost of BRL 55.95/sac in 1Q23, versus BRL 40.65/sac in 1Q22, an increase of 37.6%;
- Biomass costs: total cost of BRL 56.3 million, 32.8% higher than 1Q22, closing 1Q23 with an average cost of BRL 89.85/m³, versus BRL 69.55/m³ in 1Q22, an increase of 29.2%;
- Chemicals and enzymes: total cost of BRL 34.9 million, 11.0% higher than 1Q22, impacted by the price increase in chemicals products, a reflection of global supply and demand dynamics;
- Maintenance: total cost of 14.0 million, 36.4% higher than 1Q22, explained by the plant annual maintenance shutdown.
- Labor: total cost of BRL 17.4 million, 25.6% higher than 1Q22, due to wage inflation and the increase in the operational and corporate structures, with higher number of employees to support the Company's growth.

Cost of goods resold (d)

In 1Q23, the cost of goods resold was BRL 247.7 million, mainly driven by the increase of corn marketing volume.

Breakdown of cost of goods sold (e)



SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses <i>(in BRL thousands)</i>	1Q22	1Q23	1Q23 vs 1Q22
Expenses with freight	(85,723)	(163,597)	90.8%
Other SG&A (d = a + b + c)	(28,049)	3,534	(112.6%)
Other selling expenses (a)	(5,039)	(7,462)	48.1%
General and administrative expenses (b)	(18,876)	(31,400)	66.3%
Other results (c)	(4,134)	42,396	n.m.
Total expenses	(113,772)	(159,389)	40.1%
<i>% net revenue</i>	<i>(8.8%)</i>	<i>(8.4%)</i>	<i>0.3 p.p.</i>

Selling, general and administrative expenses and other results

In 1Q23, selling, administrative and general expenses, and other results totaled BRL 159.4 million, an increase of 40.1% compared to 1Q22, and represented 8.4% of net revenue for the period, constant when compared to 1Q22. The main highlights were:

- i. Expenses with freight: Freight and logistics expenses were BRL 163.6 million in 1Q23, an increase of 90.8% above 1Q22, mainly due to (i) the increase in diesel and fuels prices; (ii) the increase of CIF sales (reached 79.4% in the ethanol sold, +4.14 p.p. versus 1Q22), where FS takes responsibility for the management, control and costs of all freight and logistic expenses to deliver the product to the clients facility; and (iii) the increase of ethanol sales Northeast region (6.5% of total sales, +5.6 p.p. versus 1Q22) representing longer distances.
- ii. Other SG&A (Other selling, administrative and general expenses, and other results): these three items represented a total income of BRL 3.5 million in 1Q23 versus an expense of BRL 28.0 million in 1Q22. The main reasons for the variation were;
 - a. Other selling expenses: total cost of BRL 7.5 million, 48.1% higher than 1Q22, driven by the higher costs of labor due to the increase of the commercial structure;
 - b. General and administrative expenses: total cost of BRL 31.4 million, 66.3% higher than 1Q22, mainly due to additional administrative costs considering the growth of the Company;
 - c. Other results: total income of 42.4 million in 1Q23, mainly due to a (i) higher mark-to-market (MTM) of biological assets in 1Q23 versus 1Q22 (the biological asset comprises eucalyptus forest and bamboo plantations, to be used as biomass in the FS' operation); and (ii) CBIOs (decarbonization credits from RenovaBio program) in 1Q23, FS recognized BRL 41.9 million in other results of CBIOs, in connection with 322.3 thousand of new CBIOs unit issued.

