

(A free translation of the original in Portuguese)

S/A Usina Coruripe Açúcar e Álcool

**Parent company and consolidated interim
financial statements at
September 30, 2023 and
report on review**



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Report on review of parent company and consolidated interim financial statements

To the Shareholders and Management
S/A Usina Coruripe Açúcar e Álcool

Introduction

We have reviewed the accompanying balance sheet of S/A Usina Coruripe Açúcar e Álcool ("Company") as at September 30, 2023 and the related statements of operations and of comprehensive income for the three- and six-month periods then ended, and the statements of changes in equity and of cash flows for the six-month period then ended, as well as the consolidated balance sheet of S/A Usina Coruripe Açúcar e Álcool and its subsidiaries ("Consolidated") as at September 30, 2023 and the consolidated statements of operations and of comprehensive income for the three- and six-month periods then ended, and the consolidated statements of changes in equity and of cash flows for the six-month period then ended, as well as the corresponding explanatory notes, including the significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these parent company and consolidated interim financial statements in accordance with the accounting standard CPC 21 - "Interim Financial Reporting", of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of 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 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 Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



S/A Usina Coruripe Açúcar e Álcool

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements referred to above do not present fairly, in all material respects, the financial position of S/A Usina Coruripe Açúcar e Álcool and S/A Usina Coruripe Açúcar e Álcool and its subsidiaries as at September 30, 2023, and its financial performance for the three- and six-month periods then ended and cash flows for the six-month period then ended, as well as its consolidated financial performance for the three- and six-month periods then ended and consolidated cash flows for the six-month period then ended, in accordance with Technical Pronouncement CPC 21 - "Interim Financial Reporting", and International Accounting Standard IAS 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB).

Ribeirão Preto, November 24, 2023

A handwritten signature in black ink, appearing to read "Luis Fernando de Souza Maranhã".

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

DocuSigned by:

A small icon representing a signature, showing a stylized line.

Assinado por: LUIS FERNANDO DE SOUZA MARANHÃ 26831679897
CPF: 26831679897

Data/Hora da Assinatura: 12 de dezembro de 2023 | 18:56 BRT

The ICP-Brasil logo, which includes the text "ICP-Brasil" and a stylized graphic of a green leaf or flame.

Luis Fernando de Souza Maranhã
Contador CRC 1SP201527/O-5

"This document will be signed electronically using DocuSign (www.docusign.com.br), pursuant to art. 10, § 2, of Medida Provisória (Provisional Decree) No. 2200-2/2001 and was prepared on the date indicated, being valid for all legal purposes."

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S/A Usina Coruripe Açúcar e Álcool



Balance sheet
(In thousands of reais)

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Assets					
Current assets					
Cash and cash equivalents	3	232,399	371,841	252,372	390,862
Financial investments	4	133,536	99,145	133,536	99,145
Trade receivables	5	136,419	102,226	143,789	102,282
Inventories	6	804,367	161,753	804,946	162,191
Advances to suppliers	7	210,697	217,172	210,697	217,172
Biological assets	12	561,867	486,996	561,867	486,996
Sales taxes recoverable	8	138,256	171,317	138,493	171,546
Income tax and social contribution recoverable	28	27,095	38,494	27,095	38,494
Related parties	10	15,237	40,331	12,079	28,824
Derivative financial instruments	30	12,741	13,643	12,741	13,643
Other receivables	9	99,620	84,851	99,622	85,385
Total current assets		2,372,234	1,787,769	2,397,237	1,796,540
Non-current assets					
Long-term receivables					
Financial investments	4	54,875	34,461	65,364	43,203
Advances to suppliers	7	192,840	195,663	192,840	195,663
Related parties	10	10,112	7,721	105	
Sales taxes recoverable	8	5,024	4,098	5,024	4,098
Derivative financial instruments		37,963		37,963	
Other receivables	9	4,153,656	4,035,181	4,153,656	4,035,181
Judicial deposits		5,834	4,524	5,834	4,524
		4,460,304	4,281,648	4,460,786	4,282,669
Investments	11	56,937	39,436	30,454	28,224
Property, plant and equipment	13	2,201,759	2,018,260	2,215,124	2,034,027
Intangible assets	14	6,064	3,853	6,064	3,853
Right-of-use assets	15	1,719,527	1,723,721	1,719,527	1,723,721
Total non-current assets		8,444,591	8,066,918	8,431,955	8,072,494
Total assets		10,816,825	9,854,687	10,829,192	9,869,034

The explanatory notes from the Board of Directors are an integral part of the interim financial statements.

S/A Usina Coruripe Açúcar e Álcool



Balance sheet
(In thousands of reais)

(continued)

	Note	Parent company		Consolidated	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Liabilities and equity					
Current liabilities					
Accounts payable	16	573,987	197,174	575,731	200,066
Loans and financing	17	1,220,763	904,320	1,227,328	904,387
Lease payable	15	146,409	146,348	146,409	146,348
Agricultural partnerships payable	15	201,245	182,891	201,245	182,891
Salaries and social charges		109,230	76,064	109,374	76,272
Other taxes payable	18	30,982	23,388	32,427	25,137
Income tax and social contribution	28			970	89
Advances from customers	19	572,837	216,574	572,837	216,574
Commitments from electricity contracts	20	147,871	77,669	147,871	77,669
Derivative financial instruments	30	91,441	1,096	91,500	1,724
Other payables		22,930	16,631	23,244	16,637
Total current liabilities		3,117,695	1,842,155	3,128,936	1,847,794
Non-current liabilities					
Loans and financing	17	2,621,504	2,728,836	2,622,630	2,737,544
Lease payable	15	843,763	843,717	843,763	843,717
Agricultural partnerships payable	15	547,181	556,067	547,181	556,067
Other taxes payable	18	174,679	168,868	174,679	168,868
Derivative financial instruments	30	1,537	44,327	1,537	44,327
Advances from customers	19	157,516	254,296	157,516	254,296
Commitments from electricity contracts	20	66,980	140,355	66,980	140,355
Deferred income tax and social contribution	28	62,354	35,745	62,354	35,745
Provision for contingencies	21	62,438	73,120	62,438	73,120
Other payables	9 (a)	502,036	487,711	502,036	487,711
Total non-current liabilities		5,039,988	5,333,042	5,041,114	5,341,750
Total liabilities		8,157,683	7,175,197	8,170,050	7,189,544
Equity					
Share capital	22	408,845	408,845	408,845	408,845
Treasury shares		(1,215)	(1,215)	(1,215)	(1,215)
Carrying value adjustment		51,992	26,987	51,992	26,987
Revenue reserves		2,202,245	2,244,873	2,202,245	2,244,873
Accumulated deficit		(2,725)		(2,725)	
Total equity		2,659,142	2,679,490	2,659,142	2,679,490
Total liabilities and equity		10,816,825	9,854,687	10,829,192	9,869,034

The explanatory notes from the Board of Directors are an integral part of the interim financial statements.

S/A Usina Coruripe Açúcar e Álcool



Statement of operations
Three- and six-month periods ended
(In thousands of reais, unless otherwise stated)

(A free translation of the original in Portuguese)

	Note	Parent company			
		September 30, 2023		September 30, 2022	
		Three-month period	Six-month period	Three-month period	Six-month period
Net operating revenue	23	981,400	1,741,153	854,596	1,489,262
Cost of products sold	24	(630,835)	(1,148,933)	(602,006)	(1,013,176)
Gross profit		350,565	592,220	252,590	476,086
Selling expenses	24	(59,187)	(109,356)	(52,328)	(98,194)
General and administrative expenses	24	(64,608)	(118,061)	(56,184)	(99,888)
Equity in the result of investees	11	15,582	22,598	11,713	19,877
Other operating income (expenses), net	27	(12,844)	(15,008)	26,300	19,429
Operating profit		229,508	372,393	182,091	317,310
Finance income	25	131,534	340,787	182,745	493,693
Finance expenses	25	(304,933)	(709,106)	(410,827)	(926,256)
Finance result		(173,399)	(368,319)	(228,082)	(432,563)
Profit (loss) before income tax and social contribution		56,109	4,074	(45,991)	(115,253)
Deferred income tax and social contribution	28	8,778	(11,372)	(11,754)	24,168
Profit (loss) for the period		64,887	(7,298)	(57,745)	(91,085)
Basic and diluted earnings (loss) per share		46.35	(5.21)	(41.25)	(65.06)

	Note	Consolidated			
		September 30, 2023		September 30, 2022	
		Three-month period	Six-month period	Three-month period	Six-month period
Net operating revenue	23	999,521	1,774,025	871,144	1,522,158
Cost of products sold	24	(632,908)	(1,153,320)	(604,942)	(1,020,055)
Gross profit		366,613	620,705	266,202	502,103
Selling expenses	24	(59,187)	(109,356)	(52,328)	(98,194)
General and administrative expenses	24	(64,695)	(118,297)	(56,469)	(100,188)
Equity in the result of investees	11	1,234	2,232	783	461
Other operating income (expenses), net	27	(16,116)	(19,871)	23,415	14,561
Operating profit		227,849	375,413	181,603	318,743
Finance income	25	132,438	340,726	185,283	494,061
Finance expenses	25	(303,404)	(710,322)	(412,083)	(926,551)
Finance result		(170,966)	(369,596)	(226,800)	(432,490)
Profit (loss) before income tax and social contribution		56,883	5,817	(45,197)	(113,747)
Current income tax and social contribution	28	(774)	(1,743)	(794)	(1,506)
Deferred income tax and social contribution	28	8,778	(11,372)	(11,754)	24,168
Profit (loss) for the period		64,887	(7,298)	(57,745)	(91,085)
Basic and diluted earnings (loss) per share		46.35	(5.21)	(41.25)	(65.06)

The explanatory notes from the Board of Directors are an integral part of the interim financial statements.

S/A Usina Coruripe Açúcar e Álcool



Statement of comprehensive income
Three- and six-month periods ended
(In thousands of reais)

(A free translation of the original in Portuguese)

	Parent company and Consolidated			
	September 30, 2023		September 30, 2022	
	Three-month period	Six-month period	Three-month period	Six-month period
Profit (loss) for the period	64,887	(7,298)	(57,745)	(91,085)
Changes in the period:				
Changes in fair value				
Foreign exchange derivatives - options / NDF	(19,326)	14,600	(15,307)	(27,862)
Foreign exchange derivatives - cross-currency swap	52,786	(10,932)	31,294	44,670
Interest derivatives - interest rate swap	(706)	721	(392)	(5,059)
	<u>32,754</u>	<u>4,389</u>	<u>15,595</u>	<u>11,749</u>
Recognition in operating result				
Foreign exchange derivatives - options / NDF	(6,389)	(19,027)	2,044	(279)
	<u>(6,389)</u>	<u>(19,027)</u>	<u>2,044</u>	<u>(279)</u>
Recognition in finance result				
Foreign exchange derivatives - options / NDF			14,497	16,820
Foreign exchange derivatives - cross-currency swap	(77,139)	35,744	(64,587)	(187,156)
Interest derivatives - interest rate swap	1	1,198	740	1,363
Foreign exchange non-derivatives - debts	(21,734)	6,233	5,615	(33,373)
	<u>(98,872)</u>	<u>43,175</u>	<u>(43,735)</u>	<u>(202,345)</u>
Reversal (write-off) due to ineffectiveness				
Foreign exchange derivatives - cross-currency swap		16,278	(9,571)	(9,571)
		<u>16,278</u>	<u>(9,571)</u>	<u>(9,571)</u>
Total changes in the period				
Foreign exchange derivatives - options / NDF	(25,715)	(4,427)	1,234	(11,321)
Foreign exchange derivatives - cross-currency swap	(24,353)	41,090	(42,862)	(152,057)
Interest derivatives - interest rate swap	(705)	1,919	348	(3,696)
Foreign exchange non-derivatives - debts	(21,734)	6,233	5,615	(33,373)
Deferred taxes on the items above	24,652	(15,237)	12,126	68,152
	<u>(47,855)</u>	<u>29,578</u>	<u>(23,539)</u>	<u>(132,295)</u>
Comprehensive income (loss) for the period	<u>17,032</u>	<u>22,280</u>	<u>(81,284)</u>	<u>(223,380)</u>

The explanatory notes from the Board of Directors are an integral part of the interim financial statements.

S/A Usina Coruripe Açúcar e Álcool



Statement of changes in equity (In thousands of reais)

(A free translation of the original in Portuguese)

Parent company and Consolidated										
Note	Share capital	Treasury shares	Legal	Reserve of retention of profits	Reserve of profits to deliberate	Profit reserves	Carrying value adjustment		Accumulated deficit	Total
						Reserve of tax incentives	Hedge accounting	Deemed cost		
At March 31, 2022	408,845	(1,215)	64,340	687,675	716,144	293,155		63,600		2,232,544
Realization of deemed cost	22 (c)							(5,175)	5,175	
Result of derivatives - hedge accounting	22 (c)						(132,295)			(132,295)
Dividends distributed					(9,406)					(9,406)
Loss for the period									(91,085)	(91,085)
At September 30, 2022	408,845	(1,215)	64,340	687,675	706,738	293,155	(132,295)	58,425	(85,910)	1,999,758
At March 31, 2023	408,845	(1,215)	81,769	408,845	1,345,453	408,806	(26,510)	53,497		2,679,490
Realization of deemed cost	22 (c)							(4,573)	4,573	
Result of derivatives - hedge accounting	22 (c)						29,578			29,578
Dividends distributed	22 (d)				(42,628)					(42,628)
Loss for the period									(7,298)	(7,298)
At September 30, 2023	408,845	(1,215)	81,769	408,845	1,302,825	408,806	3,068	48,924	(2,725)	2,659,142

The explanatory notes from the Board of Directors are an integral part of the interim financial statements.

S/A Usina Coruripe Açúcar e Álcool



Statement of cash flows
Six-month period ended
(In thousands of reais)

(A free translation of the original in Portuguese)

Note	Parent company		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Cash flows from operating activities				
Profit (loss) before income tax and social contribution	4.074	(115.253)	5.817	(113.747)
Adjustments:				
Accrued finance charges and exchange gains (losses), net	219.310	505.193	222.838	507.442
Adjustment on accretion of present value of interest receivable from IAA	25 and 27	(113.834)	(92.573)	(113.834)
Interest on leases and agricultural partnerships	25	120.291	120.291	102.863
Equity in the result of investees	11	(22.598)	(19.877)	(2.232)
Depreciation of right-of-use assets	24	58.926	55.139	58.926
Depreciation and amortization (except sugarcane crops)	24	143.097	106.022	146.581
Adjustment for fair value of biological assets	12	(56.669)	(77.410)	(56.669)
Reversal of provision for contingencies	21	(10.682)	(15.688)	(15.688)
Provision for losses on assets		2.719	12.129	12.129
Provision for (reversal of) attorney success fees	27	14.326	(12.851)	14.326
Residual value of write-offs of fixed assets/crop	27	32.621	3.589	32.621
		391.581	451.283	420.702
				474.583
Changes in assets and liabilities				
Trade receivables	5	(34.690)	15.231	(42.000)
Inventories	6	(473.348)	(459.302)	(473.489)
Advances to suppliers	7	6.812	105.854	6.812
Biological assets	12	14.881	29.953	14.881
Sales taxes recoverable	8	43.534	(96.355)	43.534
Judicial deposits		(1.310)	(1.647)	(1.310)
Other receivables		73.392	(134.241)	73.924
Accounts payable	16	376.813	120.820	375.607
Salaries and social charges		33.166	25.572	33.102
Other taxes payable	18	7.854	(10.013)	7.500
Advances from customers	19	259.483	239.965	259.483
Derivative financial instruments		10.494	31.488	10.494
Other payables		9.018	19.580	8.758
				19.278
Cash from operations		717.680	338.188	737.998
Income tax and social contribution paid			(813)	(701)
Interest paid on loans and financing	17	(236.013)	(186.997)	(236.578)
Interest paid on commitments from electricity contracts		(5.511)	(8.296)	(5.511)
Net cash provided by operating activities		476.156	142.895	495.096
Cash flows from investing activities				
Financial investments	4	(47.517)	(114.310)	(47.517)
Additions to fixed and intangible assets	13 and 14	(562.998)	(403.234)	(564.079)
Advances on dividends paid or received	10	4.411	22.616	
Loan with related parties	10	21.251		23.210
Net cash used in investing activities		(584.853)	(494.928)	(588.386)
Cash flows from financing activities				
Advances received under electricity commitment contracts	20		50.001	50.001
Amortization of commitments from electricity contracts	20	(14.906)	(48.873)	(14.906)
Loans and financing	17	782.539	749.828	782.539
Repayment of principal of loans and financing	17	(549.106)	(537.561)	(549.131)
Payment of leases and agricultural partnerships (CPC 06 (R2))	15	(206.644)	(192.605)	(206.644)
Funding (amortization) of loan agreements with related parties			(32.407)	(14.430)
Advances on dividends paid	22 (d)	(42.628)	(9.406)	(42.628)
Net cash used in financing activities		(30.745)	(21.023)	(45.200)
Decrease in cash and cash equivalents		(139.442)	(373.056)	(138.490)
Cash and cash equivalents at the beginning of the period		371.841	665.481	390.862
Cash and cash equivalents at the end of the period		232.399	292.425	300.437

The explanatory notes from the Board of Directors are an integral part of the interim financial statements.

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S/A Usina Coruripe Açúcar e Álcool

Notes to the financial statements
at September 30, 2023
(In thousands of reais, unless otherwise stated)



1 Operations

(a) Corporate purpose

S/A Usina Coruripe Açúcar e Álcool (“Company” or “Parent company”) is a privately held corporation, incorporated on February 2, 1925, headquartered in the municipality of Coruripe, State of Alagoas. The Company and its subsidiaries (together referred to as “Group” or “Consolidated”) (Note 2.2) are primarily engaged in: a) the production of sugar cane and its industrial by-products; b) the import and export of products related to their activities, including as an export trading company; c) clean development mechanism (CDM) projects, aimed at the generation and sale of certified emission reductions (CERs) and/or verified emission reductions (VERs); d) the production and sale of electricity, steam, exhaust steam, alcohol gel sanitizers and all by-products from cogeneration of electricity; e) the development of other related activities; g) holding equity interests in other companies; and h) generating decarbonization credits (Cbios).

The Company and the Group lease railroad terminals in Fernandópolis, São Paulo, and in Iturama, Minas Gerais, and two administrative offices, one in the city of Maceió, Alagoas, and the other in the city of São Paulo, São Paulo. The Company and the Group operate five industrial units, one in the State of Alagoas, in the municipality of Coruripe, and four in the State of Minas Gerais, in the municipalities of Campo Florido, Carneirinho, Iturama and Limeira do Oeste, which in aggregate, processed 10,010 thousand tons of sugarcane in the six-month period of the 2023/2024 harvest (8,701 thousand tons of the 2022/2023 harvest).

The annual harvest period in the Northeast of Brazil begins in September and ends in March, whereas in the Southeast region it begins in April and ends in December, generating fluctuations in the Company's and Group's inventories, since, approximately, 22.0% (2022/2023 harvest: 23.0%) of production comes from the Northeast and 78.0% (2022/2023 harvest: 77.0%) from the Southeast. In the first six-month period of the 2023/2024 harvest, 37.0% (2022/2023 harvest: 29.8%) of the sugarcane used in production was from own crops and from agricultural partnerships, including partnerships with shareholders and related companies and 63.0% (2022/2023 harvest: 70.2%) from third-party suppliers. The Company's and the Group's revenues are affected by seasonal fluctuations as the finished goods produced during the crushing period are placed in storage to be sold over the year to meet customer demand.

The issuance of the Company's interim financial statements for the three and six-month periods ended September 30, 2023 was authorized by the Board of Directors, being charged with the Company's governance, on October 31, 2023.

(b) Operations

The Company is a wholly owned subsidiary of the holding company Coruripe Holding S.A. The accounting year begins on April 1 and ends on March 31 of the following year.

During the first six-month period of the 2023/2024 harvest, management sought to implement measures to optimize sugarcane crushing capacity, which resulted in several new daily unit crushing records.

S/A Usina Coruripe Açúcar e Álcool



Notes to the financial statements
at September 30, 2023
(In thousands of reais, unless otherwise stated)

In order to improve supply management, investments were made in strategic developments including an advanced supplier approval model which was implemented to strengthen commercial relationships and improve risk management over the Company's and the Group's supply chain. The new platform provides greater security, transparency and agility in the selection, evaluation and approval of suppliers, ensuring that all technical criteria and requirements are met, such as the sustainability and social responsibility commitments of the Coruripe Group.

