CONSOLIDATED FINANCIAL STATEMENTS

TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

For the year ended 31 March 2024

This is a convenience translation from the original consolidated financial statements of Tereos Açúcar e Energia Brasil S.A. for the year ended 31 March 2024 previously issued in Portuguese.

Tereos

MANAGEMENT REPORT

For the year ended 31 March 2024

In compliance with legal and statutory rules, the Management of Tereos Açúcar e Energia Brasil S.A. (“Company” or “Tereos” or “TAEB”) submits the Management Report and the Consolidated Financial Statements, for to the year ended on 31 March 2024, prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil (“BRGAAP”) accompanied by the Independent Auditor’s Report.

MESSAGE FROM MANAGEMENT

It is with great satisfaction and pride that we present to you our financial statements, which reflects Tereos’ resilience and ability to overcome. After a low productivity in the crop 21/22 and a reconstruction in the crop 22/23, we had a crop 23/24 of records in all aspects in which our industrial units crushed sugarcane until December 19^{th}.

Our crushing was the largest ever recorded (21.1 million tons), exceeding all expectations. We managed to achieve unprecedented revenue (R$ 6.7 billion), demonstrating the strength and competence of our team at each stage of the process. And the most rewarding, we obtained record net profit (R$ 719 million), which reflects not only our commitment, but also the effectiveness of our strategies and the union of everyone towards a common goal. In addition to the best adjusted EBITDA in history, we had the higher recurring EBIT, lower level of financial leverage and many other reasons to be proud.

Investments in planting and improvements in agricultural practices, combined with a better rain distribution, resulted in a 22.3% increase in the total sugar cane processed compared to the previous crop, against 19.3% of increase recorded in the South Center region. The increase in Tereos was driven by productivity increased of 20.1% and according to a survey issued by the CTC (*Centro de Tecnologia Canavieira*), we maintained the second-best productivity position, reaching 12.9 stabilized TSH (ton of TRS/ha).

Added to this, with a more favorable price scenario, the Company was able to maintain 67% of its production destined for sugar, compared to a mix of 49% in the South Center region. The combination of the positive effects of production mix and sugarcane volume paved the way for recording record results.

Our constant investment in innovation and our concern for the sustainability of our operations are also behind the historic numbers that we achieved. We are pioneers in the introduction of new technologies, whether in precision agriculture, with a georeferencing system that uses cutting-edge technology to track and monitor all activities carried out in our agricultural areas, or in the use of analytical intelligence that takes advantage of data captured by tablets, drones, satellites, and sensors which generates insights that improve our decision making. We invest in diverse technologies such as artificial intelligence, big data, advanced analytics, digital twin, industry 4.0, internet of things (IoT), among others, aiming to reduce costs with productivity increase. We also have the Agroindustrial Operations Center (“COA”), focusing on agricultural connectivity, organizing data in a data lake and increase in the scope of the innovation center through new systems and partnerships with agtechs.

In addition to being a signatory to the United Nations Global Compact since 2017, we are the only company in the sector to join *SBTi* (Science Based Targets initiative), which is a partnership between CDP (Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) to mobilize the private sector in relation to climate change and limit global warming to 1.5ºC. We published our third sustainability report in the GRI standard (“Global Reporting Initiative”), in which we define priority themes aligned with Tereos' global pillars and long-term goals. In the crop 23/24 we increased by 13 p.p. the volume of sugarcane processed with sustainability seals (Bonsucro and FSA/SAI), totaling 65%. In this crop, we reached the mark of 100% of industrial units certified in sustainable practices in the agricultural production process (Bonsucro) and, in addition to Tanabi, Vertente industrial unit also achieved CARB certification, which increases the potential for exporting ethanol to California (USA), opening new markets for the Company. With the new certifications, the Company now has an anhydrous ethanol export potential of up to $102km^3$ for the European market and up to $72km^3$ for the Californian market.

These results are an outcome of hard work, dedication, and the spirit of overcoming that our teams demonstrate daily. We are proving that, even in the face of climate uncertainty and the difficulties that agribusiness faces, we are capable of winning and continuing to grow.

With all these initiatives, we reinforce the confidence we have in the Tereos' team, and we are sure that we are following a path of solid deliveries, in line with the expectations of the Tereos Group. We thank everyone for their dedication and continuous effort. This success belongs to all of us.

Your usual contacts at Tereos are available for any questions or clarifications.

1. Business Description

The Company is a privately held corporation, fully controlled by the Tereos Group, headquartered in France through NewCo Tereos Internacional (BR) Ltda., with a 56% stake in Brazil and with Tereos Participations SAS also as another shareholder. The Company has seven industrial units located in the northwest of the state of São Paulo.

2. Sugarcane and ethanol market

Below is presented the main data relating to the sugarcane and ethanol market for the crop 23/24 and all variations presented are comparative with the crop 22/23 (previous crop), unless otherwise stated.

According to UNICA (*União da Indústria de Cana de Açúcar*), the South Center region of Brazil had record crushing, totaling 654 million tons of sugarcane (19.3% increase), a result of productivity recovery influenced by more favorable weather. In the crop 23/24, the region produced 42 million tons of sugar (25.7% increase) and 34 billion liters of ethanol (16.2% increase), of which 13 billion liters of anhydrous ethanol (6.6% increase) and 20 billion liters of hydrated ethanol (23.2% increase). The production mix expanded 3p.p. for sugar, reaching 49% compared to 46% in the previous crop, mostly due to increase in crushing.