CORN ETHANOL PRODUCTION COST

Corn ethanol production cost (in BRL/liter)	1Q22	1Q23	1Q23 vs 1Q22
Net Revenue ¹	3.750	5.535	47.6%
Ethanol ¹	2.783	3.656	31.4%
Animal Nutrition and other segments ^{1,5}	0.967	1.879	94.4%
Revenue ex-Animal Nutrition and other segments⁵	2.783	3.656	31.4%
Total net cost (a)	(2.130)	(3.391)	59.2%
Cost of goods sold ¹	(2.160)	(3.534)	63.6%
Selling, administrative and general expenses ²	(0.068)	0.035	n.m.
Depreciation and amortization ³	0.099	0.107	8.5%
Net revenue from animal nutrition and other segments (b) ⁵	0.967	1.879	94.4%
Cash costs (+) expenses (-) anim. nutr. / others (c) = (a + b)⁵	(1.163)	(1.512)	30.0%
Maintenance CAPEX (d)	(0.013)	(0.025)	92.9%
Corn ethanol production cost (e) = (c + d)	(1.176)	(1.536)	30.7%
EBITDA minus Maintenance CAPEX	1.607	2.119	31.9%

Note: The items (1) and (3) are divided by ethanol sold, and the items (2), (b) and (d) are divided by ethanol produced. (5) Other segments include energy co-generation, corn marketing and others.

Corn ethanol production cost

In 1Q23, corn ethanol production cost was BRL 1.536/liter, 30.7% higher than 1Q22. The main highlights were:

- Cost of goods sold was BRL 3.534/liter, 63.6% higher than 1Q22, driven by the increase in corn and biomass prices;
- Net revenue from animal nutrition and other segments was BRL 1.879/liter, 94.4% higher than 1Q22, mainly due to better net sales prices obtained in animal nutrition, contributing to the reduction of the corn ethanol production cost; and
- Maintenance CAPEX was BRL 0.025/liter, 92.9% higher than 1Q22, mainly due the low comparative value presented in 1Q22, explained by a seasonality of the period.

NET FINANCE RESULTS

Net finance results (in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Derivative	(249,998)	170,050	n.m.
Realized	20,797	(272,182)	n.m.
Unrealized	(270,795)	442,068	n.m.
Finance income	98,432	161,119	63.7%
Finance expenses	(195,609)	(307,254)	57.1%
Foreign exchange rate variation	436,649	(298,325)	n.m.
Realized	2,157	(644)	n.m.
Unrealized	434,492	(297,681)	n.m.
Adjustment to present value	(1,321)	(6,105)	n.m.
Net finance results	88,153	(280,515)	n.m.

Net finance results

In 1Q23, we recognized a loss of BRL 280.5 million in net finance results, versus a gain of BRL 88.2 million in 1Q22. The main highlights were:

- i. Derivatives: gain of BRL 170.1 million in 1Q23 versus a loss of BRL 250.0 million in 1Q22. The main reasons for the variation were:
 - a. Derivative realized: Loss of BRL 272.2 million, mainly related to the payment of the senior note hedge, which was impacted by Brazilian interest rate and FX variation (from BRL/USD 4.7378 in 4Q22 to BRL/USD 5.2380 in 1Q23), and;
 - b. Derivative unrealized: Gain of BRL 442.1 million, mainly related to the reversal of the payment of the senior note hedge in the realized line and related to debt protection from FX variation.
- ii. Finance income: BRL 161.1 million mainly from the strong cash position at the period.
- iii. Finance expenses: BRL 307.3 million, 57.1% higher than 1Q22, mainly due to the higher gross debt position after the issuance of new working capital lines and the increase of Brazilian interest rate ("SELIC").
- iv. Foreign exchange variation on the Company's USD denominated debt: loss of BRL 298.3 million, reflecting the impact of the depreciation of 10.6% of BRL against the USD in the 1Q23 (BRL/USD 4.7378 from March 31st, 2022 to BRL/USD 5.2380 in June 30th, 2022), which BRL 0.6 million is realized loss and BRL 297.7 million is unrealized loss, against the appreciation of 12.2% of BRL against the USD in the 1Q22 (BRL/USD 5.6973 from March 31st, 2021 to BRL/USD 5.0022 in June 30th, 2021).