In the three and six-month periods of the 2023/2024 harvest, approximately 57.8% of cane crushed was destined for the production of sugar (6.1% crystal and 51.7% - Very High Polarity), and the remaining 42.2% for the production of ethanol. In the 2022/2023 harvest, the crushing mix was 57.5% for sugar and 42.5% for ethanol.

c) **Armed conflict between Russia and Ukraine**

On February 24, 2022, an armed conflict arose between Russia and Ukraine. The economic sanctions and embargoes established against Russia and Belarus have affected the Company's supply chain, since Russia and Belarus are among the primary suppliers of NPK fertilizers: nitrogen (N), phosphorus (P) and potassium (K), and Brazil is highly dependent on imports from these countries. Fertilizers correspond to approximately 5.5% of the cost of the products sold by the Company.

Embargoes initially caused an increase in the price of oil in the international market, directly affecting the Company's diesel oil costs which increased by approximately 33% during the 2022/2023 harvest, or approximately 2.7% of the Company's cost of the products sold, also impacting other logistics costs. In the first six-month period of the 2023/2024 harvest, there was a reduction of oil price during the first quarter of the harvest and an increase in the second; as a result, operating costs evened out and were within expectations.

2 **Presentation of interim financial statements and significant accounting policies**

2.1. **Basis of preparation and presentation**

The interim financial statements have been prepared and are presented in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting issued by the Brazilian Accounting Pronouncements Committee (CPC), and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and disclose all information of significance to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

These interim financial statements were prepared following accounting principles, practices and criteria consistent with those adopted in the preparation of financial statements for the year ended March 31, 2023. Therefore, these interim financial statements should be read in conjunction with the Company's annual financial statements.

When the Company and Group balances are substantially similar, only the Group's amounts are presented.

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The main accounting policies applied in the preparation of these financial statements are presented in the respective notes and the other accounting policies are described in this Note 2.

The parent company and consolidated financial statements have been prepared under the historical cost convention, adjusted to reflect the deemed cost of buildings, other properties, industrial machinery and equipment on the date of transition to IFRS/CPC. For certain financial assets and liabilities, such as derivative financial instruments and biological assets, costs are adjusted to fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.12.

2.2. Basis of consolidation and investment in subsidiary

The Company consolidates all entities which it controls, being those to which it is exposed or has rights to variable returns from its involvement with the investee and has the ability to direct the significant activities of the investee.

The consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries at September 30, 2023.

The subsidiaries included in the consolidation are described below and the accounting policies applied in the preparation of the consolidated interim financial statements are described in Note 2.5.

The consolidated balances in the financial statements at September 30, 2023 include the following subsidiaries; ownership percentages have not changed:

		2023	2022
	Country	Interest %	Interest %
Direct investment:			
Coruripe Energética S.A.	Brazil	100%	100%
Camaçari Energética S.A.	Brazil	100%	100%
Coruripe Netherland B.V.	Netherlands	100%	100%
Usina Corurema Ltda.	Brazil	50%	50%
Indirect investment:			
Usina Corurema Ltda. (i)	Brazil	50%	50%

(i) Indirect interest through Coruripe Energética S.A.

2.3. Changes in accounting policies and disclosures

The following amendments to standards have been adopted for the first time in the year beginning on April 1, 2023:

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Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies

Issued in February 2021 by the IASB, the amendments to IAS 1 require companies to disclose their “material” accounting policies rather than their “significant” accounting policies. The amendment includes the definition of “material accounting policy information” and explains how to identify them. The amendment clarifies that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. To support such amendment, the IASB also amended *IFRS Practice Statement 2 - Making Materiality Judgments* to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment applies to annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendment issued in February 2021 clarifies how entities should make a distinction between changes in accounting policies and changes in accounting estimates, since changes in accounting estimates are applied prospectively to future transactions and other future events, and changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period. The amendment applies to annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 12 - Income taxes

The amendment issued in May 2021 requires entities to recognize deferred taxes on transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. This is normally applied to lease transactions (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, for example, and requires the recognition of additional deferred tax assets and liabilities. The amendment applies to annual reporting periods beginning on or after January 1, 2023.

The amendments mentioned above had no material impacts for the Company and the Group.

2.4. New standards that are not yet effective

The following amendments to new standards were issued by the IASB but are not effective for 2023/2024. The early adoption of standards, even though encouraged by the IASB, is not permitted in Brazil by the CPC.

Amendments to IAS 1 - Presentation of Financial Statements

In accordance with IAS 1 - Presentation of financial statements, for an entity to classify liabilities as non-current in its financial statements, it must have the right to avoid settling the liabilities for at least twelve months from the balance sheet date. In January 2020, the IASB issued an amendment to IAS 1 “Classification of liabilities as current or non-current”, whose application date was for annual reporting periods beginning on or after January 1, 2023, which determined that the entity would not have the right to avoid settlement of a liability for at least twelve months, if, at the balance sheet date, it had not complied with the indices provided for in restrictive clauses (e.g. covenants), even if the contractual measurement of the covenant was only required after the balance sheet date in up to twelve months.

Subsequently, in October 2022, a new amendment was issued to clarify that liabilities that contain restrictive contractual clauses requiring the achievement of ratios under covenants only after the balance sheet date do not affect the classification as current or non-current. Only covenants with which

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the entity is required to comply by the balance sheet date affect the classification of the liability, even if the measurement occurs only after that date.

The 2022 amendment introduces additional disclosure requirements that allow users of financial statements to understand the risk of the liability being settled within twelve months after the balance sheet date. The 2022 amendment changed the application date of the 2020 amendment. Accordingly, both amendments apply for annual reporting periods beginning on or after January 1, 2024.

There are no other standards that are not yet effective that would be expected to have a material impact on the Company's and the Group's financial statements.

2.5. Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. They are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Identifiable assets acquired and liabilities and contingent liabilities assumed for the acquisition of subsidiaries in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Non-controlling interests are determined on each acquisition. Acquisition-related costs are expensed as incurred.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset being transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.6. Foreign currency translation

The interim financial statements are measured using the currency of the main economic environment in which the Company and the Group operate (functional currency). The parent company and consolidated interim financial statements are presented in Real/Reais (R\$), which is the functional and presentation currency of the Company and the Group.

Transactions and balances

Transactions in foreign currency are initially recorded at the functional currency exchange rate in effect on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate on the reporting date. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rate in effect on the transaction date.

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In determining the exchange rate to be used in the initial recognition of the respective asset, expense or revenue (or part thereof) related to advance payment or receipt, the transaction date is the date on which the Company and the Group initially recognize the non-monetary asset or the non-monetary liability arising from early payment or receipt. When there are several advance payments or receipts, the Company and the Group determine the transaction date for each payment or receipt of advance consideration.

2.7. Government grants

Government grants are recognized when there is reasonable certainty that the benefit will be received and that all corresponding conditions will be met.

When the benefit refers to an expense item, it is recognized as income over the benefit period, systematically in relation to the costs whose benefit is intended to compensate.

When the benefit refers to an asset, it is recognized as deferred income and recorded in profit or loss in equal amounts over the expected useful life of the corresponding asset.

2.8. Financial instruments

The Company and the Group adopt CPC 48 - Financial Instruments, classifying their financial assets as: measured at amortized cost, at fair value through other comprehensive income (adopted at April 1, 2022 as a result of the adoption of the accounting practice of hedge accounting - Note 2.8(c)) and at fair value through profit or loss.

Financial assets and liabilities are recognized when the Company and its subsidiaries are party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities recognized at fair value through profit or loss) are added or deducted from the fair value of financial assets or liabilities, if applicable, after initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

(a) Financial assets

Financial assets are classified into the following categories based on the business model for which they are held and the characteristics of their contractual cash flows: (i) measured at amortized cost; (ii) at fair value through profit or loss; and (iii) at fair value through other comprehensive income. Classification depends on the nature and purpose of the financial assets and is determined on the date of initial recognition. The Company and the Group have the following main financial assets:

Measured at fair value through profit or loss

Financial instruments recorded at fair value through profit or loss: are assets held for trading or designated as such upon initial recognition. The Company and the Group manage these assets and make purchase and sale decisions based on their fair values in accordance with documented risk management and their investment strategy. These financial assets are recorded at their fair value, with changes recognized in the statement of operations. The Company and the Group have derivative

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financial instruments (Note 30) as financial assets classified in this category, substantially related to forward contracts for sugar in US dollars.

Measured at amortized cost

The Company and the Group measure financial assets at amortized cost if both of the following conditions are met: (i) the financial asset is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows and (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that constitute, exclusively, payments of principal and interest on the outstanding principal amount. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is written off, modified or reduced to its recoverable value. The Company and the Group have the following main financial assets classified in this category:

- Cash and cash equivalents (Note 3);
- Financial investments (Note 4);
- Trade receivables (Note 5);
- Other receivables (Note 9);
- Related parties (Note 10); and
- Judicial deposits.

Measurement at fair value through other comprehensive income

This category includes financial instruments designated as hedging instruments in hedge accounting. The financial asset is maintained within a business model whose objective is achieved by both receiving contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise, on specified dates, to cash flows that constitute, exclusively, payments of principal and interest on the outstanding principal amount.

Impairment of financial assets

The calculation of impairment of financial instruments is performed using the hybrid concept of “expected and incurred credit losses,” requiring judgment as to how changes in economic factors affect expected credit losses. Provisions are measured for: (i) 12-month expected credit losses, (ii) lifetime expected credit losses, that is, credit losses that result from all possible default events over the expected life of a financial instrument, and (iii) credit losses incurred by the inability to make contractual payments of the financial instrument.

(b) Financial liabilities

The Company and the Group present the following financial liabilities measured at amortized cost:

- Related parties (Note 10);
- Leases payable (Note 15);
- Agricultural partnership payable (Note 15);
- Accounts payable (Note 16);
- Loans and financing (Note 17);
- Commitments from electricity contracts (Note 20);

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- Other payables.

After initial recognition, loans and financing are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of operations when liabilities are written off, as well as during the amortization process using the effective interest rate method.

Derivatives and other financial instruments

The Company and the Group use derivative financial instruments, such as foreign exchange futures contracts, interest rate swaps and commodity forward contracts, to hedge against their exchange rate risks, interest rate risks and commodity price risks, respectively.

The Company adopted hedge accounting from April 1, 2022 to enable it to reflect the effects of hedges in the same period in which the hedged exposure is recognized. In compliance with accounting principles, especially CPC 48, equivalent to IFRS 9, hedge accounting was applied prospectively for pre-existing operations, as well as for new operations, by designating hedges for accounting purposes. Derivative financial instruments are measured at fair value with corresponding changes in fair value recognized in profit or loss unless they have been designated as a component of the hedge accounting transaction.

The Company documents at the inception of the transaction or, at initial adoption in April 2022 for pre-existing transactions, the relationship between the hedging instruments and the hedged items for risk management purposes defining the strategy for undertaking hedging transactions in accordance with its policy.

The Company's financial risk management uses derivatives and non-derivatives as a hedging instrument, as below:

- Swap cross-currency - derivative

The Company uses cross-currency swaps with combined options to hedge recognized financial liabilities. Swaps are measured at fair value with characteristics similar to the hedged liability. Hedge relationships are considered perfect when the terms and conditions are adjusted to reflect the critical characteristics of the hedged liability.

Cross-currency swaps hedge a recognized financial liability and are intended to offset the exchange rate variation of the hedged item at cost in CDI (the Interbank Deposit Certificate, commonly used in the Brazilian financial market). Typically, short-term financial securities are indexed to the CDI, whose rate is published daily. Companies invest their financial resources and, for the most part, the Company's investments are linked to CDI. Management believes, from a financial risk management perspective, that, in order to avoid interest rate mismatches, swaps must present a short position in CDI. From an interest rate management perspective, the increase in the CDI rate generates an additional cost in the swap and an increase in the financial investments, offsetting each other's risk. The decrease in the CDI rate generates a lower cost for the swap, but financial investments will generate a reduced return.

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- Swap IPCA vs. CDI - derivative

For this type of derivative, the Company seeks financing with IPCA-linked debentures, using swaps to exchange the risk (IPCA to CDI). Swaps are measured at fair value with characteristics similar to the hedged liability. Hedge relationships are considered perfect when the terms and conditions are adjusted to reflect the critical characteristics of the hedged liability. The cost referenced to the CDI does not represent a risk for the Company.

- Non-delivery-forwards (NDFs) foreign exchange

NDFs foreign exchange are recorded at fair value. The purpose of foreign currency denominated NDFs is to hedge the foreign exchange rate changes of the hedged item. In the normal course of its operations, the Company generates revenues from sugar exports and purchases of US dollar-related inputs. The management of these foreign exchange exposures is conducted as follows: NDF (short) sale operations are intended to protect the foreign exchange variations of these exports and NDF (long) purchase operations are intended to protect the foreign exchange rate variations of acquisitions of inputs for use in the sugarcane crops.

NDF foreign exchange transactions designated for hedge accounting protect highly probable future transactions. From time to time, the Company enters into NDF foreign exchange contracts to hedge the cash flows of recognized financial assets or liabilities that will not be designated for hedge accounting.

- Foreign exchange debt - non-derivative

The Company has debt in US Dollars (USD) which generates foreign exchange risk offset in part by the foreign currency denominated receipts (USD) from future export revenues. Debt is contracted with maturity dates close to the dates of sugar exports, matching cash flows. When contracting foreign exchange debt, the Company records these at amortized cost and the exchange rate variation is calculated in the period. The foreign exchange effects on the interest element of financial liabilities is negligible and the Company designates only the foreign exchange variation of the principal for hedge accounting. The designation of foreign exchange loans for hedge accounting is not mandatory.

The effective component of the changes in the fair value of derivatives designated as effective cash flow hedges are recognized in equity ("Carrying value adjustment") and the ineffective component taken to the statement of operations for the year ("Finance result"). The amounts accumulated in equity are recognized in the statement of operations in the years in which the hedged item affects income, the effects of which are appropriated to results under "Net operating revenue," in order to minimize the changes in the hedged item.

2.9. Leases

The right-of-use asset is recognized as an asset and the obligation to make payments as a liability. The Company and its subsidiaries consider as leases contracts that transfer the right to control the use of an asset for a certain period. Thus, the agricultural partnership contracts are accounted for within the scope of the accounting standard, despite having a different legal nature from the leases.

On the date of transition to CPC 06 (R2) / IFRS 16, the Company adopted the simplified approach with a cumulative effect and the following criteria: (i) liabilities: balances on the date of initial adoption, net of advances made and discounted by risk-free interest rates observed in the market, for the terms of

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their contracts adjusted to the Company's and the Group's circumstances; and (ii) assets: an amount equivalent to the liability adjusted to present value. The remeasurement of the right-of-use and the balance to be paid is conducted annually, based on the change in the index using the Consecana-SP methodology calculated on the sale of the Company and the Group applied at the Iturama and the Campo Florido units. For the Alagoas complex, the index adopted by the Company is that of Sindaçúcar - AL, and the remeasurement takes place at the end of each month, considering the characteristics of these lease agreements, which provide for the settlement of the obligation based on the month's index and not based on the accumulated index at the end of the harvest.

Assets and liabilities were not recognized for low value contracts (computers, telephones and IT equipment in general) and/or terms below 12 months, which were deemed immaterial by Management. Payments associated with these contracts were expensed using the straight-line method.

2.10. Treasury shares

Represented by own shares acquired to be held in treasury. They are recognized at acquisition cost and classified to reduce equity. No gain or loss is recognized in the statement of operations on the purchase and sale, issuance or cancellation of the Company's own equity instruments.

2.11. Main corporate events in the period

a) Financial restructuring

At September 30, 2023, the balance sheet presents negative working capital of R\$ 745,461 in the Parent company and R\$ 731,699 in the Consolidated, compared to a negative position at March 31, 2023, of R\$ 54,386 and R\$ 51,254, in the Parent company and in the Consolidated, respectively.

The higher interest rates over the last year increased financial costs of new loans, mostly linked to the CDI, affecting operating costs during the harvest. Historically there has been a higher demand for funding in the first six months of the harvest due to the increasing volume of finished product inventories, carried at R\$ 684,134; the sales contribution margin occurs in the first six months of the remaining harvest, improving the Group's cash position. Indications are that the present harvest will set new records for processing volumes and production which will demand a higher volume of funds to finance operations.

The Group continues to seek restructuring and balancing its cash flows and, on the date of approval of these interim financial statements. It has firm credit facilities available of approximately R\$ 954,700 with development banks, capital markets and financial institutions, and several automatic revolving transactions available over the harvest period. Total available facilities of R\$ 120,100 have been drawn down between October 1, 2023 and the date of issue of these interim financial statements. These credit facilities are considered sufficient to stabilize the working capital of the Company and the Group over the next 12 months, considering the expected generation of operating cash from the coming harvest.

The Company is seeking to increase operational efficiencies, to mitigate the impacts of the high interest rate on funding and debt management. The sugarcane suppliers' policy was reviewed, facilitating suppliers' access to sources of direct funding.

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2.12. Main estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances.

Estimates and judgments that present significant risk, likely to cause a material adjustment to the book values of assets and liabilities for the coming year, are disclosed in Note 2.12 to the financial statements for the year ended March 31, 2023 and did not change for the period ended September 30, 2023.

2.13. Statement of cash flows

The statement of cash flows was prepared using the indirect method and is presented in accordance with Technical Pronouncement CPC 03 - Statement of Cash Flows.

2.14. Presentation of information by segments

Information by operating segments is presented in a manner consistent with the internal report provided to chief operating decision makers. The chief operating decision maker, responsible for allocating resources and evaluating the performance of the operating segments, is the Board of Directors, which is responsible for the main strategic decisions of the Company and the Group.

3. Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits in Brazil and abroad, and high-liquidity short-term investments with original maturities of three months or less, and with immaterial risk of change in value.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2023</u>	<u>March 31, 2023</u>	<u>September 30, 2023</u>	<u>March 31, 2023</u>
Cash	35	513	35	513
Banks - current accounts				
In Brazil	21,325	117,217	37,024	133,279
Abroad	137,288	82,645	139,860	84,005
Financial investments	73,751	171,466	75,453	173,065
	<u>232,399</u>	<u>371,841</u>	<u>252,372</u>	<u>390,862</u>

At September 30, 2023, the bank accounts and the high-liquidity short term investments classified as cash equivalents were held with top-tier financial institutions presenting low credit risk. The investments are mainly linked to the CDI rates at September 30, 2023, ranging from 92% to 107% of the CDI rate (March 31, 2023 - 82% to 99% of the CDI) and are available immediately with no early redemption penalty. These short-term investments have original maturities of three months or less and, thus, meet the requirements in CPC 03 to be classified as cash equivalents.

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4. Financial investments

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Buyback operations	8,542	8,119	8,542	8,119
Bank Deposit Certificates (CDB)	33,786	3,134	33,786	3,134
Credit Rights Investment Fund (FIDC)	97,223	97,289	97,223	97,289
Agribusiness Receivables Certificates (CRA)	30,122	24,697	30,122	24,697
Debentures	12,372		12,372	
Other investments	6,366	367	16,855	9,109
	188,411	133,606	198,900	142,348
Current	(133,536)	(99,145)	(133,536)	(99,145)
Non-current	54,875	34,461	65,364	43,203

Financial investments include Bank Deposit Certificates (CDB), Credit Rights Investment Funds (FIDC), Agribusiness Receivables Certificates (CRA), Repurchase and Resale Agreements and Debentures, with annual remuneration rates, at September 30, 2023, ranging from 92% to 107% of the CDI rate (March 31, 2023 - 82% to 107% of the CDI).

5. Trade receivables

Trade receivables are stated at present value less an allowance for doubtful accounts, when applicable.

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
In Brazil	127,017	84,683	134,387	84,739
Abroad	10,823	18,430	10,823	18,430
	137,840	103,113	145,210	103,169
(-) Allowance for doubtful accounts	(1,421)	(887)	(1,421)	(887)
	136,419	102,226	143,789	102,282

An analysis of trade receivables by maturity is shown below:

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Not yet due	126,830	95,564	134,200	95,620
Overdue:				
Between 1 and 30 days	7,120	5,771	7,120	5,771
Between 31 and 90 days	181	247	181	247
Between 91 and 120 days	1,599	227	1,599	227
Between 121 and 180 days	689	417	689	417
Over 180 days	1,421	887	1,421	887
	137,840	103,113	145,210	103,169

Balances overdue between 1 and 30 days were substantially settled shortly after the latest balance sheet dates.

