

Jalles Machado S.A.

**Interim financial information as of June 30,
2023**

*(A free translation of the original report in
Portuguese containing the interim financial
information prepared in accordance with
accounting practices adopted in Brazil and
International Financial Reporting
Standards)*

Contents

Report on Review of Interim Financial Information	03
Statements of financial position	05
Statements of profit or loss	06
Statements of comprehensive income	07
Statements of changes in equity	08
Statement of cash flows - indirect method	09
Statement of value added	10
Management's notes to the interim financial statements	11



KPMG Auditores Independentes Ltda.

SAI/SO, Área 6580 – Bloco 02, 3º andar, sala 302 – Torre Norte
ParkShopping – Industrial Zone (Guará)
Caixa Postal 11619 – CEP: 71.219-900 – Brasília/DF – Brazil
Telephone number +55 (61) 3362-3700
Kpmg.com.br

Report on Review of Interim Financial Information

To the Board of Directors, Shareholders and Management
Jalles Machado S.A.
Goiás – Goiás

Introduction

We have reviewed the interim financial statements, company and consolidated financial statements of Jalles Machado S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2023, which comprise the balance sheet as of June 30, 2023, the related statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month period then ended, including explanatory notes.

Management is responsible for the preparation and presentation of this individual company and consolidated interim financial information in accordance with CPC 21(R1) Technical Pronouncement – Interim Financial Information and international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – (IASB), as well as for the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission. applicable to the preparation of the interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international review standards applicable to interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information 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 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 on the individual company and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned quarterly financial information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, applicable to the preparation of interim financial information and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other issues - Statements of value added

The quarterly financial statements referred to above, include the individual company and consolidated statements of value added for the quarter ended June 30, 2023, prepared under the responsibility of the Company's management and presented as supplementary information for the purposes of IAS 34. These financial statements have been submitted to review procedures performed together with the review of the quarterly financial statements to conclude whether they are reconciled to the interim financial information and accounting records, if applicable, and whether their form and content are in accordance with the criteria set by Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that leads us to believe that the accompanying statements of value added are not prepared, in all material respects, according to the criteria set by this Standard and in a manner consistent with the individual company and consolidated interim financial information taken as a whole.

Goiânia, August 10, 2023.

KPMG Auditores Independentes

CRC SP-014428/O-6 F-DF

Original report in Portuguese signed by
Fernando Rogério Liani

Accountant CRC 1SP229193/O-2

Jalles Machado S.A.

Balance sheets as of June 30, 2023 and March 31, 2023

(In thousands of real)

Assets	Note	Company		Consolidated		Liabilities	Note	Company		Consolidated	
		30/06/2023	31/03/2023	30/06/2023	31/03/2023			30/06/2023	31/03/2023	30/06/2023	31/03/2023
Current						Current					
Cash and cash equivalents	3	763,737	946,188	839,105	999,121	Loans and financing	11	206,700	222,814	214,568	230,719
Restricted cash	4	30,505	14,149	30,505	14,149	Leases to be paid	22	101,136	88,227	127,015	113,266
Accounts receivable and other receivables	5	55,090	33,407	88,303	47,500	Suppliers and other accounts payable	12	85,563	68,570	140,961	107,104
Inventories	6	299,245	136,787	472,115	196,186	Derivative financial instruments	16	138,909	181,306	138,909	181,306
Advances to suppliers		4,466	4,804	5,809	6,784	Provisions and labor charges		40,381	29,602	53,396	42,531
Biological assets	10	409,482	476,555	524,191	599,551	Tax obligations		12,055	8,142	19,760	13,669
Recovered taxes and contributions	7	50,731	54,264	101,988	111,862	Dividends payable	15	129,557	129,557	129,557	129,557
Recovered income tax and social contribution		47,158	40,454	51,747	44,856	Income tax and social contribution payable		-	-	2,551	2,537
Derivative financial instruments	16	47,491	24,077	47,491	24,077	Advances from clients		27,239	9,349	28,681	9,670
Dividends receivable	8 c	9,659	9,659	2,215	2,215						
Other assets		3,614	4,865	3,767	5,082						
						Current liabilities		741,540	737,567	855,398	830,359
Current assets		1,721,178	1,745,209	2,167,236	2,051,383	Non-current					
						Loans and financing	11	1,829,884	1,819,729	1,902,448	1,894,010
Non-current						Leases to be paid	22	945,235	888,916	1,218,828	1,111,089
Restricted cash	4	8,129	7,611	8,129	7,611	Derivative financial instruments	16	79,306	141,516	79,306	141,516
Derivative financial instruments	16	119,777	167,913	119,777	167,913	Deferred income tax and social contribution	13	223,563	214,405	223,563	214,405
Judicial deposits	14	113,740	110,617	115,437	112,068	Tax obligations		9,311	4,546	9,311	4,546
Recovered taxes and contributions	7	22,907	23,536	101,493	103,016	Suppliers and other accounts payable	12	435	436	435	436
Recovered income tax and social contribution		-	-	1,776	1,662	Provisions for contingencies	14	17,683	17,759	26,670	26,614
Deferred income tax and social contribution	13	-	-	32,378	41,142			3,105,417	3,087,307	3,460,561	3,392,616
Accounts receivable and other receivables	5	10,893	11,172	57,367	58,236	Non-current liabilities					
Investments	8	1,348,173	1,278,280	87,623	82,222						
Property, Plant and Equipment	9	1,395,030	1,394,001	2,218,520	2,257,127	Equity	15				
Right of use	22	1,084,102	1,013,976	1,378,113	1,262,734	Capital		982,096	982,096	982,096	982,096
Intangible assets		9,764	9,803	14,846	15,105	Profit reserves		968,474	955,885	968,474	955,885
						Equity valuation adjustments		13,249	13,524	13,249	13,524
Non-current assets		4,112,515	4,016,909	4,135,459	4,108,836	Treasury share reserve		(14,261)	(14,261)	(14,261)	(14,261)
						Retained earnings		37,178	-	37,178	-
						Total equity		1,986,736	1,937,244	1,986,736	1,937,244
Total assets		5,833,693	5,762,118	6,302,695	6,160,219	Total equity and liabilities		5,833,693	5,762,118	6,302,695	6,160,219

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

Jalles Machado S.A.

Statements of profit or loss

Quarters ended June 30, 2023 and 2022

(In thousands of real)

		Company		Consolidated	
	Note	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Net revenue	17	327,439	443,157	445,052	442,798
Change in the biological asset's fair value	10	(40,421)	19,917	(14,114)	19,917
Cost of sales and services	18 (a)	(210,768)	(229,562)	(317,064)	(222,485)
Gross profit		76,250	233,512	113,874	240,230
Operating expenses					
Selling expenses	18 (b)	(29,879)	(33,675)	(31,005)	(33,675)
Administrative and general expenses	18 (c)	(23,673)	(29,746)	(28,792)	(29,768)
Reversal (allowance) for ECLs	5	(19)	(21)	(19)	(21)
Other income	19	20,775	50,213	24,474	50,345
Other expenses	19	(833)	(119)	(12,414)	(119)
Profit before net financial loss, equity income and taxes		42,621	220,164	66,118	226,992
Finance costs	20	(59,300)	(63,959)	(64,216)	(62,743)
Finance income	20	32,857	47,372	34,211	48,096
Net monetary and foreign exchange gains (losses)	20	6,030	(14,892)	6,030	(14,892)
Net derivative instruments	20	22,337	(51,584)	22,337	(51,584)
Net finance income (costs)	20	1,924	(83,063)	(1,638)	(81,123)
Equity in net income of investees	8	14,105	11,685	4,414	4,184
Profit before income and social contribution taxes		58,650	148,786	68,894	150,053
Current income tax and social contribution	13	-	-	(1,480)	(1,267)
Deferred income tax and social contribution	13	(9,158)	(28,751)	(17,922)	(28,751)
Profit for the period		49,492	120,035	49,492	120,035
Weighted average number of shares				294,697,091	294,697,091
Earnings per share - basic and diluted (in R\$)	21			0.1679	0.4073

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

Jalles Machado S.A.

Statements of other comprehensive income

Quarters ended June 30, 2023 and 2022

(In thousands of real)

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Profit for the period	49,492	120,035	49,492	120,035
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>49,492</u>	<u>120,035</u>	<u>49,492</u>	<u>120,035</u>

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

Jalles Machado S.A.

Statements of changes in equity

Quarters ended June 30, 2023 and 2022

(In thousands of real)

Note	Capital	Equity valuation adjustments	Treasury share reserve	Profit reserves			Retained earnings	Total
				Legal	Investment grants	Profit retention		
Balances as of April 1, 2022	982,096	14,515	-	28,073	210,373	153,672	-	1,388,729
Profit for the period	-	-	-	-	-	-	120,035	120,035
Realization of equity valuation adjustments	-	(354)	-	-	-	-	354	-
Profit allocation:								
Recognition of the reserve for investment grant	-	-	-	-	35,216	-	(35,216)	-
Balances as of June 30, 2022	982,096	14,161	-	28,073	245,589	153,672	85,173	1,508,764
Balances as of April 1, 2023	982,096	13,524	(14,261)	62,739	350,817	542,329	-	1,937,244
Profit for the period	-	-	-	-	-	-	49,492	49,492
Realization of equity valuation adjustments	-	(275)	-	-	-	-	275	-
Profit allocation:								
Recognition of the reserve for investment grant	-	-	-	-	12,589	-	(12,589)	-
Balances as of June 30, 2023	982,096	13,249	(14,261)	62,739	363,406	542,329	37,178	1,986,736

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

Jalles Machado S.A.

Statement of cash flows - indirect method

Quarters ended June 30, 2023 and 2022

(In thousands of real)

		Company		Consolidated	
	Note	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Cash flows from operating activities					
Profit or loss for the year		49,492	120,035	49,492	120,035
Depreciation of property and equipment and amortization of intangible assets	18.a,b,c	25,849	25,859	63,333	25,859
Crop depreciation	18.a	23,674	26,553	26,599	26,553
Amortization of crop treatments	18.a	51,528	47,570	70,346	47,570
Depreciation of right-of-use	18.a	27,387	18,656	30,906	18,415
Income in the disposal of property and equipment	9	148	58	148	57
Equity in net income of investees		(14,105)	(11,685)	(4,414)	(4,184)
Changes in the fair value of investments		(3)	-	(3)	-
Provision for contingencies	14	(76)	558	56	558
Repayment of loan transaction costs	11	1,770	1,401	1,770	1,401
Allowance for impairment loss on loans	5	19	20	19	20
Provision for derivative financial instruments	16	(22,337)	51,584	(22,337)	51,584
Changes in the biological asset's fair value	10	40,421	(19,917)	14,114	(19,917)
Fair value of CBIOS		(4,766)	(7,542)	(4,766)	(7,542)
Remeasurements of right-of-use contracts and partnerships/leases payable	22	(15,153)	(10,466)	(15,152)	(10,684)
Provision for slow-moving inventorier	6	(227)	(465)	(227)	(465)
Foreign exchange gain (loss) on loans	11	(9,307)	19,507	(9,307)	19,507
Adjustement to present value		(4,264)	3,336	(4,264)	3,336
Current taxes		-	-	1,481	1,267
Deferred taxes and contributions	13	9,158	28,751	17,922	28,751
Adjustment for inflation of court deposits	14	(7,036)	-	(7,036)	-
Interest accrued on lease agreements and agricultural partnership	22	13,420	12,682	15,577	11,684
Yield on long-term financial investments	4	(1,190)	-	(1,190)	-
Accrued interest on loans and financing	11	56,570	49,693	59,202	49,693
Changes in:					
Accounts receivable and other receivables		(21,422)	5,182	(39,952)	5,181
Inventories		(29,079)	(32,241)	(64,736)	(39,061)
Biological assets		(76,172)	(66,964)	(103,991)	(66,964)
Advances to suppliers	10	338	(4,360)	975	(4,360)
Recovered taxes and contributions		4,162	(10,294)	11,397	(10,294)
Recovered income tax and social contribution		(6,704)	(11,901)	(7,005)	(12,168)
Other assets		1,251	745	1,315	747
Judicial deposits		3,913	(4,717)	3,667	(4,717)
Suppliers and other payables		(5,118)	(7,855)	11,746	(7,850)
Provisions and labor charges		10,779	11,127	10,865	11,127
Tax obligations		12,942	397	15,120	407
Advances from clients		17,890	15,443	19,011	15,443
Restricted cash investments	4	(22,453)	(38,085)	(22,453)	(38,085)
Restricted cash withdrawal	4	6,769	19	6,769	19
Settlement of derivative financial instruments	16	(57,549)	(47,345)	(57,549)	(47,345)
Interest paid on loans and financing	11	(37,723)	(34,236)	(40,181)	(34,236)
Interest paid on leases	22	(13,420)	(12,682)	(15,577)	(11,684)
Income and social contribution taxes paid		-	-	(1,467)	(1,131)
Net cash from operating activities		9,376	118,421	10,223	118,527
Cash flows from investing activities					
Acquisition of investment		(785)	(1,077)	(984)	(1,208)
Increase in capital in investee	1.1	(55,000)	-	-	-
Acquisition of property and equipment		(24,355)	(47,142)	(28,594)	(47,142)
Acquisition of intangible assets		(653)	(1,177)	(653)	(1,177)
Amount received from reduction in capital in investee	8	-	12,950	-	12,950
Dividends received	8	-	10,530	-	10,531
Amount received in cash for sale or property, plant and equipment	9	274	43	274	43
Plantations and acquisitions of sugarcane crops	9	(61,822)	(46,620)	(93,525)	(46,620)
Net cash used in investing activities		(142,341)	(72,493)	(123,482)	(72,623)
Cash flows from financing activities					
Loans and financing obtained	11	50,602	2,097	50,602	2,097
Amortization of loans and financing	11	(67,871)	(83,718)	(69,799)	(83,718)
Amortization of leases	22	(32,217)	(30,392)	(27,560)	(22,279)
Net cash used in financing activities		(49,486)	(112,013)	(46,757)	(103,900)
Decrease in cash and cash equivalents		(182,451)	(66,085)	(160,016)	(57,996)
Cash and cash equivalents at the beginning of the period		946,188	1,220,805	999,121	1,242,658
Cash and cash equivalents at the end of the period		<u>763,737</u>	<u>1,154,720</u>	<u>839,105</u>	<u>1,184,662</u>
Decrease in cash and cash equivalents		(182,451)	(66,085)	(160,016)	(57,996)

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

Jalles Machado S.A.

Statement of added value

Quarters ended June 30, 2023 and 2022

(In thousands of real)

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
INCOME	376,310	547,390	501,589	547,507
Sales of goods, products and services	363,102	510,799	499,704	510,784
Other income	14,142	38,385	2,819	38,517
Return of sales	(915)	(1,774)	(915)	(1,774)
Net reversal (recognition) of allowance for ECLs	(19)	(20)	(19)	(20)
INPUT ACQUIRED FROM THIRD PARTIES	(135,949)	(117,195)	(142,059)	(109,855)
Cost of goods, merchandise and services sold	(71,809)	(102,854)	(99,566)	(95,492)
Materials, energy, third-party services and others	(32,957)	(38,910)	(34,920)	(38,932)
Net gain arising from change in fair value and realization of the fair value of biological assets	(40,421)	19,917	(14,114)	19,917
Recognition of the fair value of losses on trade receivables (CBIOS)	4,766	7,543	2,069	7,543
Loss/recovery of assets	4,472	(2,891)	4,472	(2,891)
Gross added value	240,361	430,195	359,530	437,652
Depreciation, amortization and depletion	(128,438)	(118,638)	(191,184)	(118,397)
Net value added generated by the entity	111,923	311,557	168,346	319,255
Value added received by transfer	426,752	210,212	418,414	203,435
Share of profit of equity-accounted investees	14,105	11,685	4,414	4,184
Profit (loss) from discontinued operation	-	-	-	-
Finance income	28,588	43,993	29,941	44,717
Gain on exchange rate fluctuations	13,569	14,248	13,569	14,248
Gain on derivative transactions	370,490	140,286	370,490	140,286
Total value added to be distributed	538,675	521,769	586,760	522,690
DISTRIBUTION OF VALUE ADDED	538,675	521,769	586,760	522,690
Personnel	31,561	29,732	46,878	29,732
Direct compensation (cost)	24,710	19,164	34,750	19,164
Benefits	5,335	9,118	9,941	9,118
F.G.T.S.	1,516	1,450	2,187	1,450
Taxes fees and contributions	42,635	93,748	70,487	95,885
Federal	13,135	42,194	30,762	44,105
State	29,498	51,554	39,722	51,780
Municipal	2	-	3	-
Return on debt capital	414,987	278,254	419,903	277,038
Finance costs	61,026	55,026	65,942	53,810
Losses on exchange rate fluctuations	7,539	29,140	7,539	29,140
Loss on derivative transactions	348,153	191,871	348,153	191,871
IFRS 16 finance costs	(1,731)	2,217	(1,731)	2,217
Return on equity capital	49,492	120,035	49,492	120,035
Retained earnings	49,492	120,035	49,492	120,035

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

Management's notes to the financial statements **quarterly financial statements as of June 30, 2023**

(Amounts in thousands of Brazilian real, except when otherwise indicated)

1 Operations

The activities of Jalles Machado S.A., and its subsidiaries Jalles Machado Empreendimentos Imobiliários S.A., Purolim S.A. (formerly called Esplanada Bioenergia S.A.), Santa Vitória Açúcar e Alcool Ltda. and Jalles Bioenergia S.A. and associates Albioma Codora Energia S.A. and Albioma Esplanada Energia S.A. henceforth called "Company", basically consist of the following operations:

a. Jalles Machado S.A.

Jalles Machado S.A., domiciled at Rodovia GO 080, km 185, Zona Rural, in the municipality of Goianésia – Goiás, is a public company registered with the Brazilian Securities and Exchange Commission (CVM) on February 4, 2021 on the number 02549-6. The Company's shares are traded at B3 under the name "JALL3".

The Company has three manufacturing facilities, namely: (i) Jalles Machado and Otávio Lage, located in the municipality of Goianésia – State of Goiás and Usina Santa Vitória, located in the municipality of Santa Vitória - Minas Gerais, which can process more than 8.5 million tonnes of sugarcane per crop. They are primarily engaged in manufacturing and marketing products in Brazil and abroad. ethanol, electricity and other products derived from sugarcane. Always seeking to add value to its portfolio, such as the sale of white, organic and sanitizing sugar under Itajá's own brand, in addition to producing and marketing dried yeast.

All sugarcane used in the production units results from own crops farmed in own land and through agricultural partnerships with shareholders and third parties.

b. Jalles Machado Empreendimentos Imobiliários S.A.

The subsidiary is located in the city of Goianésia, state of Goiás, at Rodovia GO 338, Km 33 on the left, Km 03, Rural Zone. It is engaged in purchasing and selling real property, leasing real property and managing its own assets for an indeterminate period.

It has an agreement for the lease of property for non-residential purposes and equipment in the monthly amount of R\$3,348 annually adjusted by IGP-M until June 2024 with parent company Jalles Machado S.A., and which, for the purposes of these individual company and consolidated interim financial statements, is classified as property, plant and equipment.

c. Purolim S.A. (formerly called Esplanada Bioenergia S.A.)

The subsidiary is domiciled at Rodovia GO 080, km 185, 500 meters on the right, Zona Rural, in the municipality of Goianésia, state of Goiás, is engaged in producing sanitizers, and may also perform other related acts related to and related to its corporate purpose.

d. Santa Vitória Açúcar e Alcool Ltda.

The subsidiary is domiciled in Faz. Crystal, km 11.8, Est. Perdilândia, Rural Zone, in the municipality of Santa Vitória - Minas Gerais, is engaged in manufacturing ethanol and generating and distributing electricity.

The subsidiary is the parent company of Jalles Bioenergia S.A. (formerly called ERB MG Energias S.A.), domiciled at Faz. Crystal, km 11.8, Est. Perdilândia, a rural area, in the municipality of Santa Vitória – Minas Gerais, whose purpose is to produce and sell electricity and steam, in addition to all by-products from the co-generation of electricity.

e. Albioma Codora Energia S.A.

The associate is domiciled at Rodovia GO 338, km 33, at left, km 4, in the rural area of Goianésia, state of Goiás. It is engaged in producing and marketing electricity and steam, in addition to all by-products from the co-generation of electricity.

f. Albioma Esplanada Energia S.A.

The associate is domiciled at Rodovia GO 080, km 185, in the rural area of Goianésia, state of Goiás, is engaged in co-generating and marketing electricity and water steam from the source of biomass of sugar cane and supplementary raw materials. It may also perform other related acts and the like with its corporate purpose, such as marketing "carbon credits". The *joint venture* was set up in December 2017 to receive the assets from the co-generation of energy in the Jalles Machado unit due to the negotiation with partner Albioma Participações do Brasil.

1.1 Acquisition of subsidiary

On May 4, 2022, the Company entered into agreements for the acquisition of all the shares of Santa Vitória Açúcar e Alcool Ltda. ("Santa Vitória or SVAA" and "Acquisition"); and acquisition by Santa Vitória of all the shares of ERB MG Energias S.A. (currently called Jalles Bioenergia S.A.) ("Cogen"), a co-generation unit attached to the Santa Vitória plant. Both Santa Vitória and Cogen were controlled by Grupo Geribá Investimentos ("Geribá").

On October 3, 2022 previous conditions were met and the Company completed the acquisition transaction and on that date: (i) 100% of Santa Vitória's shares were transferred to the Company; (ii) transferring 100% of the shares of the ERB MG to Santa Vitória; and (iii) the several cash flows consisting of payments of the agreed price to the related counterparties, which is still subject to adjustments established on the related agreements.

The total transaction amounted to R\$721,760, as detailed below:

Acquisition Santa Vitória: in the amount of R\$386,960, including: (i) price adjustment reported on the acquisition date, according to the audited financial statements of Santa Vitória, (ii) adjustment for inflation, (iii) and possible amounts disbursed or contributed in Santa Vitória; and (iv) *earn-out*, based on 50% of Santa Vitória's results with respect to the 2022/23 crop performance, at a minimum grinding rate of 1.9 million tonnes, including a discount on the price if the effective grinding is lower.

Cogen investment: together with the completion of the acquisition, the Company committed itself to making an investment in the total amount of R\$334,800 in Santa Vitória, also subject to possible closing adjustments, of which (i) R\$144,867 is in cash to meet the obligation to acquire Cogen ERB and (ii) assume long-term bank debts of Cogen ERB, in the amount of R\$189,933.

Therefore, total disbursements for the transaction, discounted from bank debts assumed at Cogen ERB, were R\$531,827, considering the closing and *earn-out adjustments* of Santa Vitória.

The acquisition is part of the Company's plan, which started with its IPO in February 2021. After the completion of the transaction, the Company started to rely on three industrial units, with a combined capacity to process 8.5 million tonnes of sugarcane per crop, which represents a 46% increase in the capacity of current plants (5.8 million tonnes). Moreover, SVAA is located in a region with great availability of water for irrigation. It currently has an irrigation capacity of 40% of the cultivated area and land for future expansions in a multimodal environment, with access to waterways, roads and railways), and 840 km from the Port of Santos.

A. Usina Santa Vitória Açúcar e Alcool Ltda. "SVAA"

Identifiable assets and liabilities acquired from Usina Santa Vitória Açúcar e Alcool Ltda. include *inputs* of the whole agroindustrial structure, relationship with clients, production processes and organized workforce. The Company has determined that the *inputs* and processes acquired together contribute significantly to its capacity to generate revenue and concluded that the set acquired by the Company is a business.

The acquisition is expected to allow the Company to increase its share in the ethanol and electricity market by accessing the clients of Usina Santa Vitória Açúcar e Alcool Ltda. and its subsidiary Jalles Bioenergia S.A.. The Company also expects to reduce its costs through economies of scale and other administrative and management synergies.