NET PROFIT (LOSS)

Net profit (in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
(loss) profit before income and social contribution taxes (a)	583,014	362,618	(37.8%)
Nominal rate	34.0%	34.0%	0.0 p.p.
Tax expense at nominal rate (b)	(198,225)	(123,290)	(37.8%)
Adjustment of income and social contribution taxes (c)	14,839	27,921	88.2%
Tax and social contribution before tax incentive (d) = (b + c)	(183,386)	(95,369)	(48.0%)
Current tax	(160,212)	(85,256)	(46.8%)
Deferred tax	(23,174)	(10,113)	(56.4%)
Tax incentives¹ (e)	106,961	-	n.m.
Income tax and social contribution (f) = (d + e)	(76,425)	(95,369)	24.8%
Effective tax rate	13.1%	26.3%	100.6%
Net profit (g) = (a + f)	506,589	267,249	(47.2%)

Tax and social contribution

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

In 1Q23 we recognized a loss of BRL 95.4 million in income tax and social contributions (f), 24.8% higher than 1Q22, the main reasons for the variation were:

- Tax and social contribution before tax incentive (d): loss of BRL 95.4 million, 48.0% lower than 1Q22, mainly due to the decrease of profit before income and social contribution taxes;
- Tax incentives¹ (e): no tax incentive was recognized in 1Q23, versus BRL 107.0 million in 1Q22, mainly due to a negative taxable basis after the sale of the PDL Plant from FS Ltda to FS S.A. and a gain with derivatives.

Net profit (loss) of the period (g)

In 1Q23, FS recorded a profit of BRL 267.2 million, compared to a profit of BRL 506.6 million in 1Q22. Despite better revenue and EBITDA as a result of higher sales prices, net profit was lower compared to 1Q22, mainly because the worsening of financial results, mainly driven by FX variation and increase of Brazilian interest rate.

Ownership structure

In 1Q23, FS Ltda. Issued 36,599 new quotas. FS Ltda. quotaholders are Summit Brazil Renewables I LLC ("Summit") with 71.04%, Tapajós Participações S.A. with 23.68%, and preferred quotaholders with 5.28%.

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

At the new structure, both companies (FS Ltda. e FS S.A.) have the same shareholders and controlling group. Summit, the controlling group at FS Ltda. is represented by the

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

FIP Summit at FS S.A., and the shareholders of Tapajós are represented partly by FIP Amerra and partly by individual investors joining the group of “others”.

Dividends and Tax Distributions

The Company has the practice to distribute dividends in connection with tax liabilities generated to our USA shareholders related to the Company’s taxable income flowing into their taxable basis in the USA (“Tax Distributions”). In addition, FS may distribute additional dividends beyond Tax Distributions if financial leverage metrics are within the Company’s targets. In 1Q23 the total distribution was BRL 377.5 million.

RECONCILIATION OF EBITDA, EBIT AND EBITDA minus MAINTENANCE CAPEX

Reconciliation of EBITDA <i>(in BRL thousands)</i>	1Q22	1Q23	1Q23 vs 1Q22
Net revenue	1,294,609	1,886,597	45.7%
(Loss)/profit	506,589	267,249	(47.2%)
(+) Finance costs	480,963	593,360	23.4%
(-) Finance income	(132,467)	(611,170)	n.m.
(+) Foreign exchange rate variations, net	(436,649)	298,325	(168.3%)
(+) Income tax and social contribution	76,425	95,369	24.8%
EBIT	494,861	643,133	30.0%
<i>EBIT Margin</i>	38.2%	34.1%	(4.1 p.p.)
(+) Depreciation and amortization	31,341	32,864	4.9%
EBITDA	526,202	675,997	28.5%
<i>EBITDA Margin</i>	40.6%	35.8%	(4.8 p.p.)
(-) Maintenance Capex	4,279	7,853	83.5%
EBITDA Minus Maintenance Capex	521,923	668,144	28.0%