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The expected losses on doubtful debts were estimated based on the credit risk analyses, which include the history of losses, the individual situation of customers, their economic sector, any real guarantees offered and the advice of legal counsel. The estimated losses on doubtful accounts are considered sufficient by management to cover expected losses from receivables.

As required by CPC 48 - Financial instruments, management performed a detailed analysis of the expected future losses from accounts receivable and concluded that the allowance for doubtful accounts at September 30, 2023 is sufficient to cover these expected losses.

6. Inventories

Inventories, except for CBIOs, are stated at average acquisition or production cost, adjusted, when necessary, by a provision to reduce balances to realizable values.

Inventories of CBIOs are measured at fair value on initial recognition. The subsequent measurement is recognized at the lower of the initial recognition or net realizable value.

	Note	Parent company		Consolidated	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Finished products:					
Sugar	(a)	438,049	20,901	438,049	20,901
Ethanol	(b)	234,583	5,180	234,583	5,180
CBIOs		6,048		6,048	
Molasses		5,455	481	5,455	481
Warehouse	(c)	126,168	141,979	126,747	142,417
		810,303	168,541	810,882	168,979
(-) Provision for inventory losses		(5,936)	(6,788)	(5,936)	(6,788)
		804,367	161,753	804,946	162,191

- (a) At September 30, 2023, R\$ 85,260 is pledged as collateral for Agricultural Deposit Certificates - CDAs (at March 31, 2023 - R\$ 0).
- (b) At September 30, 2023, R\$ 40,461 is pledged as collateral for Agricultural Deposit Certificates - CDAs (at March 31, 2023 - R\$ 0).
- (c) Warehouse items are mainly related to agricultural chemicals, industrial inputs, repair and maintenance items.

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7. Advances to suppliers

	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
Advance to sugarcane suppliers	476,577	483,390
(-) Provision for losses on advances	(73,040)	(70,555)
	403,537	412,835
Current	(210,697)	(217,172)
Non-current	192,840	195,663

The Company has executed contracts for the acquisition of sugarcane produced on third-party rural properties. Contracts are usually signed for a term of up to seven sugarcane cycles. At September 30, 2023, the balance of advances to sugarcane suppliers is equivalent to approximately 3,583 metric tons of sugarcane (March 31, 2023 - 3,620 metric tons), which corresponds to 23.8% of the Company's annual production capacity (March 31, 2023 - 24.1%).

The advances to suppliers are prepayment of the sugarcane purchase contract to be settled with the accounts payable generated with the sugarcane delivery by the suppliers within each crop cycle.

	Parent company and Consolidated	
	September 30, 2023	September 30, 2022
At the beginning of the period	70,555	57,988
New provisions	2,485	7,439
At September 30	73,040	65,427

In the six-month period ended September 30, 2023, the provision for losses on advances to suppliers increased by R\$ 2,485.

8 Sales taxes recoverable

	Note	Parent company		Consolidated	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
COFINS - Contribution to Social Security Financing		58,811	59,116	58,811	59,116
PIS - Social Integration Program		7,546	7,102	7,546	7,102
IPI - Tax on Industrialized Products		10,395	11,089	10,395	11,089
ICMS - Tax on Circulation of Goods and Services		33,959	52,319	33,968	52,328
ICMS on fixed assets - CIAP		6,845	5,501	6,845	5,501
ICMS credits granted	(a)	7,578	22,971	7,578	22,971
PIS and COFINS - REINTEGRA	(b)	13,217	13,217	13,217	13,217
Other		4,929	4,100	5,157	4,320
		143,280	175,415	143,517	175,644
Current		(138,256)	(171,317)	(138,493)	(171,546)
Non-current		5,024	4,098	5,024	4,098

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- a) Refer to the ICMS credits granted by the State of Minas Gerais. Of the total amount of R\$ 37,252, R\$ 29,674 was offset (at March 31, 2023 - R\$ 14,282). Decree 48,497 of January 2023 establishes means to offset credits granted; the Company uses the following:
- (i) Payments of tax debts at a differential rate on property, plant and equipment items;
 - (ii) Purchases of inputs and property, plant and equipment within the State of Minas Gerais; and
 - (iii) Transfer of credits to other establishments within the State of Minas Gerais to offset future debts.

Management estimates that all credits will be offset in the 2023/2024 harvest.

- b) In November 2019, the Coruripe Group filed a writ of mandamus regarding the Special Regime for Reinstatement of Tax Amounts to Exporting Companies (Reintegra), with respect to the maintenance of a three-month period for changing the rate of the respective credit. Changes were introduced by decree with immediate effect modifying the credit rate, from 3% to 1%. This concept is contrary to the Brazilian legal precept of “anteriority” (that affirms that any law that creates or increases a tax can only become effective after a 90-day period). On December 5, 2022, the Federal Regional Court of the 5th Region ruled in favor of Usina Coruripe. The Company’s right to the tax credits was acknowledged upon the issuance of a notice of waiver to contest or appeal of the decision, issued by the General Counsel to the National Treasury (PGFN). The originally claimed amount was R\$ 9,648, increasing to R\$ 13,217 with SELIC interest accruals. The balance will be offset against income tax withheld from employees and service providers.

Other balances of taxes recoverable arise from trade transactions and advances.

The expected realization of long-term tax credits is as follows:

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
2024/2025 harvest	419	883	419	883
2025/2026 harvest	1,633	1,076	1,633	1,076
2026/2027 harvest	2,972	2,139	2,972	2,139
	5,024	4,098	5,024	4,098

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9. Other receivables

Note	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Indemnity credits - IAA	(a) 4,137,904	4,018,519	4,137,904	4,018,519
Indemnity credits - INSS	(b) 49,150	49,150	49,150	49,150
Accounts receivable from the sale of crops	(c) 42,191	29,258	42,191	29,258
Advances to service providers	17,489	15,880	17,491	16,414
Advances to employees	6,198	7,503	6,198	7,503
Other receivables	5,482	4,309	5,482	4,309
	4,258,414	4,124,619	4,258,416	4,125,153
(-) Provision for losses (i)	(5,138)	(4,587)	(5,138)	(4,587)
	4,253,276	4,120,032	4,253,278	4,120,566
Current	(99,620)	(84,851)	(99,622)	(85,385)
Non-current	4,153,656	4,035,181	4,153,656	4,035,181

(i) Refers to provisions for losses on balance receivable from the sale of crop (R\$ 4,376) and advances to third parties (R\$ 762).

a) Ordinary actions filed for indemnification for losses and damages against the Federal Government - IAA 4870

At September 30, 2023, the Company had recognized receivables of R\$ 4,137,904 (March 31, 2023 - R\$ 4,018,519) corresponding to the estimated proceeds from two Ordinary Actions for Indemnification for Losses and Damages against the Federal Government, in which the Company was granted a favorable, final and unappealable ruling. The Company claims the right of compensation for all losses (direct and indirect) resulting from the capping of sugar and ethanol prices, by the Instituto do Açúcar e Álcool, of sugar and ethanol prices below the cost of production for the sale of these products from March 1985 to June 1992.

In both cases, final and unappealable decisions were obtained, recognizing the Company's right to compensation. Following the final decisions, the Federal Government filed an action for relief from judgment aiming to reverse the final decision. However, as the rulings were in favor of the Company for actions for relief from judgment on February 23, 2012 and November 27, 2013, the right claimed was recognized and cannot be modified.

In parallel to the actions for relief from judgment, the Company filed judicial enforceable instruments (registered under No. 0031661-46.2002.4.01.3400 and No. 0022410-91.2008.4.01.3400), attaching calculation worksheets and claiming redemption by way of securities in the form of court-ordered debts. There was no objection by the Federal Government as to the amounts presented in the respective motions for execution of judicially enforceable instruments; the form of settlement has been subject to a challenge based on new evidence.

In the year ended March 31, 2015, the Company calculated the present value of the credits due under these lawsuits and recorded corresponding assets. The amounts were determined considering the Company's best estimate of the cash flow from such lawsuits based on the following assumptions:

(i) Face value calculated by the appraiser on the date of fair value measurement: R\$ 2,836,471;

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- (ii) Future cash flows from the actions, considering remuneration of IPCA-E + interest on the actions, according to the remuneration determined for the legal actions;
- (iii) Expected issuance of the securities to cover court-ordered debts: January 2023 for payment in 10 years, as assessed by the legal advisors, considering the status of these actions; and
- (iv) Discount rate: 6.03% p.a.: equivalent to the remuneration of the Federal Government security (NTN-B) with a similar maturity period plus a spread equivalent to the Company's risk.

At December 31, 2018, the base date for the assessment, the Company determined the future cash flows expected from these Ordinary Actions total R\$ 4,759,236 at the end of 15 years (December 2018 to January 2032) and, thus, recorded in its balance sheet assets adjusted to present value, in the amount of R\$ 2,700,662. Since then, it has updated the calculation of credits by the amortized cost method, based on the effective rate used for the discount to present value determined at the time of initial recognition of the asset.

On February 4, 2021, the Special Court of TRF1 (Federal Regional Court) met to consider the internal appeal of the Federal Government that challenged the calculation of the indemnity subject to final and unappealable decision. The Federal Government, in its appeal, claimed that there was a jurisprudential divergence with the understanding of the STJ (Superior Court of Justice) established in a repetitive appeal (Resp. n. 1.347.136/DF). The court, by majority, dismissed the internal appeal of the Federal Government. The decision addressed the main thesis defended by the Company, ignoring the accounting loss as a criterion for calculating the *quantum debeatur*, and reaffirming that the special appeal decision is denied. The Company's legal advisors believe that the decision is consistent with the understanding in the STJ repetitive appeal (Resp 1.347.136/DF - Matary), accordingly the likelihood of acceptance of the Federal Government's appeal is remote.

After the court dismissed the appeal, the Federal Government instituted enforceable embargoes. In the opinion of the Company's legal advisors, the final and unappealable court decision, as well as its respective rescission action, resulted in a sovereign *res judicata* over the conviction of the public entity, and the Federal Government seeks to revert the decision based on the *res judicata*. The appeal of the Federal Government was included in the Court's judgment agenda in 2022 and was unanimously rejected by the Special Court.

In September 2022, based on the motions to stay execution that became final and unappealable in August 2022, the Company requested the case be reopened, initially only for Proceeding 0031661-46.2002.4.01.3400, and asked that the records be sent to the Court Accountant's Office for validation of the amounts presented in the detailed and updated statement of credits. Through to the date of approval of these financial statements, the Federal Government had not yet issued an opinion on the petition. The motions to stay execution of lawsuit 0022410-91.2008.4.01.3400 were deemed final and unappealable in November 2022, for which execution will be resumed with the updated credit amount.

Based on the facts described above, obtained from information provided by its legal advisors, on March 31, 2023, the Company's management recalculated the estimated cash flows for these lawsuits, considering that the decisions are favorable to the Company, which were obtained in the judgments of the motions to stay execution, both during that year, ending any possibility of discussion of merit by the Federal Government. Hence, the decision must be complied with, and the records sent to the Accounting Department for the updating of amounts required by the Court for the determination of the court-ordered debts.

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As the motions to pass stay of execution has now been judged favorably, no new arguments can be added in the determination of the Company's right. Thus, management believes that the bases for the recalculation of the carrying amount of this asset were sufficient, consistent with applicable legislation and as incorporated into the Federal Court's calculation manual, to consider the new estimated period for monetizing the asset. This affected the estimate of the cash flow for the year ended March 31, 2023 when Company's management concluded the matter.

Management, as advised by its legal counsel, change the estimated dates for the monetization of the asset, since the previous estimate considered a payment flow of 10 years, starting in January 2023, and had not materialized. The new assessment made by the legal advisors, based on the applicable legislation that establishes a preferential order in the payment of court-ordered debts, considers that such court-ordered debts will likely be paid in a single installment in 2026.

The recalculation made by the Company's management resulted in the determination of the updated amount of these lawsuits for receipt in a single installment in 2026 in the amount of R\$ 5,378,220, adjusted to present value, in the amount of R\$ 4,018,518, at March 31, 2023. The updated recalculation made by management, assuming receipt in a single installment in 2026, totals R\$ 5,378,220 which adjusted to present value is R\$ 4,018,518 at March 31, 2023. At September 30, 2023, the present value is R\$ 4,137,904 using an effective interest rate upon initial recognition of this asset, equivalent to 6.03% p.a., as determined by paragraph 5.4.3 of CPC 48/ IFRS 9

On July 31, 2023 and September 19, 2023, the Federal Government presented a statement regarding proceedings 0022410-91.2008.4.01.3400 (Camaçari Agroindustrial Ltda.) and 0031661-46.2002.4.01.3400 (S/A Usina Coruripe Açúcar e Álcool), respectively. In these statements, although the Federal Government recognized the right to part of the credits calculated by the Company, it questioned some assumptions used in the calculations. Based on the assessment of its legal counsel, management believes that the queries presented by the Federal Government have no technical basis under the calculation and, therefore, do not have impact the quantification made by the Company as to its right. The Company requested the resumption of execution and that the records be sent to the Judicial Accounting Office to validate the amounts presented with its credit statement.

In the six-month period ended September 30, 2023, the Company accreted R\$ 119,385 (September 30, 2022 - R\$ 97,088) of the present value to finance income in the statement of operations (Note 25).

The Company recognized a provision for deferred PIS and COFINS on finance income from July 1, 2015, calculated at the rates of 0.65% and 4.00%, respectively, in the amount of R\$ 152,564 (March 31, 2023 - R\$ 147,013). These provisions were charged to Other operating expenses (Note 27) in the statement of operations for the period. The Company recorded income tax and social contribution liabilities of R\$ 607,767 (March 31, 2023 - R\$ 590,405), at the rate of 15.25% for Income Tax and Social Contribution, calculated on the total credit considering the tax benefit of the operating profit.

Additionally, the Company also recognizes a provision for contractual attorney success fees payable linked to the favorable outcome of these actions. At September 30, 2023, this provision totaled R\$ 496,548 (March 31, 2023 - R\$ 482,216), recorded in non-current liabilities under "Other payables".

These indemnity credits were assigned in guarantee of the fundraising operation by Coruripe Netherland B.V.

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b) Punitive action against INSS

In December 2022, the Company and the Group recognized a gain of R\$ 49,150 referring to a favorable final and unappealable decision under a punitive action against INSS, claiming refund of amounts paid by the Company for social contributions of rural workers which were withheld in duplicate.

In September 2021, during the final discussions, Coruripe agreed to the basis of accruals for the overpaid amounts proposed by the National Treasury, projected up to August 2022, in the amount of R\$ 49,150, and requested immediate issuance of the court-ordered debts. On November 23, 2022, Coruripe requested the submission of a Requisition Letter, to acknowledge the existence of debt between the public entity and Coruripe, which is linked to the amount approved in the court's decision. In February 2023, the payment request was issued.

c) Credits for the sale of crops

At September 30, 2023, the balance refers to receivables for the sale of ratoon areas in Iturama and Campo Florido, initially recognized at fair value (present value) with annual interest of 11.42% under the amortized cost method, the balance will be received over the next three harvests.

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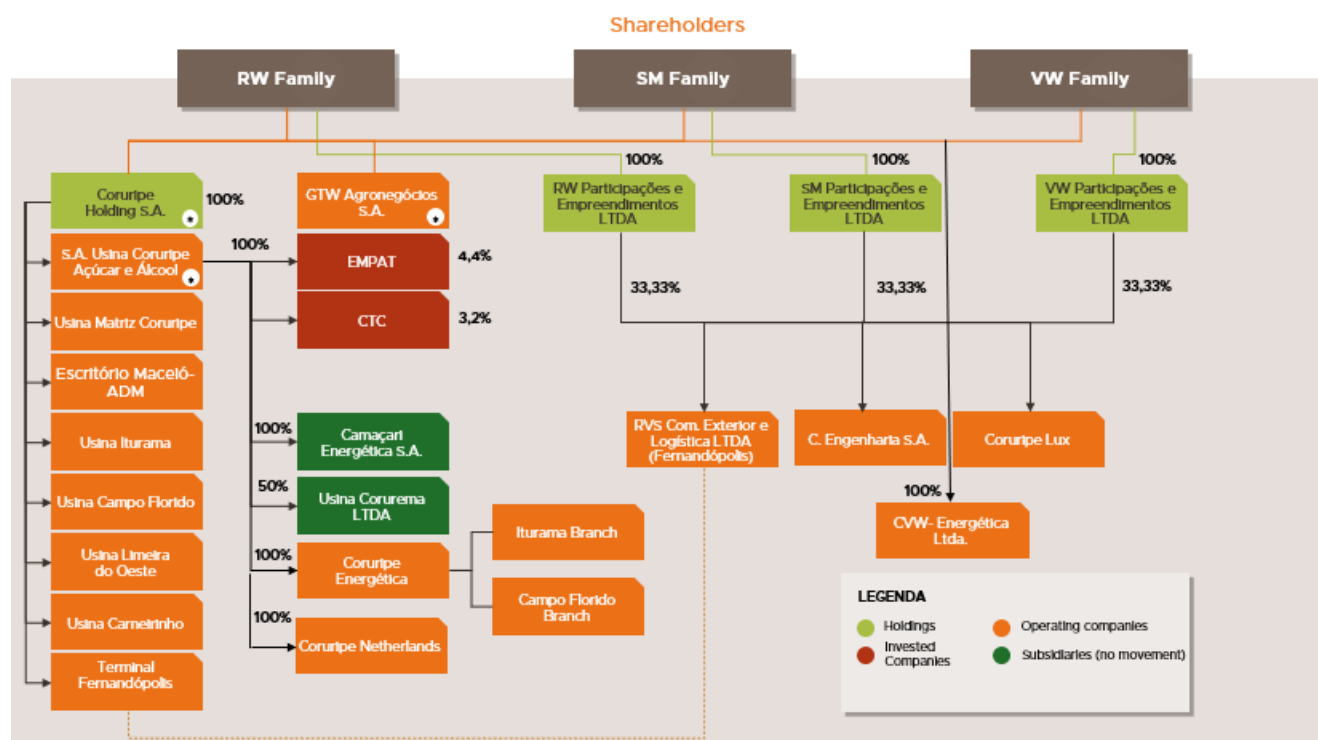
10. Related parties

Control

The Company is owned by Coruripe Holding S.A. The Tercio Wanderley Group is formed by the three family holdings acting together under a shareholders agreement exercising the joint control of Coruripe Holding S.A.

The corporate structure of the Tercio Wanderley Group, to which the Company belongs, is as follows:

TERCIO WANDERLEY GROUP STRUCTURE



Remuneration of key management

The total compensation paid to Management (which includes directors and officers) was R\$ 5,252 and R\$ 4,752 for the periods ended September 30, 2023 and 2022, respectively.