In the year ended March 31, 2023, Usina Santa Vitória Açúcar e Alcool Ltda. contributed net revenue of R\$209,242 thousand and profit of R\$18,288 thousand to the consolidated financial statements. If the acquisition had occurred on April 1, 2022, management estimates that it would have increased consolidated net revenue by R\$559,471 thousand and consolidated profit of R\$107,840 thousand. In determining these amounts, management has determined that the fair value adjustments, determined provisionally, that applied at the date of acquisition would have been the same if the acquisition had occurred on 1 April 2022.

	<u>Usina Santa Vitória</u>
From the date of acquisition	
Net sales revenue for the period	209,242
Profit for the period	18,288
From beginning of year	
Net sales revenue for the period	559,471
Profit for the period	107,840

Consideration transferred

The following table summarizes the fair value at the date of acquisition of the most significant items of the consideration transferred.

<u>Description</u>	<u>Amount paid</u>
Base acquisition price (A)	381,659
Price adjustment	18,739

Disbursement ²	(1,145)
IPCA adjustment on price adjustment ³	287
<i>Earn-out</i> ⁴	(12,581)
Total (B)	386,959
Price adjustment (B) - (A)	5,300

1 – Consists of (i) changes in the working capital accounts of Usina Santa Vitória between the financial statements initially presented by the seller and the audited balance sheet and (ii) replacement of the amount obtained by the purchaser from the inventory of finished goods as of March 31, 2022, as previously agreed by the parties.

2 – Reimbursement made by the seller to the purchaser for the disbursements not expected for the transaction during the *signing* and closing *periods*. The expenses incurred consisted of payments to external counselors for the purchase and sale.

3 – Correct the amounts identified in items 1 and 2 above between the *closing date* and December 31, 2022, using the IPCA (Extended Consumer Price Index) for the period.

4 – As provided for in the purchase and sale agreement, the seller reimbursed the purchaser 50% of the amount not obtained for selling ethanol and CBIOS for not reaching the grinding of 1,900,000 tonnes of sugarcane during the 2022-23 crop. During the crop, 1,801,549 tonnes of sugarcane were ground.

Acquisition costs

The Company incurred acquisition-related costs of R\$9,682 thousand on lawyers' fees, expert advisory fees and *due diligence* costs, all recorded as 'Administrative expenses' in profit or loss.

Identifiable assets acquired and liabilities assumed

The following table summarizes the amounts of assets acquired and liabilities assumed at the acquisition date.

Assets	Note	30/09/2022	Market adjustmen ts	30/09/2022 to market
Current				
Cash and cash equivalents	3	27,127	-	27.127
Accounts receivable and other receivables	5	45,034	-	45.034
Other assets		273	-	273
Inventories	6	173,189	-	173.189
Advances to suppliers		6,270	-	6.270
Biological assets	10	54,440	-	54.440
Recovered taxes and contributions	7	25,796	-	25.796
Recovered income tax and social contribution		2,697	-	2.697
Current assets		334.826	-	334,826
Non-current				
Advances to suppliers		4,703	-	4.703
Judicial deposits	14	1,281	-	1.281
Recovered taxes and contributions	7	74,394	-	74.394
Recovered income tax and social contribution		1,266	-	1.266
Investments	8	923	-	923
Property, Plant and Equipment	9	443,863	88,878	532.741
Right of use		199,018	-	199.018
Intangible assets		4,020	-	4.020
Non-current assets		729.468	88,878	818,346
Total assets		1.064.294	88,878	1,153,172

Liabilities	Note	30/09/2022	Market adjustment s	30/09/2022 to market
Current				
Agricultural partnerships payable		56,107	-	56.107
Leases payable		9,936	-	9.936
Suppliers and other accounts payable	12	67,221	-	67.221
Provisions and labor charges		17,854	-	17.854
Tax obligations		4,822	-	4.822
Income tax and social contribution taxes payable		2,697	-	2.697
Advances from clients		2,004	-	2.004
Current liabilities		160.641	-	160,641
Non-current				
Agricultural partnerships payable		124,114	-	124.114
Leases payable		14,651	-	14.651
Trade and other payables		(281)	-	(281)
Provisions for contingencies	14	8,858	-	8.858
Non-current liabilities		147.342	-	147,342
Equity	15			
Capital		486,272	-	486.272
Profit reserves		270,039	88,878	358.917
Total equity		756.311	88,878	845,189
Total equity and liabilities		1.064.294	88,878	1,153,172

Fair value measurement

Significant assets have been measured at fair value according to the most adequate techniques for each group of assets, as follows:

Cost class	Adjustment to fair value	Useful life remaining period (years)	Valuation method
Land	7,339	0.00	Market valuation
Buildings	17,398	17.89	Cost approach
Furniture and fixtures	322	5.40	Cost approach
Machinery and equipment and facilities	46,294	5.05	Cost approach
Vehicles	17,525	1.36	Cost approach
Sugar cane crops	(207,250)	3.00	MPEEM (Ministry of Labor and Finance)

- Market approach**

The fair value of the asset is estimated by comparing it with similar or comparable assets that have been sold or listed for sale in the primary or secondary market. In the case of intangible assets, sales or market prices are rarely available, as they are typically transferred as part of a business rather than in an isolated transaction, making this approach rarely used in the valuation of intangible assets.

- Cost approach**

Measures the investment required to reproduce a similar asset, which has the same benefit generation capacity. This approach is based on the replacement principle, whereby a prudent investor would not pay more for an asset than the cost to replace it with a comparable good/made.

- Method for calculating surplus profits for several periods (MPEEM)**

MPEEM measures the present value of future earnings to be generated over the remaining useful life of a certain asset. Using the company's estimated results as a benchmark, the Company calculates pre-tax cash flows directly related to the asset from the base date set on the valuation that are discounted using a discount rate that will reflect the risk associated with the market, the company, the country, the size, the cost of raising funds and the capital structure. The discount rate used to evaluate the business was 11.6% p.a. As well as the Company's analysis, the cost of goods sold and other operating expenses is deducted from the projected revenue allocated to the asset, and operating profit is reported, from which the charges on the taxpayer's assets are deducted, directly related to the asset (*contributory charges*).

Gain on bargain purchase - discount

Gain on bargain purchase was recognized as a result of the acquisition and was calculated as follows:

Allocation of amount	
Consideration for the acquisition of 100.00% of Santa Vitória	386,960
100% of equity on the reporting date	(756,311)
Appreciation of fixed assets	(88,878)
Provision for income tax on fixed asset appreciation	30,218
Gain on bargain purchase	(428,011)

Gain from bargain purchase was mainly due to the characteristics of the large industrial plant, consisting of technologically modern equipment with little time of use, and a significant carrying value.

Operational capacity is idle and productivity levels are below the ideal productivity for the region, and for that reason the cash flows from the Company's activities brought to present value as of the acquisition ("economic value"), which was based on the consideration paid, are not compatible with the value of its fixed assets (which uses the equity method added to the appreciation of revalued assets) and for that reason the advantageous purchase was made.

Jalles's Management understands that implementing investments already mapped in the calculation of SVAA's Economic Value, particularly in renovating and expanding sugar cane crop areas to feed the industrial production line, should bring the optimization of SVAA's operating assets over the next years.

2 Basis of preparation

2.1 Statement of compliance and basis of preparation

The individual company and consolidated interim financial statements have been prepared in accordance with CPC 21 (R1) Interim Financial Reporting and IAS 34 Interim Financial Report issued by the *International Accounting Standards Board* – IASB, as well as with the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the interim financial information.

The individual company and consolidated statement of value added is required by Brazilian corporate law and Brazilian accounting policies applicable to public companies. IFRS does not require the presentation of this statement. Accordingly, under IFRS, this statement is presented as supplementary information, without prejudice to all interim financial statements.

These interim financial statements have been prepared in accordance with the accounting policies applied to the preparation of the financial statements as of March 31, 2023, and should be read together with those financial statements. The information in the notes that was not significantly changed or was irrelevant when compared with March 31, 2023 was not fully repeated in these interim financial statements, except for note 2.7, however, with no impacts on these interim financial statements. However, selected information was included to explain the main events and transactions and to allow the understanding of the changes in the financial position and performance of Jalles Machado S.A. since the publication of the financial statements as of March 31, 2023.

The interim financial statements have been prepared on the historical cost basis. The historical cost of available-for-sale financial assets, other financial assets and liabilities (including derivative instruments) and biological assets is adjusted to reflect fair value.

The preparation of the interim financial statements requires Management to make critical judgments and estimates that require the application of accounting policies. Note 2.6 discloses

the areas that require a higher level of judgment or are more complex, and the areas where assumptions and estimates are significant for the interim financial statements.

All significant information characteristic of interim financial information, and only that information, is being shown and is that used by management to run the Company.

The interim financial statements were authorized for issue by the Board of Directors on August 10, 2023.

2.2 Individual company and consolidated interim financial statements

The individual interim financial statements include all the transactions of Jalles Machado S.A. and the related share of profit (loss) of equity-accounted investees over its subsidiaries and associates, whose company has significant influence. The interim financial statements include the interim financial statements of its subsidiaries in the three-month period ended June 30, 2023, and their associates were held as equity-accounted investees, according to note 2.3 and note 8.

The individual company and consolidated interim financial statements include the following companies:

Group's entities	Country Classification		Ownership interest	
			30/06/2023	31/03/2023
Jalles Machado Empreendimentos Imobiliários S.A.	Brazil	Subsidiary	100%	100%
Purolim S.A.	Brazil	Subsidiary	100%	100%
Santa Vitória Açúcar e Alcool Ltda.	Brazil	Subsidiary	100%	0%
Jalles Bioenergia S.A.	Brazil	Indirect subsidiary	100%	0%
Albioma Codora Energia S.A.	Brazil	Associate	35%	35%
Albioma Esplanada Energia S.A.	Brazil	Associate	40%	40%

2.3 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method when the set of activities and assets acquired meet the definition of a business control transferred to the Company. When determining whether a set of activities and assets is a business, the Company evaluates whether the set of assets and activities acquired includes, at least, an input and a substantive process that together have significantly contributed to the ability to generate output.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are recognized in profit or loss as incurred, except for related costs incurred with the issue of debt or equity instruments.

The consideration transferred includes amounts related to the pre-existing payments. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If a contingent consideration is classified as equity instrument, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Subsidiaries

The Company controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and is able to affect these returns through its power over the investee. The individual company and consolidated interim financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases.

The Company consolidated the effects of a business combination on October 3, 2022 on its individual and consolidated financial statements. The balance sheet used for the initial consolidation was that reported by Usina Santa Vitória Açúcar e Alcool as of September 30, 2022, because they represent the proper equity position and have no significant number of transactions.

Investments in subsidiaries are accounted for using the equity method.

(iii) Investments in associates accounted for using the equity method

Group's entities	Country	Classification	Ownership interest	
			30/06/2023	31/03/2023
Albioma Codora Energia S.A.	Brazil	Associate	35%	35%
Albioma Esplanada Energia S.A.	Brazil	Associate	40%	40%

Investments in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's equity in the year's profit or loss and other comprehensive income (loss) of equity-accounted investees, until the date on which significant influence or join control ceases.

(iv) Transactions eliminated on consolidation

Balances and transactions between the Company and its subsidiaries, and any unrealized income and expenses arising from transactions between the Company and its subsidiaries, are eliminated in consolidation in the interim financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.4 Basis of measurement

The individual company and consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value; And

- Biological assets are measured at fair value less costs to sell.

2.5 Functional currency

These individual company and consolidated interim financial statements are presented in Brazilian real, which is the functional currency of Jalles Machado S.A. and investees. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

2.6 Use of estimates and judgments

The preparation of individual company and consolidated interim financial information requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(i) Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the individual company and consolidated interim financial statements is included in the following notes: 8 - Investments: whether the Company and its subsidiaries have significant influence over an investee; and 17 - Net operating revenue: whether revenue from sugar, ethanol and yeast is recognized during the correct period, over time or at a point in time; and 22 - Leases payable: judgment about the period of lease deferrals.

(ii) Uncertainties about assumptions and estimates

The Company and its subsidiaries make estimates about the future according to certain assumptions. By definition, accounting estimates usually differ from actual results. Estimates and assumptions which pose a significant risk and are probable to cause a material adjustment in the carrying value of assets and liabilities for the next fiscal year are described below:

Note 1.1: Business combination

Assumptions were used in discounted cash flow models and market valuations to recognize the fair values of assets and liabilities found in the business combination.

Note 9: Review of the useful lives of property and equipment

The recoverability of the assets that are used in the Company's and its subsidiaries' activities is evaluated when events or changes in circumstances indicate that the carrying value of an asset or group of assets may not be recoverable according to future cash flows. If the carrying value of assets are higher than their recoverable value, the net amount is adjusted and their useful lives are set at new levels.

Note 10: Biological assets

The fair value of the Company's biological assets represents the present value of the net cash flows estimated for this asset, which is determined by applying the assumptions established in discounted cash flow models.

Note 13: Deferred income and social contribution taxes

Deferred income and social contribution tax assets are only recognized to the extent that positive taxable income is probable to be generated in the future against which temporary differences can be utilized and social contribution tax losses can be offset. The recovery of the

balance of deferred tax assets is reviewed at each reporting date, and when it is no longer probable that future taxable profits will be available to allow recovery of all or part of the amount, the balance of the deferred asset is adjusted for the amount expected to be recovered.

Significant Management's judgment is required to determine the amount of deferred tax assets that can be recognized, based on the probable timing and level of future taxable profits together with future tax planning strategies.

Note 14: Provisions for contingencies

The Company and its subsidiaries are parties to several judicial and administrative proceedings. Provisions are accrued for all contingencies referring to legal proceedings whose unfavorable outcome is probable and estimated. The Company's assessment of the likelihood of loss comprises an evaluation of available evidence, of the hierarchy of laws, of available court precedents, of the most recent appeals court decisions and their relevance to the legal system, as well as evaluations of external and internal lawyers.

Note 22: Leases payable and agricultural partnerships payable

The Company has agreements for the lease of the industrial park and agreements entered into with agricultural partners for rural areas that were farmed under an agricultural partnership to grow sugar cane. They comply with the provisions of the Earth's bylaws, which started to be accounted for in accordance with the concept set forth by accounting standard CPC 06 (R2)/IFRS 16 as from April 1, 2019.

When measuring lease liabilities, the Company discounts lease payments using an incremental discount rate. Determining the discount rate of contracts involves uncertainties about assumptions and estimates with a significant risk of resulting in an adjustment in the balances of liabilities and assets.

(iii) Measurement of fair values

A number of the Company's and its subsidiaries' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company and its subsidiaries have established a control framework for the measurement of fair values. This includes a valuation team in charge of revising all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information such as price quotations from brokerage firms or price services is used to measure fair value, the valuation team analyzes the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of the technical pronouncements issued by the Committee of Accounting Pronouncements -CPC *International Financial Reporting Standards* (IFRS), including the level in the fair value hierarchy into which those valuations should be classified.

When measuring the fair value of an asset or a liability, the Company and its controls use observable market data as much as possible. Fair values are categorized into different levels in a hierarchy based on information (*input*) used in valuation techniques in the following manner.

- Level one: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level two: *inputs* other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level three: *inputs* for assets or liabilities that are not based on observable market data (*unobservable inputs*).

The Company and its subsidiaries recognize transfers between levels of the fair value hierarchy at the end of the reporting period of the individual company and consolidated interim financial statements in which the change has occurred.

Additional information about the assumptions made in measuring fair values is included in the following notes:

- Note 8 - Investments
- Note 10 - Biological assets; and
- Note 16 - Financial instruments.

2.7 Significant accounting policies

The Company applied consistently the accounting policies set out below to all years presented in these individual company and consolidated interim financial statements.

a. Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rates at the date of the transaction. Foreign currency differences arising on re-translation are generally recognized in profit or loss.

b. Revenue

CPC 47/IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces CPC - 30 (R1)/IAS 18 Revenue.

CPC 47 Technical Pronouncement/IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces all current revenue recognition requirements in accordance with CPC standards. The new standard establishes a five-step model for accounting for revenue arising from contracts with customers:

- (i) When the parties to a contract approve the contract and are committed to its compliance;
- (ii) When the Company can identify each party's rights in relation to the goods to be delivered;
- (iii) When you can identify the terms of payment for the transferred assets; (iv) the contract has a commercial substance;
- (iv) It is probable that the consideration to which the entity is entitled will receive it. According to that pronouncement, revenue is recognized in an amount that reflects the consideration to which an Entity expects to be entitled in exchange for the transfer of goods or services to a customer.

c. *Short-term employee benefits*

Short-term employee benefit obligations are recognized as personnel expenses as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

d. *Government grants*

Government grants are recognized in profit or loss over the period required to match them to the related costs, for which they are intended to compensate, on a systematic basis, provided that conditions set by CPC 07 (R1) IAS 20 - Government Grants and Disclosure of Government Assistance are met. While the requirements for recognizing them in profit or loss are not met, an offsetting entry to the government grant is recognized in a specific liability account and subsequent to that recognized in profit or loss. The portion recognized in profit or loss is reclassified from equity to retained earnings to the reserve for investment grants.

e. *Finance income and finance costs*

The Company's finance income and finance costs consist of:

- Interest on financial investments and restricted cash;
- Interest income;
- Gains/losses on derivative financial instruments;
- Net foreign exchange gains and losses on financial assets and liabilities;
- Granted discounts; And
- Interest expense on loans and financing.

Finance income and costs are recognized as they accrue in profit or loss, using the effective interest method.

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

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or to the amortized cost of the liability. However, for financial assets that were impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer impaired, then the calculation of interest income reverses to the gross basis.

f. *Income and social contribution taxes*

In the Parent Company, in subsidiary Santa Vitória Açúcar e Alcool Ltda. and indirect subsidiary Jalles Bioenergia S.A. current and deferred income and social contribution taxes are calculated at the rate of 15%, plus a surtax of 10% on taxable profit in excess of R\$240 (annual) for income tax and 9% on taxable profit for social contribution tax, and consider the offsetting of income and social contribution tax losses, limited to 30% of taxable profit in the year.

In the other subsidiaries, income and social contribution taxes are calculated according to prevailing "deemed profit" legislation. Under the income tax regime, taxable profit consists of 8% on sales of merchandise and 32% on sales of services plus other operating revenues; for social contribution tax purposes, taxable profit accounts for 12% of sales of merchandise and 32% on sales of services plus other operating revenues. Income tax is calculated at the rate of 15% on taxable deemed profit plus a surtax of 10% on amounts exceeding R\$240 (annual).

Social contribution tax - calculated at the rate of 9% on taxable deemed profit.

Income and social contribution tax expenses consist of current and deferred income and social contribution taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to items directly recognized in equity or in other comprehensive income (loss).

(i) Current income and social contribution tax expenses

Current tax is the tax payable or receivable on the taxable income or loss for the year, and any adjustment in tax payable in respect of previous years. Current and non-current assets are measured at tax rates enacted or substantively enacted at the reporting date.

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

(ii) Deferred income and social contribution tax expenses

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for individual company and consolidated financial statements and those used for taxation purposes.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax asset will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

The measurement of deferred assets and liabilities reflects the tax consequences arising from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

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

g. *Biological assets*

Biological assets are measured at fair value less the estimated costs to sell at the time of cutoff. The Company used the discounted cash flow method to determine fair value according to the estimated productivity cycle of those assets.

Significant assumptions in determining the fair value of biological assets are shown in note 10. The fair value of biological assets is measured at each reporting date.

The gain or loss on changes in the fair value of biological assets is recognized in profit or loss for the year in which they occur, in a specific line item in the statement of profit or loss, called "Changes in the fair value of biological assets". The depletion value of biological assets is measured by the quantity of agricultural product cut/sold, stated at fair value.

h. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is measured at the weighted average costing method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion.

The inventory of decarbonization credits is recognized at fair value less any accumulated impairment losses.

i. Property, Plant and Equipment

(i) Recognition and measurement

Items of property and equipment are measured at the historical cost of acquisition or construction, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The Company and its subsidiaries chose to revalue their property, plant and equipment using the *deemed cost* on the opening date of 2010 (April 1, 2009). The determined effect was recognized in a valuation reserve account in the Company's equity and is amortized for the depreciation, disposal or obsolescence of the assets.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent costs are capitalized only when it is probable that future economic benefits associated with expenses will be enjoyed by the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Maintenance costs

The replacement cost of a property and equipment item is recognized if it is probable that the economic benefits included in the item will flow into the Company, and that its cost can be reliably measured. The carrying amount of a component that has been replaced by another is written off. On-going repairs and maintenance are expensed as incurred.

The Company annually performs maintenance in its industrial unit, approximately in the period from December to March. Main maintenance costs include labor, materials, external services and overhead expenses allocated during the off-season period. These costs are accounted for as a component of equipment cost and depreciated during the next crop. Any other type of

expenditure, which does not increase your useful life or maintains your grinding capacity, is recognized in profit or loss as expense.

(iv) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation is recognized in profit or loss and at production cost. Land is not depreciated.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is certain that the Company and its subsidiaries will obtain ownership by the end of the lease term.

Items of property, plant and equipment are depreciated from the date they are installed and are available for use or, in respect of self-constructed assets, from the day that the asset is completed and ready for use.

The weighted annual average rates for the current and comparative years are as follows:

	Company	Consolidated
Buildings	2%	3%
Machinery, equipment and facilities	6%	8%
Vehicles and semi-trailers	8%	9%
Work in progress (a)	n/a	n/a
Furniture, equipment and fixtures	13%	13%
Aircraft	5%	5%
Other property and equipment	2%	4%
Sugar cane crops	20%	20%
Out-of-season cost	100%	100%
Land	n/a	n/a

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

j. Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on trademarks and patents, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated to amortize the cost of intangible assets less their estimated residual values using the straight-line basis over their estimated useful lives. Amortization is recognized in profit or loss.

The average estimated useful life for the current and comparative years is five years.

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

k. Financial instruments

(i) Recognition and initial measurement

Trade receivables basically originate from the sale of sugar, ethanol, yeast seeding and by-products. They are recognized initially on the date that control over the products is transferred.

All other financial assets and financial liabilities are initially recognized when the Company and its subsidiaries become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity instruments; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company and its subsidiaries change their business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; And
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company and its subsidiaries may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 16). On initial recognition, the Company and its subsidiaries may irrevocably designate a financial asset that

otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company and its subsidiaries value the objective of the business model in which a financial asset is held at the portfolio because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. They include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of related liabilities or expected cash outflows, or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Management of the Company and its subsidiaries;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the performance of the assets managed or the contractual cash flows collected; And
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, consistent with the Company's and its subsidiaries' continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company and its subsidiaries consider:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; And
- Terms that limit the Company's and its subsidiaries' access to cash flows from specific assets (e.g. non-recourse features).

Early payment is consistent with the principal and interest payment criterion if the prepayment amount mostly represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a lower or higher than contractual par amount, a feature that permits or requires prepayment at an amount that represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant in the initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and <i>impairment</i> are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets

The Company and its subsidiaries derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or they transfer the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership. of the financial asset and does not retain control over the financial asset, either.

The Company and its subsidiaries conduct transactions where the Company transfers assets recognized in the balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, financial assets are not derecognized.

Financial liabilities

The Company and its subsidiaries derecognition a financial liability when its contractual obligations are discharged or canceled, or expire. The Company and its subsidiaries also derecognize a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company and its subsidiaries have a legally enforceable right to offset the amounts and intend either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) *Derivative financial instruments*

The Company holds derivative financial instruments, such as forward exchange contracts, commodity forwards and swap agreements to hedge its exposures to the risks of foreign currency, interest rate and *commodity prices*.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. The Company evaluated its contracts and did not find embedded derivatives.

Derivative financial instruments designated for *hedging* transactions are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes thereafter are recognized in the Company's finance income (costs). They are presented as financial assets when their fair values are positive and as financial liabilities when their fair values are negative.

l. Capital - Company

Ordinary shares

Additional costs directly attributable to the issue of shares are recognized as a contra account to equity under CPC08/ IAS 32. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with (CPC 32) /IAS 12 - Income Taxes.