CAPEX

CAPEX (in BRL thousands)	1Q22 ¹	1Q23 ¹	1Q23 vs 1Q22
Property, Plant, and Equipment - beginning of period (a)	2,901,016	3,350,710	15.5%
Capex: (e) = (b + c + d)	75,025	418,495	457.8%
Growth capex ² (b)	68,282	399,509	485.1%
Maintenance capex ³ (c)	4,279	7,853	83.5%
Biological assets capex (d)	2,464	11,133	351.8%
Depreciation (f)	(32,678)	(35,756)	9.4%
Property, Plant, and Equipment - end of period (g) = (a + e + f)	2,943,363	3,733,449	26.8%

¹ Includes acquisitions, transfers and casualties.

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

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

In 1Q23, capex totaled BRL 418.5 million, an increase of 457.8% versus 1Q22, mostly related to: (i) the residual values from expansion of the SRS Plant and the investments in the construction of our third plant in PDL Plant; and (ii) the investments in biological assets.

The Company expects to have a BRL 2,043.9 million in capex in the next three quarters, of which: (i) BRL 1,628.5 million in growth capex mostly related to the investment in the construction of PDL Plant; (ii) BRL 41.0 million in maintenance capex; and (iii) BRL 374.4 in biomass projects.

NET DEBT EVOLUTION

Net Debt <i>(in BRL thousands)</i>	2Q22	3Q22	4Q22	1Q23	1Q23 (LTM)
Net Debt BoP	2,333,439	3,615,195	3,768,507	3,041,556	2,333,439
EBITDA	616,978	852,664	625,923	675,997	2,771,562
Working Capital	(1,037,313)	88,310	422,571	552,536	26,105
Income Taxes paid	(23,175)	(14,853)	(23,965)	-	(61,993)
Cash Flow From Operations	(443,510)	926,121	1,024,529	1,228,533	2,735,674
Cash Capex	(132,775)	(125,442)	(215,712)	(281,820)	(755,749)
Cash Flow From Operations Minus Capex	(576,285)	800,679	808,817	946,713	1,979,924
Cash Flow From Financing Activities	(705,471)	(953,990)	(81,866)	(1,199,693)	(2,941,020)
Provision for Interest	(90,940)	(117,072)	(137,703)	(181,883)	(527,598)
Impact from FX, Derivatives and Others	(355,086)	(217,856)	343,535	(640,310)	(869,717)
FX and Derivatives Impact	(343,172)	(129,641)	456,561	(570,507)	(586,759)
Other operational cash	(11,914)	(88,215)	(113,027)	(69,802)	(282,958)
Dividends Paid / Tax Distribution	(259,445)	(342,303)	(287,697)	(377,500)	(1,266,945)
Loans with related parties	-	(276,760)	-	-	(276,760)
Net Debt EoP	3,615,195	3,768,507	3,041,556	3,294,535	3,294,535
Change in Net Debt	1,281,756	153,311	(726,951)	252,980	961,096

In 1Q23, the net debt in the end of period totaled BRL 3,294.5 million, an increase of BRL 253.0 million compared to the net debt in the beginning of the quarter, mostly related to capex, FX and derivatives. Cash flow from operations was positive in BRL 1,228.5 million in 1Q23, mainly driven by the strongest period of cash generation from ethanol sales, combined with the end of cash disbursement on corn purchases. In the last twelve months, cash flow from operations reached a positive BRL 2,735.7 million, or 98.7% versus EBITDA.