The Company has the following balances held with related parties:

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	Relationship	Note	Parent company		Consolidated	
			September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Assets						
Current						
Trade receivables						
Coruripe Energética S.A.	Subsidiary		62	66		
Loan						
Coruripe Energética S.A.	Subsidiary		3,158	13,560		
CVW Energética Ltda.	Under common	(a)	12,079	26,771	12,079	28,824
			15,299	40,397	12,079	28,824
Non-current						
Loan						
Coruripe Netherlands B.V.	Subsidiary	(a)	10,112	7,721	105	
			10,112	7,721	105	
Total assets			25,411	48,118	12,184	28,824
Liabilities						
Current						
Accounts payable						
CTC - Centro de Tecnologia Canaveira	Affiliate		173	167	173	167
Leases payable						
GTW Agronegócios S.A.	Under common	(b)	30,721	25,301	30,721	25,301
			30,894	25,468	30,894	25,468
Non-current						
Leases payable						
GTW Agronegócios S.A.	Under common	(b)	621,762	605,515	621,762	605,515
Loan						
Coruripe Energética S.A.	Subsidiary	(a)				
Loans and financing						
Coruripe Netherlands B.V.	Subsidiary	(d)	1,516,486	1,537,257		
			2,138,248	2,142,772	621,762	605,515
Total liabilities			2,169,142	2,168,240	652,656	630,983

Transactions with related parties were carried out in accordance with conditions negotiated among the parties, as follows:

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	Relationship	Note	Parent company		Consolidated	
			September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue						
Coruripe Energética S.A.	Subsidiary	(c)	1,148	1,208		
			1,148	1,208		
Cost						
Coruripe Energética S.A.	Subsidiary	(c)	(4,880)	(4,990)		
CTC - Centro de Tecnologia Canaveira	Affiliate		(634)	(4,277)	(634)	(4,277)
			(5,514)	(9,267)	(634)	(4,277)
Other operating income						
Coruripe Energética S.A.	Subsidiary	(c)	4,921	4,862		
			4,921	4,862		
Finance income						
Coruripe Energética S.A.	Subsidiary	(a)	2,526			
CVW Energética Ltda.	Under common	(a)	432	1,547	443	1,568
			2,958	1,547	443	1,568
Finance expenses						
Coruripe Energética S.A.	Subsidiary	(a)	(70)	(314)		
GTW Agronegócios S.A.	Under common	(b)	(45,128)	(37,502)	(45,128)	(37,502)
Coruripe Netherlands B.V.	Subsidiary	(d)	(76,743)	(82,858)		
			(121,941)	(120,674)	(45,128)	(37,502)
Dividends prepayment						
Coruripe Energética S.A.	Subsidiary		4,411	22,616	4,411	22,616
			4,411	22,616	4,411	22,616
Dividends distributed						
Coruripe Holding S.A.	Parent company		(42,628)		(42,628)	
			(42,628)		(42,628)	

- (a) The Company has agreements entered into with related parties, as follows:
- I. CVW Energética Ltda. and Coruripe Energética S.A.: this refers to an intercompany loan from January 2021 bearing interest at the CDI rate (Interbank Deposit Certificate) plus 5.5% p.a.; and
 - II. Coruripe Netherlands B.V.: this refers to an interest-free intercompany loan that will be settled under the Export prepayment contracts (PPE) of Usina Coruripe versus Coruripe Netherlands B.V.
- (b) These balances arise from the transactions under the 32 sugarcane partnership agreements signed with GTW Agronegócios S.A. and individuals of the Tércio Wanderley Group, on September 28, 2009, valid for 38 years, which may be extended by mutual agreement between the parties. For the Minas Gerais complex, prices are determined between the parties (mark-to-market) and adjusted annually in accordance with the variation in the Total Recoverable Sugar - ATR indices, prepared by the Company based on the methodology of the Council of Sugarcane, Sugar and Ethanol Producers - CONSECANA. For the Alagoas complex, the index adopted by the Company is Sindaçúcar - AL, and the remeasurement takes place at the end of each month, reflecting the characteristics of these lease agreements, which provide for the settlement of the obligation based on the month's index and not based on the accumulated index at the end of the harvest. The contracts are within the scope of CPC 06 (R2) - Leases, the balances of short- and long-term liabilities plus interest on the result on these contracts are presented in the tables above. During the 2022/2023 harvest, the parties agreed that the ATR price calculated by Sindaçúcar/AL would be reduced by 30% for the settlement of the Company's obligations with GTW Agronegócios S.A. between the period of August 2022 and May 2023. For June 2023, the price was calculated based on 100% of the ATR calculated by Sindaçúcar/AL.

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- (c) The Company has a purchase and sale agreement for the sale of sugarcane bagasse “in natura” and the purchase of steam from Coruripe Energética S.A., effective until March 31, 2024. Prices were determined between the parties and are indexed annually to the IGP-M for the year.
- (d) On February 7, 2022, the Company placed a bond, through its subsidiary Coruripe Netherland BV for US\$ 300 million, "05 Non-Call 3 Senior Secured Bond", under ^a44A/Regs. The proceeds were used by Coruripe Netherlands to settle the Company's US dollar-denominated debts with syndicated banks by assigning the rights to PPE contracts from these banks to Coruripe Netherlands. New PPE contracts were also entered into between the Company and Coruripe Netherlands, transferring proceeds from the Bond bearing interest of 10.05% p.a. The funds were used to pay debts in Reais with other banks in the same syndicate, and to supplement the Company's working capital.

This operation is included in Loans and financing (Note 17).

The payment flow of the PPE contracts signed between the Company and its subsidiary matches the payment flow of the original transaction.

The Company has an agreement for zero cost lease of certain properties and areas of its industrial plant. At the Iturama unit, the free lease will remain in effect until 2032 and at the Campo Florido unit it will remain in effect until December 2037. These properties and areas are used by Coruripe Energética for its renewable energy generation business.

11. Investments

The parent company and consolidated investments are as follows:

Parent company							
Company	Percentage share	Investee's equity		Book value of investment		Equity in the result of investees	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	September 30, 2022
Coruripe Energética S.A. (i)	100.00%	25,542	11,840	25,542	11,840	18,114	18,534
Coruripe Netherland B.V. (ii)	100.00%	939	(628)	939	(628)	2,252	882
CTC - Centro de Tecnologia Canaveira S.A.	3.16%	933,863	862,600	29,517	27,264	2,252	520
EMPAT - Empresa Alagoana de Terminais Ltda.	4.40%	21,348	21,810	939	960	(20)	(59)
		<u>981,693</u>	<u>895,622</u>	<u>56,937</u>	<u>39,436</u>	<u>22,598</u>	<u>19,877</u>

Consolidated							
Company	Percentage share	Investee's equity		Book value of investment		Equity in the result of investees	
		September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	September 30, 2022
CTC - Centro de Tecnologia Canaveira S.A.	3.16%	933,863	862,600	29,517	27,264	2,252	520
EMPAT - Empresa Alagoana de Terminais Ltda.	4.40%	21,348	21,810	939	960	(20)	(59)
		<u>955,211</u>	<u>884,410</u>	<u>30,456</u>	<u>28,224</u>	<u>2,232</u>	<u>461</u>

The interest in CTC and EMPAT are accounted for using the equity method in accordance with CPC 18 (R2) - Investments in Associates and Joint Ventures, since the Company has significant influence in the management of these investees. The Company has a seat on the investees' Boards and thus the power to participate in the financial and operating policy decisions of the investees but has no control over those policies. This judgment has been applied consistently in the years presented.

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The Company controls:

- (i) Camaçari Energética S.A. - 100% equity interest; and
- (ii) Usina Corurema Ltda. - 50% direct and 50% indirect interest, through Coruripe Energética S.A.

These subsidiaries are pre-operating with indefinitely suspended projects, with no significant balances at period end.

Hence, management has maintained these at zero book value and has not consolidated these investments.

Summarized financial information: Coruripe Energética S.A.

Balance sheet at:

	September 30, 2023	March 31, 2023		September 30, 2023	March 31, 2023
Assets			Liabilities		
Current assets			Current liabilities		
Cash and cash equivalents	17,401	17,661	Accounts payable	699	1,905
Trade receivables	7,432	122	Loans and financing	6,565	67
Inventories	579	438	Salaries and social charges	144	208
Sales taxes recoverable	14	14	Other taxes payable	2,415	1,838
Other receivables	2	534	Related parties	3,158	13,561
			Derivative financial instruments	59	628
			Other payables	314	6
Total current assets	25,428	18,769	Total current liabilities	13,354	18,213
Non-current assets			Non-current liabilities		
Related parties	105	2,054	Loans and financing		6,537
Property, plant and equipment	13,365	15,767			
Total non-current assets	13,470	17,821	Total non-current liabilities		6,537
			Total liabilities	13,354	24,750
			Equity		
			Share capital	11,211	11,211
			Revenue reserves	14,333	629
			Total equity	25,544	11,840
Total assets	38,898	36,590	Total liabilities and equity	38,898	36,590

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Statement of operations for the periods ended:

	September 30, 2023		September 30, 2022	
	Three-month period	Six-month period	Three-month period	Six-month period
Net operating revenue	22,139	38,901	20,184	39,094
Electricity and steam generation cost	(9,364)	(15,337)	(9,453)	(17,938)
Gross profit	12,775	23,564	10,731	21,156
General and administrative expenses	(25)	(42)	(53)	(67)
Other operating income (expenses), net	1	58	(3)	(6)
Operating profit	12,751	23,580	10,675	21,083
Finance income	142	1,398	344	682
Finance expenses	(336)	(5,121)	(786)	(1,725)
Finance result	(194)	(3,723)	(442)	(1,043)
Profit before income tax and social contribution	12,557	19,857	10,233	20,040
Income tax and social contribution	(774)	(1,743)	(794)	(1,506)
Profit for the period	11,783	18,114	9,439	18,534
Basic and diluted earnings per share - R\$	387	595	310	608

In the period ended September 30, 2023, the Company received dividend prepayment of R\$ 4,411 (2022 - R\$22,616) relating to subsidiary Coruripe Energética S.A.

Summarized financial information: Coruripe Netherlands B.V.

Balance sheet at:

	September 30, 2023	March 31, 2023		September 30, 2023	March 31, 2023
Assets			Liabilities		
Current assets			Current liabilities		
Cash and cash equivalents	2,572	1,360	Accounts payable	1,107	1,053
Sales taxes recoverable	223	215			
Total current assets	2,795	1,575	Total current liabilities	1,107	1,053
Non-current assets			Non-current liabilities		
Financial investments	10,489	8,742	Loans and financing	1,517,612	1,539,428
Related parties	1,516,486	1,537,257	Related parties	10,112	7,721
Total non-current assets	1,526,975	1,545,999	Total non-current liabilities	1,527,724	1,547,149
			Total liabilities	1,528,831	1,548,202
			Equity		
			Retained earnings (accumulated deficit)	939	(628)
			Total equity (equity deficit)	939	(628)
Total assets	1,529,770	1,547,574	Total liabilities and equity	1,529,770	1,547,574

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Statement of operations for the periods ended:

	September 30, 2023		September 30, 2022	
	Three-month period	Six-month period	Three-month period	Six-month period
General and administrative expenses	(62)	(194)	(166)	(234)
Operating loss	(62)	(194)	(166)	(234)
Finance income	40,705	77,734	43,395	82,858
Finance expenses	(38,078)	(75,288)	(41,737)	(81,742)
Finance result	2,627	2,446	1,658	1,116
Profit before income tax and social contribution	2,565	2,252	1,492	882
Profit for the period	2,565	2,252	1,492	882

12 Biological assets

Biological assets relate to the cultivation of sugarcane crops to be used as raw material in the production of sugar and ethanol. These assets are measured at fair value less selling expenses.

The Company and the Group grow sugarcane in the States of Minas Gerais and Alagoas. Sugarcane is a semi-perennial crop cultivated by planting seedlings on own or third parties' land. The first cut occurs after 12 to 18 months of planting; once the cane is cut the root (ratoon) remains planted in the soil. The ratoon (bearer plant) when properly treated regenerates, its production being considered economically feasible, on average for between six and seven harvests.

The fair value of sugarcane at the time of harvest is determined by the quantities harvested, valued through CONSECANA-SP (Council of Sugarcane, Sugar and Ethanol Producers of the State of São Paulo) parameters accumulated in the respective month and adjusted to the pricing trends of the Company's products from the Minas Gerais plants. The Coruripe unit uses the CONSECANA-AL price index. The fair value of the harvested sugarcane then becomes the cost of the raw material used in the sugar and ethanol production process.

Cultivated areas correspond only to the sugarcane crop, without considering the land on which these are located nor the bearer plant.

The fair value measurement of biological assets is classified as Level 3 - Assets and liabilities as prices are not readily available or with prices or valuation techniques are supported only by a small or non-existent, unobservable, or illiquid market.

The fair value of biological assets was determined using the discounted cash flow methodology, thus:

- (a) Cash inflows obtained by multiplying (i) estimated production, measured in kilograms of ATR, and (ii) sugarcane futures market price, which is estimated based on public and future price estimates for sugar and ethanol; and
- (b) Cash outflows represented by the estimate of (i) costs necessary for the biological transformation of sugarcane (cultural treatments) to occur until harvesting; (ii) Harvesting/Cutting, Loading and Transport (CCT) costs; (iii) capital cost (land, machinery and equipment); (iv) costs of lease and agricultural partnership and (v) taxes levied on positive cash flow.

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The following assumptions were used in determining fair value through discounted cash flow:

	Parent company and Consolidated			
	September 30, 2023		March 31, 2023	
	Northeast	Southeast	Northeast	Southeast
Estimated harvest area (in hectares)	27,021	69,081	29,676	61,630
Expected productivity (in tons of sugarcane per hectare)	73.28	91.91	79.12	76.94
Total amount of recoverable sugar - ATR (kg) - Partnership	133.00	135.58	133.00	134.00
Total amount of recoverable sugar - ATR (kg) - Lease	114.09	125.81	114.09	125.81
Price of projected average ATR kg (R\$/kg)	1.3796	1.0589	1.3084	1.0700

Based on the estimate of revenues and costs, the Company discounts future cash flows to present values using an annual discount rate of 16.09% p.a. (March 31, 2023 - 15.48% p.a.), being appropriate for investment remuneration in such circumstances. Changes in fair value are recorded in biological assets against "Variation in the fair value of biological assets", in "Cost of products sold" in the statement of operations.

The changes in biological assets (sugarcane) are detailed below:

	Parent company and Consolidated	
	2023	2022
Opening balance at March 31	486,996	305,243
Increases due to crop treatment	168,966	154,771
Reductions resulting from the harvest	(274,545)	(172,084)
Realization of surplus value from prior periods	4,982	76,682
Reductions resulting from the sales of crops	(8,798)	
Increases due to acquisition of crops	10,075	1,028
Depreciation of crops (Note 13)	122,504	81,302
Changes in fair value	51,687	728
Closing balance at September 30	561,867	447,670

The change in fair value of biological assets is recorded against Cost of products sold (Note 24).

Fair value sensitivity analysis

For the purpose of the sensitivity analysis, the Company assessed the impact on the fair value of its biological assets at September 30, 2023, considering a hypothetical increase/decrease in the following variables: (i) price of the sugarcane per metric ton; and (ii) sugarcane production volume. The other variables were held constant. The sensitivity analysis considering three increase or decrease variation scenarios is as follows.

Changes:	Unit	Tipo	Parent company and Consolidated		
			2.50%	5.00%	7.50%
Price	R\$ Thousand	(+/-)	23,890	47,779	71,669
Volume	R\$ Thousand	(+/-)	20,509	41,019	61,528

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13. Property, plant and equipment

Property, plant and equipment items are measured at historical acquisition or construction cost, deemed cost, less accumulated depreciation and accumulated impairment losses, when applicable.

Upon the initial adoption of CPCs, the Company made use of the option provided for in CPC 27 and following the guidance of Interpretation "ICPC 10 - Interpretation on the Initial Application to Property, Plant and Equipment and to Investment Property of Technical Pronouncements CPCs 27, 28, 37 and 43", revaluing its buildings, machinery and equipment to assign a new cost (deemed cost). The effects of deemed cost increased property, plant and equipment with a counter entry to equity, net of tax effects.

Net book value and useful lives of assets as well as the depreciation methods are reviewed at year end and adjusted prospectively. Depreciation is calculated using the straight-line method, using the accelerated depreciation method for production equipment, respecting the crushing period.

The Company and the Group perform major scheduled maintenance of their plant on an annual basis. This occurs between harvests allowing for inspection and replacement of components of property, plant and equipment. Maintenance expenses that lengthen the economic useful life of property, plant and equipment are capitalized; items that wear out during the harvest are replaced and depreciated over the next harvest period. Maintenance expenses with no impact on the economic useful life of the assets are charged as an expense when realized. The replaced items are written-off.

Impairment of non-financial assets

Property, plant and equipment are reviewed annually to identify evidence of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Balances

	Average depreciation rates	September 30, 2023			Parent company March 31, 2023		
		Cost	Accumulated depreciation	Residual value	Cost	Accumulated depreciation	Residual value
Aircraft	10%	2,026	(2,026)		2,026	(2,026)	
Buildings and improvements	4%	353,012	(173,726)	179,286	343,176	(167,915)	175,261
Furniture and fixtures	8%	26,917	(19,706)	7,211	26,308	(18,924)	7,384
Machinery and equipment	5%	2,152,011	(1,558,852)	593,159	2,001,157	(1,424,505)	576,652
Facilities	4%	312,732	(175,362)	137,370	308,745	(168,748)	139,997
Agricultural implements	7%	589,045	(477,733)	111,312	529,041	(400,848)	128,193
Vehicles	20%	106,461	(85,592)	20,869	107,285	(82,238)	25,047
IT equipment	10%	20,831	(14,114)	6,717	19,789	(13,597)	6,192
Fixed assets in progress		346,062		346,062	240,547		240,547
Land and properties		29,963		29,963	29,963		29,963
Sugarcane bearer plants	14.3%	1,081,779	(311,969)	769,810	900,607	(211,583)	689,024
		5,020,839	(2,819,080)	2,201,759	4,508,644	(2,490,384)	2,018,260

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	Average depreciation rates	September 30, 2023			Consolidated March 31, 2023		
		Cost	Accumulated depreciation	Residual value	Cost	Accumulated depreciation	Residual value
		Aircraft	10%	2,026	(2,026)	179,998	2,026
Buildings and improvements	4%	354,772	(174,774)	7,218	344,937	(168,938)	
Furniture and fixtures	8%	26,940	(19,722)	604,800	26,331	(18,939)	
Machinery and equipment	5%	2,246,271	(1,641,471)	137,614	2,070,093	(1,484,622)	
Facilities	4%	314,383	(176,769)	111,312	310,396	(170,141)	
Agricultural implements	7%	589,045	(477,733)	20,869	529,041	(400,848)	
Vehicles	20%	106,461	(85,592)	6,192	107,285	(82,238)	
IT equipment	10%	20,831	(14,114)	346,823	19,789	(13,597)	
Fixed assets in progress		346,823		29,963	246,491		
Land and properties		29,963		29,963	29,963		
Sugarcane bearer plants	14.3%	1,081,779	(311,969)	769,810	900,607	(211,583)	
		5,119,294	(2,904,170)	2,215,124	4,586,959	(2,552,932)	
						2,034,027	

Changes in balances

	Parent company					September 30, 2023
	March 31, 2023	Additions	Write-offs	Depreciation	Transfers	
Buildings and improvements	175,261	1,539		(5,811)	8,297	179,286
Furniture and fixtures	7,384	644	(5)	(881)	69	7,211
Machinery and equipment	576,652	122,998	(1,388)	(134,791)	29,688	593,159
Facilities	139,997	160		(6,621)	3,834	137,370
Agricultural implements	128,193	60,684	(233)	(77,332)		111,312
Vehicles	25,047			(4,178)		20,869
IT equipment	6,192	239	(6)	(532)	824	6,717
Fixed assets in progress	240,547	150,992	(2,766)		(42,711)	346,062
Land and properties	29,963					29,963
Sugarcane bearer plants	689,024	225,555	(22,265)	(122,504)		769,810
	2,018,260	562,811	(26,663)	(352,650)		2,201,759

	Consolidated					September 30, 2023
	March 31, 2023	Additions	Write-offs	Depreciation	Transfers	
Buildings and improvements	175,999	1,539		(5,837)	8,297	179,998
Furniture and fixtures	7,392	643	(5)	(881)	69	7,218
Machinery and equipment	585,471	123,660	(1,388)	(138,235)	35,292	604,800
Facilities	140,255	160		(6,635)	3,834	137,614
Agricultural implements	128,193	60,684	(233)	(77,332)		111,312
Vehicles	25,047			(4,178)		20,869
IT equipment	6,192	239	(6)	(532)	824	6,717
Fixed assets in progress	246,491	151,413	(2,766)		(48,315)	346,823
Land and properties	29,963					29,963
Sugarcane bearer plants	689,024	225,555	(22,265)	(122,504)		769,810
	2,034,027	563,893	(26,663)	(356,134)		2,215,124

Additions to property, plant and equipment that did not affect cash

- (i) At September 30, 2023, in the Parent company and Consolidated, Property, plant and equipment in progress includes capitalized interest from loans of R\$ 17,932, based on the average borrowing rate of 15.48% p.a. (September 30, 2022 - R\$ 1,436).
- (ii) At September 30, 2023, in the Parent company and Consolidated, the sugarcane crops in formation include R\$ 8,129 (September 30, 2022 - R\$ 6,653) related to the depreciation of the right of use of land and the capitalization of interest on lease liabilities, calculated on an average annual rate of 15.48% p.a., over the duration of each contract, considering the incremental borrowing rate at the inception date of the contracts.