Dividends

The Company's bylaws establish a percentage not lower than 25% of profit adjusted pursuant to law to pay minimum non-discretionary dividends.

m. Impairment loss

(i) *Non-derivative financial assets*

Financial instruments and contract assets

The Company and its subsidiaries recognize loss allowances for ECLs on:

Financial assets measured at amortized cost;

The Company measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company and its subsidiaries consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the historical

experience of the Company and its subsidiaries, on credit assessment and considering *forward-looking* information.

The Company and its subsidiaries assume that a financial asset's credit risk increases significantly if it is more than 30 days behind schedule.

The Company and its subsidiaries consider a financial asset to be delinquent when:

- The debtor is unlikely to pay its credit obligations to the Company and its subsidiaries in full, without recourse by the Company to actions such as realizing security (if any is held); Or
- The financial asset related to a client that has financial difficulties.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets measured at amortized cost and whether debt securities measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a harmful impact on the estimated future cash flows of the financial asset occur.

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

- significant financial difficulties of the borrower or issuer;
- A breach of contract such as a default or delinquency;
- Restructuring of an amount due to the Company and its subsidiaries on terms that the Company and its subsidiaries would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganization; Or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is derecognized when the Company and its subsidiaries have no reasonable expectations of recovering their total or partial financial assets. For individual clients, the Company and its subsidiaries make an individual assessment of the timing and amount of write-off according to whether there is reasonable expectation of recovery. The Company does not expect any significant recovery from the amount written off. However, financial assets that are written off may still be subject to enforcement procedures for recovering amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's and its subsidiaries' non-financial assets other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each

reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

An impairment loss is recognized if the carrying amount of an asset or cash-generating group (CGU) exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n. Provisions

A provision is recognized if, as a result of a past event, the Company and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an out appeal will be required to settle the obligation.

The Company and its subsidiaries recognize a provision for labor, environmental, civil and tax lawsuits. The Company's assessment of the likelihood of loss comprises an evaluation of available evidence, of the hierarchy of laws, of available court precedents, of the most recent appeals court decisions and their relevance to the legal system, as well as evaluations by in-house and external lawyers. Those provisions are revised and adjusted to consider changes in circumstances, such as the statute of limitations period applicable to the case, completions of tax inspections or further exposures found according to new matters or court decisions. For further details, see note 14.

o. Trade payables

Trade payables are obligations payable for goods or services acquired over the normal course of business. They are firstly recognized at fair value and then measured at the amortized cost by using the effective interest method. In practice, trade receivables are usually measured at the original invoice amount and adjusted to present value, when applicable.

p. Leases

At inception of a contract, the Company and its subsidiaries assess whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of an identified asset, the Company and its Subsidiaries use the definition of leases in CPC 06(R2) /IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company and its Subsidiaries allocate the consideration in the contract to each lease component on the basis of their stand-alone prices. However, for the leases of property the Company and its Subsidiaries have opted not to separate non-lease components and account for the lease and non-lease components as a single component.

A right of use and a lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made by the date of commencement, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee on dismantling and removing the underlying asset, restoring the location where it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's and its subsidiaries' incremental borrowing rate. The incremental borrowing rate is usually used as the discount rate.

The Company determines its incremental borrowing rate at the weighted-interest rate of its loans and financing.

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; And
- The exercise price under a purchase option that the Group is reasonably certain to exercise and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index

or rate, if there is a change in the amount expected to be payable under a residual value guarantee, if the Company and its subsidiaries change their assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

Leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

q. *Measurement of fair values*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company and its subsidiaries have access at that date. The fair value of a liability reflects its *non-performance* risk. The non-performance risk includes, among others, the credit risk of the Company and its subsidiaries.

A number of the Company's and its subsidiaries' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 2.6).

When available, the Company and its subsidiaries measure the fair value of an instrument using the price quoted in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Company and its subsidiaries use valuation techniques that maximize the use of relevant observable data and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a purchase price and an ask price, then the Company and its subsidiaries measure assets at a bid price and liabilities at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company and its subsidiaries determine that fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument, or at the time at which the valuation is wholly supported by observable market data or the transaction is closed out, whatever happens first.

r. *Loan transaction costs*

Transaction costs directly related to loans and financing under CPC 08/ IAS 32 are initially recognized as a write-down to the liability. They are subsequently recognized in the Company's finance income (costs) according to the flow of the term of the financing agreement to which it is related, so that finance charges reflect the actual cost of the financial instrument and not only the contractual interest rate of the instrument.

s. *Earnings per share*

Under CPC41/ IAS 33, the Company present basic profit and diluted profit attributable to the holders of the Company's ordinary shares.

Basic earnings and diluted earnings per share are calculated by dividing the Company's year's profit or loss by the weighted average number of ordinary shares held by shareholders during the period.

The weighted average number of total ordinary shares held by shareholders (outstanding) during the period is the total number of ordinary shares held with shareholders at the beginning of the period, adjusted by the number of ordinary shares collected or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days total shares, except those held at the Treasury Department, are held by shareholders as a proportion of the total number of days in the period

t. *Segment reporting*

An operating segment is a component of the Company and its subsidiaries that carry out business activities on which it can obtain revenue and incur expenses, including revenues and expenses related to transactions with other components of the Company and its subsidiaries. All operating results are frequently reviewed by the Executive Board for decisions on the resources to be allocated to the segment and for assessing its performance, for which individual company financial information is available.

Segment reporting under CPC 22/ IFRS 8 is presented in Note 25.

2.8 Standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2023 (April 1, 2023 for the Company). The Company has not amended the amended standards in preparing these individual company and consolidated interim financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company and its subsidiaries' individual company and consolidated interim financial statements.

Deferred tax relating to assets and liabilities arising from a single transaction (Amendments to CPC 32/ IAS 12)

The changes limit the scope of the initial recognition exemption to delete transactions that give rise to equal and compensatory temporary differences – e.g. leases and decommissioning cost leases and liabilities. The amendments apply to annual periods beginning on or after January 1, 2023 (April 1, 2023). For leases and pension plan costs liabilities, the associated deferred tax assets and liabilities need to be recognized from the beginning of the oldest comparative period,

with any cumulative effect recognized as an adjustment in retained earnings or other components of equity at that date. For all other transactions, the changes apply to transactions that occur after the beginning of the earliest period presented.

Other Standards

The following new and amended standards are not expected to have a material impact on the Group's individual company and consolidated financial statements:

- Annual review of IFRS standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to CPC 27/IAS 16).
- Reference to Conceptual Framework (Amendments to CPC 15/IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to CPC 26/IAS 1).
- IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS *Practice Statement 2*).
- Definition of Accounting Estimates (Amendments to CPC 23/IAS 8).

3 Cash and cash equivalents

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Cash and banks	8,036	36,930	36,114	51,642
Banks with related parties (a) (note 24)	2,556	2,373	2,853	5,946
Highly liquid financial investments (b)	719,238	871,808	723,571	876,306
Highly liquid financial investments with related parties (a) and (c) (note 24)	33,907	35,077	76,567	65,227
	<u>763,737</u>	<u>946,188</u>	<u>839,105</u>	<u>999,121</u>

The Company and its subsidiaries consider as cash and cash equivalents the balances from checking accounts and financial investments that mature within less than 90 days and are readily convertible into a known amount of cash and that pose an insignificant risk of changes in their value.

- (a) Balance consisting of checking accounts and financial investments granted to the Company, bear interest at market rates of Banco Coopercred - Cooperative of Credit of which the Company is a shareholder.
- (b) Short-term, highly-liquid financial investments are readily convertible into a known amount of cash, and are subject to an insignificant risk of changes in their value. These financial investments basically consist of Certificates of Bank Deposit (CDB) and Cooperative Deposit Receipts (RDC), which are indexed to market rates according to a percentage variation ranging from 98% to 105% (98%-105% as of March 31, 2023) of the Interbank Deposit Certificate (CDI).
- (c) These investments have the same characteristics of the investments described in item (a) above and basically consist of the Cooperative Deposit Receipt (Receivables Investment Fund), which bear interest ranging from 98% to 100% of the interbank deposit certificate (CDI) (98%-100% as of March 31, 2023).

The Company and its subsidiaries have the principle of working with financial institutions whose credit rating is "AA" or higher than those assessed by reference institutions, such as S&P Global Ratings, Fitch Ratings and Moody's Investors Service. Market conditions regarding

rates, terms and volume of exposure with each bank so that funds are not too concentrated in a single bank are also evaluated when funds are invested.

The Company's and its subsidiaries' exposure to credit and interest rate risks and a sensitivity analysis related to cash and cash equivalents is disclosed in note 16.

4 Restricted cash

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Financial investments	36,271	19,957	36,271	19,957
Encourage (a)	1,010	475	1,010	475
Financial investments (b)	1,353	1,328	1,353	1,328
	<u>38,634</u>	<u>21,760</u>	<u>38,634</u>	<u>21,760</u>
Current assets	30,505	14,149	30,505	14,149
Non-current assets	<u>8,129</u>	<u>7,611</u>	<u>8,129</u>	<u>7,611</u>

- (a) Amount invested consisting of 10% of the tax incentive obtained by the Company. According to The Company's rules, the applied amount may only be used to settle the tax due earlier.
- (b) Consist of investments in fixed-rate investment funds linked to interbank deposit rates. Under some long-term loan agreements, the Company is required to hold a separate bank account to collect accounts receivable, which are released on the following business day, and subject to the credit's approval (bank accounts linked to financing). The money withheld in the separate bank account was classified as restricted cash in the statement of financial position. The amounts were released in Brazilian reais and will not be subject to significant risks of fluctuations.

Restricted cash has the purpose of guaranteeing loans and financing, whose transactions are usually settled in a period longer than 90 days.

Restricted cash movements during the period were as follows:

	Company and consolidated
Balance as of March 31, 2022	<u>58,873</u>
Investments	36,922
Income	1,163
Redemption	<u>(19)</u>
Balance as of June 30, 2022	<u>96,939</u>
Investments	(11,182)
Income	3,274
Redemption	<u>(67,271)</u>
Balance as of March 31, 2023	<u>21,760</u>
Investments	22,453
Income	1,190
Redemption	<u>(6,769)</u>
Balance as of June 30, 2023	<u>38,634</u>

5 Accounts receivable and other receivables

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Trade and other receivables	54,188	32,727	85,102	44,521
Related party receivables (note 24)	9	5	4	-
	<u>54,197</u>	<u>32,732</u>	<u>85,106</u>	<u>44,521</u>
Other receivables - related parties (note 24)	1,056	1,145	578	683
Other receivables	11,634	11,587	60,890	61,417
Allowance for ECLs	(904)	(885)	(904)	(885)
	<u>11,786</u>	<u>11,847</u>	<u>60,564</u>	<u>61,215</u>
	<u>65,983</u>	<u>44,579</u>	<u>145,670</u>	<u>105,736</u>
Current	55,090	33,407	88,303	47,500
Non-current	<u>10,893</u>	<u>11,172</u>	<u>57,367</u>	<u>58,236</u>

* The consolidated composition reflects the fair value assessment of the assets and liabilities assumed by Usina Santa Vitória Açúcar e Alcool during a business combination with its subsidiary Jalles Bioenergia S.A.. Electricity sales agreements were found which, using the present value measurement method of future earnings, justified the goodwill paid for the investment. The goodwill generated in the consolidated interim financial statements is recognized as receivables and classified according to the future marketing flows of the product.

The Company's exposure to credit and exchange risks and the sensitivity analysis for assets and liabilities are presented in note 16.

The balance of accounts receivables per maturity date is as follows:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Falling due	48,440	29,604	77,166	38,389
Past due 1-30 days	2,177	1,442	3,067	4,445
Past due 31-60 days	814	780	937	780
Past due 61-90 days	12	1	930	1
Past due 91-180 days	1,850	20	2,089	20
Past due 181-360 days	76	81	88	81
Past due for more than 360 days	828	804	829	805
	<u>54,197</u>	<u>32,732</u>	<u>85,106</u>	<u>44,521</u>

The allowance for impairment loss on trade and other receivables is considered sufficient by management to cover possible losses on receivables and movements are as follows:

	Company and consolidated	
	30/06/2023	31/03/2023
Opening balance	(885)	(789)
Estimated loss	(20)	(117)
Write-off	<u>1</u>	<u>21</u>

(904)	(885)

The balance of accounts receivables by geographic region is as follows:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Foreign Market				
North America	4,454	8,092	4,454	8,092
South America (formerly Brazil)	-	48	-	48
Europa	2,401	-	2,401	-
Middle East and Asia	418	379	418	379
	7,273	8,519	7,273	8,519
Domestic market				
Center-West	15,411	11,949	18,343	13,382
Northeast	8,456	5,016	15,134	8,256
North	6,669	3,057	10,302	4,606
Southeast	13,330	3,080	29,972	8,165
South	3,058	1,111	4,082	1,593
	46,924	24,213	77,833	36,002
Grand Total	54,197	32,732	85,106	44,521

In the three-month period ended June 30, 2023 the impact of provisions and reversals of allowances for impairment loss was the expense of R\$19 (Company and Consolidated) (expense of R\$20 in the same period of 2022).

6 Inventories

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Sugar	106,225	49,267	106,225	49,267
Ethanol	121,265	21,961	239,066	26,210
Other finished goods	1,943	1,833	2,256	1,833
Decarbonization credits - CBIOS (*)	19,755	14,989	24,686	22,617
Work in progress	667	424	667	424
Supplies	49,356	48,275	99,181	95,797
Other - Related parties (note 24)	34	38	34	38
	299,245	136,787	472,115	196,186

- (*) RenovaBio – Reports: In As of June 30, 2023, the Company had 188,758 CBIOS issued but not yet marketed (236,304 CBIOS as of March 31, 2023). During that period, 80,049 CBIOS (175,868 in 2023) were marketed as operating revenues. These securities are marketed after they are recorded with fuel distribution companies, which have acquisition goals set by RenovaBio. Established by Act No. 13,576/2017, RenovaBio is the National Biofuels Policy. RenovaBio's main instrument is to set annual national decarbonization goals for the fuel industry to encourage the increase in production and participation of biofuels in the country's energy mix of transportation.

Fuel distributors must prove that individual compulsory goals are met by purchasing Decarbonization Credits (CBIO), which can be traded on the stock exchange and derived from the certification of the production of biofuels according to the efficiency levels achieved when compared with their emissions.

Due to the seasonal operations of the sugar and energy industry, inventories of finished goods tend to increase during the harvesting period to support sales in the off-season period. By the end of the year inventories of finished goods are at their lowest levels.

Inventories are stated at average acquisition or production cost and do not exceed their net realizable value.

Store items considered to be slow moving were recognized as an allowance for inventory items with slow movements. Changes in those losses are as follows:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Opening balance	(3,652)	(2,529)	(5,101)	(2,529)
Addition: Business Combinations	-	-	-	(642)
Estimated loss	(736)	(3,102)	(736)	(3,985)
Reversal and write-off	509	1,979	509	2,055
	<u>(3,879)</u>	<u>(3,652)</u>	<u>(5,328)</u>	<u>(5,101)</u>

7 Recovered taxes and contributions

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
PIS and COFINS (a) (c)	31,544	31,645	127,567	128,418
ICMS (State VAT) (b)	40,818	45,088	74,424	85,179
IPI	1,276	1,067	1,276	1,067
INSS	-	-	214	214
	<u>73,638</u>	<u>77,800</u>	<u>203,481</u>	<u>214,878</u>
Current	<u>50,731</u>	<u>54,264</u>	<u>101,988</u>	<u>111,862</u>
Non-current	<u>22,907</u>	<u>23,536</u>	<u>101,493</u>	<u>103,016</u>

- (a) The balance consists of credits originating from the non-cumulative collection of PIS and COFINS on the acquisition of input, parts of the parts used in the maintenance of industrial facilities and the agricultural fleet, maintenance of industrial and agricultural facilities, freight and storage in sales, electricity and other credits on the acquisition of machinery and equipment and buildings and constructions for production. These credits may be offset against other federal taxes.
- (b) The balance basically consists of the granted credit calculated on the sale of anhydrous ethanol (Regulatory Instruction No. 493/01-GSF, of July 6, 2001) and credits recognized on the acquisition of property, plant and equipment items, which are being realized at the rate of 1/48. They can be offset against taxes of the same nature.
- (c) **Deduction of the ICMS from the calculation base of PIS and COFINS**
In March 2023 the Company obtained a final and unappealable final favorable decision discussing the right to deductively recognize the ICMS from the PIS and COFINS calculation base. The writ of guarantee was filed in 2008, guaranteeing the right to recognize tax credits since the statute of limitations period from July 2003 to June 2008.

Under an injunction the court deposit for controversial installments was authorized as from July 2008, which occurred until February 2023. As from that date the Company started to delete the ICMS from the PIS and COFINS calculation base.

The amount of tax credits for the statute of limitations period from July 2003 to June 2008 under litigation totals R\$9,662 adjusted for inflation using the SELIC (Central Bank overnight rate) accrued for the period, of which R\$3,661 is the principal and R\$6,001 is adjusted for inflation, which will be reimbursed/offset in future accrual periods. after the Approval of the credit by the Brazilian Federal Revenue Service.

In March 2023, the Company recognized all the credit in profit or loss due to a final favorable decision that was final and unappealable.

Subsequently, the Company's Management and its legal counselors will make a decision about the best moment for the Company to request the recognition of PIS and COFINS credits at the Brazilian Federal Revenue Service.

8 Investments

As of June 30, 2023 the Company reported a gain of R\$14,105 (R\$11,685 as of June 30, 2022) as share of profit (loss) of equity-accounted subsidiaries and associates, and gain of R\$4,414 (R\$4,184 as of June 30, 2022)

None of the subsidiaries whose equity-accounted investees have their shares traded on the stock exchange. The table below shows a summary of financial information in subsidiaries and associates:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Investments in subsidiaries and associates accounted for on the equity method of accounting				
Jalles Machado Empreendimentos Imobiliários S.A.	96,628	88,229	-	-
Albioma Codora Energia S.A.	50,629	51,179	50,629	51,179
Albioma Esplanada Energia S.A.	33,326	28,362	33,326	28,362
Usina Santa Vitória Açúcar e Alcool Ltda.	1,165,051	1,108,738	-	-
PUROLIM S.A.	(251)	(230)	-	-
	<u>1,345,383</u>	<u>1,276,278</u>	<u>83,955</u>	<u>79,541</u>
Other investments (d)	<u>2,790</u>	<u>2,002</u>	<u>3,668</u>	<u>2,681</u>
	<u>1,348,173</u>	<u>1,278,280</u>	<u>87,623</u>	<u>82,222</u>

a. Changes in the balances of investments in subsidiaries and associates

	Company	Consolidated
Balance as of March 31, 2022	180,705	98,791
Share of profit of equity-accounted investees	11,685	4,184
Decrease in capital in investee	(12,950)	(12,950)
Dividends proposed at the shareholders' meeting	(8,541)	(8,541)
Balance as of June 30, 2022	170,899	81,484
Acquisition of investee	386,960	-
Gain on bargain purchase	369,352	-
Appreciation - fixed assets USVAA	88,878	-
Increase in capital in investee	248,001	-
Share of profit of equity-accounted investees	45,804	3,773

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

Amortization of appreciation - USVAA	(2,739)	-
Dividends proposed at the shareholders' meeting	(30,877)	(5,716)
Balance as of March 31, 2023	<u>1,276,278</u>	<u>79,541</u>
Increase in capital in investee	55,000	-
Share of profit of equity-accounted investees	14,105	4,414
Balance as of June 30, 2023	<u>1,345,383</u>	<u>83,955</u>

1 - Because the date when Usina Santa Vitória Açúcar e Alcool Ltda. was assuming control in October 2022, the share of profit (loss) of equity-accounted investees does not make up the movements in the comparative year. The computation period for the other investments was one year.

b. Information about investees

The tables below show a summary of financial information of subsidiaries and associates.

	Interest	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities	Equity
June 30, 2023								
Albioma Codora Energia S.A. (Investee)	35,00%	27,556	117,245	144,801	26,238	83,773	110,011	34,790
Albioma Esplanada S.A. (Investee)	40,00%	22,895	72,643	95,538	21,692	32,044	53,736	41,802
Usina Santa Vitória Açúcar e Alcool LTDA.	100,00%	409,984	1,185,060	1,595,044	148,716	356,563	505,279	1,089,765
Jalles Machado Empreend. Imob. S.A.	100,00%	46,648	59,001	105,649	9,021	-	9,021	96,628
PUROLIM S.A.	100,00%	223	6	229	1	479	480	(251)
		<u>507,306</u>	<u>1,433,955</u>	<u>1,941,261</u>	<u>205,668</u>	<u>472,859</u>	<u>678,527</u>	<u>1,262,734</u>

	Interest	Current assets	Non- current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Equity
March 31, 2023								
Albioma Codora Energia S.A. (Investee)	35,00%	31,492	111,062	142,554	27,376	78,816	106,192	36,362
Albioma Esplanada S.A. (Investee)	40,00%	17,619	71,420	89,039	27,297	32,348	59,645	29,394
Usina Santa Vitória Açúcar e Alcool LTDA.	100,00%	279,546	1,186,170	1,465,716	129,183	313,934	443,117	1,022,599
Jalles Machado Empreend. Imob. S.A.	100,00%	37,224	59,941	97,165	8,936	-	8,936	88,229
PUROLIM S.A.	100,00%	229	4	233	1	463	464	(231)
		<u>366,110</u>	<u>1,428,597</u>	<u>1,794,707</u>	<u>192,793</u>	<u>425,561</u>	<u>618,354</u>	<u>1,176,353</u>

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

Profit (loss) for the three-month period ended June 30, 2023					
June 30, 2023	Interest	Revenues	Expenses	Profit (loss)	Share of profit (loss) of equity-accounted investees
Albioma Codora Energia S.A.	35,00%	12,717	(14,289)	(1,572)	(550)
Albioma Esplanada S.A.	40,00%	21,897	(9,489)	12,408	4,964
Usina Santa Vitória Açúcar e Alcool LTDA.	100,00%	117,995	(116,682)	1,313	1,313
Jalles Machado Empreend. Imob. S.A.	100,00%	9,677	(1,279)	8,398	8,398
PUROLM S.A.	100,00%	-	(20)	(20)	(20)
		<u>162,286</u>	<u>(141,759)</u>	<u>20,527</u>	<u>14,105</u>

Profit (loss) for the three-month period ended March 31, 2023					
June 30, 2022	Interest	Revenues	Expenses	Profit (loss)	Share of profit (loss) of equity-accounted investees
Albioma Codora Energia S.A.	35,00%	11,821	(9,265)	2,556	893
Albioma Esplanada S.A.	40,00%	18,076	(9,846)	8,230	3,291
Usina Santa Vitória Açúcar e Alcool LTDA.	0,00%	-	-	-	-
Jalles Machado Empreend. Imob. S.A.	99,99%	9,079	(1,566)	7,513	7,511
PUROLM S.A.	99,99%	-	(9)	(9)	(10)
		<u>38,976</u>	<u>(20,686)</u>	<u>18,290</u>	<u>11,685</u>

c. Dividends receivable

Company	Jalles Machado Empreend. Imob. S.A.	Albioma Codora Energia S.A.	Albioma Esplanada Energia S.A.	Total
Balance as of March 31, 2022	5,903	3,802	4,739	14,444
Dividends receivable	-	3,800	4,741	8,541
Dividends received	-	(1,050)	(9,481)	(10,531)
Balance as of June 30, 2022	5,903	6,552	(1)	12,454
Dividends receivable	25,161	3,501	2,215	30,877
Dividends received	(23,620)	(10,053)	1	(33,672)
Balance as of March 31 and June 30, 2023	7,444	-	2,215	9,659