INDEBTEDNESS

Indebtedness (in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Senior Secured Green Notes - Bond ¹	2,988,421	3,464,146	15.9%
CPRF (Cédula de produtor rural financeira) ²	2,954,680	3,101,596	5.0%
TRS (Total return swap) ³	(2,987,223)	(3,129,779)	4.8%
Certificate of Agribusiness Receivables (CRA)	159,282	1,979,650	n.m.
Certificate of Real Estate Receivables (CRI)	94,861	-	n.m.
Other working capital lines	154,344	1,130,182	n.m.
Gross debt	3,364,365	6,545,795	94.6%
Total cash (a) ⁴	4,018,149	6,381,039	58.8%
TRS (Total return swap) (b) ³	(2,987,223)	(3,129,779)	4.8%
Total cash (c) = (a)+(b)	1,030,926	3,251,260	215.4%
Net debt	2,333,439	3,294,535	41.2%
Net debt / EBITDA (LTM)	1.54 x	1.19 x	(0.4 p.p.)
EBITDA (LTM)	1,515,551	2,771,562	82.9%

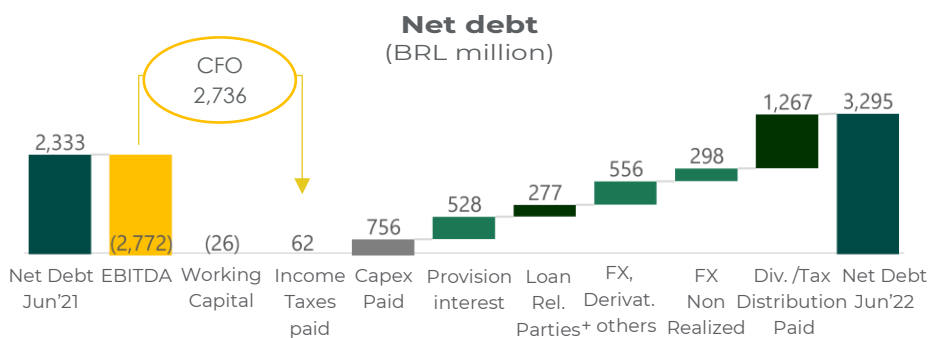
¹ Issuance of USD 680.0 million Senior Secured Green Notes - Bond - Notes by the subsidiary FS Lux.

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

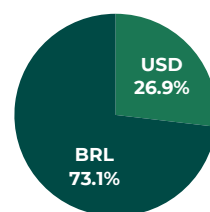
³ Acquisition of rights over a TRS (Total Return Swap) of USD 594.2 million - The TRS is a financial instrument agreement between FS Lux and a financial institution that mirrors the terms and cash flows of the CPRF issued by FS. The TRS amount is fully deducted from the Gross Debt to eliminate the duplicate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

⁴ Includes cash and cash equivalents, financial investments, and restricted cash (short-term and long-term).

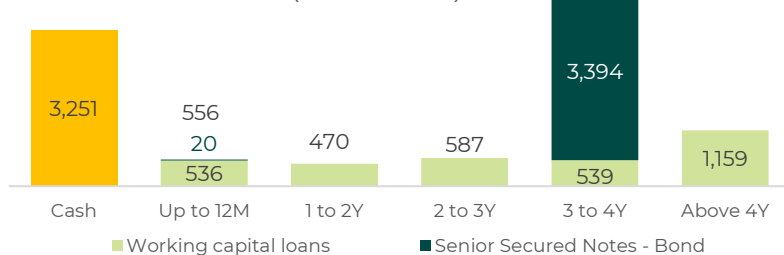
At the end of 1Q23, total gross debt reached BRL 6,545.8 million and total cash closed at BRL 3,251.3 million, resulting in a net debt of BRL 3,294.5 million, 41.2% higher than 1Q22. The increase in gross debt was driven by: (i) the impact of the BRL depreciation vs USD in our USD denominated debt; (ii) the additional issuance working capital lines and the CRA CVM 400; and (iii) the stronger cash position, 215.4% higher than 1Q22.