Guarantees

At September 30, 2023, property, plant and equipment items in the amount of R\$ 332,640 (March 31, 2023 - R\$ 335,703) were offered as guarantees to creditors in loan and financing operations contracted by the Company.

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Fixed assets in progress

Refers to investments in machinery and equipment acquired from a bankrupt estate, which were dismantled and are being installed in the Limeira do Oeste and Iturama production units, The installation works started in April 2022, with forecasts for completion and entry into operation scheduled for the 2024/2025 harvest.

Other explanation for the increase in fixed assets in progress is the irrigation project in Cachoerinha region of the Iturama unit, scheduled to start operations in November 2023.

Deemed cost

Refers to the adoption of the deemed cost for certain classes of property, plant and equipment, based on an appraisal prepared by a specialized firm, in accordance with ICPC 10 - Interpretation on the Initial Application to Property, Plant and Equipment and to Investment Property of Technical Pronouncements CPCs 27, 28, 37 and 43. The accounting effects of the adoption of the deemed cost by the Company on April 1, 2010 are shown below:

	Parent company and Consolidated		
	Historical cost	Surplus value	Deemed cost
Buildings and other properties	165,043	31,521	196,564
Industrial machines, apparatus and equipment	420,423	475,409	895,832
	585,466	506,930	1,092,396

The remaining revaluation increment included in property, plant and equipment (deemed cost less accumulated depreciation), the effects of deferred income tax and social contribution and the carrying value adjustment related to the deemed cost are shown below:

	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
Surplus value included in PP&E	74,127	81,055
(-) Deferred income tax and social contribution	(25,203)	(27,558)
Carrying value adjustment	48,924	53,497

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14. Intangible assets

Software	Parent company and Consolidated	
	2023	2022
Opening balance at March 31	3,853	2,925
Cost	6,269	4,450
Accumulated amortization	(2,416)	(1,525)
Residual value	3,853	2,925
Additions	2,954	170
Amortization	(743)	(418)
Closing balance at December 30	6,064	2,677
Cost	9,223	4,620
Accumulated amortization	(3,159)	(1,943)
Residual value	6,064	2,677
Average annual amortization rate	20%	20%

15. Right-of-use assets, leases payable and agricultural partnerships payable

	Parent company and Consolidated			
	Vehicles, machines and equipment	Agricultural partnerships	Agricultural leases	Right-of-use assets
Initial adoption at April 1, 2022	107,229	660,095	687,152	1,454,476
Remeasurement		12,489	130,369	142,858
Additions (write-offs) of contracts	8,739	135,059	6,729	150,527
Depreciation	(9,003)	(81,362)	(22,047)	(112,412)
Balance at September 30, 2022	106,965	726,281	802,203	1,635,449
Balance at April 1, 2023	118,878	781,626	823,217	1,723,721
Remeasurement		6,517	23,185	29,702
Additions (write-offs) of contracts	186	72,423	6,133	78,742
Depreciation	(12,523)	(73,837)	(26,278)	(112,638)
Balance at September 30, 2023	106,541	786,729	826,257	1,719,527
Term of contracts (years)	1 to 6	2 to 19	5 to 38	

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The changes in lease liabilities and agricultural partnerships were as follows:

	Parent company and Consolidated		
	Leases payable	Agricultural partnerships	Total
Initial adoption at April 1, 2022	813,456	574,513	1,387,969
Payments	(72,212)	(120,393)	(192,605)
Additions (write-offs) of contracts	14,674	115,255	129,929
Remeasurement	130,369	12,489	142,858
Appropriation of financial charges	51,798	55,026	106,824
Balance at September 30, 2022	938,085	636,890	1,574,975
Current	(114,369)	(118,387)	(232,756)
Non-current	823,716	518,503	1,342,219
Balance at April 1, 2023	990,065	738,958	1,729,023
Payments	(92,456)	(114,188)	(206,644)
Additions (write-offs) of contracts	6,048	55,547	61,595
Remeasurement	23,185	6,517	29,702
Appropriation of financial charges	63,330	61,592	124,922
Balance at September 30, 2023	990,172	748,426	1,738,598
Current	(146,409)	(201,245)	(347,654)
Non-current	843,763	547,181	1,390,944

The noncurrent balances of leases and agricultural partnerships payable mature as follows:

Maturity	September 30, 2023	March 31, 2023
Over 1 to 2 years	155,520	158,293
Over 2 to 3 years	137,652	138,632
Over 3 to 4 years	125,999	122,793
Over 4 to 5 years	111,699	111,233
Over 5 to 6 years	96,929	96,687
Over 6 years	763,145	772,146
	1,390,944	1,399,784

The Company uses incremental discount rates based on risk-free interest rates observed in the market, for the terms of its contracts adjusted to its circumstances. The incremental discount rates consider the contract term staggering for funding spreads, as follows:

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Contract period	Incremental rate
From 1 to 3 years	7.17% to 17.84%
From 3 to 6 years	7.31% to 17.39%
From 6 to 9 years	8.44% to 17.26%
From 9 to 12 years	9.44% to 17.08%
From 12 to 38 years	10.77% to 17.28%

For the Minas Gerais complex, the remeasurement of right-of-use assets and lease liabilities and agricultural partnerships payable is conducted at the end of the harvest, based on the change in the Consecana-SP index calculated on the Company's trade, considering the base date March 31. For the Alagoas complex, the remeasurement takes place at the end of each month, based on the Sindaçúcar - AL index, considering the particularities of these lease agreements, which provide for the settlement of the obligation based on the month's index and not based on the accumulated index at the end of the harvest.

The Company signed 32 lease agreements with its related party GTW Agronegócios S.A. and individuals from the Tércio Wanderley Group, with a 38-year term (Note 10 (b)). These contracts correspond to approximately 32 thousand hectares of land located in the State of Alagoas and 17 thousand hectares of land located in the State of Minas Gerais. The contracts were recognized as leases, pursuant to CPC 06 (R2) / IFRS 16 - Leases. For leases of land in the state of Alagoas, the agreements were determined under specific conditions (Note 10 (b)).

16. Accounts payable

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Sugarcane	411,748	97,602	411,748	97,602
Materials, services and others	162,239	99,572	163,983	102,464
	573,987	197,174	575,731	200,066

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17. Loans and financing

Loans and financing are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost.

Loans and financing position are as follows:

Type	Index	Interest rate p.a. (%)	Parent company		Consolidated	
			September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Local currency						
CRA - Agribusiness Receivables Certificate	CDI	3.00 to 9.00	579,583	512,054	579,583	512,054
CCB - Bank Credit Bill	FIXED / CDI / SELIC	2.50 to 15.42	495,204	418,371	501,769	424,975
CPR - Rural Product Bills	CDI	3.20 to 3.70	67,949	139,682	67,949	139,682
FNE - Fundo Constitucional de Financiamento do Nordeste	FIXED / IPCA / TLP	1.35 to 17.60	128,288	133,373	128,288	133,373
Debentures	IPCA	10.08	99,697	99,703	99,697	99,703
CCE - Export Credit Bill	CDI	3.00 to 5.00	116,902	94,966	116,902	94,966
Finame	FIXED / CDI / SELIC / IPCA / TLP / TJLP	2.85 to 15.39	109,458	81,182	109,458	81,182
CDA - Certificate of Agricultural Deposit	CDI	5.00	8,688	23,090	8,688	23,090
Rural Credit	CDI	2.50		22,380		22,380
Supplier financing	FIXED	18.85		4,240		4,240
			1,605,769	1,529,041	1,612,334	1,535,645
Foreign currency (US\$)						
Bonds	FIXED	10.05	1,475,298	1,491,004	1,476,424	1,493,175
ACC - Advance on Foreign Exchange Contract	FIXED / CDI / SOFR	3.50 to 11.50	567,208	366,890	567,208	366,890
PPE - Export Prepayment	Fixed / SOFR	5.50 to 8.75	131,301	185,064	131,301	185,064
NCE - Export Credit Note	FIXED	7.70 to 8.37	62,691	61,157	62,691	61,157
			2,236,498	2,104,115	2,237,624	2,106,286
Total loans and financing			3,842,267	3,633,156	3,849,958	3,641,931
Current			(1,220,763)	(904,320)	(1,227,328)	(904,387)
Non-current			2,621,504	2,728,836	2,622,630	2,737,544

The Company and the Group transitioned from LIBOR to the SOFR alternative benchmark rate, as required by financial institutions. The adjusted cash flows are similar to the original flows and did not generate material impacts upon replacement.

The Company offers its suppliers the option of receiving the Company's receivables through forfeit operations (reverse finance operation) offered by a financial institution. Considering the financial nature of this transaction, which incurs interest, these transactions are being presented under loans and financing. At September 30, 2023, no transactions of this type were contracted.

Long-term maturing by year of maturity of contracts:

Year	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
2024/2025 harvest	410,756	693,235	410,756	699,772
2025/2026 harvest	436,255	371,014	436,255	371,014
2026/2027 harvest	1,625,519	1,549,773	1,626,645	1,551,944
2027/2028 harvest	89,996	72,841	89,996	72,841
2028/2029 harvest onwards	58,978	41,973	58,978	41,973
	2,621,504	2,728,836	2,622,630	2,737,544

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The changes in loans and financing for the periods ended September 30, 2023 and 2022 are as below:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
At April 1	3,633,156	3,306,148	3,641,931	3,322,845
Funding	782,539	749,828	782,539	749,828
Interest and foreign exchange variations	211,691	472,435	211,197	473,863
Payment of principal	(549,106)	(537,561)	(549,131)	(542,561)
Interest payment	(236,013)	(186,997)	(236,578)	(188,471)
At December 30	3,842,267	3,803,853	3,849,958	3,815,504

Guarantees

These loans are guaranteed by the shareholders, fiduciary sale of financed assets, promissory notes and export receivables.

Covenants

Under the terms of the major loan facilities, the Group is required to comply with the following financial covenants:

- i. Ratio of net debt to adjusted EBITDA $\leq 3.0x$;
- ii. EBITDA ratio adjusted by net finance costs (excluding exchange gain/losses) $\geq 2.8x$; and
- iii. Liquidity ratio $\geq 1.00x$.

The covenants are measured based on the consolidated financial statements, excluding the effects of CPC 06 (R2) - Leases. Compliance with the covenants is measured only at the end of the accounting year. For the year ended March 31, 2023, all contractual covenant ratios were being complied with by the Group.

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18. Other taxes payable

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Tax installments:				
ICMS AL installments		384		384
ICMS MG installments		391		391
Federal tax installments	27,898	26,119	27,898	26,119
	27,898	26,894	27,898	26,894
Taxes payable:				
IRRF payable	3,508	2,443	3,508	2,443
IOF payable	6,955	4,730	7,798	6,267
INSS payable	7,726	4,439	7,726	4,439
PIS/COFINS payable	12	1,051	12	1,051
Deferred PIS and Cofins - IAA 4870 (Note 9)	152,564	147,013	152,564	147,013
Deferred PIS and Cofins - INSS - court-ordered debts	4,546	4,546	4,546	4,546
ICMS payable	1,147	215	1,147	215
Other taxes and contributions	1,305	925	1,907	1,137
	177,763	165,362	179,208	167,111
Total taxes payable	205,661	192,256	207,106	194,005
Current	(30,982)	(23,388)	(32,427)	(25,137)
Non-current	174,679	168,868	174,679	168,868

The long-term payables classified by maturity year (tax in installments and deferred PIS/COFINS on IAA 4870) are:

Year	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
2024/2025 harvest	7,184	7,319	7,184	7,319
2025/2026 harvest	11,477	5,824	11,477	5,824
2026/2027 harvest	155,164	155,725	155,164	155,725
2027/2028 harvest onwards	854		854	
	174,679	168,868	174,679	168,868

19 Advances from customers

The Company receives advances from customers, in particular trading companies that sell the Company's sugar. These advances are contractual liabilities. Whenever sugar is delivered to the warehouse contracted by the trading companies for the shipment of the product for export, the Company receives between 70% and 80% of the value of the product and the remaining balance is settled on the shipment date or after a period as determined in contract.

In the six-month period ended September 30, 2023, revenue of R\$ 364,386 had been received as advances and recorded as carried-forward contract liabilities in prior periods (September 30, 2022 - R\$ 370,230).

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	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
Tradings - sugar	667,080	451,153
Ethanol distributors	55,152	1,705
Sale of crystal sugar	8,032	17,837
Other	89	175
	730,353	470,870
Current	(572,837)	(216,574)
Non-current	157,516	254,296

Advance payments recognized in non-current liabilities refer to two contracts for the supply of sugar, one of which at a fixed interest rate of 9.50% p.a. and the other at LIBOR plus 7.75% p.a.

The scheduled delivery of contracts is as follows:

Year	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
2024/2025 harvest	110,036	209,086
2025/2026 harvest	47,480	45,210
	157,516	254,296

20. Commitments from electricity contracts

	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
Electric energy	214,851	218,024
	214,851	218,024
Current	(147,871)	(77,669)
Non-current	66,980	140,355

The Company has contracts for the supply of electricity generating advances receipts signed with the same counterparty for which it maintains electricity purchase contracts at the same volumes and supply dates. As these contracts have significant financing components, interest is appropriated over the period of supply. At September 30, 2023, the average effective interest rates of these contracts vary from 13.34% p.a. to 20.08% p.a. (At March 31, 2023 - 13.34% p.a. and 20.08% p.a.).

Commitments under electricity contracts classified in non-current liabilities by year of maturity are as follows:

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Year	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
2024/2025 harvest	56,171	114,936
2025/2026 harvest	10,809	25,419
	66,980	140,355

The changes in energy commitments for the six-month periods ended September 30, 2023 and 2022 are shown below:

	Parent company and Consolidated	
	September 30, 2023	September 30, 2022
At April 1	218.024	166.920
Advance received		50.001
Interest incurred	17.244	8.296
Payment of principal	(14.906)	(48.873)
Interest payment	(5.511)	(8.296)
At September 30	214.851	168.048

21 Provision for contingencies

Provisions are recognized when the Company, or the Group, has a present obligation, legal or not formalized, as a result of past events and it is probable that an outflow of resources will be necessary to settle the obligation and a reliable estimate of the amount can be made. Provisions are recognized, reviewed and adjusted to reflect the best estimate at the reporting dates.

Probable losses

The Company, under the advice of its legal advisors, recorded the following provisions for cases of probable risk of losses:

	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
Labor	2,147	1,530
Civil	4,404	4,403
Tax	55,887	67,187
	62,438	73,120

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Changes in provisions for probable losses were as follows:

	Parent company and Consolidated			
	Labor	Civil	Tax	Total
At March 31, 2022	667	1,943	90,129	92,739
Constitutions	590	1,642		2,232
Reversals		(960)	(16,959)	(17,919)
At September 30, 2022	1,257	2,625	73,170	77,052
At March 31, 2023	1,530	4,403	67,187	73,120
Constitutions	617	1		618
Reversals			(11,300)	(11,300)
At September 30, 2023	2,147	4,404	55,887	62,438

Tax: from 2016 to 2021, the Company recognized PIS and COFINS credits on raw material acquisitions based on management's interpretation of PIS and COFINS regulations. The Company's tax consultants believe that it is probable that the tax authorities will challenge the Company's tax computation although there is no claim at present. The provision recorded reflects management's best estimate of the most likely outcome. For the period ended September 30, 2023, the Company reversed R\$ 11,300 for prescription of liability under the statute of limitations.

Civil: relate to compensation amounts from general and environmental administrative penalties for the use of fire to clear sugarcane crop areas; the matter is being challenged by the Company.

Labor: relate mainly to overtime and indemnity claims for elimination of breaks between shifts.

Contingent liabilities

No provision was made for other lawsuits for which management estimates the risk of loss to be possible, under the advice of the legal advisors, as these are subject to uncertain future events that are not wholly within the control of the Company and the Group. The contingent liabilities are for civil, labor and tax claims filed by individuals and legal entities, as follows:

	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
Labor contingencies	1,747	1,782
Civil contingencies	123,949	122,119
Tax contingencies	212,095	199,118
	337,791	323,019

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The following are the main lawsuits which are classified as possible risk of contingent liabilities:

Tax

Proceeding 10410.720364/2017-98

A once-off fine (item 10 of article 89 of Law 8,212/91) for having offset INSS payables by PIS and COFINS credits between 2014 and 2016, in the approximate amount, at September 30, 2023, of R\$ 123,949 (March 31, 2023 - R\$ 116,365). In March 2017, the amount was included in the Tax Amnesty and Refinancing Program (TRP).

A once-off fine of 150% on the debt, alleging Company's bad faith in the offsetting above. The proceeding is being judged by the Superior Council for Tax Appeals (CARF), with a favorable decision taken to the Federal Revenue through a tiebreak vote. The Company filed a petition with the lower court. Management and the Company's legal advisors believe it is unlikely to result in any material loss.

On June 18, 2020, the Federal Regional Court of the 5th Region upheld the Company's appeal to cancel the once-off fine. On June 26, 2020, the Company was notified of the court decision handed down by the 1st Panel of the TRF5, granting the appeal filed by the Company to annul the tax assessment.

On September 29, 2021, the court decision handed down by the 1st Panel of the TRF5 was issued, rejecting the motion for clarification filed by the National Treasury, confirming the annulment of the tax assessment. On October 26, 2021, the National Treasury filed new declaratory actions contesting the decision.

At September 30, 2023, the Company is still awaiting the final and unappealable court decision issued by the TRF5 in the annulment action, the process is covered by an insurance policy.

Civil

Proceeding 0714498-70.2016.8.02.0001

Ordinary proceeding for judicial collection arising from the sale of IPI credits to third parties, disallowed by the Federal Revenue of Brazil, in the amount of R\$ 72,401 (March 31, 2023 - R\$ 67,971). The Company is required to reimburse the credits to the plaintiff as a result of non-compliance with a contractual clause.

The Company and its legal advisors claim expiry of the statute of limitations and tacit approval of the credits, as well as exception of a non-fulfilled contract by the buyer customer. Management and the Company's legal advisors believe it is unlikely to result in any material loss.

Contingent assets

Proceeding AMS93049 - AL (0003665-31.2005.4.05.8000)

The Company received a final and unappealable court decision on December 13, 2018 on its Company's lawsuit for the exclusion of ICMS from the PIS/COFINS calculation base. The Company calculated and recorded R\$ 35,863 related to the credits for the years between 2005 and 2008 under the special regime ("*ad rem*") for ethanol, when the PIS/COFINS taxation was linked to a fixed amount on the quantity of cubic meters sold.

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The Company hired tax specialists who are assisting in the analysis from 2008 of the STF decision regarding the exclusion of ICMS from the PIS/COFINS calculation base referring to the special regime ("*ad rem*") for ethanol. These experts believe that it is not possible to classify the *ad rem* effects as being practically certain and, therefore, management has not recognized these in the Company's financial statements. Management, together with its tax specialists, continues to assess developments and does not believe that a material impact will arise from recording credits in the future in the event the matter is concluded successfully.

22. Equity

a) Share capital

The subscribed and paid-up capital at September 30, 2023 is R\$ 408,845, divided into 1,400 registered common shares, with no par value, held by Coruripe Holding S.A. Any increase or reduction in the Company's share capital is determined by the General Shareholders' Meeting (article 9 of the Bylaws).

b) Treasury shares

On September 30, 2023 and March 31, 2023, treasury shares total R\$ 1,215, being 4.16 shares owned by Coruripe Holding S.A. from a rounding of nominal shares allocated to shareholders. The shares arose from the rounding of nominal shares and were placed in treasury at the disposal of the shareholders.

c) Carrying value adjustment

Deemed cost

This relates to the revaluation increment of buildings and facilities and machinery and equipment (Note 13). The amounts, which are recorded net of tax effects, are realized through depreciation, write-off or disposal of the assets, being charged to "Retained earnings".

Fair value of hedge accounting

Refers to the results from operations with derivative financial instruments not conducted/settled, classified as hedge accounting. The accumulated amounts are reversed from equity as the maturity and shipments for the corresponding operations occur (Note 30 (e)).

Gains and losses are presented net of the corresponding deferred tax effects.

d) Revenue reserves

Legal reserve

The Legal Reserve is recognized annually upon appropriation of 5% of the profit for the year and cannot exceed 20% of the share capital. Appropriations are made to preserve capital and the reserve can only be used to offset losses or increase capital.