Consolidated	Albioma Codora Energia S.A.	Albioma Esplanada Energia S.A.	Total
Balance as of March 31, 2022	3,802	4,740	8,542
Dividends receivable	3,800	4,741	8,541
Dividends received	(1,050)	(9,481)	(10,531)
Balance as of June 30, 2022	6,552	-	6,552
Dividends receivable	3,501	2,215	5,716
Dividends received	(10,053)	-	(10,053)
Balance as of March 31 and June 30, 2023	-	2,215	2,215

d. Data about other investments

The Company has interest in other investments measured at cost. As of June 30, 2023 and March 31, 2023 these interest is represented in the following tables:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Interest in other companies valued at cost				
CCLA do Vale do São Patrício LTDA.	2,766	1,981	3,644	2,660
	<u>2,766</u>	<u>1,981</u>	<u>3,644</u>	<u>2,660</u>
Interest in other companies measured at fair value				
ENGIE Brasil Energia S/A	24	21	24	21
	<u>24</u>	<u>21</u>	<u>24</u>	<u>21</u>
Total other investments	<u>2,790</u>	<u>2,002</u>	<u>3,668</u>	<u>2,681</u>

9 Property, Plant and Equipment

Company	Buildings	Machinery, equipment and facilities	Vehicles and semi-trailers	Work in progress (a)	Furniture, equipment and fixtures	Aircraft	Other property and equipment	Sugar cane crops	Out-of- season cost	Land	Total
Cost and deemed cost											
Balance at March 31, 2022	112,964	534,648	76,237	140,095	50,156	6,547	13,524	549,338	136,131	1,801	1,621,441
Acquisitions of the period	-	8,280	398	42,508	414	-	1,960	46,620	11,843	-	112,023
Write-off	-	(158)	(106)	(8)	(16)	-	(21)	-	-	-	(309)
Transfers	-	3,638	114	2,510	-	-	(6,262)	-	-	-	-
Balance at June 30, 2022	112,964	546,408	76,643	185,105	50,554	6,547	9,201	595,958	147,974	1,801	1,733,155
Acquisitions of the period	-	34,846	17,161	88,049	2,981	-	876	140,102	152,905	-	436,920
Write-off	-	(6,052)	(1,470)	(125)	(114)	-	(508)	(98,013)	(143,220)	(292)	(249,794)
Transfers	13,029	46,115	475	(58,807)	267	-	(1,079)	-	-	-	-
Balance at March 31, 2023	125,993	621,317	92,809	214,222	53,688	6,547	8,490	638,047	157,659	1,509	1,920,281
Acquisitions of the period	-	3,199	1,240	32,013	894	-	607	61,822	8,512	-	108,287
Write-off	-	(139)	(371)	-	(129)	-	(12)	(18)	-	-	(669)
Transfers	4,410	16,956	175	(19,967)	627	-	(2,201)	-	-	-	-
Balance at June 30, 2023	130,403	641,333	93,853	226,268	55,080	6,547	6,884	699,851	166,171	1,509	2,027,899
Depreciation											
Balance at March 31, 2022	(20,477)	(212,280)	(30,621)	-	(18,839)	(1,165)	(3,632)	(190,969)	(7,193)	-	(485,176)
Depreciation of the period	(822)	(10,356)	(1,623)	-	(1,901)	(75)	(70)	(40,525)	(37,896)	-	(93,268)
Write-off	-	131	64	-	2	-	11	-	-	-	208
Balance at June 30, 2022	(21,299)	(222,505)	(32,180)	-	(20,738)	(1,240)	(3,691)	(231,494)	(45,089)	-	(578,236)
Depreciation of the period	(1,799)	(21,577)	(4,188)	-	(4,741)	(236)	(199)	(63,397)	(98,131)	-	(194,268)
Write-off	-	3,978	782	-	65	-	166	98,013	143,220	-	246,224
Balance at March 31, 2023	(23,098)	(240,104)	(35,586)	-	(25,414)	(1,476)	(3,724)	(196,878)	-	-	(526,280)
Depreciation of the period	(932)	(12,522)	(2,065)	-	(1,679)	(78)	(71)	(44,227)	(45,262)	-	(106,836)
Write-off	-	37	133	-	75	-	2	-	-	-	247
Balance at June 30, 2023	(24,030)	(252,589)	(37,518)	-	(27,018)	(1,554)	(3,793)	(241,105)	(45,262)	-	(632,869)
Net book value											
March 31, 2023	102,895	381,213	57,223	214,222	28,274	5,071	4,766	441,169	157,659	1,509	1,394,001
June 30, 2023	106,373	388,744	56,335	226,268	28,062	4,993	3,091	458,746	120,909	1,509	1,395,030

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

Consolidated	Buildings	Machinery, equipment and facilities	Vehicles and semi-trailers	Work in progress (a)	Furniture, equipment and fixtures	Aircraft	Other property and equipment	Crops	Out-of- season cost	Land	Total
Cost and deemed cost											
Balance of the March 31, 2022	145,245	640,980	76,238	140,092	50,154	6,547	13,522	549,337	136,131	2,169	1,760,415
Acquisitions of the period	-	8,280	398	42,508	414	-	1,960	46,620	11,843	-	112,023
Write-off	-	(158)	(106)	(7)	(16)	-	(21)	-	-	-	(308)
Transfers	-	3,638	114	2,510	-	-	(6,262)	-	-	-	-
Balance of the June 30, 2022	145,245	652,740	76,644	185,103	50,552	6,547	9,199	595,957	147,974	2,169	1,872,130
Acquisitions through business combinations	204,625	1,137,943	36,280	13,181	5,932	-	15,904	385,401	8,330	10,120	1,817,716
Acquisitions of the period	31	52,302	17,161	90,472	3,045	-	3,914	168,888	202,261	-	538,074
Write-off	-	(17,103)	(1,838)	(9,301)	(114)	-	(528)	(98,013)	(151,550)	(292)	(278,739)
Transfers	17,566	42,132	2,374	(61,248)	255	-	(1,079)	-	-	-	-
Balance of the March 31, 2023	367,467	1,868,014	130,621	218,207	59,670	6,547	27,410	1,052,233	207,015	11,997	3,949,181
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-
Acquisitions of the period	-	5,883	1,240	32,326	1,068	-	1,675	93,525	8,512	-	144,229
Write-off	-	(139)	(371)	-	(129)	-	(12)	(18)	-	-	(669)
Transfers	(127)	21,481	175	(19,967)	639	-	(2,201)	-	-	-	-
Balance of the June 30, 2023	367,340	1,895,239	131,665	230,566	61,248	6,547	26,872	1,145,740	215,527	11,997	4,092,741
Depreciation											
Balance of the March 31, 2022	(29,129)	(278,778)	(30,622)	-	(18,901)	(1,165)	(3,567)	(190,966)	(7,193)	-	(560,321)
Depreciation of the period	(1,029)	(11,295)	(1,623)	-	(1,901)	(75)	(70)	(40,525)	(37,896)	-	(94,414)
Write-off	-	131	64	-	2	-	11	-	-	-	208
Balance of the June 30, 2022	(30,158)	(289,942)	(32,181)	-	(20,800)	(1,240)	(3,626)	(231,491)	(45,089)	-	(654,527)
Acquisitions through business combinations	(62,417)	(657,298)	(12,247)	-	(3,918)	-	(3,963)	(104,120)	(1,044)	-	(845,007)
Depreciation of the period	(6,827)	(53,957)	(5,078)	-	(4,988)	(236)	(1,266)	(70,608)	(105,417)	-	(248,377)
Write-off	-	3,978	1,150	-	65	-	166	98,013	151,550	-	254,922
Balance of the March 31, 2023	(99,402)	(997,219)	(48,356)	-	(29,641)	(1,476)	(8,689)	(308,206)	-	-	(1,492,989)
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-
Depreciation of the period	(3,718)	(56,173)	(7,285)	-	(1,837)	(78)	(692)	(50,917)	(61,714)	-	(182,414)
Write-off	-	37	133	-	75	-	2	-	-	-	247
Balance of the June 30, 2023	(103,120)	(1,053,355)	(55,508)	-	(31,403)	(1,554)	(9,379)	(359,123)	(61,714)	-	(1,675,156)
Impairment loss											
Balance of the March 31, 2022	-	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-	-	(207,250)	-	-	(207,250)
Reversal of impairment loss	-	-	-	-	-	-	-	8,185	-	-	8,185
Balance of the March 31 and June 30, 2023	-	-	-	-	-	-	-	(199,065)	-	-	(199,065)

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

Net book value											
March 31, 2023	<u>268,065</u>	<u>870,795</u>	<u>82,265</u>	<u>218,207</u>	<u>30,029</u>	<u>5,071</u>	<u>18,721</u>	<u>544,962</u>	<u>207,015</u>	<u>11,997</u>	<u>2,257,127</u>
June 30, 2023	<u>264,220</u>	<u>841,884</u>	<u>76,157</u>	<u>230,566</u>	<u>29,845</u>	<u>4,993</u>	<u>17,493</u>	<u>587,552</u>	<u>153,813</u>	<u>11,997</u>	<u>2,218,520</u>

- (a) Construction in progress basically consists of investments in expanding and/or improving industrial and agricultural processes, facilities and the storage structure of finished goods. Construction work is completed within less than 12 months.
- (b) Balance consisting of tools and advances to suppliers.
- (c) Additions through business combinations consist of the net recognition of property, plant and equipment of Usina Santa Vitória Açúcar e Alcool in Jalles Machado S.A. in the amount of R\$494,822, and of R\$232,719, and of R\$232,719.

As of June 30, 2023 the amount of R\$326,079 (R\$322,193 as of March 31, 2023) of the Company's and Consolidates property, plant and equipment consists of agricultural machinery and equipment, vehicles, machinery and equipment and properties which were pledged as collateral for bank finance transactions carried out at financial institutions.

Disposal of property and equipment

During the period ended June 30, 2023, the Company lowered property, plant and equipment items with a net cost of R\$422 in Company and Consolidated, and earned revenue of R\$274. In the previous period the net cost of property, plant and equipment written off in the amount of R\$101 was recognized and revenue from the sale of property, plant and equipment of R\$43 in Company and Consolidated. The net gain on such disposals has been recognized as part of other operating revenues in profit or loss.

Impairment loss on cash-generating units

During the three-month period ended June 30, 2023, the Company did not find any evidence that certain assets could be higher than their recoverable amounts in their interim financial statements.

The cane crop was determined at fair value in the consolidated financial statements and found that the carrying value of Usina Santa Vitória Açúcar e Álcool Ltda. was higher than its recoverable value.

In order to determine the value in use of the cash-generating unit, cash flows were discounted at a pre-tax rate of 5.91%.

The impairment loss on the carrying amount is the result of the low productivity of the existing sugarcane area. After new investments already made in the renovation and expansion of sugarcane fields, the fair value of the sugarcane crop was reviewed and caused the reversal of R\$8,185 in March 2023. New actions expected over the next periods aim at increasing productivity per ton per hectare and supplying the industry to reach its full grinding capacity and to reverse the total balance provided for *impairment*.

10 Biological assets

The biological asset should be measured at fair value less costs to sell at the moment of initial recognition and at the end of each accrual period, except for cases in which the fair value may not be measured reliably.

Biological assets consist of developing agricultural products (standing sugarcane) produced in sugar cane crops (bearer plants) that will be used as raw material for producing sugar and ethanol upon harvest. These assets are measured at fair value less selling expenses.

The fair value measurement of biological assets is classified as Level 3 - Assets and liabilities whose prices do not exist or that these prices or valuation techniques are supported by a small or nonexistent, unobservable or illiquid market.

The fair value of harvested agricultural products is determined according to the harvested quantities, valued at the CONSECANA estimated value as of June 30, 2023, according to the deflated prices of future sugar, ethanol and US dollar rate extracted from current quotations from the New York Stock Exchange and by BM&F (B3).

The fair values of biological assets were determined using the discounted cash flow method, considering basically the following assumptions:

- (a) Gross revenue: obtained by multiplying the (i) estimated sugarcane volume: calculated according to the estimated productivity (ton/ha) multiplied by the estimated harvest areas (ha); and (ii) unit price (R\$/ton): consisting of the total amount of recoverable sugar (kg) multiplied by the kg value of total recoverable sugar.

The breakdown of the assumptions used in the determination of gross revenue is as follows:

	Company		Consolidated		Impact on fair value of biological assets
	2023	2023	2023	2023	
Estimated harvested area (hectares)	60,23 3	61,20 0	96,02 2	93,66 4	Increases the assumption, increases the fair value
Estimated productivity (ton. of sugarcane/hectares) (i)	94,09	94,49	85,51	85,88	Increases the assumption, increases the fair value
Total amount of sugar recoverable amount - TRS (kg) (ii)	137,4 4	137,3 8	139,4 7	139,2 4	Increases the assumption, increases the fair value
Total recoverable amount of total recoverable capital (iii)	1,267 8	1,323 5	1,269 8	1,279 0	Increases the assumption, increases the fair value

- (i) Sugarcane production to be cut and its productivity, measured in tonnes per hectare and sugar concentration level, were estimated considering the projected average productivity of the sugarcane by harvest age.
- (ii) The total recoverable sugar is calculated according to the methodology set by CONSECANA - Board of Sugar Cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA) according to future market analyses of future market in sugar cane. Sugarcane is estimated according to future estimates of the prices of sugar and ethanol and cash outflows consisting of estimated costs necessary for the sugar cane biological transformation (crop treatment) until harvest; harvest/cutting, loading and transportation costs; capital cost (land and machinery and equipment); lease and agricultural partnership costs; taxes on positive cash flows.

- (b) Cash outflows consist of the expected costs necessary for the biological transformation of sugar cane (crop treatment) until harvest; harvest/cutting, loading and transportation costs; capital cost (land and machinery and equipment); lease and agricultural partnership costs; taxes on positive cash flows.

All expenses incurred with obtaining agricultural produce derived from biological assets measured at fair value net of sales cost are considered as expense in the period when incurred. Expenses incurred with obtaining agricultural produce of biological assets measured at cost are recognized as assets also at cost and recognized as expenses as soon as the agricultural product is sold and measured at fair value net of sales expenses. Expenses arising from the storage and maintenance of agricultural products are expenses during the year together with changes in the net fair values of those products.

As of June 30, 2023, cash flows were discounted at 7.31% p.a. (7.55% p.a. as of March 31, 2023), which is the Company's WACC (*Weighted Average Capital Cost- Weighted Average Capital Cost*). The discount rate used in cash flows corresponds to the Company's weighted average cost of capital, which is reviewed annually by management. The increase in the discount rate impacts the reduction in the fair value of biological assets.

Relying on estimated revenues and costs, the Company determines the discounted cash flows to be generated and brings the related amounts to present value, considering a discount rate compatible with the return on the investment under the circumstances. Changes in fair value are recognized as biological assets, with an offsetting entry to the "Changes in the fair value of biological assets" sub-account in profit or loss.

The estimated costs for this type of crop include: (i) costs necessary for the biological transformation of sugar cane (crop treatment) until harvest; (ii) harvesting, loading and transportation costs (CTT); (iii) capital costs (equivalent to leases of land and machinery and equipment); and (iv) taxes on positive cash flows.

Sugar cane cultivation starts by planting seedlings in third parties and the first cutting occurs after a period of 12 to 18 months of planting, when the root ("stopping") continues in the soil. After each cut or year/crop, the treated ratoon cane grows again on average for five crops.

Biological assets consist of developing agricultural products (standing sugarcane) produced in sugarcane crops (production plant) that will be used as raw material for producing sugar and ethanol upon harvest.

Production plants are classified as property, plant and equipment and are not part of the fair value of Biological assets.

The fair value of harvested agricultural products is determined according to the harvested quantities, valued at the CONSECANA value of the month. The fair value of sugar cane at harvest will become the cost of raw material used to produce sugar and ethanol.

Changes in biological assets during the period are as follows:

	<u>Company</u>	<u>Consolidated</u>
Historical cost	178,384	178,384
Fair value	254,584	254,584
Balance at March 31, 2022	432,968	432,968
Increases arising from treatments	66,964	66,964
Decreases from harvest	(76,684)	(76,684)
Change in fair value	19,917	19,917
Balance at June 30, 2022	443,165	443,165
Addition by business combination	-	54,440
Increases arising from treatments	206,171	256,990
Decreases from harvest	(116,683)	(126,810)
Transfer to property and equipment, sugar cane	-	31,272
Change in fair value	(56,098)	(59,506)
Balance at March 31, 2023	476,555	599,551
Comprised of:		
Historical cost	258,152	384,556
Fair value	218,403	214,995
	476,555	599,551
Increases arising from treatments	76,172	103,991
Decreases from harvest	(102,824)	(165,237)
Change in fair value	(40,421)	(14,114)
Balance at June 30, 2023	409,482	524,191
Comprised of:		
Historical cost	231,500	323,310
Fair value	177,982	200,881
Closing balance of biological assets	409,482	524,191

The estimate of fair value would increase (decrease) if:

- The estimated total recoverable capital price were higher (lower);
- The estimated productivity (tonnes per hectare and amount of total recoverable energy) were higher (lower);
- The discount rate were lower (higher); And
- The future prices of marketed products were higher (lower).

If the other variables included in the calculation of the fair value of biological assets unchanged, a variation upwards or less than 5% in the total recoverable interest rate would result in an increase or reduction of R\$41,718 (R\$45,490 - Consolidated). The increase or decrease in production volumes, on the other hand, would result in an increase or reduction of R\$35,262 (R\$51,618, Consolidated). The increase or decrease in the discount rate would result in an increase or decrease by R\$1,733 (R\$2,395, Consolidated).

Risk management strategy related to agricultural activities

The Company is exposed to the following risks related to its pine tree plantations:

(i) *Regulatory and environmental risks*

The Company is subject to laws and regulations relating to the activities in which it operates. Management has established environmental policies and procedures aimed at compliance with environmental laws and conducts periodical analyses to identify environmental risks and to ensure that their existing systems are sufficient to manage those risks.

(ii) *Supply and demand risk*

The Company is exposed to the risks arising from fluctuations in the price and volume of sales of sugar and ethanol produced from sugar cane. When possible, the Company manages these risks by aligning its production volume with market supply. Management regularly analyzes the industry's trends to ensure that operating strategies are in line with the market and ensure that production volumes are projected to match expected demand.

(iii) *Climate and other risks*

Sugar cane farming operations are exposed to the risk of damage from climate change, pests and diseases, forest fires and other natural forces. The Company has extensive procedures consisting of resources allocated to track and mitigate those risks, including regular inspections of the sugar cane crop.

Weather conditions may historically cause volatility in the energy juice industry, and therefore to the Company's operating results because they have influenced crops by increasing or reducing harvests. Moreover, the Company's business is subject to seasonal fluctuations set by sugar cane growth in the Southeast of Brazil.

For further information about the Company's and its subsidiaries' exposure to operational risks see note 16.

11 Loans and financing

This note provides information about the terms of interest-bearing loan and financing agreements, which are measured at amortized cost. For further information about the Company's and its subsidiaries' exposure to interest rate, currency and liquidity risks, see note 16.

Credit line	Index	Currency	Nominal rate (p.a.)	Year of maturity	Company		Consolidated	
					30/06/2023	31/03/2023	30/06/2023	31/03/2023
Working capital	PRE/CDI/IPCA	R\$	13.14%	2027	242,470	246,144	242,470	246,144
Capital Market	IPCA/CDI	R\$	12.72%	2032	1,241,735	1,227,307	1,241,735	1,227,307
Multilateral	CDI	R\$	16.89%	2027	127,796	152,520	127,796	152,520
BNDES/Finame/Leasing/CDC/FCO	PRE/SELIC/TJLP/TX. JRSVAR	R\$	14.84%	2039	312,289	260,792	392,721	342,978
Working capital	PRE/LIBOR	USD	5.92%	2029	83,724	106,393	83,724	106,393
Multilateral	LIBOR	USD	9.01%	2027	66,220	88,116	66,220	88,116
Total					2,074,234	2,081,272	2,154,666	2,163,458
(-) Unamortized transaction costs					(37,650)	(38,729)	(37,650)	(38,729)
					<u>2,036,584</u>	<u>2,042,543</u>	<u>2,117,016</u>	<u>2,124,729</u>
Current					206,700	222,814	214,568	230,719
Non-current					1,829,884	1,819,729	1,902,448	1,894,010

Debt amortization schedule

Year of maturity	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
2023/24	206,700	222,814	214,569	230,719
2024/25	131,515	181,541	137,195	189,096
2025/26	431,232	429,416	438,804	436,970
2026/27	62,250	59,880	69,822	67,434
2027/28	66,733	63,371	74,305	70,925
2028/29	361,408	354,321	368,980	361,875
2029/30	163,774	158,566	171,346	166,120
2030/31	159,358	153,917	166,930	161,471
2031/32	195,660	190,213	203,232	197,767
2032/33	144,997	140,101	152,569	147,655
2033/34	18,059	14,145	24,369	20,439
2034/35	18,064	14,145	18,064	14,145
2035/36	18,070	14,145	18,070	14,145
2036/37	18,075	14,145	18,075	14,145
2037/38	18,081	14,145	18,081	14,145
2038/39	18,086	17,678	18,086	17,678
2039/40	4,522	-	4,519	-
	<u>2,036,584</u>	<u>2,042,543</u>	<u>2,117,016</u>	<u>2,124,729</u>

The table below shows the changes in loans and financing in the three-month period ended June 30, 2023 and 2022:

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Changes in debt				
Previous balance	2,042,543	1,448,552	2,124,729	1,448,552
Funding	50,602	2,097	50,602	2,097
Amortization of principal	(67,871)	(83,718)	(69,799)	(83,718)
Amortization of interests	(37,723)	(34,236)	(40,181)	(34,236)
Accrued interest	56,570	49,693	59,202	49,693
Amortization of loan transaction costs	1,770	1,401	1,770	1,401
Exchange-rate change	(9,307)	19,507	(9,307)	19,507
	<u>2,036,584</u>	<u>1,403,296</u>	<u>2,117,016</u>	<u>1,403,296</u>

Information on the Company's assets pledged as collateral for loans and financing is disclosed in note nine.

The Company is subject to compliance with certain contractual clauses ("*covenants*") that establish the earlier maturity of loans and financing. If obligations are defaulted on or the loan and financing agreements default on due to certain situations, among which the earlier maturity of other contracts (*cross-acceleration* or *cross-default*), the loans and financing related to them may be considered to be overdue earlier by creditors.

12 Suppliers and other accounts payable

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Suppliers of goods and services	55,695	40,626	86,111	75,385
Suppliers of goods and services – related parties (note 24)	-	29	-	-
Suppliers of property, plant and equipment	22,110	22,110	22,110	22,110
Other accounts payable – related parties (note 24)	909	1,081	909	1,081
Other payables	7,284	5,160	32,266	8,964
	<u>85,998</u>	<u>69,006</u>	<u>141,396</u>	<u>107,540</u>
Current	85,563	68,570	140,961	107,104
Non-current	435	436	435	436

Information about the Company's exposure to liquidity risks related to trade and other payables is disclosed in note 16.