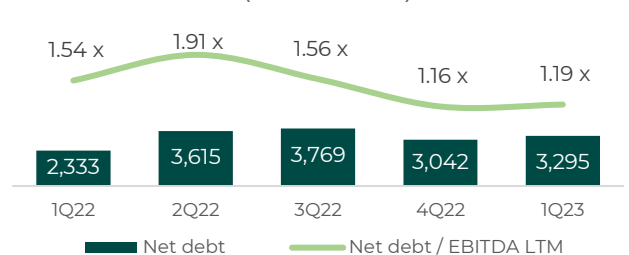
Gross debt by currency (%)



Debt amortization schedule ⁵ (BRL million)



Net Debt / EBITDA LTM (BRL million)



⁵ Does not include the impact of transaction costs.

CONTROLLED COMPANIES

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

ABOUT FS

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

LEGAL NOTICE

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

STATEMENT OF INCOME

Statement of income <i>(in BRL thousands)</i>	1Q22	1Q23	1Q23 vs 1Q22
Revenue from segments			
Segment - Ethanol	883,714	1,121,579	26.9%
Segment - Animal nutrition	278,736	338,873	21.6%
Segment - Energy co-generation	7,490	6,932	(7.4%)
Segment - Corn marketing	38,258	254,659	n.m.
Segment - Others	688	957	39.2%
Total revenue from segments	1,208,886	1,723,000	42.5%
Reclassification - Freight	85,723	163,597	90.8%
Net revenue	1,294,609	1,886,597	45.7%
Cost of goods sold	(685,976)	(1,084,075)	58.0%
Gross profit	608,633	802,522	31.9%
<i>Gross margin</i>	47.0%	42.5%	(4.5 p.p.)
Selling, general & administrative expense	(113,772)	(159,389)	40.1%
EBIT	494,861	643,133	30.0%
<i>EBIT margin</i>	38.2%	34.1%	(4.1 p.p.)
Depreciation and amortization	31,341	32,864	4.9%
EBITDA	526,202	675,997	28.5%
<i>EBITDA margin</i>	40.6%	35.8%	(4.8 p.p.)
Net finance costs	88,153	(280,515)	n.m.
Profit before tax	583,014	362,618	n.m.
Tax	(76,425)	(95,369)	24.8%
Net profit for the period	506,589	267,249	n.m.
<i>Net margin</i>	39.1%	14.2%	(25.0 p.p.)

STATEMENTS OF FINANCIAL POSITION

Statements of financial position (in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Cash and cash equivalents	859,818	2,891,822	236.3%
Financial investments	15,160	14,880	(1.8%)
Restricted cash - short term	171,105	342,392	n.m.
Trade and other receivables	154,986	271,101	74.9%
Inventories	706,838	1,486,067	110.2%
Advances to suppliers	18,878	11,334	(40.0%)
Recoverable taxes - short term	145,628	165,941	13.9%
Prepaid expenses	28,478	51,915	82.3%
Biological assets	6,093	3,760	(38.3%)
Derivative financial instrument - short term	276	92,771	n.m.
Other credits	1,992	13,412	n.m.
Total current assets	2,109,252	5,345,395	153.4%
Financial investments	2,972,066	3,114,900	4.8%
Restricted cash - long term	-	17,045	n.m.
Recoverable taxes - long term	-	132,915	n.m.
Related parties	-	282,142	n.m.
Biological assets	18,009	46,543	158.4%
Judicial deposits	3,710	3,854	3.9%
Advances to suppliers	12,968	88,618	n.m.
Total long-term assets	3,006,753	3,686,017	22.6%
Property, plant and equipment	2,921,751	3,711,837	27.0%
Intangible assets	13,012	16,191	24.4%
Total non-current assets	5,941,516	7,414,045	24.8%
Total Assets	8,050,768	12,759,440	58.5%
Trade payables	723,728	1,898,422	162.3%
Loans	457,209	640,538	40.1%
Advances from customers	21,012	27,946	33.0%
Lease payables	8,373	15,324	n.m.
Income tax and social contribution	23,604	85,256	n.m.
Taxes and contributions payable	9,695	23,058	137.8%
Payroll and related changes	25,830	38,332	48.4%
Derivative financial instruments - short term	278,537	465,443	n.m.
Total current liabilities	1,547,988	3,194,319	106.4%
Trade payables	20,874	20,059	(3.9%)
Lease payables	36,562	110,940	n.m.
Derivative financial instruments - long term	-	77,299	n.m.
Loans and borrowings	5,894,379	9,035,038	53.3%
Other non-current liabilities	29,388	-	(100.0%)
Deferred taxes liabilities	32,326	7,950	n.m.
Total non-current liabilities	6,013,529	9,251,286	53.8%
Capital	87,806	87,806	0.0%
Tax incentive reserve	139,557	313,559	124.7%
Accumulated gains / (losses)	261,614	66,400	n.m.
Cumulative translation adjustment	274	-	n.m.
Other comprehensive results	-	(153,930)	n.m.
Total equity	489,251	313,834	(35.9%)
Total liabilities and equity	8,050,768	12,759,440	58.5%