At March 31, 2023, the Company reached the limit established by law. The profit balance exceeding 5% of legal reserve, after allocation of other mandatory reserves, is available for resolution of the shareholders.

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Reserve for retention of profits

The Company retained the profit realized in equity up to the share capital limit based on Article 199 of Law 6,404/1976, which determines that the balance of profit reserves, other than equity contingencies, for tax incentives and unrealized profits, cannot exceed the share capital. Retention of profits is being allocated to investments for expanding production capacity, improving processes and amortizing liabilities with financial institutions, funds and investments, CRAs and investors in general. Surplus profits are available for allocation by the shareholder.

Reserve for profits to deliberated

Retained earnings, after the constitution of legal and tax incentive reserves and minimum mandatory dividends are transferred to the Reserve of profits for deliberation by the General Meeting.

On July 31, 2023, at the Annual General Meeting, the shareholder deliberated on the profit of R\$ 521,392 for the year ended March 31, 2023, approving:

- (i) R\$ 17,429 allocated to the legal reserve;
- (ii) R\$ 115,651 allocated to the creation of a Tax Incentive Reserve;
- (iii) R\$ 37,833 as proposed dividends; and
- (iv) R\$ 350,479 maintained in Reserve of profits to deliberate.

Tax incentive reserve

The Company and the Group enjoy tax benefit incentives through the reduction of Tax on Circulation of Goods and Services - ICMS. The tax benefit is recorded in the statement of operations as tax incentive income (Note 23 (i)) as it represents a tax credit reducing the ICMS expense on sales. For income tax and social contribution purpose, pursuant to paragraph 3, of article 19 of Law 12,973/2014 (corporate law), other tax benefits granted to the Company and the Group are appropriated to the "Tax incentive reserve" from retained earnings.

The ICMS credit grant meets the characteristic of an investment subsidy, due in part to the absence of other requirements or conditions excluded from art. 30 of Law 12,973.

In the six-month period ended September 30, 2023, the Company recorded tax incentives in the amount of R\$ 19,201 in the statement of operations (September 30, 2022 - R\$ 64,303). If this tax incentive were to be distributed to the shareholders, it would be subject to income taxes and social contribution.

During the six-month period ended September 30, 2023, R\$ 19,201 was not appropriated to the Tax Incentive Reserve due to the lack of profits (At March 31, 2023 - R\$ 115,651). This reserve will be constituted in subsequent periods, when sufficient profits are available for its constitution, under the terms of Law 12,973/2014.

Dividends

Shareholders are assured a minimum dividend of 25% of profit for the year after absorbing any accumulated deficit and making appropriations to the legal reserve and the tax incentive reserve.

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At September 30, 2023, the Company paid advance dividends to its parent company in the amount of R\$ 42,628, which are being presented in the statement of changes in equity as a reduction of "Reserve of profits to deliberate" and which will be deliberated at a meeting for the allocation of results on March 31, 2024.

23. Net operating revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns and discounts and, in the consolidated financial statements, after eliminating sales within the Group.

The Company and the Group recognize revenue when it can be reliably measured, when it is probable that future economic benefits will result from the transaction and the specific criteria have been met for the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company and the Group sell sugar, ethanol, electricity, molasses, sugarcane bagasse, steam, Cbios, sanitizers, among others.

Revenue from the sale of cogenerated energy is recorded based on the energy transferred to the grid and at rates specified under the terms of the supply agreements or the market price in force, as applicable. The calculation of the energy delivered to the buyer occurs monthly. Clients gain control of electricity once consumed.

Revenue from sales of sugar, ethanol and other is recognized as follows: identification of contracts with customers, identification of performance obligations provided for in the contracts, determination of the transaction price and allocation of the transaction price. Additionally, product sales are recognized whenever the transfer of control of products to the customer occurs. The transfer of control does not occur until: (i) the products have been shipped to the specified location; (ii) the risk of loss has been transferred to the customer; (iii) the customer has accepted the products in accordance with the sales contract; and (iv) the acceptance provisions have been agreed upon, or the Company and the Group have objective evidence that all acceptance criteria have been met.

Revenue recognition from products sold by the Company and the Group, and, consequently, performance obligations are met at a specific point in time, according to CPC 47, which generally takes place upon physical delivery and/or customer acceptance. No element of financing is deemed present when sales are received in advance or are made with a credit term of less than 30 days, which is consistent with market practice. Therefore, these sales are not discounted to present value. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Company and the Group currently have four industrial units accredited by ANP (National Petroleum Agency) under the RenovaBio program for the generation of Cbios decarbonization credits. The four industrial units are certified to jointly generate approximately 500,000 Cbios per year and are duly registered on the Serpro platform to generate pre Cbios from ethanol sales. In the six-month period ended September 30, 2023, the Company sold 135,940 Cbios on the Brazilian stock exchange (B3 S.A. - Brasil, Bolsa, Balcão (B3)), with net revenue of R\$ 9,169 (September 30, 2022 - R\$ 11,818 - equivalent to 137,527 Cbios).

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The sale of Cbios is conducted through an auction on B3. Usually, the buyers are the fuel distributors, who must meet acquisition goals established by RenovaBio. The Company and the Group recognize the revenue from the sale of Cbios as operating revenue and the taxes levied on sales as gross revenue deductions.

	Parent company			
	September 30, 2023		September 30, 2022	
	Three-month	Six-month	Three-month	Six-month
VHP sugar	497,784	879,689	381,680	649,790
Granulated sugar	108,374	181,570	77,756	126,106
Anhydrous fuel ethanol	121,924	280,822	158,847	288,674
Hydrated ethanol fuel	187,171	260,934	124,813	240,958
Sale of energy - production and resale	11,377	21,406	12,224	23,606
Molasses	38,527	71,148	35,732	66,367
Revenues from services	6,826	10,316	7,413	12,376
Cbios sales revenue	3,840	9,169	5,911	11,818
Revenue from subsidy granted (i)	3,972	19,201	49,134	64,303
Other sales revenue	1,605	6,898	1,086	5,264
	981,400	1,741,153	854,596	1,489,262

	Consolidated			
	September 30, 2023		September 30, 2022	
	Three-month	Six-month	Three-month	Six-month
VHP sugar	497,784	879,689	381,680	649,790
Granulated sugar	108,374	181,570	77,756	126,106
Anhydrous fuel ethanol	121,924	280,822	158,847	288,674
Hydrated ethanol fuel	187,171	260,934	124,813	240,958
Sale of energy - production and resale	30,293	55,426	29,449	57,710
Molasses	38,527	71,148	35,732	66,367
Revenues from services	6,596	9,893	7,228	11,991
Cbios sales revenue	3,840	9,169	5,911	11,818
Revenue from subsidy granted (i)	3,972	19,201	49,134	64,303
Other sales revenue	1,040	6,173	594	4,441
	999,521	1,774,025	871,144	1,522,158

(i) Sales tax credits

The Company and the Group have subsidies granted from the States of Alagoas and Minas Gerais (Note 2.7). These are sales tax incentive credits of ICMS which are recorded as Sales revenue in the statement of operations and are calculated as follows:

- a. 2.5% on sales within the State of MG, including exports;
- b. 7% on crystal sugar sales within the State of Alagoas;
- c. 9% on crystal sugar sales outside the State of Alagoas;
- d. 6% on VHP sugar exports from the State of Alagoas; and
- e. 12% on sales of hydrous ethanol inside and outside the State of Alagoas.

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(ii) Sales taxes

The Company's and the Group's sales revenues are subject to certain taxes and contributions, at the following basic rates:

Social Integration Program (PIS)

In alcohol sales - tariff of R\$ 23.38 per m³. Recent developments:

- a) Amount of R\$ 3.60 per m³ between March 1 and June 30, 2023.

These refer to federal government's measures to reduce taxes on fuel.

On sugar sales - zero rate - and on other revenues 1.65% on revenue.

Contribution to Social Security Financing (COFINS)

In alcohol sales - tariff of R\$ 107.52 per m³. Recent developments:

- a) Amount of R\$ 16.40 per m³ between March 1 and June 30, 2023.

These are federal government's measures to reduce taxes on fuel.

On sugar sales - zero rate - and on other revenues 7.60% on revenue.

Excise Tax (IPI)

- a) On sugar sales - zero rate;
- b) On sales of alcohol - there is no taxation; and
- c) On sales of molasses - 5% tax.

Tax on Circulation of Goods and Services (ICMS)

- (i) Electric power: 12% to 18% for operations within the State of Minas Gerais. There is no ICMS levy on interstate operations and on sales to electricity concessionaires, taxation is deferred;
- (ii) Electric power: 17% to 25% for operations within the State of Alagoas. There is no ICMS levy on interstate operations and on sales to electricity concessionaires, taxation is deferred: All of the Company's energy sales contracts in the State of Alagoas are interstate.
- (iii) Anhydrous ethanol: taxation is deferred in operations within the States of Minas Gerais and Alagoas and interstate.
- (iv) Hydrous ethanol: 12% in interstate operations and 9% in operations within the State of Alagoas. For the State of Minas Gerais, rate of 7% or 12% on interstate operations; and 9.29% in operations within the State of Minas Gerais; and

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- (v) Sugar: For the State of Alagoas: 7% to 18% in internal operations and 12% in interstate operations. For the State of Minas Gerais, 7% or 12% in internal operations and 7% to 12% in interstate operations.

Exclusive taxation

Cbios at 15% for Income Tax pursuant to Agricultural Law 13,986/2020, article 60. In addition, the Company provides for 9.25% of PIS and COFINS on disputes.

National Institute of Social Security (INSS)

Calculated on sale of agribusiness rural production (gross revenue) to the domestic market, at a rate of 2.85%.

24. Expenses by nature

Operating costs and expenses by nature are as follows:

	September 30, 2023		Parent company September 30, 2022	
	Three-month	Six-month	Three-month	Six-month
Cost of products sold				
Staff	(92,253)	(137,787)	(90,483)	(133,218)
Raw materials	(303,415)	(531,088)	(321,418)	(467,968)
Change in fair value of biological assets	10,080	51,687	26,865	728
Third-party labor and freight	(9,833)	(32,127)	(6,804)	(26,615)
Fuels and lubricants	(9,123)	(30,165)	(13,022)	(29,348)
Inputs	(21,797)	(51,781)	(20,552)	(47,938)
Maintenance materials	(12,830)	(35,294)	(9,565)	(31,210)
Depreciation of right-of-use assets	(29,072)	(57,329)	(26,776)	(52,856)
Depreciation and amortization (except sugarcane crops)	(70,255)	(137,918)	(59,299)	(101,570)
Depreciation of sugarcane crops	(31,876)	(63,392)	(54,870)	(61,252)
Realization of surplus from prior periods	(2,627)	4,982	48,206	76,682
Costs of crop treatment of harvested sugarcane	(48,470)	(106,192)	(47,635)	(105,635)
Electric energy - consumption	(223)	(1,220)	(500)	(1,812)
Other	(9,141)	(21,309)	(26,153)	(31,164)
	(630,835)	(1,148,933)	(602,006)	(1,013,176)
Selling expenses				
Staff	(5,373)	(10,076)	(5,925)	(10,136)
Third-party labor	(518)	(1,263)	(385)	(1,244)
Freight on sales	(48,508)	(88,490)	(44,206)	(79,958)
Fuels and lubricants	(222)	(408)	(71)	(115)
Maintenance materials	(450)	(747)	(492)	(789)
Depreciation and amortization	(1,267)	(2,561)	(1,050)	(2,089)
Depreciation of right-of-use assets	(734)	(1,597)	(1,142)	(2,283)
Electric energy	-	(11)	(89)	(264)
Other	(2,115)	(4,203)	1,032	(1,316)
	(59,187)	(109,356)	(52,328)	(98,194)

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General and administrative expenses

Staff	(30,970)	(58,691)	(28,053)	(51,372)
Third-party labor	(22,321)	(40,422)	(17,791)	(29,409)
Fuels and lubricants	(392)	(666)	(483)	(1,338)
Maintenance materials	(1,886)	(2,686)	(1,466)	(2,218)
Depreciation and amortization	(1,340)	(2,618)	(1,181)	(2,362)
Electric energy	(28)	(62)	(27)	(64)
Other	(7,671)	(12,916)	(7,183)	(13,125)
	(64,608)	(118,061)	(56,184)	(99,888)

Consolidated

	September 30, 2023		September 30, 2022	
	Three-month	Six-month	Three-month	Six-month
Cost of products sold				
Staff	(92,503)	(138,234)	(90,717)	(133,630)
Raw materials	(305,105)	(531,475)	(323,824)	(468,757)
Change in fair value of biological assets	10,080	51,687	26,865	728
Third-party labor and freight	(6,085)	(29,401)	(8,250)	(29,875)
Fuels and lubricants	(9,123)	(30,165)	(13,022)	(29,347)
Inputs	(21,797)	(51,781)	(20,553)	(47,937)
Maintenance materials	(12,830)	(35,294)	(9,565)	(31,209)
Depreciation of right-of-use assets	(29,072)	(57,329)	(26,776)	(52,856)
Depreciation and amortization (except sugarcane crops)	(72,525)	(141,401)	(62,207)	(107,035)
Depreciation of sugarcane crops	(31,876)	(63,392)	(54,870)	(61,252)
Realization of surplus from prior periods	(2,627)	4,982	48,206	76,682
Costs of crop treatment of harvested sugarcane	(48,470)	(106,192)	(47,635)	(105,635)
Electric energy - consumption	(223)	(1,220)	(500)	(1,812)
Other	(10,752)	(24,105)	(22,094)	(28,120)
	(632,908)	(1,153,320)	(604,942)	(1,020,055)
Selling expenses				
Staff	(5,373)	(10,076)	(5,925)	(10,136)
Third-party labor	(518)	(1,263)	(385)	(1,244)
Freight on sales	(48,508)	(88,490)	(44,206)	(79,958)
Fuels and lubricants	(222)	(408)	(71)	(115)
Maintenance materials	(450)	(747)	(492)	(789)
Depreciation and amortization	(1,267)	(2,561)	(1,050)	(2,089)
Depreciation of right-of-use assets	(734)	(1,597)	(1,142)	(2,283)
Electric energy	-	(11)	(89)	(264)
Other	(2,115)	(4,203)	1,032	(1,316)
	(59,187)	(109,356)	(52,328)	(98,194)
General and administrative expenses				
Staff	(30,970)	(58,691)	(28,053)	(51,372)
Third-party labor	(22,323)	(40,432)	(17,827)	(29,445)
Fuels and lubricants	(392)	(666)	(483)	(1,338)
Maintenance materials	(1,886)	(2,686)	(1,466)	(2,218)
Depreciation and amortization	(1,340)	(2,618)	(1,181)	(2,362)
Electric energy	(28)	(62)	(26)	(64)
Other	(7,756)	(13,142)	(7,433)	(13,389)
	(64,695)	(118,297)	(56,469)	(100,188)

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25. Finance income and expenses

	September 30, 2023		Parent company September 30, 2022	
	Three-month	Six-month	Three-month	Six-month
Finance income				
Foreign exchange gains	37,244	183,375	50,065	121,629
Income from financial investments	3,771	7,288	2,427	8,753
Indexation accruals and recalculation of credits - IAA 4870	60,129	119,385	48,899	97,088
Interest on loan agreements	159	2,959	1,021	1,547
Other finance income	337	809	546	5,462
	101,640	313,816	102,958	234,479
Finance expenses				
Foreign exchange losses	(119,355)	(170,322)	(145,288)	(428,679)
Interest on loans and financing	(108,075)	(204,839)	(105,125)	(206,701)
Interest on leases and agricultural partnerships - CPC 06 (R2)	(55,589)	(120,291)	(56,687)	(102,863)
Interest on advances received	(8,672)	(17,244)		
Interest on loan agreements	(70)	(70)	(149)	(314)
Transaction cost	(19,704)	(34,511)	(39,070)	(50,564)
Other financial expenses	(5,405)	(8,520)	(2,587)	(4,016)
	(316,870)	(555,797)	(348,906)	(793,137)
Result on derivatives				
<u>Instruments designated for hedge accounting</u>				
Foreign exchange derivatives - cross-currency swap	29,715	(99,446)	29,543	152,112
Foreign exchange derivatives - options / NDF			(14,218)	(16,541)
Interest derivatives - interest rate swap	(1,949)	(3,146)	(740)	(1,363)
Foreign exchange non-derivatives - debts	21,732	(6,233)	(5,615)	33,373
<u>Instruments not designated for hedge accounting</u>				
Foreign exchange derivatives - cross-currency swap	(4,098)	(8,015)	(2,069)	(72,254)
Foreign exchange derivatives - options / NDF	(3,569)	(9,498)	10,965	30,768
	41,831	(126,338)	17,866	126,095
Finance result	(173,399)	(368,319)	(228,082)	(432,563)

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	September 30, 2023		Consolidated September 30, 2022	
	Three-month	Six-month	Three-month	Six-month
Finance income				
Foreign exchange gains	37,244	183,375	50,065	121,629
Income from financial investments	4,835	9,550	2,381	8,753
Indexation accruals and recalculation of credits - IAA 4870	60,129	119,385	48,899	97,088
Interest on loan agreements		590	1,389	1,915
Other finance income	337	809	546	5,462
	102,545	313,709	103,280	234,847
Finance expenses				
Foreign exchange losses	(119,355)	(170,322)	(145,288)	(428,679)
Interest on loans and financing	(106,562)	(204,081)	(103,263)	(205,585)
Interest on leases and agricultural partnerships - CPC 06 (R2)	(55,589)	(120,291)	(56,687)	(102,863)
Interest on advances received	(8,672)	(17,244)		
Interest on loan agreements			(1,725)	(1,725)
Transaction cost	(19,704)	(34,511)	(39,070)	(50,564)
Other financial expenses	(5,460)	(10,564)	(1,832)	(4,016)
	(315,342)	(557,013)	(347,865)	(793,432)
Result on derivatives				
<u>Instruments designated for hedge accounting</u>				
Foreign exchange derivatives - cross-currency swap	29,715	(99,446)	29,543	152,112
Foreign exchange derivatives - options / NDF			(14,218)	(16,541)
Interest derivatives - interest rate swap	(1,949)	(3,146)	(740)	(1,363)
Foreign exchange non-derivatives - debts	21,732	(6,233)	(5,615)	33,373
<u>Instruments not designated for hedge accounting</u>				
Foreign exchange derivatives - cross-currency swap	(4,098)	(7,969)	(2,149)	(72,254)
Foreign exchange derivatives - options / NDF	(3,569)	(9,498)	10,964	30,768
	41,831	(126,292)	17,785	126,095
Finance result	(170,966)	(369,596)	(226,800)	(432,490)

26. Segment information (Consolidated)

Management defined the Group's operating segments, based on the reports used for strategic decision making, reviewed by the chief operating decision maker ("CODM") which is the Board of Directors. The analyses are performed by segmenting the business from the perspective of the products sold by the Group, comprising the following segments:

- (i) Sugar
- (ii) Ethanol
- (iii) Energy
- (iv) Molasses
- (v) Other products

The Other products segment primarily relates to the sale of sugarcane, ratoons and yeast to other industries and farmers in the normal course of the Group's business.

Interest income and expenses are not allocated to segments as this type of activity is managed by the central treasury function, which manages the cash position of the Group.

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The equity in the results of investees are non-segmented operations.

Income taxes current and deferred are not allocated to segments as this computation is managed on a consolidated basis and their allocation by segment is not relevant to the CODM.