13 Net deferred taxes

Deferred tax assets, liabilities and profit or loss were attributed as follows:

Company

	30/06/2023		31/03/2023		Result	
	Assets	Liabilities	Assets	Liabilities	30/06/2023	30/06/2022
Attributable cost of property, plant and equipment	-	20,361	-	20,502	141	182
Fair value of biological assets	-	60,514	-	74,257	13,743	(6,772)
Gain on fixed assets in business combination	-	25,597	-	29,287	3,690	-
Incentivized accelerated depreciation	-	186,518	-	182,192	(4,326)	(16,287)
Recalculation of useful lives	-	28,916	-	28,667	(249)	(431)
Discounted present value	400	-	1,827	-	(1,427)	1,134
Fair value of investments	-	18,727	-	18,726	(1)	1
Leases	-	9,047	-	6,494	(2,553)	(5,984)
CBIOS Fair Value	-	6,717	-	5,096	(1,621)	(2,564)
Under <i>dispute</i> taxes settled and added in previous years outstanding in LALUR on income tax	-	12,393	-	9,108	(3,285)	674
Revenue recognition - CPC 47	-	-	-	-	-	635
On temporary provisions	1,778	-	4,421	-	(2,643)	883
Derivative instruments	17,322	-	44,483	-	(27,161)	1,441
Income and social contribution tax losses	125,727	-	109,193	-	16,534	(1,663)
	<u>145,227</u>	<u>368,790</u>	<u>159,924</u>	<u>374,329</u>	<u>(9,158)</u>	<u>(28,751)</u>
Net deferred taxes		<u>223,563</u>		<u>214,405</u>		

Consolidated

	30/06/2023		31/03/2023		Result	
	Assets	Liabilities	Assets	Liabilities	30/06/2023	30/06/2022
Consolidated						
Attributable cost of property, plant and equipment	-	20,361	-	20,502	141	182
Incentivized accelerated depreciation - sugar cane farming	-	14,542	-	10,459	(4,083)	-
Fair value of biological assets	11,530	60,514	19,520	74,257	5,753	(6,772)
Gain on fixed assets in business combination	-	25,597	-	29,287	3,690	-
Incentivized accelerated depreciation	-	186,518	-	182,192	(4,326)	(16,287)
Recalculation of useful lives	-	28,916	-	28,667	(249)	(431)
Discounted present value	400	-	1,827	-	(1,427)	1,134
Fair value of investments	-	18,727	-	18,726	(1)	1
Leases	6,171	9,047	4,805	6,494	(1,187)	(5,984)
Provisions for contingencies	835	-	292	-	543	-
CBIOS Fair Value	-	7,056	-	5,435	(1,621)	(2,564)
Under <i>dispute</i> taxes settled and added in previous years pending in LALUR on income tax	-	12,393	-	9,108	(3,285)	674
Revenue recognition - CPC 47	-	-	-	-	-	635
On temporary provisions	1,778	-	4,421	411	(2,643)	883
Derivative instruments	17,322	-	44,483	-	(27,161)	1,441
Income and social contribution tax losses	154,449	-	136,927	-	17,934	(1,663)
	<u>192,485</u>	<u>383,671</u>	<u>212,275</u>	<u>385,538</u>	<u>(17,922)</u>	<u>(28,751)</u>
Net deferred taxes	<u>32,377</u>	<u>223,563</u>	<u>41,142</u>	<u>214,405</u>		

Deferred income and social contribution taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Tax credits are recognized on income and social contribution tax losses that are not subject to the statute of limitations period and whose offsetting is limited to 30% of annual taxable profit.

Projected results are periodically reviewed and deferred tax assets are revalued if there are significant factors that may change the Company's prospects of realization.

The tax credit recovery estimates were based on estimated taxable profit considering several financial and business assumptions when they are prepared. Therefore, estimates may not be fulfilled in the future, considering the uncertainties inherent in these projections.

The Company's management, based on the budget approved by management, estimates that tax credits arising from temporary differences, income and social contribution tax losses will be realized as shown below:

Crop	Company		Consolidated	
	Loss to offset	IRPJ (Corporate Income Tax) / CSLL (Social Contribution Tax) to be realized	Loss to offset	IRPJ (Corporate Income Tax) / CSLL (Social Contribution Tax) to be realized
23/24	39,104	13,295	60,151	20,451
24/25	76,196	25,907	90,064	30,622
25/26	43,739	14,871	60,307	20,504
26/27	58,928	20,036	77,375	26,308
> 2027/28	151,818	51,618	166,365	56,565
Total	369,785	125,727	454,262	154,450

Usina Santa Vitória Açúcar e Alcool Ltda. as of June 30, 2023 had tax credits of R\$533,066 consisting of income and social contribution tax losses. SVAA's Management considers the possibility of recognizing these credits and understood that they are not recoverable at the moment, and for that reason did not recognize them in its accounting records. Credits of this nature do not become time-barred and as soon as the Company finds it recoverable, they can be used to deficiencies in the income and social contribution taxes assessed by the Company.

The reconciliation between total tax expense calculated by applying tax rates and income and social contribution tax expenses in profit or loss is as follows:

Reconciliation of the effective tax rate	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Book profit before income and social contribution taxes	58,650	148,786	68,894	150,053
Combined tax rate	34%	34%	34%	34%
Income and social contribution taxes at the combined tax rate	(19,941)	(50,587)	(23,424)	(51,018)
Adjustment to calculate the effective rate				
Calculation adjustment of subsidiaries on deemed profit	-	-	1,872	1,714
Permanent add-backs/deductions	951	5,910	951	5,910
Decarbonization credits - CBIOS	-	-	(5,338)	-
Share of profit (loss) of equity-accounted investees	4,796	3,973	1,501	1,423
Tax incentives	5,036	11,953	5,036	11,953
Income and social contribution taxes in profit or loss for the year	<u>(9,158)</u>	<u>(28,751)</u>	<u>(19,402)</u>	<u>(30,018)</u>
Current income and social contribution taxes	-	-	(1,480)	(1,267)
Deferred income and social contribution taxes	(9,158)	(28,751)	(17,922)	(28,751)
Effective rate	-16%	-19%	-28%	-20%

* The Parent Company does not intend to dispose of/incorporate its investments in Santa Vitória Açúcar e Alcool Ltda. in the foreseeable future, and therefore has measured the deferred taxes related to the bargain purchase gain using the income tax rates applicable to dividends, which are zero, because these dividends are tax-exempt. As a result, deferred tax has not been recognized. The gain from a bargain purchase is deducted from the income and social contribution taxes and will be taxed if the investment is made through the sale/merger of Santa Vitoria Açúcar e Alcool Ltda. by the parent company, and the gain can be taxed in up to sixty months.

14 Provision for contingencies

The Company and its subsidiaries are parties to lawsuits involving labor, environmental, civil and tax contingencies. To face future losses on these proceedings, a provision was accrued in an amount considered by the Company's Management sufficient to cover losses considered as probable. The Company and its subsidiaries classify the risk of loss in legal proceedings as "remote", "possible" or "probable". The likelihood of unfavorable outcome of these lawsuits, as well as the amounts involved, were assessed considering the plaintiffs' claims, legal opinion about the matters and the opinion of the Company's and its subsidiaries' legal counselors. The main information about the proceedings is as follows:

Company	
30/06/2023	31/03/2023

	Judicial deposits	Provision	Judicial deposits	Provision
Excise Tax (IPI) on granulated sugar - <i>under dispute</i>	7,629	7,629	7,609	7,609
Labor contingencies	535	2,303	661	2,317
PIS/COFINS/INSS	101,627	-	98,734	-
Other	3,949	7,751	3,613	7,833
	113,740	17,683	110,617	17,759

	Consolidated			
	30/06/2023		31/03/2023	
	Judicial deposits	Provision	Judicial deposits	Provision
Excise Tax (IPI) on granulated sugar - <i>under dispute</i>	7,629	7,629	7,609	7,609
Labor contingencies	2,233	6,471	2,112	6,352
PIS/COFINS/INSS	101,626	-	98,734	-
Other	3,949	12,570	3,613	12,653
	115,437	26,670	112,068	26,614

Changes in the balances of court deposits and provisions for contingencies in the three-month period were as follows:

	Company			
	31/03/2023	Additions	Reversals	30/06/2023
Judicial deposits				
IPI (Federal VAT) on granulated sugar - <i>under dispute</i>	7,609	20	-	7,629
Labor contingencies	661	10	(136)	535
PIS/COFINS/INSS	98,734	2,893	-	101,627
Other	3,613	456	(120)	3,949
	<u>110,617</u>	<u>3,379</u>	<u>(256)</u>	<u>113,740</u>

	Consolidated			
	31/03/2023	Additions	Reversals	30/06/2023
Judicial deposits				
IPI (Federal VAT) on granulated sugar - <i>under dispute</i>	7,609	20	-	7,629
Labor contingencies	2,112	257	(136)	2,233
PIS/COFINS/INSS	98,734	2,892	-	101,626
Other	3,613	456	(120)	3,949
	<u>112,068</u>	<u>3,625</u>	<u>(256)</u>	<u>115,437</u>

	Company			
	31/03/2023	Additions	Reversals	30/06/2023
Provisions for contingencies				
IPI (Federal VAT) on granulated sugar - <i>under dispute</i>	7,609	20	-	7,629
Labor contingencies	2,317	-	(14)	2,303
Other	7,833	104	(186)	7,751

	17,759	124	(200)	17,683
Provisions for contingencies	Consolidated			
	31/03/2023	Additions	Reversals	30/06/2023
IPI (Federal VAT) on crystal sugar - <i>under dispute</i>	7,609	20	-	7,629
Labor contingencies	6,352	301	(182)	6,471
Other	12,653	104	(187)	12,570
	26,614	425	(369)	26,670

The Company's management, according to the information provided by its legal counselors, analyses of the outstanding claims and previous experiences about the claimed amounts, accrued a provision in an amount considered sufficient to cover potential losses on ongoing lawsuits. The accrued amount is comprised of:

a. Federal VAT (IPI) on crystal sugar - under dispute

Injunctions granted by the Company for crop seasons prior to 2000/2001, the Company highlighted the IPI (Federal VAT) on the shipment of sugar according to the claim that the taxation was unconstitutional, grounded, among other aspects, by violating the selection principle established by article 153, paragraph three, item I of Brazil's Constitution. In May 2001 the Company decided to pay IPI (Federal VAT).

b. Contingent liabilities not provided for

Contingent liabilities not recognized in the individual company and consolidated interim financial statements are civil and tax proceedings whose unfavorable outcome is considered possible. in the amount of R\$66,422 as of June 30, 2023 for Company and R\$69,284 (Consolidated (R\$65,497 - Company and R\$69,209 - Consolidated as of March 31, 2023), for which no provision was accrued. The principal amount consists of tax proceedings in which the main items of discussion are: PIS (Contribution to the Social Integration Program) and COFINS (Tax for Social Security Contribution), Social Security Contribution to the FUNRURAL (Rural Workers' Assistance Fund), IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax).

15 Equity - Company

Capital

Subscribed and paid-in Capital as of June 30, 2023 and March 31, 2023 is R\$982,096. It consists of 294,697,091 registered ordinary shares with no par value, fully paid in.

Statutory reserve

The legal reserve is recognized at the rate of 5% of annual profit, up to the limit of 20% of capital, pursuant to article 193 of Act No. 6,404/76.

Tax incentives

Consists of the reserve that is set up under the tax incentive program. The amount of the benefit in a certain year is recognized in profit or loss as a reduction in income tax with a corresponding reserve recognized in equity. Under incentive rules, tax incentives may not be used to calculate or pay dividends. The amount of incentives can only be used to increase capital and originates from the following incentives:

- (a) Discount obtained from the early settlement of the financing agreement entered into with the Fund for Fostering the Industrialization of the State of Goiás - FOMENTAR, which is offered to the public according to article one, paragraph one of Law 13.436/1998 of December 13, 1998;
- (b) Discount from the Industrial Development Program of the State of Goiás - PRODUZIR, according to item VII, article 20 of Law 13.591 of January 18, 2000.
- (c) Granted ICMS credit on the sale of fuel anhydrous ethanol, a tax incentive granted by the State Government of Goiás to the companies which fall into the INCENTIVE or PRODUCTION programs, equivalent to 60% of the ICMS as if due on the sales of anhydrous ethanol made to the distributors. The benefit is regulated by State Act No. 13,246/99, article three, II.

The Company recognizes a "Tax Incentive Reserve" at the end of each year in which profit is reported. The Company has parallel controls to allow the reserve to be capitalized as profits are reported in subsequent years, according to Regulatory Instruction No. 1,515/14, article three and Act No. 12,973/14, article 30, paragraph three.

Minimum non-discretionary dividends

The Company's bylaws establish a percentage not lower than 25% of distributed profit when paying minimum non-discretionary dividends. Minimum non-discretionary dividends payable, when due, are highlighted from equity at year end and accounted for as an obligation in liabilities.

Minimum non-discretionary dividends payable were calculated on March 31, 2023 as follows:

	31/03/2023
Profit or loss for the year	692,329
Realization of equity valuation adjustments	991
Adjusted profit (loss) for the year	693,320
Statutory reserve - 5%	(34,666)
Reassembly of the investment grant	(140,444)
Calculation base for the minimum non-discretionary dividends	518,210
Minimum non-discretionary dividends (25%)	129,553
Capital budget reserve	388,658
Balances of retained earnings as of March 31	-

Interest on equity capital

Interest on equity capital or interest on equity capital is the interest paid or credited by the legal entity as return on equity capital, pursuant to paragraph seven, article nine of Law 9,249, December 26, 1995.

Under the Company's dividend distribution policy, the Company may remunerate shareholders by means of dividends and/or interest on equity capital, as established on the Company's bylaws. If the Company decides to pay interest on equity capital, the amount paid, net of withholding income tax, pursuant to applicable law, will be allocated to the non-discretionary dividends due to shareholders in the year.

Retained earnings reserve

Under article 196 of Act No. 6,404/76, the Company recognized a retained earnings reserve according to the capital budget after statutory and legal allocations, as proposed by Management. The capital budget is submitted to shareholders for consideration and approval by the Annual Shareholders' Meeting.

The proposed revenue retention reserve, in the amount of R\$388,658, aims at supporting the investment plan for the next five years, basically related to the plan for expanding the industrial facilities and increasing the productivity of the sugarcane industry.

According to a proposed capital budget, retained earnings will be allocated to acquire property, plant and equipment (agricultural and industrial machinery and equipment and expand the sugarcane). The purpose is to increase the sugar cane grinding capacity and therefore to increase the production of sugar and ethanol.

Equity valuation adjustments

They consist of the effect of adopting attributable cost to property, plant and equipment due to the application of IAS 16 (CPC 27) and Technical Interpretation ICPC 10 on the transition date, less the related deferred income and social contribution taxes, and that has been realized through the depreciation, disposal or write-off of the assets that gave rise to them.

Treasury share reserve

On August 11, 2022, the Company's Board of Directors approved the implementation of a Program for the repurchase of the Company's shares whose purpose is to (a) invest the Company's funds in the efficient management of its capital structure and maximize the generation of value for shareholders; and (b) if the Company approves a share-based compensation plan, meet the future exercise of the grants that may be made.

Under the Program, the Company may acquire up to four million (4 million) ordinary shares issued by the Company, corresponding to up to 1.36% (a comma thirty-six percent (1.36%) of the Company's total shares issued and up to four point fifteen percent (4.15%) of its outstanding shares.

By June 30, 2023 the Company acquired 1,994,200 shares at an average cost of R\$7.1512, totaling R\$14,261 during the year.

16 Financial instruments

a. Accounting classification

Given the characteristics of the financial instruments held by the Company and its subsidiaries, management considers that book balances approximate fair values.

Company

	Carrying value			Fair value
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Level 2
30/06/2023				
Financial assets				

Cash and cash equivalents	-	10,592	-	10,592	-
Financial investments	-	753,145	-	753,145	-
Committed cash	-	38,634	-	38,634	-
Derivative financial instruments	167,268	-	-	167,268	167,268
Trade and other receivables	-	65,983	-	65,983	-
Total	<u>167,268</u>	<u>868,354</u>	<u>-</u>	<u>1,035,622</u>	<u>167,268</u>

Financial liabilities measured at fair value

Derivative financial instruments	<u>218,215</u>	<u>-</u>	<u>-</u>	<u>218,215</u>	<u>218,215</u>
Total	<u>218,215</u>	<u>-</u>	<u>-</u>	<u>218,215</u>	<u>218,215</u>

Financial liabilities not measured at fair value

Loans and financing	-	-	2,036,584	2,036,584	2,152,466
Trade and other payables	-	-	85,998	85,998	-
Leases to be paid	-	-	1,046,371	1,046,371	-
Total	<u>-</u>	<u>-</u>	<u>3,168,953</u>	<u>3,168,953</u>	<u>2,152,466</u>

	Carrying value			Fair value
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Level 2
31/03/2023				
Financial assets				
Cash and cash equivalents	-	39,303	-	-
Financial investments	-	906,885	-	-
Committed cash	-	21,760	-	-
Derivative financial instruments	191,990	-	-	191,990
Trade and other receivables	-	44,579	-	-
Total	<u>191,990</u>	<u>1,012,527</u>	<u>-</u>	<u>191,990</u>
Financial liabilities measured at fair value				
Derivative financial instruments	<u>322,822</u>	<u>-</u>	<u>-</u>	<u>322,822</u>
Total	<u>322,822</u>	<u>-</u>	<u>-</u>	<u>322,822</u>
Financial liabilities not measured at fair value				
Loans and financing	-	-	2,042,543	2,121,811
Trade and other payables	-	-	69,006	-
Leases to be paid	-	-	977,143	-
Total	<u>-</u>	<u>-</u>	<u>3,088,692</u>	<u>2,121,811</u>

Consolidated

	Carrying value			Fair value
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Level 2
30/06/2023				
Financial assets				
Cash and cash equivalents	-	38,967	-	-
Financial investments	-	800,138	-	800,138
Committed cash	-	38,634	-	38,634
Derivative financial instruments	167,268	-	-	167,268
Trade and other receivables	-	145,670	-	-
Total	<u>167,268</u>	<u>1,023,409</u>	<u>-</u>	<u>1,006,040</u>

Financial liabilities measured at fair value

Derivative financial instruments	218,215	-	-	218,215	218,215
Total	<u>218,215</u>	<u>-</u>	<u>-</u>	<u>218,215</u>	<u>218,215</u>

Financial liabilities not measured at fair value

Loans and financing	-	-	2,117,016	2,117,016	2,232,899
Trade and other payables	-	-	141,396	141,396	-
Leases to be paid	-	-	1,345,843	1,345,843	-
Total	<u>-</u>	<u>-</u>	<u>3,604,255</u>	<u>3,604,255</u>	<u>2,232,899</u>

	Carrying value			Fair value
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Level 2
31/03/2023				
Financial assets				
Cash and cash equivalents	-	57,588	-	57,588
Financial investments	-	941,533	-	941,533
Committed cash	-	21,760	-	21,760
Derivative financial instruments	191,990	-	-	191,990
Trade and other receivables	-	105,736	-	105,736
Total	<u>191,990</u>	<u>1,126,617</u>	<u>-</u>	<u>1,318,607</u>
Financial liabilities measured at fair value				
Derivative financial instruments	322,822	-	-	322,822
Total	<u>322,822</u>	<u>-</u>	<u>-</u>	<u>322,822</u>
Financial liabilities not measured at fair value				
Loans and financing	-	-	2,124,729	2,124,729
Trade and other payables	-	-	107,540	107,540
Leases to be paid	-	-	1,224,355	1,224,355
Total	<u>-</u>	<u>-</u>	<u>3,456,624</u>	<u>2,203,996</u>

The fair values of loans classified as current are equal to their carrying value, given that the impact of the discount is not material. Fair values are based on discounted cash flows according to the effective rate of each contract and are based on level 2 of the fair value hierarchy.

b. Measurement of fair values

The fair value of financial assets and liabilities is the amount at which an asset can be traded or a liability can be settled in a transaction between the parties that wish to trade rather than in a sale or forced settlement. The methods and assumptions used to estimate fair value are described below.

The fair values of cash and cash equivalents, accounts receivable, other financial assets, accounts payable and other short-term obligations approximate their carrying value due to the short-term maturity of these instruments. The fair values of other long-term assets and liabilities do not differ significantly from their carrying value.

The fair values of the Company's financial liabilities approximate their carrying value, given that they are subject to floating interest rates and the Company's credit risk has not changed significantly.

Hedging instruments are valued using valuation techniques based on observable market data and basically consist of *interest rate and NDF swaps*. The valuation techniques applied by the Company generally include pricing models and contracts with present value calculations. Models incorporate a wide range of data, including the credit standing of counterparties, spot exchange and future interest rate curves.

Fair value hierarchy

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** other techniques for which all data that have a significant effect on fair value are observable, whether 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 to be considered as of June 30, 2023 and March 31, 2023.

c. Financial risk management

The Company is exposed to the following risks arising from financial instruments:

- Operational risks
- Credit risks;
- Liquidity risks;
- Market risks;
- Interest rate risks; and
- Exchange rate risks.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

Management has overall responsibility for the monitoring of the Company's and its subsidiaries' risk management policies, and department managers report regularly to the Presidency on their activities.

The Company's risk management policies are established in order to identify and analyze the risks faced by the Company, to set appropriate limits and risk controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities. The Company, through its training and management standards and procedures, seeks to develop a disciplined and constructive control environment in which all collaborators understand their roles and obligations.

(i) Operational risks

Regulatory and environmental risks

The Company, its subsidiaries and associates are subject to the laws and regulations applicable to the activities in which they operate. Therefore, the Companies have established environmental policies and procedures aimed at compliance with environmental laws.

Production facilities and their industrial and agricultural activities are subject to environmental regulations. The Company, its subsidiaries and associates have decreased the risks associated with environmental issues due to operating procedures and controls with investments in pollution control equipment.

Management conducts periodic analyses to identify environmental risks and to ensure that their existing systems are sufficient to manage these risks.

The Company, its subsidiaries and associates believe that no allowance for impairment loss on environmental issues is currently required, based on current laws and regulations in effect.

Climate and other risks

The operational activities of rubber trees and sugar cane are exposed to the risk of damage from climate change, pests and diseases and other natural forces. The Company and its subsidiaries have extensive processes with funds allocated to track and mitigate these risks, including regular crop inspections.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk on the date of the individual company and consolidated interim financial statements was as follows:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Cash and cash equivalents	763,737	946,188	839,105	999,121
Committed cash	38,634	21,760	38,634	21,760
Trade and other receivables	64,918	43,429	145,088	105,053
Related party trade and other receivables	1,065	1,150	582	683
Hedging instruments	167,268	191,990	167,268	191,990
	<u>1,035,622</u>	<u>1,204,517</u>	<u>1,190,677</u>	<u>1,318,607</u>
Current	896,823	1,017,821	1,005,404	1,084,847
Non-current	138,799	186,696	185,273	233,760

Cash and cash equivalents

The Company and its subsidiaries have the principle of working with financial institutions whose credit rating is "AA" or higher than those assessed by reference institutions, such as S&P Global Ratings, Fitch Ratins and Moody's Investors Service. Market conditions regarding

rates, terms and volume of exposure with each bank so that funds are not too concentrated in a single bank are also evaluated when funds are invested.

Trade and other receivables

The Company's and its subsidiaries' exposure to credit risk is mainly influenced by each client's individual characteristics. Moreover, sales are well distributed throughout the corporate year (mainly during the harvesting period), which allows the Company and two subsidiaries to stop deliveries to clients that may pose a possible credit risk.

Impairment losses

The Company assesses the nonparity of trade and other receivables according to:

- (a) Historical experience of losses per client and segment;
- (b) Assign a credit rating to each customer according to qualitative and quantitative measures for the customer; And
- (c) Assigns an impairment loss percentage for allowance purposes according to items (a) and (b) above and the situation of the client's trade receivables (current or overdue).

The aging of trade receivables in local and foreign markets on the date of the individual company and consolidated interim financial statements, for which impairment losses were recognized according to internal risk assessments, was as follows:

	Company					
	30/06/2023			30/06/2022		
	Weighted-average loss rate	Gross carrying amount	Allowance for impairment loss	Weighted-average loss rate	Gross carrying amount	Allowance for impairment loss
Falling due	0%	48,439	-	0%	29,604	-
Past due 1-30 days	0%	2,177	-	0%	1,442	-
Past due 31-60 days	0%	814	-	0%	780	-
Past due 61-90 days	0%	12	-	0%	1	-
Past due 91-180 days	0%	1,850	-	0%	20	-
Past due 181-360 days	99%	76	75	6%	81	5
Past due for more than 360 days	100%	829	829	100%	804	804
		<u>54,197</u>	<u>904</u>		<u>32,732</u>	<u>809</u>

	Consolidated					
	30/06/2023			30/06/2022		
	Weighted-average loss rate	Gross carrying amount	Allowance for impairment loss	Weighted-average loss rate	Gross carrying amount	Allowance for impairment loss
Falling due	0%	77,166	-	0%	38,389	-
Past due 1-30 days	0%	3,067	-	0%	4,445	-
Past due 31-60 days	0%	937	-	0%	780	-
Past due 61-90 days	0%	930	-	0%	1	-
Past due 91-180 days	0%	2,089	-	0%	20	-
Past due 181-360 days	85%	88	75	6%	81	5
Past due for more than 360 days	100%	829	829	100%	805	805

<u>85,106</u>	<u>904</u>	<u>44,521</u>	<u>810</u>
---------------	------------	---------------	------------

Changes in the allowance for ECLs were:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Opening balance	(885)	(789)	(885)	(789)
Estimated loss	(20)	(117)	(20)	(117)
Write-off	1	21	1	21
	<u>(904)</u>	<u>(885)</u>	<u>(904)</u>	<u>(885)</u>

For customers with a history of default on financial liabilities, the Company and its subsidiaries seek to work with earlier payments.