STATEMENTS OF CASH FLOW

Statement of cash flow (in BRL thousands)	1Q22	1Q23	1Q23 vs 1Q22
Net profit/ (loss) for the period	506,589	267,249	n.m.
Adjustment for:			
Depreciation and amortization	31,341	32,864	4.9%
Current and deferred income tax, net of tax incentives	76,425	95,203	24.6%
Adjustment to present value - loans, trade payables and receivable and leasing	(2,738)	(12,543)	n.m.
Income from financial investments	(97,862)	(82,450)	(15.7%)
Provision for interest on loans	178,380	264,333	48.2%
Adjustment to fair value - derivatives	270,796	(161,906)	n.m.
Adjustment to fair value - Bearer plant (bamboo)	4,929	(4,419)	n.m.
Expected losses on credit	3	(1)	n.m.
Foreign exchange rate gains or losses	(436,922)	297,681	n.m.
Changes in:			
Trade receivables	(46,618)	22,902	n.m.
Inventories	(236,955)	(699,340)	195.1%
Advances to suppliers	8,089	4,542	(43.8%)
Recoverables taxes	(35,114)	(45,835)	30.5%
Trade payables	570,237	1,405,903	146.5%
Advance from customers	125	979	n.m.
Payroll and related charges	(2,695)	(9,335)	246.4%
Taxes and contributions payable	(7,751)	(65,462)	n.m.
Others	(11,326)	(61,818)	n.m.
Interest and charges paid	(340,001)	(214,319)	(37.0%)
Interest received	160,304	151,040	(5.8%)
Income tax paid	(25,867)	-	n.m.
Net cash from operation (used in) activities (a)	563,369	1,185,268	110.4%
Cash flow from investing activities			
Acquisition of property, plant and equipment	(143,572)	(278,859)	94.2%
Biologic assets	(848)	213	n.m.
Interest charges paid over capitalized loans	(751)	(58)	(92.3%)
Acquisition of intangible assets	(1,143)	(3,174)	177.7%
Investments in parent company	-	(48,121)	n.m.
Financial investments	8,630	138,371	n.m.
Restricted deposits	(142,229)	41,086	n.m.
Net cash used in investing activities (b)	(279,913)	(150,543)	(46.2%)
Cash flow from financing activities			
Loans	80,000	1,267,584	n.m.
Repayment of loans	(159,130)	(520,174)	226.9%
Lease paid	(893)	(11,519)	n.m.
Receipt (payment) of derivative financial instruments	(37,758)	(272,182)	n.m.
Capital increase	-	47,302	n.m.
Profits distribution	(254,275)	(377,500)	48.5%
Net cash from financing activities (c)	(372,056)	133,511	n.m.
Foreign currency translation adjustment	(195)	4,392	n.m.
Increase in cash and cash equivalents (d) = (a+b+c)	(88,795)	1,172,628	n.m.
Cash and cash equivalents at the beginning of the period	948,613	1,719,194	81.2%
Cash and cash equivalents at the end of the period	859,818	2,891,822	236.3%