There are no sales among the Group's segments and the revenue reported to the CODM is measured in a manner consistent with that in the statement of operations. The performance analyses of the operating segments are carried out based on the operating profit by product, as follows:

	Consolidated						
	September 30, 2023						
	Sugar	Ethanol	Energy	Molasses	Other products	Non-segmented	Total
Net operating revenue	1,061,259	541,756	55,426	71,148	44,436		1,774,025
Cost of products sold	(696,093)	(380,195)	(24,509)	(37,868)	(10,589)	(4,066)	(1,153,320)
Gross profit	365,166	161,561	30,917	33,280	33,847	(4,066)	620,705
Selling expenses	(65,397)	(33,395)	(3,465)	(4,386)	(2,713)		(109,356)
General and administrative expenses	(70,744)	(36,126)	(3,748)	(4,744)	(2,935)		(118,297)
Equity in the result of investees						2,232	2,232
Other operating income (expenses), net					(10,005)	(9,866)	(19,871)
Operating profit (loss)	229,025	92,040	23,704	24,150	18,194	(11,700)	375,413
Other non-segmented expenses						(369,596)	(369,596)
Non-segmented income tax and social contribution						(13,115)	(13,115)
Profit (loss) for the period	229,025	92,040	23,704	24,150	18,194	(394,411)	(7,298)

	Consolidated						
	September 30, 2022						
	Sugar	Ethanol	Energy	Molasses	Other products	Non-segmented	Total
Net operating revenue	775,896	529,633	23,606	66,367	92,553	34,103	1,522,158
Cost of products sold	(637,574)	(273,525)	(26,979)	(29,098)	(18,762)	(34,117)	(1,020,055)
Gross profit (loss)	138,322	256,108	(3,373)	37,269	73,791	(14)	502,103
Selling expenses	(48,679)	(33,228)	(6,316)	(4,164)	(5,807)		(98,194)
General and administrative expenses	(49,668)	(33,903)	(6,444)	(4,248)	(5,925)		(100,188)
Equity in the result of investees						461	461
Other operating income (expenses), net					22,425	(7,864)	14,561
Operating profit (loss)	39,975	188,977	(16,133)	28,857	84,484	(7,417)	318,743
Other non-segmented expenses						(432,490)	(432,490)
Income tax and social contribution						22,662	22,662
Profit (loss) for the period	39,975	188,977	(16,133)	28,857	84,484	(417,245)	(91,085)

The Other operating expenses, net classified as non-segmented, mainly refer to the PIS and COFINS and provision for attorney's fees calculated on the IAA 4870 indemnity claim (Note 9 (a)).

The financial result and the income taxes are presented as non-segmented results.

In the period ended September 30, 2023, the Group had two customers which individually represented 9.5% or more of consolidated revenues (2022 - two customers individually representing 10% of consolidated revenues). These revenues totaled approximately R\$ 427,697 and were from sales of Sugar (at September 30, 2022 - R\$ 474,549 for Sugar). There are no customers in other segments that represent 9.5% or more of total sales revenue.

The Group is domiciled in Brazil. Its revenue from customers in Brazil totals R\$ 1,060,896 (2022 - R\$ 775,896), and the revenue from customers overseas, based on the sale destination, totals R\$ 713,129 (2022 - R\$ 746,262) represented by sugar and ethanol sales, as shown below:

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	Consolidated September 30, 2023					
	Sugar	Ethanol	Energy	Molasses	Other products	Total
Brazil	224,643	466,352	56,213	71,148	44,012	862,368
France	260,827					260,827
England	158,211					158,211
Switzerland	354,018	75,404				429,422
United States of America	63,197					63,197
Total	1,060,896	541,756	56,213	71,148	44,012	1,774,025

	Consolidated September 30, 2022					
	Sugar	Ethanol	Energy	Molasses	Other products	Total
Brazil	168,183	444,100	23,606	66,367	126,657	828,913
France	170,779					170,779
England	69,578					69,578
Switzerland	286,491	85,532				372,023
United States of America	79,318					79,318
Uruguay	1,547					1,547
Total	775,896	529,632	23,606	66,367	126,657	1,522,158

The non-cash expenses and income affecting operating profits for the business segments are basically represented by the depreciation/amortization and the fair value of the biological assets represented by the following amounts:

	Consolidated September 30, 2023					
	Sugar	Ethanol	Energy	Molasses	Other products	Total
Depreciation and amortization	(149,203)	(100,684)	(5,521)	(8,195)	(5,295)	(268,898)
Fair value of biological assets	29,881	20,164		1,641		51,687
Total	(119,322)	(80,520)	(5,521)	(6,554)	(5,295)	(217,211)

	Consolidated September 30, 2022					
	Sugar	Ethanol	Energy	Molasses	Other products	Total
Depreciation and amortization	(100,952)	(68,800)	(5,675)	(5,697)	(5,404)	(186,528)
Fair value of biological assets	419	285		24		728
Total	(100,533)	(68,515)	(5,675)	(5,673)	(5,404)	(185,800)

The Group's main operating assets were segregated by segment based on the cost centers into which they are allocated and/or the apportionment criterion that takes into consideration the share of each product in relation to total production as determined by the CODM. Its presentation is as follows:

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	Consolidated September 30, 2023						
	Sugar	Ethanol	Energy	Molasses	Other products	Non-segmented	Total
Trade receivables	45,580	49,173	9,896	24,273		14,867	143,789
Inventories	438,049	234,583		5,455	126,859		804,946
Advances to suppliers	233,294	157,429		12,814			403,537
Biological assets	324,828	219,197		17,841			561,867
Property, plant and equipment	1,205,622	682,056	220,844	45,148	61,454		2,215,124
Intangible assets	3,501	2,362	9	192			6,064
Right-of-use assets	994,098	670,827		54,602			1,719,527
Total segmented assets	3,244,973	2,015,628	230,749	160,325	188,313	14,867	5,854,854
Unallocated:							
Cash and cash equivalents						252,372	252,372
Financial investments						198,900	198,900
Related parties						12,184	12,184
Sales taxes recoverable						143,517	143,517
Income tax and social contribution paid						27,095	27,095
Derivative financial instruments						50,704	50,704
Other receivables						4,253,278	4,253,278
Judicial deposits						5,834	5,834
Investments						30,454	30,454
Total assets not allocated						4,974,338	4,974,338
Total assets as per the balance sheet	3,244,973	2,015,628	230,749	160,325	188,313	4,989,205	10,829,192

	Consolidated March 31, 2023						
	Sugar	Ethanol	Energy	Molasses	Other products	Non-segmented	Total
Trade receivables	39,612	42,854	13,905	1,636		4,275	102,282
Inventories	20,901	5,180		481	135,629		162,191
Advances to suppliers	248,872	151,407		12,556			412,835
Biological assets	293,494	178,721		14,781			486,996
Property, plant and equipment	1,000,975	693,101	234,527	44,648	60,776		2,034,027
Intangible assets	2,317	1,410	10	116			3,853
Right-of-use assets	1,039,119	632,339		52,263			1,723,721
Total segmented assets	2,645,290	1,705,012	248,442	126,481	196,405	4,275	4,925,905
Unallocated:							
Cash and cash equivalents						390,862	390,862
Financial investments						142,348	142,348
Related parties						28,824	28,824
Sales taxes recoverable						175,644	175,644
Income tax and social contribution paid						38,494	38,494
Derivative financial instruments						13,643	13,643
Other receivables						4,120,566	4,120,566
Judicial deposits						4,524	4,524
Investments						28,224	28,224
Total assets not allocated						4,943,129	4,943,129
Total assets as per the balance sheet	2,645,290	1,705,012	248,442	126,481	196,405	4,947,404	9,869,034

All non-current assets are located in Brazil which is the Group's country of domicile. Additions to non-current assets, other than financial assets and deferred taxes, refer mainly to PP&E and right-of-use assets, and are allocated to the following segments:

	Consolidated	
	September 30, 2023	September 30, 2022
Sugar	304,682	109,692
Ethanol	124,324	260,814
Energy	1,386	203
Molasses	9,925	33,308
Other products	4,871	5,263
	445,189	409,280

The Group's CODM analyze liabilities on a consolidated basis, therefore, the segment information relating to liabilities is not part of the CODM analysis and, accordingly, it is not being disclosed.

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27. Other operating expenses, net

	Parent company			
	September 30, 2023		September 30, 2022	
	Three-month	Six-month	Three-month	Six-month
Revenue from the sale of scraps	6,662	11,021	7,742	13,099
Income from extemporaneous PIS and Cofins credits			3,996	5,811
Income from PIS and COFINS on fixed assets	905	6,776	1,510	2,820
Revenue from the sale of fixed assets	120	267	674	2,547
Write-off of residual cost on sale of fixed assets	(1,519)	(1,632)	(1,327)	(3,420)
Revenue from the sale of ratoons	23,548	23,548		
Write-off of residual value on sale of ratoons	(31,064)	(31,064)		
Other taxes and taxes in installments	(2,509)	(3,588)	172	(380)
Provisions with estimated losses	(1,642)	(4,039)	(10,737)	(14,688)
Deferred PIS/Cofins on credits - IAA 4870	(2,796)	(5,551)	(2,274)	(4,515)
Reversal of (provision for) indexation accruals of attorney's fees – IAA 4870	(7,215)	(14,326)	18,995	12,851
Other income (expenses), net	2,666	3,580	7,549	5,304
	(12,844)	(15,008)	26,300	19,429

	Consolidated			
	September 30, 2023		September 30, 2022	
	Three-month	Six-month	Three-month	Six-month
Revenue from the sale of scraps	6,662	11,021	9,773	13,099
Income from extemporaneous PIS and Cofins credits			3,996	5,811
Income from PIS and COFINS on fixed assets	905	6,776	1,510	2,820
Revenue from the sale of fixed assets	120	267	674	2,547
Write-off of residual cost on sale of fixed assets	(1,519)	(1,632)	(1,327)	(3,420)
Revenue from the sale of ratoons	23,548	23,548		
Write-off of residual value on sale of ratoons	(31,064)	(31,064)		
Other taxes and taxes in installments	(2,509)	(3,588)	172	(380)
Provisions with estimated losses	(1,642)	(4,039)	(10,737)	(14,688)
Deferred PIS/Cofins on credits - IAA 4870	(2,796)	(5,551)	(2,274)	(4,515)
Reversal of (provision for) indexation accruals of attorney's fees – IAA 4870	(7,215)	(14,326)	18,995	12,851
Other income (expenses), net	(606)	(1,283)	2,633	436
	(16,116)	(19,871)	23,415	14,561

28. Income tax and social contribution

Deferred income tax and social contribution are calculated on income tax loss carryforwards including social contribution losses and temporary differences between the tax bases on assets and liabilities and book values.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available to be used to offset temporary differences and/or tax losses, based on projections of future results prepared and based on internal assumptions and in future economic scenarios that may, therefore, change.

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The composition of the income tax and social contribution recognized in the balance sheet is as follows:

	Parent company		Consolidated	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Current assets:				
IRPJ (Income Tax) credits	17,756	29,157	17,756	29,157
CSLL (Social Contribution) credits	9,339	9,337	9,339	9,337
	27,095	38,494	27,095	38,494
Current liabilities:				
IRPJ (Income Tax) payable			(628)	(57)
CSLL (Social Contribution) payable			(342)	(32)
			(970)	(89)

The composition of the current and deferred income and social contribution taxes recognized in the statement of operations is as follows:

	Parent company		Parent company	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	Three-month	Six-month period	Three-month	Six-month period
Deferred:				
Income tax	9,187	(3,139)	(5,386)	23,003
Social contribution	(409)	(8,233)	(6,368)	1,165
	8,778	(11,372)	(11,754)	24,168
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	Three-month	Six-month period	Three-month	Six-month period
Current:				
Income tax	(504)	(1,168)	(525)	(994)
Social contribution	(270)	(575)	(269)	(512)
	(774)	(1,743)	(794)	(1,506)
Deferred:				
Income tax	9,187	(3,139)	(5,386)	23,003
Social contribution	(409)	(8,233)	(6,368)	1,165
	8,778	(11,372)	(11,754)	24,168
	8,004	(13,115)	(12,548)	22,662

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Deferred income tax and social contribution assets and liabilities

The composition of deferred income tax and social contribution is as follows:

	Parent company and Consolidated			
	September 30, 2023	Recognized in the statement of operations	Recognized in other comprehensive income	March 31, 2023
Assets:				
Provision for losses on doubtful debts	483	181		302
Provision for losses on advances to suppliers	24,834	845		23,989
Provision for inventory losses and others	15,016	4,425		10,591
Provision for contingencies	21,229	(3,632)		24,861
Income tax and social contribution losses	431,806	(3,528)		435,334
Derivative financial instruments	22,978	20,439	(15,237)	17,776
Provision for attorney's fees - IAA 4870	75,724	2,186		73,538
Leases and agricultural partnerships - CPC 06 (R2)	15,987	4,732		11,255
Foreign exchange variations	75,967	8,677		67,290
	684,024	34,325	(15,237)	664,936
Liabilities:				
Adjustment of court-ordered debts arising from INSS action	(12,779)			(12,779)
Adjustment of Reintegra rate differences	(1,213)			(1,213)
Deemed cost increment of property, plant and equipment	(25,203)	2,355		(27,558)
Accelerated tax-incentive depreciation	(18,862)	(8,482)		(10,380)
Useful life of PP&E	(72,542)	(3,742)		(68,800)
Fair value of biological assets	(8,012)	(18,466)		10,454
Adjustment to present value of IAA credits	(607,767)	(17,362)		(590,405)
	(746,378)	(45,697)		(700,681)
Deferred income tax and social contribution liabilities, net	(62,354)	(11,372)	(15,237)	(35,745)

Deferred tax assets and liabilities are shown net in the balance sheet when there is a legal right and intention to offset them when calculating current taxes, and when related to the same tax authority.

The expectation of recovery of all deferred tax credits, indicated by taxable income projections, approved by management, including the expectation of realization of temporary differences, is as shown below:

	Parent company and Consolidated	
	September 30, 2023	March 31, 2023
2023/2024 harvest	22,132	55,403
2024/2025 harvest	82,686	82,686
2025/2026 harvest	70,523	70,523
2026/2027 harvest	72,178	72,178
2027/2028 harvest	47,376	47,376
2028/2029 harvest onwards	389,129	347,224
	684,024	675,390

Deferred income tax and social contribution liabilities are mostly realized by depreciation and write-off of the underlying fixed assets (accelerated depreciation and deemed cost). The realization of this liability is estimated at the average rate of 9% per year, consistent with depreciation rates of the respective property, plant and equipment items.

In addition, a substantial portion of deferred income tax and social contribution liabilities refers to the assessment of the fair value of the IAA indemnity credits (Note 9), to be realized upon receipt of the

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credits. Management believes, under the advice of Company's legal advisors, this will occur as from the 2026/2027 harvest.

Reconciliation from the statutory to the effective income tax and social contribution rates

	September 30, 2023		Parent company September 30, 2022	
	Three-month	Six-month period	Three-month	Six-month
Profit (loss) before income tax and social contribution	56,109	4,074	(45,991)	(115,253)
Maximum rate	34%	34%	34%	34%
	(19,077)	(1,385)	15,637	39,186
Adjustments to determine the effective rate:				
Equity interest	5,298	7,683	3,982	6,758
Permanent exclusions (additions), net	(27)	(3,729)	2,984	1,068
Effect of exploration profit of the IAA	9,397	18,658	7,574	15,037
State subsidies	1,350	6,528	11,469	16,616
Tax losses for the period not recognized (*)	10,956	(38,236)	(44,133)	(44,133)
Other	881	(891)	(9,267)	(10,364)
Taxes on profit or loss	8,778	(11,372)	(11,754)	24,168

	September 30, 2023		Consolidated September 30, 2022	
	Three-month	Six-month period	Three-month	Six-month
Profit (loss) before income tax and social contribution	56,883	5,817	(45,197)	(113,747)
Maximum rate	34%	34%	34%	34%
	(19,340)	(1,978)	15,367	38,674
Adjustments to determine the effective rate:				
Permanent exclusions (additions), net	(27)	(3,729)	2,984	1,068
Effect of exploration profit of the IAA	9,397	18,658	7,574	15,037
State subsidies	1,350	6,528	11,469	16,616
Tax losses for the period not recognized (*)	10,956	(38,236)	(44,133)	(44,133)
Other	881	(891)	(9,267)	(10,364)
Adjustment of calculation of subsidiary taxed by presumed profit	4,787	6,533	3,458	5,764
Taxes on profit or loss	8,004	(13,115)	(12,548)	22,662

(*) The Company did not recognize the tax loss generated in the six-month period ended September 30, 2023 because Management only recognizes tax losses to the extent that there is a projection of future taxable income duly approved by the Board of Directors. The total amount of unrecognized tax losses at September 30, 2023 is R\$ 100,733 (At March 31, 2023 - R\$ 49,662). Additionally, the calculation is made annually, therefore, depending on the closing of each base date, it is possible that quarterly changes are positive or negative.

The deferred tax liabilities calculated on IAA indemnity credits (Note 9) reflect the reduction of 75% in the income tax rate that, together with the social contribution, results in the combined rate of 15.25%, as they are related to a unit which enjoys tax benefits calculated on operating profit (Note 2.7). Management, under the advice of its legal counsel, believes that it is probable the tax position will likely be accepted by the tax authorities (probability of acceptance > 50%).

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29. Commitments and obligations

The Company and the Group establish various commitments in the normal course of their activities, including:

Sales

The Company and the Group have future commitments for the sale of sugar abroad yet to be produced and delivered from future harvests. As the sale prices have not been fully fixed, the sales are subject to market fluctuations. At September 30, 2023, the Company and the Group have fixed prices contracts for the 2023/2024 harvest for USD 449,556 thousand (September 30, 2022: USD 313,020 thousand) for future sales. Management evaluated these commitments and did not identify transactions that are featured as onerous contracts for the Company at September 30, 2023 and 2022.

The quantities below are presented in metric tons (Parent company and Consolidated):

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Quantities agreed at the beginning of the period	2,795,916	2,268,564
Quantities contracted during the period	410,268	1,069,362
Quantities canceled during the period		(2,464)
Quantities shipped during the period	(396,578)	(393,087)
Future commitments - amounts to be shipped	<u>2,809,606</u>	<u>2,942,375</u>

Maturities

2022/2023 harvest		567,375
2023/2024 harvest	604,606	905,000
2024/2025 harvest	1,150,000	800,000
2025/2026 harvest	905,000	520,000
2026/2027 harvest	150,000	150,000
	<u>2,809,606</u>	<u>2,942,375</u>

The revenue from these contracts with customers are recognized upon the physical delivery and/or customer acceptance, based on the prices already fixed for the 2023/2024 harvest and on the market prices for the quantities not fixed for the 2023/2024 harvest and from future harvests with quantities already committed by the Company, estimated revenue totals R\$ 5,505,235. Management expects that 54% of these transactions will be recognized as revenue during the next financial year, 2024/2025 harvest, 40% by 2025/2026 and 6% by 2026/2027.

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Power supply contract

The Company has a contract signed with Eletrobras, under the Incentive Program for Alternative Sources of Electric Energy (PROINFA), for the supply of electricity generated by its Biomass Thermoelectric Center, installed in the municipality of Coruripe (AL), for a period of 20 years effective as of January 2, 2006. This contract has a global value of R\$ 159,954, with adjustable tariff prices. In the six-month period ended September 30, 2023, R\$ 3,903 relates to this contract (September 30, 2022 - R\$ 5,952) and the expected revenue of this contract is R\$ 32,551 being 12% for the 2023/2024 harvest and 88% for the remaining years.

It also has contracts for the supply of electricity to the Minas Gerais units for the following MWh/year and expected revenue:

2023/24 harvest - 71,832 MWh with expected revenue of R\$ 17,715;
2024/25 harvest - 296,400 MWh with expected revenue of R\$ 51,546; and
2025/26 harvest - 87,840 MWh with expected revenue of R\$ 20,727.

(i) EDP Comercialização e Serviços de Energia Ltda., with a supply term from October 1, 2023 to November 30, 2023, a second contract with supply from April 1, 2024 to November 30, 2024 and a third contract with supply from April 1, 2025 to November 30, 2025, in the global amount of R\$ 75,638;

(ii) Focus Energia Ltda., with energy supply from October 1, 2023 to November 30, 2023, in the global amount of R\$ 5,685;

(iii) Santander, with energy supply from October 1, 2023 to November 30, 2023, in the total amount of R\$ 5,331; and

(iv) Votorantim Comercializadora de Energia Ltda., with energy supply from October 1, 2023 to November 30, 2023, in the total amount of R\$ 3,334.

With the exception of the contracts signed with Eletrobras, the other contracts can be performed either by the operating units of the Company or of its subsidiary Coruripe Energética.

Purchases

The Company and the Group have several commitments to purchase sugarcane from third parties in order to guarantee part of their production from future harvests. The sugarcane to be purchased was calculated based on the estimate of the crushing volumes by area. The amount to be paid by the Company and the Group will be determined at the end of each harvest according to the value of sales made by the Company and the Group and, proportionally, to the crushed volume of sugarcane and ATR of each purchase.