Guarantees

The Company and its subsidiaries adopt the policy of not requiring guarantees from third parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The Company's and its subsidiaries' approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without causing losses to third parties or risking damage to the Company's and its subsidiaries' reputation.

The Company and its subsidiaries use information systems and management tools that allow them to monitor cash flow requirements and optimize their cash returns on investments. The Company and its subsidiaries follow the policy of operating highly liquid companies to ensure compliance with operating and financial obligations at least over an operating cycle; this includes the potential impact of extreme circumstances which cannot reasonably be predicted, such as natural disasters and cyclical movements in the *commodity market*.

In order to get more *disclosure* and transparency to its *stakeholders*, Jalles Machado is evaluated by two international risk rating agencies, *Standard and Poor's* and *Fitch Rating*. The *ratings* at Standard Ando Poor's are globally rated 'BB' and 'BrAAA' at the national scale, while the ratings at Fitch are globally rated 'BB-' and 'AA-(bra)' at the national scale.

It is not expected that the cash flows included in the maturity analyses of the Company and its subsidiaries could occur significantly earlier or at significantly different amounts.

Exposure to liquidity risk

The carrying value of financial liabilities that pose a liquidity risk are shown below:

Company

		30/06/2023			
Carrying value	Contractual flow	Within 12 months	Between one and	Between two and	Over five years

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

				two years	five years	
Trade and other payables (note 12)	85,998	85,998	85,563	18	18	399
Leases payable	1,046,371	1,672,648	180,262	129,420	321,895	414,794
Derivative financial instruments	218,215	218,215	138,909	45,025	24,916	9,365
Loans and financing (note 11)	<u>2,036,584</u>	<u>2,896,506</u>	<u>333,639</u>	<u>323,130</u>	<u>847,729</u>	<u>1,392,008</u>
	<u>3,387,168</u>	<u>4,873,367</u>	<u>738,373</u>	<u>497,593</u>	<u>1,194,558</u>	<u>1,816,566</u>
Current	532,308	738,373				
Non-current	2,854,860	4,134,994				

31/03/2023						
	Carrying value	Contractual flow	Within 12 months	Between one and two years	Between two and five years	Over five years
Trade and other payables (note 12)	69,006	69,006	68,570	22	22	392
Leases payable	977,143	1,585,374	88,227	132,962	305,820	450,134
Derivative financial instruments	322,822	322,822	181,306	56,784	64,934	19,798
Loans and financing (note 11)	<u>2,042,543</u>	<u>2,562,599</u>	<u>393,660</u>	<u>269,562</u>	<u>806,139</u>	<u>1,093,238</u>
	<u>3,411,514</u>	<u>4,539,801</u>	<u>731,763</u>	<u>459,330</u>	<u>1,176,915</u>	<u>1,563,562</u>
Current	560,917	729,897				
Non-current	2,850,597	3,809,904				

Consolidated

30/06/2023						
	Carrying value	Contractual flow	Within 12 months	Between one and two years	Between two and five years	Over five years
Trade and other payables (note 12)	141,396	141,396	140,961	18	18	399
Leases payable	1,345,843	1,997,338	214,645	180,355	435,202	515,641
Derivative financial instruments	218,215	218,215	138,909	45,025	24,916	9,365
Loans and financing (note 11)	<u>2,117,016</u>	<u>2,976,939</u>	<u>341,508</u>	<u>330,702</u>	<u>870,445</u>	<u>1,434,284</u>
	<u>3,822,470</u>	<u>5,333,888</u>	<u>836,023</u>	<u>556,100</u>	<u>1,330,581</u>	<u>1,959,689</u>
Current	621,453	836,023				
Non-current	3,201,017	4,497,865				

31/03/2023

	Carrying value	Contractual flow	Within 12 months	Between one and two years	Between two and five years	Over five years
Trade and other payables (note 12)	107,540	107,540	107,104	22	22	392
Leases payable	1,224,355	1,967,893	113,266	168,683	404,470	537,938
Derivative financial instruments	322,822	322,822	181,306	56,784	64,934	19,798
Loans and financing (note 11)	2,124,729	2,697,217	410,326	283,913	845,715	1,157,263
	<u>3,779,446</u>	<u>5,095,472</u>	<u>812,002</u>	<u>509,402</u>	<u>1,315,141</u>	<u>1,715,391</u>
Current	632,395	810,136				
Non-current	3,147,051	4,285,336				

(iv) **Market risk**

Market risk is the risk that changes in market prices, such as sugar prices, exchange and interest rates, will affect the Company's and its subsidiaries' results or the value of their equity in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives to manage market risks. All these transactions are carried out according to the guidelines set by the risk management committee.

Supply and demand risks

The Company and its subsidiaries are exposed to the risks arising from fluctuations in the price and sales of sugar, ethanol produced from sugar cane and latex and from rubber trees. When possible, the Company and its subsidiaries manage these risks, aligning their production volumes with market supply and demand. Management regularly analyzes the industry's trend to ensure that operating strategies are in line with the market and ensure that production volumes are consistent with expected demand.

Interest rate risk

The transactions of the Company and its subsidiaries are exposed to interest rates indexed to the CDI, TJLP, TR and IPCA rates. The Company, aiming at mitigating this type of risk, seeks to diversify its investments and funding in terms of fixed and floating rates and swap agreements.

Exposure to interest rate risk

On the date of the individual company and consolidated interim financial instruments, the profile of the Company's and its subsidiaries' interest-bearing financial instruments was as follows:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Financial assets				
Cash and cash equivalents (note 3)	753,145	906,885	800,138	941,533
Committed cash (note 4)	38,634	21,760	38,634	21,760
Financial liabilities				
Loans and financing (note 11)	1,915,296	1,922,654	1,995,728	2,004,813

Cash flow sensitivity analysis for floating rate instruments

According to the debt balance, the schedule of disbursements and the interest rates of loans and financing and assets, the Company presents a sensitivity analysis of how much would have

increased (decreased) equity and profit or loss for the year according to the amounts shown below. The current scenario is the stable condition in interest rates, with no changes. Scenario 1 corresponds to the scenario considered most probable in interest rates on the date of the individual company and consolidated interim financial statements, with a 5% variation in interest rates. Scenario 2 corresponds to the scenario considered possible, with a change of 15% in rates. Scenario 3 corresponds to the remote scenario, with a change of 25% in rates. The effects are presented as depreciation and appreciation in rates as follows:

Interest rate risk on financial assets and liabilities - appreciation of rates - Company

			30/06/2023								
Instrument	Value		Risk	Current scenario		Scenario One		Scenario Two		Scenario Three	
				%	Value	%	Value	%	Value	%	Value
Financial assets											
Financial investments	753,145	CDI		13.65%	102,804	14.33%	107,944	15.70%	118,224	17.06%	128,505
Restricted cash	37,624	CDI		13.65%	5,136	14.33%	5,393	15.70%	5,907	17.06%	6,420
Financial liabilities											
BNDES/Finame/Leasing/CDC	(3,314)	SELIC		8.27%	(274)	8.68%	(288)	9.51%	(315)	10.34%	(342)
Finame (Machinery and Equipment Financing Fund)/Finem (Machinery and Equipment Financing)/											
Agricultural funding	(46,687)	TLP		9.59%	(4,477)	10.07%	(4,701)	11.03%	(5,149)	11.99%	(5,597)
Multilateral / Working Capital / Capital Markets / Agricultural Funding	(342,185)	CDI IPCA		14.91%	(51,019)	15.66%	(53,570)	17.15%	(58,672)	18.64%	(63,774)
Capital market	(1,410,972)	(Consumer Price Index)		12.52%	(176,632)	13.14%	(185,464)	14.40%	(203,127)	15.65%	(220,790)
Finem / FCO	(9,018)	TX, JRREP		6.82%	(615)	7.16%	(646)	7.84%	(707)	8.52%	(769)
Multilateral / Working Capital	(66,220)	LIBOR 6m		9.01%	(5,969)	9.46%	(6,267)	10.37%	(6,864)	11.27%	(7,461)
Working capital	(36,900)	LIBOR 3m		5.60%	(2,066)	5.88%	(2,169)	6.44%	(2,376)	7.00%	(2,582)
Net finance costs (estimated)					(133,112)		(139,768)		(153,079)		(166,390)
Impact on profit or loss and equity (variation)							(6,656)		(19,967)		(33,278)

Interest rate risk on financial assets and liabilities - depreciation of rates - Company

			30/06/2023							
Instrument	Value	Risk	Current scenario		Scenario One		Scenario Two		Scenario Three	
			%	Value	%	Value	%	Value	%	Value
Financial assets										
Financial investments	753,145	CDI	13.65%	102,804	12.97%	97,664	11.60%	87,384	10.24%	77,103
Committed cash	37,624	CDI	13.65%	5,136	12.97%	4,879	11.60%	4,365	10.24%	3,852
Financial liabilities										
BNDES/Finame/Leasing/CDC	(3,314)	SELIC	8.27%	(274)	7.85%	(260)	7.03%	(233)	6.20%	(206)
Finame (Machinery and Equipment Financing Fund)/ Finem (Machinery and Equipment Financing)/Agricultural funding	(46,687)	TLP	9.59%	(4,477)	9.11%	(4,253)	8.15%	(3,805)	7.19%	(3,357)
Multilateral / Working Capital / Capital Markets / Agricultural Funding	(342,185)	CDI IPCA	14.91%	(51,019)	14.16%	(48,468)	12.67%	(43,366)	11.18%	(38,264)
Capital market	(1,410,972)	(Consumer Price Index)	12.52%	(176,632)	11.89%	(167,800)	10.64%	(150,137)	9.39%	(132,474)
Finem / FCO	(9,018)	TX, JRREP	6.82%	(615)	6.48%	(584)	5.80%	(523)	5.11%	(461)
Multilateral / Working Capital	(66,220)	LIBOR 6m	9.01%	(5,969)	8.56%	(5,671)	7.66%	(5,074)	6.76%	(4,477)
Working capital	(36,900)	LIBOR 3m	5.60%	(2,066)	5.32%	(1,963)	4.76%	(1,756)	4.20%	(1,550)
Net finance costs (estimated)				<u>(133,112)</u>		<u>(126,456)</u>		<u>(113,145)</u>		<u>(99,834)</u>
Impact on profit or loss and equity (variation)						<u>6,656</u>		<u>19,967</u>		<u>33,278</u>

Interest rate risk on financial assets and liabilities - appreciation of rates - Consolidated

Instrument	Value	Risk	30/06/2023							
			Current scenario		Scenario One		Scenario Two		Scenario Three	
			%	Value	%	Value	%	Value	%	Value
Financial assets										
Financial investments	800,138	CDI	13.65%	109,219	14.33%	114,680	15.70%	125,602	17.06%	136,524
Restricted cash	37,624	CDI	13.65%	5,134	14.33%	5,391	15.70%	5,905	17.06%	6,418
Financial liabilities										
BNDES/Finame/Leasing/CDC	(23,954)	SELIC	17.88%	(4,283)	18.77%	(4,497)	20.56%	(4,925)	22.35%	(5,354)
Finame (Machinery and Equipment Financing Fund)/Finem (Machinery and Equipment Financing)/										
Agricultural funding	(106,479)	TLP	10.37%	(11,043)	10.89%	(11,595)	11.93%	(12,699)	12.96%	(13,804)
Multilateral / Working Capital / Capital Markets /										
Agricultural Funding	(342,185)	CDI IPCA	14.91%	(51,019)	15.66%	(53,570)	17.15%	(58,672)	18.64%	(63,774)
Capital market	(1,410,972)	(Consumer Price Index)	12.52%	(176,632)	13.14%	(185,464)	14.40%	(203,127)	15.65%	(220,790)
Finem / FCO	(9,018)	TX. JRREP	6.82%	(615)	7.16%	(646)	7.84%	(707)	8.52%	(769)
Multilateral / Working Capital	(66,220)	LIBOR 6m	9.01%	(5,969)	9.46%	(6,267)	10.37%	(6,864)	11.27%	(7,461)
Working capital	(36,900)	LIBOR 3m	5.60%	(2,066)	5.88%	(2,169)	6.44%	(2,376)	7.00%	(2,582)
Net finance costs (estimated)				<u>(137,274)</u>		<u>(144,137)</u>		<u>(157,863)</u>		<u>(171,592)</u>
Impact on profit or loss and equity (variation)						<u>(6,863)</u>		<u>(20,589)</u>		<u>(34,318)</u>

Interest rate risk on financial assets and liabilities - depreciation of rates - Consolidated

Instrument	Value	Risk	30/06/2023							
			Current scenario		Scenario One		Scenario Two		Scenario Three	
			%	Value	%	Value	%	Value	%	Value
Financial assets										
Financial investments	800,138	CDI	13.65%	109,219	12.97%	103,758	11.60%	92,836	10.24%	81,914
Restricted cash	37,624	CDI	13.65%	5,136	12.97%	4,879	11.60%	4,365	10.24%	3,852
Financial liabilities										
BNDES/Finame/Leasing/CDC	(23,954)	SELIC	17.88%	(4,283)	16.99%	(4,069)	15.20%	(3,641)	13.41%	(3,212)
Finame (Machinery and Equipment Financing Fund)/Finem (Machinery and Equipment Financing)/										
Agricultural funding	(106,479)	TLP	10.37%	(11,043)	9.85%	(10,491)	8.82%	(9,387)	7.78%	(8,282)
Multilateral / Working Capital / Capital Markets / Agricultural Funding	(342,185)	CDI IPCA	14.91%	(51,019)	14.16%	(48,468)	12.67%	(43,366)	11.18%	(38,264)
Capital market	(1,410,972)	(Consumer Price Index)	12.52%	(176,632)	11.89%	(167,800)	10.64%	(150,137)	9.39%	(132,474)
Finem / FCO	(9,018)	TX. JRREP	6.82%	(615)	6.48%	(584)	5.80%	(523)	5.11%	(461)
Multilateral / Working Capital	(66,220)	LIBOR 6m	9.01%	(5,969)	8.56%	(5,671)	7.66%	(5,074)	6.76%	(4,477)
Working capital	(36,900)	LIBOR 3m	5.60%	(2,066)	5.32%	(1,963)	4.76%	(1,756)	4.20%	(1,550)
Net finance costs (estimated)				<u>(137,272)</u>		<u>(130,409)</u>		<u>(116,683)</u>		<u>(102,954)</u>
Impact on profit or loss and equity (variation)						<u>6,863</u>		<u>20,589</u>		<u>34,318</u>

(v) *Currency risk*

The Company and its subsidiaries are subject to currency risk (US dollar) on part of their loans denominating in a currency other than the functional currency.

Regarding other monetary assets and liabilities denominated in foreign currency, the Company and its subsidiaries ensure that their net exposure is kept at acceptable levels by buying or selling foreign currencies at spot market rates, when necessary, to handle short-term instabilities.

The short-term portions of monetary liabilities denominated in foreign currencies are backed by assets that are also denominated in foreign currency (export of sugar at a price denominated in foreign currency).

Foreign currency exposure

The summary of the quantitative data about the Company's exposure to foreign currency risk as provided to management is based on its risk management policy, as follows:

Company and Consolidated	30/06/2023		31/03/2023	
	R\$	US\$	R\$	US\$
Cash and cash equivalents	7,001	1,453	33,987	6,690
Accounts receivable and other receivables	13,480	2,797	15,050	2,962
Loans and financing	(149,944)	(31,114)	(194,509)	(38,286)
Net exposure	<u>(129,463)</u>	<u>(26,864)</u>	<u>(145,472)</u>	<u>(28,634)</u>

Sensitivity analysis - Currency risk

The sensitivity analysis is based on the exposure of loans and financing to monetary fluctuation in the US dollar. The Company presents three scenarios that would increase and reduce the risk variable by 5%, 10% and 15%. We present below the possible impacts of how much would have increased (decreased) equity and profit or loss for the year by the related amounts. These scenarios may have impacts on the Company's future results and/or cash flows, as described below:

- **Scenario I:** 5% variation in the main risk factor of the financial instrument in relation to the level reported in the probable scenario;
- **Scenario II:** 10% variation in the main risk factor of the financial instrument in relation to the level reported in the probable scenario; and
- **Scenario III:** 15% variation in the main risk factor of the financial instrument in relation to the level reported in the probable scenario.

Scenarios	Company and Consolidated							
	USD	R\$	Increase (R\$)			Decrease (R\$)		
			Scenario One	Scenario Two	Scenario Three	Scenario One	Scenario Two	Scenario Three
<i>Instruments Financial</i>								
<i>Assets</i>								
Cash and Equivalent cash	1,453	7,001	350	700	1,050	(350)	(700)	(1,050)
Accounts receivable and other receivables	2,797	13,480	674	1,348	2,022	(674)	(1,348)	(2,022)
<i>Liabilities</i>								
Loans and Financing	(31,114)	(149,944)	(7,497)	(14,994)	(22,492)	7,497	14,994	22,492
<i>Impact on profit or loss and Equity</i>			(6,473)	(12,946)	(19,420)	6,473	12,946	19,420

(vi) *Commodity price risk*

Following the risk management policy approved by the Board of Directors, the Company makes use of *commodity derivatives* to minimize the volatility of its results caused by natural fluctuations in commodity prices. Therefore, The Company sets product prices and makes the accounting recognition of assets and liabilities, rights and obligations at fair value, valued according to *commodity prices* at the Local and International Stock Exchanges (BM&F, ICE/NYBOT) and indexes disclosed by CEPEA/ESALQ.

The market uses as sales price benchmark for sugar the *Sugar #11/ICE sugar* obtained from the New York Stock Exchange, and ethanol the CEPEA/ESALQ indicator. The net exposure between assets (production expectations) and liabilities (fixing contracts) for sugar is managed and hedged (*hedged*) through Sugar #11/ICE (futures or over-the-counter) *derivative financial instruments* linked to the same stock exchange. With respect to ethanol, due to the lack of net derivative financial instruments for hedging purposes, the Company's exposure is managed according to the policies implemented for selling physical ethanol and has a proper storage structure to carry the product to its products at moments when the Company understands that selling it is unfavorable. The Bank monitors exposure and risks according to risk limits approved and pre-established by the Board of Directors.

Gains or losses arising from these hedging instruments are recognized in profit or loss.

Exposure to commodity price risk

The Company's exposure to commodity price risk is based on its risk management policy, as follows:

Consolidated	Maturity (crop)	Volume		Notional (R\$ thousand)	
		30/06/2023	31/03/2023	30/06/2023	31/03/2023
Physical/asset position					
Goods					
Sugar (tonnes)	2023-24	176,417	265,000	428,890	664,201
Sugar (tonnes)	2024-25	265,000	265,000	609,472	619,621
Sugar (tonnes)	2025-26	265,000	265,000	595,098	602,889
Ethanol (m3)	2023-24	336,441	400,000	924,894	1,161,500
Ethanol (m3)	2024-25	400,000	400,000	1,099,620	1,161,500
Ethanol (m3)	2025-26	400,000	400,000	1,099,620	1,161,500
Total				4,757,594	5,371,211
Short position					
Goods					
Sugar (tons)	2023-24	170,013	229,653	(413,321)	(575,606)
Sugar (tons)	2024-25	286,265	211,537	(658,379)	(494,614)
Sugar (tons)	2025-26	149,560	45,162	(335,860)	(102,746)
				(1,407,560)	(1,172,966)
Total				3,350,034	4,198,245

(*) Sugar and ethanol volumes are based on the Company's estimates of production and revenues per crop.

The Company uses *non-deliverable forward* contracts to control the exposure of *commodities*, basically futures derivative contracts traded directly by the Company on a stock exchange (ICE/NYBOT) or over-the-counter financial institutions.

The fair value of futures and option contracts at the stock exchange is equivalent to the market value for the reversal of these positions. Transactions carried out at the stock exchange environment require initial margins to be offered and adjustments are made daily, according to fluctuations in benchmark prices. If the Company has a credit limit available with the institution that is intermediating the setting, margin coverage is realized by the institution itself, and the gain or loss of the position is only realized by the Company when the screen expires or the position is repurchased.

The fair value of over-the-counter contracts is measured at market values through public information. This measurement follows the usual market models and is monthly calculated by the Company and by the banks that broker the transactions. Margin deposits are not required for these contracts. The impact on the Company's cash flows is only on the settlement date.

Sensitivity analysis for commodity risk

The Company has adopted three scenarios for the sensitivity analysis, one of which is probable that consists of using as reference the prices used in the Company's budget for the 2023/24 crop, and the other two that may show the effects of depreciation of the fair value of the Company's financial instruments considering fluctuations of 25% and 50% on the market rate of June 30, 2023.

Production	Notional	Probable	Elevation		Reduction	
		31/03/2023	25%	50%	25%	50%

Sugar	1,633,460	322,258	408,365	816,730	(408,365)	(816,730)
Ethanol	3,124,134	268,898	781,034	1,562,067	(781,034)	(1,562,067)
	<u>4,757,594</u>	<u>591,156</u>	<u>1,189,399</u>	<u>2,378,797</u>	<u>(1,189,399)</u>	<u>(2,378,797)</u>
Futures contracts (Forward)						
Goods						
Sugar	(1,407,560)	(269,705)	351,890	703,781	(351,890)	(703,781)
	<u>(1,407,560)</u>	<u>(269,705)</u>	<u>351,890</u>	<u>703,781</u>	<u>(351,890)</u>	<u>(703,781)</u>
Total effect on the Company's profit or loss	<u>3,350,034</u>	<u>321,451</u>	<u>1,541,289</u>	<u>3,082,578</u>	<u>(1,541,289)</u>	<u>(3,082,578)</u>

Due to the seasonal fluctuations in *commodity prices* - sugar, this scenario is subject to fluctuations during the year/crop.

d. Capital management

The purpose of the Company's and its subsidiaries' capital management is to balance equity and debt, the return for shareholders and the risk for shareholders and creditors.

In order to maintain or adjust its capital structure, the Company may take measures to ensure compliance with the purposes mentioned above.

e. Hedging financial instruments

The Company is exposed to market risks, as follows:

- (v) Volatility in the prices of sugar and by-products;
- (vi) Exchange rate volatility; And
- (vii) Volatility of interest rates. The purchase of financial instruments for hedging purposes is made according to an analysis of the risk exposure that Management seeks to cover.

As of June 30, fair values related to transactions with derivative financial instruments for hedging purposes measured using observable factors, such as prices quoted in active markets or discounted cash flows according to market curves and are presented below:

			30/06/2023	
			Company and Consolidated	
Hedge	Maturity	Notional	Assets	Liabilities
NDF - Sugar	07/2023 to 06/2024	220.505.609	13,746	113,472
NDF - USD	07/2023 to 06/2024	38.367.502	30,202	17
SWAP	07/2023 to 06/2024	1.473.684.869	1,649	25,391
NDF - Currency	07/2023 to 06/2024	-	1,894	29
NDF - Sugar	07/2024 to 06/2025	102.075.546	5,089	32,430
NDF - USD	07/2024 to 06/2025	34.667.331	10,326	1,730
SWAP	07/2024 to 06/2025	1.370.131.051	-	10,867
NDF - Currency	07/2024 to 06/2025	-	8,205	-
NDF - Sugar	07/2025 to 06/2026	21.581.907	2,663	1,494
NDF - USD	07/2025 to 06/2026	4.475.153	317	-
SWAP	07/2025 to 06/2026	1.504.997.082	24,013	12,281
NDF - Currency	07/2025 to 06/2026	-	2,041	-
SWAP	07/2026 to 06/2027	1.106.434.045	110	6,209
SWAP	07/2027 to 06/2028	1.105.624.478	11,686	4,930
SWAP	07/2027 to 09/2032	1.540.191.241	55,327	9,365
			167,268	218,215
Current			47,491	138,909
Non-current			119,777	79,306

			31/03/2023	
			Company and Consolidated	
Hedge	Maturity	Notional	Assets	Liabilities
NDF - Sugar	04/2023 to 03/2024	183.366.842	-	133,923
NDF - USD	04/2023 to 03/2024	28.175.298,24	20,128	-
SWAP	04/2023 to 03/2024	1.501.737.774	3,949	47,383
NDF - Sugar	04/2024 to 03/2025	103.061.726	4,581	28,568
NDF - USD	04/2024 to 03/2025	19.031.000	12,171	849
SWAP	04/2024 to 03/2025	1.357.195.756	595	27,359
NDF - Currency	04/2024 to 03/2025	-	1,946	7
NDF - Sugar	04/2025 to 03/2029	19.986.373	-	3,279
NDF - USD	04/2025 to 03/2029	8.374.632	152	-
SWAP	04/2025 to 03/2029	1.461.073.587	24,149	27,718
NDF - Currency	04/2025 to 03/2029	-	115	-
SWAP	04/2026 to 03/2027	1.062.510.550	-	17,951
SWAP	04/2027 to 03/2028	1.061.700.983	-	15,986
SWAP	04/2028 to 03/2033	2.040.606.952	124,204	19,799
			191,990	322,822
Current			24,077	181,306
Non-current			167,913	141,516

Derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognized directly in profit or loss.

Income from hedging instruments

The Company recognized the gains and losses on those transactions in profit or loss for the year. As of June 30, the impacts recognized in profit or loss are shown below:

Company and Consolidated	
30/06/2023	30/06/2022

Hedging transactions, net

Settled transactions

Sugar transactions	(65,715)	(40,076)
Foreign exchange transactions	13,604	2,562
Index transactions	(5,438)	(9,831)
	<u>(57,549)</u>	<u>(47,345)</u>

Outstanding transactions

Sugar transactions	28,017	(9,067)
Foreign exchange transactions	25,333	(14,931)
Index transactions	26,536	19,759
	<u>79,886</u>	<u>(4,239)</u>
	<u>22,337</u>	<u>(51,584)</u>

In order to reduce the volatility of its cash flows and asset protection due to fluctuations in sugar and foreign exchange prices, the Company has implemented a Commodity and Liquidity Risk Management Policy, which consists of several *hedging* instruments to hedge a portion of projected sales volume at floating prices. with the sole purpose of mitigating the risks arising from the mismatches between assets and liabilities (prices of commodities, interest rates or exchange rates).

Under the Currency, Commodities and Liquidity Risk Management Policy, the Company may use several available derivative instruments, such as:

- (i) Setting future prices of sugar in US dollar;
- (ii) On demand or future purchase or sale of foreign exchange;
- (iii) Foreign currency swaps;
- (iv) Early payment or proceeds of foreign currency financing;
- (v) Purchase and sale of foreign exchange options and commodity prices;
- (vi) Investments in foreign currency funds;
- (vii) Purchase and sale of sugar options; and
- (viii) Maintenance of cash and cash equivalents in foreign currency.

17 Net revenue

The Company generates revenue mainly from the sale of products derived from the processing of sugar cane. Revenue is recognized when title to the goods sold is transferred at the amount considered by the Company to be probable that the consideration to which it is entitled will be collected.

The Company's and its subsidiaries' operating revenues consist of revenue from the sale of goods, as shown below:

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Foreign market				
White sugar	19,434	7,429	19,434	7,429
Organic sugar	42,915	52,709	42,915	52,709
	<u>62,349</u>	<u>60,138</u>	<u>62,349</u>	<u>60,138</u>
Domestic market				
Ethanol	89,234	258,915	189,765	258,915
Sugar	182,166	143,214	182,166	143,214
Organic sugar	8,193	4,275	8,193	4,275
Soybean	2,137	742	2,349	742
Electricity	-	-	23,895	-
Sanitizing	12,773	23,591	12,773	23,591
Yeast by-products	3,237	788	3,237	788
CBIOS	1,003	17,705	10,418	17,705
Other sales	2,010	1,431	4,559	1,416
	<u>300,753</u>	<u>450,661</u>	<u>437,355</u>	<u>450,646</u>
Gross revenue for tax purposes	<u>363,102</u>	<u>510,799</u>	<u>499,704</u>	<u>510,784</u>
(-) Taxes on sales	(34,748)	(65,868)	(53,737)	(66,212)
(-) Returns	(915)	(1,774)	(915)	(1,774)
Total net operating revenue	<u>327,439</u>	<u>443,157</u>	<u>445,052</u>	<u>442,798</u>
Reconciliation of net revenue per market				
Foreign market				
Gross revenue	300,753	450,661	437,355	450,646
(-) Taxes on sales	(34,748)	(65,868)	(53,737)	(66,212)
(-) Returns	(915)	(1,774)	(915)	(1,774)
Net revenue	<u>265,090</u>	<u>383,019</u>	<u>382,703</u>	<u>382,660</u>
Domestic market				
Gross revenue	62,349	60,138	62,349	60,138
Net revenue	<u>62,349</u>	<u>60,138</u>	<u>62,349</u>	<u>60,138</u>
Total net revenue	<u>327,439</u>	<u>443,157</u>	<u>445,052</u>	<u>442,798</u>

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over the product or service to the client.

The Company recognizes revenue when it recognizes the consideration it expects to receive in exchange for control of the merchandise. Sales are not estimated and there is no loyalty program. The Company considers that all performance obligations are fulfilled when the product is delivered, which is also the moment revenue is recognized.

18 Operating costs and expenses by nature

a. Cost of sales

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Amortization of biological assets	(51,528)	(47,570)	(70,346)	(47,570)
Crop depreciation	(23,674)	(26,553)	(26,599)	(26,553)
Depreciation of machinery, equipment and facilities	(23,587)	(23,619)	(60,697)	(23,619)
Depreciation of right-of-use	(27,387)	(18,656)	(30,906)	(18,415)
Services rendered by third parties	(17,809)	(21,180)	(20,822)	(21,180)
Personnel costs	(17,146)	(17,718)	(31,149)	(17,718)
Operation and maintenance	(20,469)	(20,176)	(28,822)	(20,176)
Raw material / industrial input	(14,385)	(20,636)	(23,057)	(20,636)
Freight	(8,571)	(15,544)	(8,571)	(15,544)
Other expenses	(5,181)	(13,744)	(8,924)	(6,908)
CBIOS	(1,031)	(4,166)	(7,169)	(4,166)
	<u>(210,768)</u>	<u>(229,562)</u>	<u>(317,064)</u>	<u>(222,485)</u>

b. Selling expenses

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Transportation expenses	(11,257)	(11,894)	(11,257)	(11,894)
Sales commissions	(2,017)	(3,037)	(2,195)	(3,037)
Personnel costs	(4,350)	(3,335)	(4,355)	(3,335)
Other expenses	(2,994)	(3,088)	(3,884)	(3,088)
Services rendered by third parties	(4,202)	(7,431)	(4,202)	(7,431)
Storage / greenhouse / inspection - sugar	(2,554)	(2,315)	(2,554)	(2,315)
Depreciation	(1,389)	(1,596)	(1,442)	(1,596)
Insurance expenses	(607)	(590)	(607)	(590)
Advertising	(509)	(389)	(509)	(389)
	<u>(29,879)</u>	<u>(33,675)</u>	<u>(31,005)</u>	<u>(33,675)</u>

c. General and administrative expenses

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Personnel costs	(11,126)	(11,293)	(12,836)	(11,293)
Services rendered by third parties	(6,505)	(5,641)	(7,335)	(5,657)
Other expenses	(1,785)	(1,639)	(2,564)	(1,644)
Depreciation	(873)	(804)	(1,193)	(804)
Tax expenses - Protege/GO	(3,348)	(6,982)	(3,348)	(6,982)
Early production	(535)	(2,065)	(535)	(2,065)
Tax expenses	840	(944)	(640)	(945)
Aid and donations	(435)	(378)	(435)	(378)
Reversal of/(Provision for) contingencies	94	-	94	-
	<u>(23,673)</u>	<u>(29,746)</u>	<u>(28,792)</u>	<u>(29,768)</u>

19 Other operating revenues (expenses) net

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Tax incentive - produce (a)	5,345	20,646	5,345	20,646
Granted credit on anhydrous ethanol (b)	6,432	14,570	6,432	14,570
Left	415	1,788	415	1,788
Disposal of property, plant and equipment items	274	43	274	43
Valuation of decarbonization credits (c)	5,797	11,709	9,238	11,709
Other operating income	2,512	1,457	2,770	1,589
	<u>20,775</u>	<u>50,213</u>	<u>24,474</u>	<u>50,345</u>
(-) Cost of write-off of investment	-	-	-	-
(-) Other expenses	(410)	(18)	(11,992)	(18)
(-) Cost of disposal of assets written off	(423)	(101)	(422)	(101)
	<u>(833)</u>	<u>(119)</u>	<u>(12,414)</u>	<u>(119)</u>
Other operating income	<u>19,942</u>	<u>50,094</u>	<u>12,060</u>	<u>50,226</u>

- (a) Tax incentive, regulated by article 20 of State Law 13.591/2000, granted by the State Government of Goiás consisting of a discount on the payment of 73% of the ICMS due on the sales of incentive products offered by the Otávio Lage Unit.
- (b) Tax incentive granted by the State Government of Goiás to the companies covered by the INCENTIVE or PRODUCTION programs, equivalent to 60% of the ICMS amount as if due on the sale of anhydrous ethanol to distribution companies. The benefit is regulated by State Act No. 13,246/99, article three, II.

Decarbonization credits - CBIOS are recognized when revenue is recognized for anhydrous ethanol product and hydrated at market value. When the inventory valuation of CBIOS is identified, the impairment loss is recognized as other operating revenues (expenses), net. The sale of credits is recognized as gross revenue and the write-off of inventories on the cost of goods sold.

20 Net finance income (costs)

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Finance costs				
Interest	(58,769)	(56,311)	(63,623)	(55,094)
Granted discounts	(394)	(752)	(394)	(752)
Other	(137)	(6,896)	(199)	(6,897)
	<u>(59,300)</u>	<u>(63,959)</u>	<u>(64,216)</u>	<u>(62,743)</u>
Finance income				
Income from financial investments	26,632	36,564	28,000	37,292
Interest	2,946	9,545	2,930	9,541
Other	3,279	1,263	3,281	1,263
	<u>32,857</u>	<u>47,372</u>	<u>34,211</u>	<u>48,096</u>
Foreign exchange and monetary fluctuations, net				
Trade receivables and payables	(472)	2,569	(472)	2,569
Cash equivalents	(2,517)	1,985	(2,517)	1,985
Loans and financing	9,019	(19,446)	9,019	(19,446)
	<u>6,030</u>	<u>(14,892)</u>	<u>6,030</u>	<u>(14,892)</u>
Hedging transactions, net				
Settled transactions				
Sugar transactions	(65,715)	(40,076)	(65,715)	(40,076)
Foreign exchange transactions	13,604	2,562	13,604	2,562
Index transactions	(5,438)	(9,831)	(5,438)	(9,831)
	<u>(57,549)</u>	<u>(47,345)</u>	<u>(57,549)</u>	<u>(47,345)</u>
Outstanding transactions				
Sugar transactions	28,017	(9,067)	28,017	(9,067)
Foreign exchange transactions	25,333	(14,931)	25,333	(14,931)
Index transactions	26,536	19,759	26,536	19,759
	<u>79,886</u>	<u>(4,239)</u>	<u>79,886</u>	<u>(4,239)</u>
	<u>22,337</u>	<u>(51,584)</u>	<u>22,337</u>	<u>(51,584)</u>
Net finance costs	<u>1,924</u>	<u>(83,063)</u>	<u>(1,638)</u>	<u>(81,123)</u>

21 Earnings per share

The calculation of basic and diluted earnings per share was based on profit attributable to ordinary shareholders.

Weighted-average number of ordinary shares (basic and diluted):

	Consolidated	
	30/06/2023	30/06/2022
Profit (loss) from continuing operations	49,492	120,035
Weighted average number of shares available to shareholders	294,697,091	294,697,091
Basic and diluted earnings per share (in reais)	<u>0.1679</u>	<u>0.4073</u>

22 Leases payable

The Company has urban property lease and its branch's industrial park agreements, and agreements entered into with shareholders and third parties to guarantee part of its production for the next harvesting periods.

After an evaluation and inventory of contracts, Jalles Machado S.A. recognized assets and liabilities related to agreements: agricultural partnerships for sugar cane cultivation which,

although the legal nature is a rural partnership under the Land Constitution (Act No. 4,504 of November 30, 1964, with amendments to Act No. 11,443 of January 5, 2007) came to fall into the concept of right to use the accounting standard in compliance with CPC 06(R2)/IFRS 16.

When measuring lease liabilities for those leases previously classified as operating leases, the Company discounted the lease payments and the assets identified in the rural partnership agreements using their incremental borrowing rate as of June 30, 2023, which was 5.2% p.a. (8.50% p.a. as of March 31, 2023).

Agricultural partnership agreements are distributed as follows:

	Company		Consolidated	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Partnership area	71,072 hectares	71,992 hectares	101,684 hectares	71,992 hectares

Changes in the right of use during the three-month period ended June 30, 2023 were as follows:

Right of use	Company			
	Agricultural partnership	Industrial plant	Rents	Total
Balance as of March 31, 2022	730,575	73,855	3,309	807,739
Additions	274,603	-	-	274,603
Depreciation	(32,709)	(8,206)	(95)	(41,010)
Remeasurements	106,531	3,357	-	109,888
Write-off	(45,753)	-	-	(45,753)
Balance as of June 30, 2022	<u>1,033,247</u>	<u>69,006</u>	<u>3,214</u>	<u>1,105,467</u>
Additions	39,970	-	-	39,970
Depreciation	(60,681)	(25,877)	(284)	(86,842)
Remeasurements	(40,642)	-	182	(40,460)
Write-off	(4,159)	-	-	(4,159)
Balance as of March 31, 2023	<u>967,735</u>	<u>43,129</u>	<u>3,112</u>	<u>1,013,976</u>
Additions	52,015	-	-	52,015
Depreciation	(37,746)	(8,626)	(100)	(46,472)
Remeasurements	67,589	-	-	67,589
Write-off	(3,006)	-	-	(3,006)
Balance as of June 30, 2023	<u>1,046,587</u>	<u>34,503</u>	<u>3,012</u>	<u>1,084,102</u>

	Consolidated		
Right of use	Agricultural partnership	Rents	Total
Balance as of March 31, 2022	730,575	3,309	733,884
Additions	274,603	-	274,603
Depreciation	(32,709)	(95)	(32,804)
Remeasurements	106,531	-	106,531
Write-offs	(45,753)	-	(45,753)
Balance as of June 30, 2022	1,033,247	3,214	1,036,461
Addition by business combination	176,054	22,962	199,016
Additions	147,096	-	147,096
Depreciation	(80,703)	(8,966)	(89,669)
Remeasurements	(26,193)	182	(26,011)
Write-offs	(4,159)	-	(4,159)
Balance as of March 31, 2023	1,245,342	17,392	1,262,734
Additions	101,803	-	101,803
Depreciation	(46,547)	(2,274)	(48,821)
Remeasurements	65,403	-	65,403
Write-offs	(3,006)	-	(3,006)
Balance as of June 30, 2023	1,362,995	15,118	1,378,113

Changes in lease and agricultural partnership liabilities during the three-month period ended June 30, 2023 were as follows:

	Company			
	Agricultural partnership	Industrial plant	Rents	Total
Balance as of March 31, 2022	706,035	76,892	3,309	786,236
Additions	274,603	-	-	274,603
Depreciation	(22,184)	(8,113)	(95)	(30,392)
Write-offs	(45,753)	-	-	(45,753)
Repayment of interest	(11,659)	(998)	(25)	(12,682)
Accrued interest	11,659	998	25	12,682
Subsequent measurements	95,847	3,575	-	99,422
Balance as of June 30, 2022	1,008,548	72,354	3,214	1,084,116
Additions	39,970	-	-	39,970
Depreciation	(67,175)	(25,878)	(290)	(93,343)
Write-offs	(4,159)	-	-	(4,159)
Repayment of interest	(36,051)	(4,255)	(77)	(40,383)
Accrued interest	36,051	4,255	77	40,383
Subsequent measurements	(49,623)	-	182	(49,441)
Balance as of March 31, 2023	927,561	46,476	3,106	977,143
Additions	52,015	-	-	52,015
Depreciation	(23,492)	(8,625)	(100)	(32,217)
Write-offs	(3,006)	-	-	(3,006)
Repayment of interest	(11,975)	(1,419)	(26)	(13,420)
Accrued interest	11,975	1,419	26	13,420
Subsequent measurements	52,436	-	-	52,436
Balance as of June 30, 2023	1,005,514	37,851	3,006	1,046,371

	Consolidated		
	Agricultural partnership	Rents	Total
Balance as of March 31, 2022	706,035	3,309	709,344

Additions	274,603	0	274,603
Depreciation	(22,184)	(95)	(22,279)
Write-offs	(45,753)	0	(45,753)
Repayment of interest	(11,659)	(25)	(11,684)
Accrued interest	11,659	25	11,684
Subsequent measurements	95,847	-	95,847
Balance as of June 30, 2022	<u>1,008,548</u>	<u>3,214</u>	<u>1,011,762</u>
Addition by business combination	180,218	24,587	204,805
Additions	147,096	-	147,096
Depreciation	(87,077)	(9,015)	(96,092)
Write-offs	(4,159)	-	(4,159)
Repayment of interest	(44,550)	(1,288)	(45,838)
Accrued interest	44,550	1,288	45,838
Subsequent measurements	(39,896)	839	(39,057)
Balance as of March 31, 2023	<u>1,204,730</u>	<u>19,625</u>	<u>1,224,355</u>
Additions	101,803	-	101,803
Depreciation	(25,590)	(1,970)	(27,560)
Write-offs	(3,006)	-	(3,006)
Repayment of interest	(15,256)	(321)	(15,577)
Accrued interest	15,256	321	15,577
Subsequent measurements	50,251	-	50,251
Balance as of June 30, 2023	<u>1,328,188</u>	<u>17,655</u>	<u>1,345,843</u>

The maturities of the installments recognized as liabilities are as follows:

Company

June 30, 2023					
	Carrying value	Within 12 months	Between one and two years	Between two and five years	Over five years
Agricultural partnerships payable	500,670	70,468	63,085	152,303	214,814
Agricultural partnerships payable (related parties)	504,844	71,565	65,957	168,458	198,864
Urban property leases (related parties)	3,006	378	378	1,134	1,116
Leases payable (related parties)	37,851	37,851	-	-	-
	<u>1,046,371</u>	<u>180,262</u>	<u>129,420</u>	<u>321,895</u>	<u>414,794</u>
Current	101,136				
Non-current	945,235				
March 31, 2023					
	Carrying value	Within 12 months	Between one and two years	Between two and five years	Over five years
Agricultural partnerships payable	444,847	27,079	59,172	139,217	219,379
Agricultural partnerships payable (related parties)	480,714	22,919	64,787	165,469	229,539
Urban property leases (related parties)	3,106	378	378	1,134	1,216
Leases payable (related parties)	46,476	37,851	8,625	-	-
	<u>977,143</u>	<u>88,227</u>	<u>132,962</u>	<u>305,820</u>	<u>450,134</u>
Current	88,227				
Non-current	888,916				

Consolidated

June 30, 2023					
	Carrying value	Within 12 months	Between one and two years	Between two and five years	Over five years
Agricultural partnerships payable	823,726	139,647	111,866	260,818	311,396
Agricultural partnerships payable (related parties)	504,844	71,565	65,957	168,458	198,864
Leases payable	14,267	3,055	2,154	4,792	4,265
Leases payable (related parties)	3,006	378	378	1,134	1,116
	<u>1,345,843</u>	<u>214,645</u>	<u>180,355</u>	<u>435,202</u>	<u>515,641</u>
Current	214,645				
Non-current	1,131,198				

March 31, 2023					
	Carrying value	Within 12 months	Between one and two years	Between two and five years	Over five years
Agricultural partnerships payable	722,017	82,527	99,262	233,047	307,183
Agricultural partnerships payable (related parties)	482,714	22,919	64,787	165,469	229,539
Leases	16,518	7,442	4,256	4,820	-
Leases (related parties)	3,106	378	378	1,134	1,216
	<u>1,224,355</u>	<u>113,266</u>	<u>168,683</u>	<u>404,470</u>	<u>537,938</u>
Current	113,266				
Non-current	1,111,089				

23 Commitments

Sugar sales commitments

The Parent Company has several agreements in the sugar market whereby it commits itself to selling these products in future crops. These volumes related to commitments are as follows:

Product	30/06/2023	31/03/2023
Sugar (in tonnes) - Jalles Machado Unit	37,013	21,320
Ethanol (m³)	65,809	8,889

Crop commitments are the following:

Sugar

Crop	30/06/2023	31/03/2023
2020/2021 (in tonnes)	-	88
2021/2022 (in tonnes)	40	123
2022/2023 (in tonnes)	9,427	21,133
2023/2024 (in tonnes)	27,546	-
	<u>37,013</u>	<u>21,320</u>

Ethanol

Crop	30/06/2023	31/03/2023
2022/2023 (m³)	65,809	8,889

65,809	8,889
--------	-------

24 Related parties

Transactions with key management personnel

Key management personnel compensation

Key management personnel consist of Top Management and members of the Board of Directors and Audit elected at the Annual Shareholders' Meeting. The amounts relating to the compensation paid to key management personnel during the three-month period ended June 30, 2023 as short-term benefits were R\$3,413 (R\$1,909 as of June 30, 2022), recorded as administrative expenses, and include salaries, fees, variable compensation and direct and fringe benefits.

The Company and its subsidiaries do not offer other types of compensation, such as post-employment, other long-term benefits or termination benefits.

Other related party transactions

The main balances of assets and liabilities as of June 30, 2023 and March 31, 2023, as well as the transactions that had an impact on profit or loss for the three-month period ended June 30, 2023 and 2022 with respect to transactions with related parties, originate mainly from transactions with shareholders and companies related to the same economic group.