Purchase commitments for the remaining 2023/2024 harvest and by harvest, in metric tons, are as follows:

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<u>Harvest</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
2022/2023 harvest		8,750,000
2023/2024 harvest	4,592,687	8,750,000
2024/2025 harvest	9,185,374	8,750,000
2025/2026 harvest	9,185,374	8,750,000
2026/2027 harvest	9,185,374	43,750,000
2027/2028 harvest onwards	45,926,870	
	<u>78,075,679</u>	<u>78,750,000</u>

At September 30, 2023, the normal sugarcane crushing capacity for the next crop, considering all the Company's units, is 15,500 thousand metric tons (not within the scope of the review of the independent accountants).

Guarantees given to sugarcane suppliers

The Company and the Group have granted guarantees for various financings for their sugarcane suppliers to their financial institutions. At September 30, 2023, these total R\$ 154,352 (March 31, 2023 - R\$ 131,450). All guarantees are matched by the issue of Rural Product Bills (sugarcane) for the pledge of the sugarcane and, in some cases, the supplier's own land, which guarantees any non-compliance with the obligations of the guaranteed producers.

30. Risk management and derivative financial instruments

The Company and the Group are exposed to market risks, which include exchange rate risk, commodity price and interest rate volatility, credit risk and liquidity risk. The Company's Management believes that risk management is essential for: (i) continuous monitoring of exposure levels based on contracted sales volumes; (ii) estimates of the value of each risk based on the established foreign exchange and sugar sales price exposure limits; and (iii) forecasting future cash flows and establishing approval limits for the contracting of financial instruments for the pricing of products and protection against exchange variation and price volatility.

Derivative financial instruments are contracted exclusively for the purpose of pricing and hedging Company's sugar export operations, as well as to hedge financial liabilities against sugar price fluctuation risks in the international market and exchange variation. There are no transactions with financial instruments for speculative purposes.

Market risk

a) Foreign exchange risk

Management has established a policy that requires the Group companies to manage foreign exchange risk to reduce the potential impact of this currency mismatch on their cash flow.

Forward contracts for currencies, swaps and NDFs (Non-Deliverable Forward) are used. The Company's and the Group's financial risk management policy is to protect expected cash flows, mainly related to export sales and debt for a period of up to 24 months or two harvests.

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Assets and liabilities denominated in foreign currency

The table below summarizes the assets and liabilities denominated in foreign currency (USD), recorded in the balance sheet in the current financial information:

	Note	September 30, 2023		March 31, 2023	
		R\$	US\$	R\$	US\$
Assets					
Cash and cash equivalents	3	137,288	27,418	82,645	16,268
Trade receivables	5	10,823	2,161	18,430	3,628
Derivative financial instruments	30	46,468	9,280	13,643	2,686
		<u>194,579</u>	<u>38,859</u>	<u>114,718</u>	<u>22,582</u>
Liabilities					
Loans and financing	17	(2,236,498)	(446,647)	(2,104,115)	(414,188)
		<u>(2,236,498)</u>	<u>(446,647)</u>	<u>(2,104,115)</u>	<u>(414,188)</u>
Hedged loans and financing		1,562,283	312,001	1,584,996	312,001
Net exposure (i)		<u>(479,636)</u>	<u>(95,787)</u>	<u>(404,401)</u>	<u>(79,605)</u>

(i) Net exposure deducts loans and financing in foreign currency, designated for hedging, as these are hedged with derivative financial instruments.

The entire net exposure of USD 101,272 is expected to be covered by future export revenues, based on projections for the 2023/2024 harvest estimated at USD 449,556 (Note 29).

These assets and liabilities were updated for the interim financial statements for the period ended September 30, 2023, using the exchange rate of R\$ 5.0073 per US\$ 1.00 (March 31, 2023 - R\$ 5.0801 per US\$ 1.00), a depreciation of 1.4% in relation to the US Dollar for the previous six-month period.

b) Commodity price volatility risk

The Company and the Group are exposed to the risk of changes in the price of commodities for products, such as sugar and ethanol. At September 30, 2023, 985,569 metric tons of sugar (at September 30, 2022 - 927,469 metric tons of sugar) were priced with trading partners scheduled for delivery as of October 2023 with an average price of R\$ 20.69 ¢/lb (at September 30, 2022 - R\$ 15.34 ¢/lb) (USD cents per pound weight) with POL premium included.

In the periods ended September 30, 2023 and 2022, there were no prices fixed for ethanol sales.

c) Cash flow risk or fair value associated with interest rate

The Company's and the Group's loans and financing are primarily at floating rates. For Brazilian Real debt there is a natural hedge for interest rate risk, since the financial investments are all indexed to floating rates. With respect to foreign currency loans and financing, the Company and the Group partially hedge debt through derivative financial instruments.

d) Sensitivity analysis of market risks

Qualitative and quantitative information for on and off-balance sheet financial instruments is presented below.

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The table below presents a sensitivity analysis of the effects of changes in the relevant risk factors to which the Company is exposed.

Interest rate sensitivity

Instrument/operation	Risk	Probable scenario		Increase		Decrease	
		Rate	Amount	25%	50%	-25%	-50%
Loans and financing	Increase of CDI	12.65%	(1,073,661)	(1,342,076)	(1,610,492)	(805,246)	(536,831)
Loans and financing	Increase of SOFR	5.50%	(24,042)	(30,053)	(36,063)	(18,032)	(12,021)
Financial investments	Decrease of CDI	12.65%	188,411	235,514	282,617	141,308	94,206
Projected result			(909,292)	(1,136,615)	(1,363,938)	(681,969)	(454,646)

The sensitivity analysis of variations in interest rate curves was conducted considering the effects of an increase or decrease of 25bps and 50bps (basis points) in the derivative's pricing curve. Exposure to rates refers exclusively to variations in the DI curve. For the other risk factors, the impact on the result is the percentage change of 25% and 50% in the related market yield curve of the associated risk, described in the table above (exchange rate and commodity prices).

The probable scenario considers the position at September 30, 2023, the effects from stressing the scenarios by 25% and 50% are as follows:

Effect of currency variations

Instrument/operation	Risk	Probable scenario		Increase		Decrease	
		Current	Amount	25%	50%	-25%	-50%
Loans and financing - without hedge designation	Increase of the US dollar	5.0073	(479,636)	(599,545)	(719,455)	(359,727)	(239,818)
Cash and cash equivalents	Decrease of the US	5.0073	137,288	171,610	205,932	102,966	68,644
Trade receivables	Decrease of the US	5.0073	10,823	13,529	16,235	8,117	5,412
Projected result			(331,525)	(414,407)	(497,288)	(248,644)	(165,763)

Sensitivity to the fair value of derivative financial instruments

Instrument/operation	Risk	Probable scenario	Increase		Decrease	
			25%	50%	-25%	-50%
Price risk:						
Futures contracts						
Commitments to buy and sell (*)	Increase of sugar price	4,100,944	5,126,180	6,151,416	3,075,708	2,050,472
Exchange rate risk:						
Futures contracts						
Commitments to buy and sell	Increase of the US dollar	46,468	58,085	69,702	34,851	23,234
Projected result		4,147,412	5,184,265	6,221,118	3,110,559	2,073,706

(*) The table discloses the amount equivalent to the balance to be fixed of existing contracts based on the NYBOT (New York Board of Trade) sugar contracts and the USD at September 30, 2023, with variations only on the contracted and non-fixed balances.

e) Derivative financial instruments

As of April 1, 2022, the Company opted to apply hedge accounting for part of its financial instruments. The financial instruments chosen for designation as hedging instruments are (i) derivatives of sugar, ethanol and foreign currency (USD) and (ii) debts in foreign currency (USD) that cover sales of the 2023/2024 to 2024/2025 harvests and were classified as cash flow hedge of highly probable expected transactions (future sales).

Prospective effectiveness tests were executed which demonstrated that the instruments designated for hedging provide a highly effective compensation for the effects of currency variations on the value of future sales.

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For foreign exchange hedges, derivative and non-derivative financial instruments were designated as cash flow hedges for future sales in foreign currency. These hedges are contracted through NDFs, Options, Swaps and Debt strategies in foreign currency contracted with prime financial institutions and within the Risk Management criteria.

The balances of assets and liabilities related to transactions involving derivative financial instruments and their due dates are as follows:

	September 30, 2023			
	Volume	Average price	Notional R\$	Fair value
<u>In current assets</u>				
Foreign currency forward contracts				
Sale commitments	163,250	5.1859	846,598	12,741
				<u>12,741</u>
<u>In noncurrent assets</u>				
Swap contracts				
Cross-currency swap	300,001	USD + 0% x 51% CDI	1,557,515	33,727
Swap contracts				
Interest rate swap	106,964	IPCA + 10% x 150% CDI	106,963	4,236
				<u>37,963</u>
<u>In current liabilities</u>				
Swap contracts				
Cross-currency swap	12,000	USD + 0% x 100% CDI	62,926	(6,863)
Cross-currency swap	300,001	USD + 0% x 51% CDI	1,557,515	(81,612)
Interest rate swap	106,964	IPCA + 10% x 150% CDI	106,963	(2,966)
Cash flow hedges - foreign exchange debts	(10,762)	4.8822	(52,542)	(53,889)
Total derivative financial instruments in current liabilities				<u>(145,330)</u>
<u>In non-current liabilities</u>				
Foreign currency forward contracts				
Sale commitments	10,000	5.0581	50,581	(1,537)
Cash flow hedges - foreign exchange debts	(26,660)	5.2609	(140,256)	(133,495)
Total derivative financial instruments in non-current liabilities				<u>(133,495)</u>
March 31, 2023				
	Volume	Average price	Notional R\$	Fair value
<u>In current assets</u>				
Foreign currency forward contracts				
Sale commitments	90,125	5.4914	494,915	19,459
Purchase commitments	23,610	5.7846	136,577	(5,816)
				<u>13,643</u>
<u>In current liabilities</u>				
Swap contracts				
Cross-currency swap	11,811	USD + 11% x FIXED 4%	60,000	(1,096)
Cash flow hedges - foreign exchange debts	(73,484)	5.0207	(368,941)	(373,306)
Total derivative financial instruments in current liabilities				<u>(374,402)</u>
<u>In non-current liabilities</u>				
Swap contracts				
Cross-currency swap	300,001	USD + 0% x 51% CDI	1,557,515	(40,252)
Cross-currency swap	12,000	USD + 0% x 100% CDI	62,926	(3,565)
Interest rate swap	106,964	IPCA + 10% x 150% CDI	102,482	(510)
Cash flow hedges - foreign exchange debts	(32,479)	5.3024	(172,218)	(165,008)
Total derivative financial instruments in non-current liabilities				<u>(209,335)</u>

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At September 30, 2023, the composition of financial instruments designated for hedge accounting at the reporting date is as follows:

	September 30, 2023		
	Assets	Liabilities	Other comprehensive income
Financial instruments - hedge accounting			
Foreign currency forward contracts	12,741	(30,959)	18,218
Foreign exchange derivatives - cross-currency swap	33,727	(13,959)	(19,768)
Interest derivatives - interest rate swap	4,236	(2,194)	(2,042)
Natural hedge - foreign exchange debts		(8,243)	8,243
	50,704	(55,355)	4,651
Deferred taxes on the items above	(17,239)	18,821	(1,581)
	33,465	(36,534)	3,070

As a consequence of adopting the hedge accounting, the positive effect of R\$ 4,651 that would otherwise have been reflected in results is carried in equity, acknowledging the hedge relationship and timing of recognition in income.

Estimated realization

The effects on equity and the estimated realization in income are shown below:

	Parent company and Consolidated					
	23/24 harvest	24/25 harvest	25/26 harvest	26/27 harvest	27/28 harvest	Total
Derivative financial instruments						
Foreign currency forward contracts	15,184	3,034				18,218
Foreign exchange derivatives - cross-currency swap	57,822	(2,040)	(75,550)			(19,768)
Interest derivatives - interest rate swap	(6,502)	(4,318)	2,135	3,433	3,210	(2,042)
Cash flow hedge - foreign exchange debts	5,231	3,012				8,243
	71,735	(312)	(73,415)	3,433	3,210	4,651
Deferred taxes on the items above	(24,390)	106	24,961	(1,167)	(1,091)	(1,581)
	47,345	(206)	(48,454)	2,266	2,119	3,070

Credit risk

A substantial part of the Company's and Group's sales is made to a select group of highly qualified counterparties, such as trading companies, large fuel distributors, electricity distributors and large supermarket chains.

Credit risk is managed for customer acceptance, credit analysis and establishment of exposure limits per customer, including, when applicable, letter of credit requirement from top-tier banks and collateral on loans granted. Management considers that the credit risk is substantially covered by the estimated loss on doubtful accounts.

The individual risk limits are determined based on internal or external classifications, as determined by management. The use of credit limits is monitored regularly. No credit limit was exceeded during the period, and management does not expect any loss arising from default by these counterparties in an amount greater than the amount already provisioned. The Company and the Group operate commodity derivatives in the over-the-counter market with selected counterparties and in over-the-counter contracts registered with B3, mainly with the main Brazilian and international banks considered by international risk rating agencies as Investment Grade.

The over-the-counter derivative operations do not require a guaranteed margin.

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Credit risk on cash and cash equivalents and short-term investments is mitigated through broadly held instruments, always with reference to the CDI (Notes 3 and 4). The distribution follows strict criteria for allocation and exposure to counterparties, which are the main Brazilian and international banks considered, for the most part, as Investment Grade by the international rating agencies.

Liquidity risk

The finance department conducts ongoing reviews of the Company's and Group's liquidity requirements to ensure that there is sufficient cash to meet operating needs.

On the date of approval of these interim financial statements, the Company and the Group had negative working capital (Note 2.11 item (d)). This reflects the natural maturation cycle for the short-term debt, plus continued high interest rates and the buildup of inventories at the beginning of the harvest increasing the indebtedness of the Company and the Group. These factors, combined with the more inflated prices for inventories for the 2023/2024 harvest and the maintenance of the investment schedule, increased demands on the Company's cash requirements, requiring a higher volume of short-term funding in the period.

The table below presents the maturity of financial liabilities:

						Consolidated
	23/24 harvest	24/25 harvest	25/26 harvest	26/27 harvest	27/28 harvest onwards	Total
September 30, 2023						
Accounts payable	574,270	1,461				575,731
Loans and financing	692,609	1,528,847	662,121	1,806,298	168,464	4,858,339
Commitments from electricity contracts	65,028	157,841		35,106		257,975
Derivative financial instruments	40,806	47,669		2,966		91,441
Leases and agricultural partnerships payable	186,778	375,252	348,847	324,537	4,461,693	5,697,107
	1,559,491	2,111,070	1,049,040	2,130,835	4,630,157	11,480,593
March 31, 2023						
Accounts payable	200,066					200,066
Loans and financing	1,219,456	1,021,897	589,762	1,784,962	146,677	4,762,754
Commitments from electricity contracts	110,212	127,888	27,915			266,015
Derivative financial instruments	1,724	3,565		40,252	510	46,051
Leases and agricultural partnerships payable	371,378	343,030	315,908	292,247	4,110,468	5,433,031
	1,902,836	1,496,380	933,585	2,117,461	4,257,655	10,707,917

Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that it can continue to offer returns to shareholders and guarantees to other stakeholders, in addition to maintaining an optimum capital structure to reduce the cost of capital.

The Company monitors capital based on the financial leverage ratio, which corresponds to net debt expressed as a percentage of total capitalization. Net debt, in turn, corresponds to total loans, financing (including short and long-term balances, as shown in the balance sheet), subtracted by the amount of cash and cash equivalents. The total capitalization is calculated by adding the net equity and the net debt, as shown in the balance sheet.

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The financial leverage ratios are as follows:

	Note	Consolidated	
		September 30, 2023	March 31, 2023
Loans and financing	17	3,849,958	3,641,931
Lease payable	15	990,172	990,065
Agricultural partnerships payable	15	748,426	738,958
Commitments from electricity contracts	20	214,851	218,024
Less: cash and cash equivalents	3	(252,372)	(390,862)
Less: financial investments	4	(198,900)	(142,348)
Net debt	(a)	5,352,135	5,055,768
Total equity	(b)	2,659,142	2,679,490
Total capitalization	(c) = (a) + (b)	8,011,277	7,735,258
Gearing ratio - %	(a) / (c)	67%	65%

Fair value

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

Cash and cash equivalents, financial investments, accounts receivable and accounts payable are measured at amortized cost, which approximate their fair value largely due to the short-term maturity of these instruments.

For loans and financing, the respective market values approximate the values recorded in the financial statements as these financial instruments are subject to floating interest rates.

The Company and the Group contract derivative financial instruments with various counterparties, especially financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with observable market data refer mainly to forward foreign exchange contracts and swaps. The most frequently applied valuation techniques include pricing models for forward contracts and swaps, with present value calculations. The models incorporate a variety of data, including counterparty credit quality, spot and forward exchange rates, and interest rate curves.

Fair value hierarchy

The Company and the Group use the following methodology to determine and disclose the fair value of financial instruments by valuation technique:

- Level 1: prices quoted (without adjustments) in active markets for identical assets or liabilities;
- Level 2: other techniques for which all data that have a significant effect on the fair value recorded are observable, directly or indirectly;

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- Level 3: techniques that use data that have a significant effect on the fair value recorded that are not based on observable market data.

At September 30, 2023, the Company and the Group present financial instruments measured at fair value through other comprehensive income, derivative financial instruments, classified in Level 2 under the fair value hierarchy.

31. Insurance coverage

At September 30, 2023, the Company and its subsidiaries had contracted insurance for material damages (machinery breakdown, electrical damage, fires, lightning, explosions of any nature and implosions) for the entire sugar and ethanol stock and for buildings, equipment, installations and agricultural machines of the plants installed in the Northeast and Southeast of Brazil, in addition to risks related to civil liability, with total coverage of R\$ 837,416. This coverage is considered sufficient by Management, supported by its insurance brokers, to cover potential losses (not within the scope of the review of the independent accountants).

* * *

Certificado de Conclusão

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Status: Concluído

Assunto: Complete com a DocuSign: SAUSINACORURIFE923.pdf

LoS / Área: Assurance (Audit, CMAAS)

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Documentar páginas: 76

Assinaturas: 1

Remetente do envelope:

Certificar páginas: 2

Rubrica: 0

Joelye Oliveira

Assinatura guiada: Ativado

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Fuso horário: (UTC-03:00) Brasília

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Endereço IP: 201.56.5.228

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Status: Original

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Local: DocuSign

12 de dezembro de 2023 | 18:38

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Portador: CEDOC Brasil

Local: DocuSign

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BR_Sao-Paulo-Arquivo-Atendimento-Team@pwc.com

Eventos do signatário

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Partner

PwC BR

Nível de segurança: E-mail, Autenticação da conta (Nenhuma), Certificado Digital

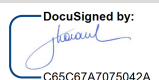
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Registro de hora e data

Enviado: 12 de dezembro de 2023 | 18:40

Visualizado: 12 de dezembro de 2023 | 18:55

Assinado: 12 de dezembro de 2023 | 18:56

Eventos do signatário presencial**Assinatura****Registro de hora e data****Eventos de entrega do editor****Status****Registro de hora e data****Evento de entrega do agente****Status****Registro de hora e data****Eventos de entrega intermediários****Status****Registro de hora e data****Eventos de entrega certificados****Status****Registro de hora e data****Eventos de cópia****Status****Registro de hora e data**

Joelye Oliveira

Copiado

Enviado: 12 de dezembro de 2023 | 18:56

joelye.oliveira@pwc.com

Visualizado: 12 de dezembro de 2023 | 18:56

Nível de segurança: E-mail, Autenticação da conta (Nenhuma)

Assinado: 12 de dezembro de 2023 | 18:56

Termos de Assinatura e Registro Eletrônico:

Não oferecido através do DocuSign

Eventos com testemunhas**Assinatura****Registro de hora e data****Eventos do tabelião****Assinatura****Registro de hora e data**

Eventos de resumo do envelope	Status	Carimbo de data/hora
Envelope enviado	Com hash/criptografado	12 de dezembro de 2023 18:40
Entrega certificada	Segurança verificada	12 de dezembro de 2023 18:55
Assinatura concluída	Segurança verificada	12 de dezembro de 2023 18:56
Concluído	Segurança verificada	12 de dezembro de 2023 18:56

Eventos de pagamento	Status	Carimbo de data/hora
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