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

	Company					
	Assets		Liabilities		Result	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023	30/06/2023	30/06/2022
Current						
Banks - checking account (note 3) (c)	2,556	2,373	-	-	-	-
Financial investments (note 3) (c)	33,907	35,077	-	-	1,182	8,847
Inventories (note 6)	34	38	-	-	(103)	(83)
	36,497	37,488	-	-	1,079	8,764
Dividends						
Jalles Machado Empreendimentos Imobiliários S/A	7,444	8,985	-	-	-	-
Albioma Codora Energia S.A.	-	(3,802)	-	-	-	-
Albioma Esplanada Energia S.A.	2,215	(309)	-	-	-	-
	9,659	4,874	-	-	-	-
Current						
Accounts receivables and suppliers payables (note 5) (note 12)						
Albioma Codora Energia S/A (a) (b)	-	-	-	-	-	(212)
Albioma Esplanada Energia S/A.	-	-	-	-	-	(6,494)
Usina Santa Vitória Açúcar e Alcool Ltda.	-	-	-	29	(50)	-
Jalles Machado Empreendimentos Imobiliários S/A	5	5	-	-	15	20
Vera Cruz Agropecuária Ltda.	4	-	-	-	7	2
Only Verde S.A.	-	-	-	-	78	82
Other related parties	-	-	-	-	-	11
Return on guarantees to shareholders (h)	-	-	909	1,081	(909)	(1,578)
	9	5	909	1,110	(859)	(8,169)
Leases (note 22)						
Leases payable (e)	-	-	38,229	38,229	(1,422)	(2,290)
Agricultural partnerships payable (d)	-	-	71,565	22,919	(3,081)	(4,964)
	-	-	109,794	61,148	(4,503)	(7,254)
Non-current (note 5)						
Purolim S/A	478	463	-	-	16	5
Only Verde S.A. (i)	578	682	-	-	27	15
	1,056	1,145	-	-	43	20
Right of use (note 22)						
Right-of-use - partnerships (f)	504,844	482,714	-	-	(15,039)	(36,998)
Right of use - leases (g)	40,857	49,582	-	-	(8,726)	(4,944)
	545,701	532,296	-	-	(23,765)	(41,942)
Leases (note 22)						
Leases payable (e)	-	-	2,628	11,353	(23)	(2,309)
Agricultural partnerships payable (d)	-	-	433,279	459,795	(29,313)	(53,010)
	-	-	435,907	471,148	(29,336)	(55,319)

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

	Consolidated					
	Assets		Liabilities		Result	
	30/06/2023	31/03/2023	30/06/2023	31/03/2023	30/06/2023	30/06/2022
Current						
Banks - checking account (note 3) (c)	2,853	5,946	-	-	-	-
Financial investments (note 3) (c)	76,567	65,227	-	-	2,339	9,151
Inventories (note 6)	34	38	-	-	(103)	(83)
	79,454	71,211	-	-	2,236	9,068
Dividends						
Albioma Codora Energia S.A.	-	(3,802)	-	-	-	-
Albioma Esplanada Energia S.A.	2,215	(309)	-	-	-	-
	2,215	(4,111)	-	-	-	-
Current						
Accounts receivables and suppliers payables (note 5) (note 12)						
Vera Cruz Agropecuária Ltda.	4	-	-	-	7	2
Only Verde S.A. (i)	-	-	-	-	78	82
Albioma Codora Energia S/A	-	-	-	-	-	(212)
Albioma Esplanada Energia S/A.	-	-	-	-	-	(6,494)
Return on guarantees to shareholders (h)	-	-	909	1,081	(909)	(1,578)
Other related parties	-	-	-	-	-	11
	4	-	909	1,081	(824)	(8,189)
Other payables						
Albioma Codora Energia S.A.	-	-	-	-	-	-
Leases (note 22)						
Agricultural partnerships payable (d)	-	-	71,565	22,919	(3,081)	(4,964)
Leases payable (e)	-	-	378	378	(3)	(3)
	-	-	71,943	23,297	(3,084)	(4,967)
Non-current - trade and other receivables (note 5)						
Only Verde S.A. (i)	578	682	-	-	27	15
	578	682	-	-	27	15
Right of use (note 22)						
Right of use - agricultural partnerships (f)	504,844	482,714	-	-	(15,039)	(36,998)
Right of use - leases (g)	3,006	3,106	-	-	(100)	(95)
	507,850	485,820	-	-	(15,139)	(37,093)
Leases (note 22)						
Agricultural partnerships payable (d)	-	-	433,279	459,795	(29,313)	(53,010)
Leases payable (e)	-	-	2,628	2,728	(23)	(22)
	-	-	435,907	462,523	(29,336)	(53,032)

- (a) Sale of merchandise and provision of sundry services to affiliated company Albioma Codora Energia S.A. and Albioma Esplanada Energia S.A.
- (b) Acquisition and sale of merchandise and services from associate Albioma Esplanada Energia S.A. and Albioma Esplanada Energia S.A.
- (c) Balance consisting of checking accounts and financial investments bearing interest at market remuneration with Banco Coopercred, a credit cooperative in which the Company is a shareholder.
- (d) Agricultural partnerships are with shareholders and companies of the same economic group to grow sugar cane. although the legal nature of the partnership is rural in accordance with Earth's bylaws (Act No. 4,504 of November 30, 1964, with amendments to Act No. 11,443 of January 5, 2007) they fall into the concept of right to use the accounting standard in accordance with CPC 06(R2)/IFRS 16. The calculation of sugarcane prices for partnership payment purposes is based on the total recoverable sugarcane priced using Consecana's methodology using the mix of products and prices charged by Jalles Machado S.A.. This amount is adjusted according to the contractual term, production volume, irrigation capacity, feasibility of organic sugarcane production, extension of the farm, distance, soil quality, relief and strategic interest. These specific conditions were duly negotiated by the parties.
- (e) Agreement for the lease of the industrial facilities of subsidiary Jalles Machado Empreendimentos Imobiliários S.A. where the Company has installed the branch in Unidade Otávio Lage and urban properties leased by Agrojalles S.A.
- (f) Rights of use of land leased as agricultural partnerships. Agricultural partnerships with shareholders and companies of the same economic group for cultivating sugar cane, although the legal nature of the partnership is rural in accordance with Earth's bylaws (Act No. 4,504 of November 30, 1964, with amendments to Act No. 11,443 of January 5, 2007) they fall into the concept of right to use the accounting standard in accordance with CPC 06(R2)/IFRS 16. The calculation of sugarcane prices for partnership payment purposes is based on the total recoverable sugarcane priced using Consecana's methodology using the mix of products and prices charged by Jalles Machado S.A.. This amount is adjusted according to the contractual term, production volume, irrigation capacity, feasibility of organic sugarcane production, extension of the farm, distance, soil quality, relief and strategic interest. These specific conditions were duly negotiated by the parties.
- (g) Right of use on the lease of an industrial park between the parent company and Jalles Machado Empreendimentos Imobiliários S.A.
- (h) Compensation for guarantees (real and personal) pledged under financial agreements entered into by Jalles Machado S.A., where shareholders assumed joint liability for fulfilling all main and accessory obligations. Term: term of each financial agreement, i.e. while the guarantee lasts. Yield rate: 1.60% p.a., equivalent to 80% of the value of the letter of guarantee - according to a price quotation made with three major banking institutions.
- (i) Sale of 25% of the aircraft to Solo Verde S.A. (formerly called Agrojalles S.A.) according to an agreement entered into by the parties on December 7, 2021. On December 22, 2021 Agrojalles S.A. paid 25% of the difference between the aircraft's market value and the debt balance and will pay the percentage equivalent to 25% of each falling due portion of the debt agreed on July 20, 2018. On the date the agreement was signed there remained 33 installments to be paid.

On April 22, 2015, the Company entered into an agreement with its associate, Albioma Codora Energia S.A. to gather assets, input, technical, human and financial resources from the parties to produce electricity and water vapor, which uses biomass (bagasse and straw of sugar cane, wood cava, sawdust, among other compounds) and is in effect until March 15, 2035, the Company is in charge of supplying input, receiving in exchange for electricity.

Employee benefits

The Company and its subsidiaries provide their employees with benefits that basically consist of food, transportation, scholarships, life insurance, medical care, dental care, pharmacy, education, among others.

The Company and its subsidiaries include in their human resources policies the Profit Sharing Program, which is eligible for all collaborators hired under formal employment agreements. The goals and criteria for calculating and distributing the rewards are agreed by the parties,

including the trade unions that represent the interests of collaborators. They include productivity, competitiveness and motivation gains and participants' engagements.

The amounts related to employee benefits recognized as administrative expenses and cost of goods sold in profit or loss are as follows:

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Power	7,425	5,194	7,749	5,194
Transport	7,951	6,769	11,443	6,769
Profit sharing	5,687	7,966	8,200	7,966
Medical/dental assistance	3,211	(47)	5,041	(47)
Education	505	395	505	395
Scholarship	29	24	29	24
Other	6,484	4,344	6,525	4,344
	31,292	24,645	39,492	24,645

25 Segment reporting

An operating segment is a component of the Company and its subsidiaries that carry out business activities on which it can obtain revenue and incur expenses, including revenues and expenses related to transactions with other components of the Company and its subsidiaries. All operating results are frequently reviewed by the Executive Board for decisions on the resources to be allocated to the segment and for assessing its performance, for which individual company financial information is available.

The Company and its subsidiaries have two operating segments: one - sugar, ethanol and by-products of the agroindustrial sugarcane process; and 2 – Electricity. The activities presented in the "Other" column do not qualify as operating segments and represent activities not allocated to segments.

Management defined the Company's and its subsidiaries' operating segments according to the reports used for making strategic decisions, reviewed by the main decision makers, among which: Executive Board according to the levels set by the procedures implemented by the Company and its subsidiaries.

Analyses are conducted segmenting business from the standpoint of industrial processes by the Company and its subsidiaries, and consist of the following segments:

**Sugar, ethanol and by-products from the agroindustrial process of sugar cane (AED).
Electricity.**

The performance of operating segments is evaluated according to the statement of income per business, with a focus on profitability:

30/06/2023				
AED	AED	Energy	Other	Total

	Goiás	Minas Gerais			
Gross revenue					
Domestic market					
Ethanol	89,234	100,531	-	-	189,765
White sugar	182,166	-	-	-	182,166
Organic sugar	8,193	-	-	-	8,193
Soybean	2,137	212	-	-	2,349
Electricity	-	-	23,895	-	23,895
Sanitizers	12,773	-	-	-	12,773
Yeast by-products	3,237	-	-	-	3,237
CBIOS	1,003	9,415	-	-	10,418
Other sales	1,995	181	2,383	-	4,559
	<u>300,738</u>	<u>110,339</u>	<u>26,278</u>	<u>-</u>	<u>437,355</u>
Foreign market					
White sugar	19,434	-	-	-	19,434
Organic sugar	42,915	-	-	-	42,915
	<u>62,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,349</u>
(-) Taxes, at and sales deductions	<u>(35,663)</u>	<u>(13,939)</u>	<u>(4,683)</u>	<u>(367)</u>	<u>(54,652)</u>
Net revenue	<u>327,424</u>	<u>96,400</u>	<u>21,595</u>	<u>(367)</u>	<u>445,052</u>
Cost of sales	(214,123)	(89,774)	(13,167)	-	(317,064)
Changes in the market value of biological assets	<u>(40,421)</u>	<u>26,307</u>	<u>-</u>	<u>-</u>	<u>(14,114)</u>
Gross profit	<u>72,880</u>	<u>32,933</u>	<u>8,428</u>	<u>(367)</u>	<u>113,874</u>
Selling expenses	(29,878)	(137)	(990)	-	(31,005)
Other operating expenses, net	<u>(3,749)</u>	<u>(2,445)</u>	<u>(10,738)</u>	<u>181</u>	<u>(16,751)</u>
Operating profit	<u>39,253</u>	<u>30,351</u>	<u>(3,301)</u>	<u>(186)</u>	<u>66,118</u>
Share of profit of equity-accounted investees	4,414	-	-	-	4,414
Net finance income (costs)	<u>3,342</u>	<u>(3,394)</u>	<u>(2,725)</u>	<u>1,139</u>	<u>(1,638)</u>
Profit before taxes	<u>47,010</u>	<u>26,957</u>	<u>(6,026)</u>	<u>953</u>	<u>68,894</u>
Current and deferred income and social contribution taxes	<u>(9,158)</u>	<u>(10,163)</u>	<u>1,399</u>	<u>(1,480)</u>	<u>(19,402)</u>
Profit or loss for the year	<u>37,852</u>	<u>16,794</u>	<u>(4,627)</u>	<u>(527)</u>	<u>49,492</u>

	30/06/2022		
	AED	Other	Total
Gross revenue			

Domestic market			
Ethanol	258,915	-	258,915
White sugar	143,214	-	143,214
Organic sugar	4,275	-	4,275
Soybean	742	-	742
Sanitizers	23,591	-	23,591
Yeast by-products	788	-	788
CBIOS	17,705	-	17,705
Other sales	1,416	-	1,416
	<u>450,646</u>	<u>-</u>	<u>450,646</u>
Foreign market			
White sugar	7,429	-	7,429
Organic sugar	52,709	-	52,709
	<u>60,138</u>	<u>-</u>	<u>60,138</u>
(-) Taxes, at and sales deductions	<u>(67,642)</u>	<u>(344)</u>	<u>(67,986)</u>
Net revenue	<u>443,142</u>	<u>(344)</u>	<u>442,798</u>
Cost of sales	(222,485)	-	(222,485)
Changes in the market value of biological assets	19,917	-	19,917
Gross profit	<u>240,574</u>	<u>(344)</u>	<u>240,230</u>
Selling expenses	(33,675)	-	(33,675)
Other operating expenses, net	20,327	110	20,437
Operating profit	<u>227,226</u>	<u>(234)</u>	<u>226,992</u>
Share of profit of equity-accounted investees	4,184	-	4,184
Net finance income (costs)	<u>(81,846)</u>	<u>723</u>	<u>(81,123)</u>
Profit before taxes	<u>149,564</u>	<u>489</u>	<u>150,053</u>
Current and deferred income and social contribution taxes	<u>(28,751)</u>	<u>(1,267)</u>	<u>(30,018)</u>
Profit or loss for the period	<u>120,813</u>	<u>(778)</u>	<u>120,035</u>

In the three-month period ended June 2023 and 2022, the Company's clients accounted for 10% or more of net revenues in the sugar, ethanol and by-products industry in Goiás. In the three-month period ended June 2023 three clients accounted for 50.27% of net revenues in the sugar, ethanol and by-products segment in Minas Gerais. No client accounted for 10% or more of net revenues in the electricity industry in Minas Gerais (in the same period in 2022 the Company did not operate in the sugar segment), Ethanol and by-products and electricity in Minas Gerais).

The tables below show revenue for the Company and its subsidiaries by geographic region:

	2023		
	Company		Consolidated
	Gross revenue	Taxes and returns	Net revenue
Foreign market			
North America	28,979	-	28,979

Europe	29,855	-	29,855	29,855	-	29,855
Oceania	559	-	559	559	-	559
Middle East and Asia	2,956	-	2,956	2,956	-	2,956
	<u>62,349</u>	<u>-</u>	<u>62,349</u>	<u>62,349</u>	<u>-</u>	<u>62,349</u>
Domestic market						
Center-West	156,224	(13,653)	142,571	162,724	(14,759)	147,965
Northeast	77,962	(11,572)	66,390	84,956	(12,225)	72,731
North	20,526	(3,290)	17,236	23,705	(3,780)	19,925
Southeast	39,385	(6,049)	33,336	158,198	(22,685)	135,513
South	6,656	(1,099)	5,557	7,772	(1,203)	6,569
	<u>300,753</u>	<u>(35,663)</u>	<u>265,090</u>	<u>437,355</u>	<u>(54,652)</u>	<u>382,703</u>
Total	<u>363,102</u>	<u>(35,663)</u>	<u>327,439</u>	<u>499,704</u>	<u>(54,652)</u>	<u>445,052</u>

	2022					
	Company			Consolidated		
	Gross revenue	Taxes and returns	Net revenue	Gross revenue	Taxes and returns	Net revenue
Foreign market						
North America	26,961	-	26,961	26,961	-	26,961
South America (formerly Brazil)	-	-	-	-	-	-
Europe	30,679	-	30,679	30,679	-	30,679
Oceania	349	-	349	349	-	349
Middle East and Asia	2,149	-	2,149	2,149	-	2,149
	<u>60,138</u>	<u>-</u>	<u>60,138</u>	<u>60,138</u>	<u>-</u>	<u>60,138</u>
Domestic market						
Center-West	217,718	(32,196)	185,522	217,703	(32,540)	185,163
Northeast	144,019	(22,401)	121,618	144,019	(22,401)	121,618
North	35,566	(5,033)	30,533	35,566	(5,033)	30,533
Southeast	37,787	(5,346)	32,441	37,787	(5,346)	32,441
South	15,571	(2,666)	12,905	15,571	(2,666)	12,905
	<u>450,661</u>	<u>(67,642)</u>	<u>383,019</u>	<u>450,646</u>	<u>(67,986)</u>	<u>382,660</u>
Total	<u>510,799</u>	<u>(67,642)</u>	<u>443,157</u>	<u>510,784</u>	<u>(67,986)</u>	<u>442,798</u>

Operating assets and liabilities by segment

The Operating assets and liabilities of the Company and its subsidiaries were segregated by segment and are presented below.

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

Assets	AED			Energy		Total	
	30/06/2023 Goiás	30/06/2023 Minas Gerais	31/03/2023	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Current							
Cash and cash equivalents	806,694	26,709	991,754	5,702	7,367	839,105	999.121
Restricted cash	30,505	-	14,149	-	-	30,505	14.149
Accounts receivable and other receivables	55,085	3,777	36,482	29,441	11,018	88,303	47.500
Inventories	299,245	159,162	187,179	13,708	9,007	472,115	196.186
Advances to suppliers	4,466	967	6,306	376	478	5,809	6.784
Biological assets	409,482	114,709	599,551	-	-	524,191	599.551
Derivative financial instruments	47,491	-	24,077	-	-	47,491	24.077
Recovered taxes and contributions	50,731	49,482	108,618	1,775	3,244	101,988	111.862
Recovered income tax and social contribution	47,725	2,696	43,530	1,326	1,326	51,747	44.856
Dividends receivable	2,215	-	2,215	-	-	2,215	2.215
Other assets	3,613	136	5,079	18	3	3,767	5.082
Current assets	<u>1.757.252</u>	<u>357,638</u>	<u>2,018,940</u>	<u>52,346</u>	<u>32,443</u>	<u>2,167,236</u>	<u>2,051,383</u>
Non-current							
Long-term assets							
Restricted cash	8,129	-	7,611	-	-	8,129	7.611
Accounts receivable and other receivables	10,415	46,952	58,236	-	-	57,367	58.236
Derivative financial instruments	119,777	-	167,913	-	-	119,777	167.913
Deferred taxes	32,378	3,656	13,819	28,722	27,323	32,378	41.142
Judicial deposits	113,739	1,698	112,068	-	-	115,437	112.068
Recovered taxes and contribution	22,907	72,165	96,495	6,421	6,521	101,493	103.016
Recovered income tax and social contribution	-	1,776	1,662	-	-	1,776	1.662
Total long-term assets	<u>307,345</u>	<u>126,247</u>	<u>457,804</u>	<u>35,143</u>	<u>33,844</u>	<u>436,357</u>	<u>491.648</u>
Investments	87,623	-	82,222	-	-	87,623	82.222
Property, Plant and Equipment	1,528,445	520,254	2,082,099	169,821	175,028	2,218,520	2.257.127
Right of use	1,049,598	328,515	1,262,734	-	-	1,378,113	1.262.734
Intangible assets	9,765	3,854	13,875	1,227	1,230	14,846	15.105
	<u>2,675,431</u>	<u>852,623</u>	<u>3,440,930</u>	<u>171,048</u>	<u>176,258</u>	<u>3,699,102</u>	<u>3.617.188</u>
Non-current assets	<u>2.982.776</u>	<u>978.870</u>	<u>3.898.734</u>	<u>206,191</u>	<u>210,102</u>	<u>4,135,459</u>	<u>4,108,836</u>
Total assets	<u><u>4.740.028</u></u>	<u><u>1,336,508</u></u>	<u><u>5,917,674</u></u>	<u><u>258,537</u></u>	<u><u>242,545</u></u>	<u><u>6,302,695</u></u>	<u><u>6,160,219</u></u>

Liabilities	AED			Energy		Total	
	30/06/2023 Goiás	30/06/2023 Minas Gerais	31/03/2023	30/06/2023	31/03/2023	30/06/2023	31/03/2023
Current							
Loans and financing	206,699	-	222,814	7,869	7,905	214,568	230,719
Leases payable	64,703	62,312	113,266	-	-	127,015	113,266
Suppliers and other payables	85,562	30,017	100,861	25,382	6,243	140,961	107,104
Derivative financial instruments	138,909	-	181,306	-	-	138,909	181,306
Provisions and labor charges	40,382	12,347	41,561	667	970	53,396	42,531
Tax obligations	12,179	5,314	11,006	2,267	2,663	19,760	13,669
Dividends payable	129,557	-	129,557	-	-	129,557	129,557
Income tax and social contribution payable	1,449	-	1,364	1,102	1,173	2,551	2,537
Advances from clients	27,242	(784)	9,540	2,223	130	28,681	9,670
Current liabilities	706.682	109,206	811,275	39,510	19,084	855,398	830,359
Non-current							
Loans and financing	1,829,884	-	1,819,729	72,564	74,281	1,902,448	1,894,010
Leases to be paid	943,814	275,014	1,111,089	-	-	1,218,828	1,111,089
Derivative financial instruments	79,306	-	141,516	-	-	79,306	141,516
Deferred income tax and social contribution	255,941	-	214,405	-	-	223,563	214,405
Tax obligations	9,311	-	4,546	-	-	9,311	4,546
Suppliers and other payables	435	-	436	-	-	435	436
Provisions for contingencies	17,684	8,986	26,614	-	-	26,670	26,614
Non-current liabilities	3.136.375	284,000	3,318,335	72,564	74,281	3,460,561	3,392,616
Capital	192,824	561,852	754,676	227,420	227,420	982,096	982,096
Profit reserves	667,981	381,450	955,885	(80,957)	-	968,474	955,885

Jalles Machado S.A.
Interim financial statements as of
June 30, 2023

Equity valuation adjustments	13,249	-	13,524	-	-	13,249	13,524
Treasury share reserve	(14,261)	-	(14,261)	-	-	(14,261)	(14,261)
Retained earnings	37,178	-	78,240	-	(78,240)	37,178	-
Total equity	<u>896,971</u>	<u>943,302</u>	<u>1,788,064</u>	<u>146,463</u>	<u>149,180</u>	<u>1,986,736</u>	<u>1,937,244</u>
Total equity and liabilities	<u>4.740.028</u>	<u>1,336,508</u>	<u>5,917,674</u>	<u>258,537</u>	<u>242,545</u>	<u>6,302,695</u>	<u>6,160,219</u>

26 Statements of cash flows

Property, plant and equipment

During the three-month periods ended June 30, 2023 and 2022, as mentioned in note nine, property, plant and equipment were acquired at the total cost of R\$24,355 (Company) (R\$47,142 as of June 30, 2022) and R\$28,594 (R\$47,142 as of June 30, 2022) in the following manner:

	Company		Consolidated	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Cost of property, plant and equipment acquisition	108,287	112,023	144,229	112,023
Balance of trade payables at the end of the period	(22,110)	(18,261)	(22,110)	(18,261)
Acquisition of Farming	(61,822)	(46,620)	(93,525)	(46,620)
	24,355	47,142	28,594	47,142

27 Subsequent events

In July 2023, the Company raised a CPR Verde (Rural Producer Certificate) for a free purpose with Banco do Brasil. This was approved by the Board of Directors, authorizing its reserve for organic sugar, totaling R\$100,000.

R\$24,320 was also raised with BNDES (National Bank for Economic and Social Development) consisting of the final portion of the reimbursement of the financing facility granted to the Company's expansion operations.

On August 10, 2023 the Board of Directors authorized the making of contributions to Santa Vitória Açúcar e Alcool Ltda, a company fully owned by Federative Machado S/A, by making advances for future increase in capital, with a total limit of one hundred and seventy million Brazilian reais (R\$170,000), whose realization may be made in a lump sum or several installments, as decided by the Company's Management.

* * *

Board of Directors

Oscar de Paula Bernardes Neto
Independent Chairman and Board Member

Alexandre Lahóz Mendonça de Barros
Vice-President and Independent Member

Plinio Mario Nastari
Executive Board Member

Otávio Lage de Siqueira Filho
Member

Silvia Regina Fontoura de Siqueira
Member

Clóvis Ferreira de Moraes
Member

Gibrail Kinjo Esber Brahim Son
Member

Executive Management

Otávio Lage de Siqueira Filho
CEO

Rodrigo Penna de Siqueira
CFO

Henrique Penna de Siqueira
Chief Sales Officer

Joel Soares Alves da Silva
Chief Operations Officer

Accountant

Nelson Gomes da Silva Neto
CRC/GO No. 011 107/O-2