In the crop 23/24, raw sugar prices reached an average price of R$ 2,572 per ton compared to R$ 2,102 per ton in the previous harvest, representing an increase of 22%, driven substantially by restricted global supply.

Tereos ended the crop 23/24 with a record crushing of 21.1 million tons of sugar cane (22.3% increase) and maintained a production mix of 67% focused on sugar. Production totaled 1.9 million tons of sugar (21.3% increase) and 580 km^3 of ethanol (20.8% increase) as well as 885 thousand MWh of energy were exported (3.7% increase). Regarding the total recoverable sugar (TRS) processed, there was a 21.8% increase, totaling 3.0 million tons produced. In addition to the evolution in operational indicators, Tereos also presented records in financial terms with a 29% increase in its net revenue reaching R$ 6.7 billion, driven by greater crushing combined with better prices, in addition to reaching record adjusted EBITDA of R$1,893[1] million (70.3% increase).

[1]Includes R$ 211 million referring to the effects of IFRS 16 / CPC 06 (R2)

3. Economic-Financial Indicator

KPIs (millions of R$)	Crop 23/24	Crop 22/23 Restated	Var (%)
Net Revenue	**6,717**	**5,204**	29%
EBITDA (Adjusted) [1] [2]	**1,682**	**935**	80%
EBITDA Margin (Adjusted)	25%	*18%*	+ 7pp
Recurring EBIT [1] [2]	**1,250**	**478**	> 100%
EBIT Margin	19%	*9%*	+ 9pp
Total Assets	9,626	8,549	13%
Equity	2,595	1,885	38%
Net Debt[1] [3]	2,716	3,163	-14%
Current Liquidity	1.3x	1.2x	7%
Cash / Short-term debt[1] [3]	1.1x	0.9x	31%
Net Debt[1] [3]/ EBITDA (Adjusted)[1] [2]	1.6x	3.4x	-52%

[1] Does not consider effects of IFRS 16 / CPC 06 (R2)
[2] Does not consider Impairment effects
[3] Does not consider loans receivable from related parties

The Company chooses to use adjusted EBITDA in order to demonstrate the information that best reflects its operational cash generation and carries out the reconciliation according to the table below.

EBITDA Reconciliation (millions of R$)	Crop 23/24	Crop 22/23 Restated	Var (%)
Net income (loss)	**719**	**(516)**	**> 100%**
Income tax	160	(257)	> 100%
Share of profit of associates	(8)	7	< 100%
Net financial expense	414	452	-8%
Amortisation	656	617	6%
Impairment provision	-	824	n/a
Gain on disposal of assets	-	(26)	n/a
Fair value of biological assets[1]	(50)	10	< 100%
Others	1	(1)	> 100%
EBITDA (Adjusted) with IFRS 16 / CPC 06 (R2)	**1,893**	**1,112**	**70%**
Impact IFRS 16 / CPC 06 (R2)	(211)	(176)	20%
EBITDA (Adjusted)	**1,682**	**935**	**80%**
Cash Flow Hedge	12	192	-94%
Amortisation of tilling costs	435	345	26%
Amortisation of intercrop maintenance costs	280	322	-13%
EBITDA (Adjusted) – Peers disclosure	**2,410**	**1,794**	**34%**
Leverage considering EBITDA (Adjusted) – Peers disclosure	1,1x	1,8x	-36%

[1] Considering biological assets fair value from cashflow statement and change in variation in finished goods – FV harvested

3.1. Change in accounting method – Intercrop maintenance costs

This crop, the Group changed its accounting method related to intercrop maintenance costs, following the method already adopted in other business units around the world: these expenses, previously recognized as CAPEX in fixed assets and amortised during following production campaign, are now accounted for work-in-progress inventory against the cost of goods sold (COGS). This accounting change (without cash effect) results in a decrease in amortisations and consequently in a reduction in reported EBITDA. It also leads to an increase in working capital and a decrease in CAPEX. Operating income (EBIT) and net income are not affected.

KPIs (millions of R$)	Crop 22/23 Disclosed	Impact of change in accounting rules	Crop 22/23 Restated
Net Revenue	**5,204**	**-**	**5,204**
EBITDA (Adjusted) [1] [2]	**1,258**	**(322)**	**935**
EBITDA Margin (Adjusted)	*24%*	*-6%*	*18%*
Recurring EBIT [1] [2]	**478**	-	**478**
EBIT Margin	*9%*	-	*9%*
Total Assets	8,549	-	8,549
Equity	1,885	-	1,885
Net Debt[1] [3]	3,163	-	3,163
Current liquidity	1.1x	0.1x	1.2x
Cash / Short-term debt[1] [3]	0.9x	-	0.9x
Net Debt[1] [3]/ EBITDA (Adjusted)[1] [2]	2.5x	1.1x	3.4x

[1] *Does not consider effects of IFRS 16 / CPC 06 (R2)*
[2] *Does not consider Impairment effects*
[3] *Does not consider loans receivable from related parties*

3.2. Dividends

The Company adopts the policy of declaring and paying dividends, each fiscal year, in the minimum amount of 25% of the net income for the year, adjusted in accordance with paragraph 202 of Law 6,404/76 and in accordance with its Bylaws.

The calculation of the minimum dividend is based on the Company's net income and distribution is only allowed if equity reserves are positive. Considering that reserves as of 31 March 2024 are negative, no minimum payment will be proposed to the Shareholders' Meeting.

4. Investments

Investments (millions of R$)	Crop23/24	Crop 22/23 Restated	Var (%)
Planting	596	423	41%
Improvements, maintenance and expansions	341	201	70%
Total investments	**937**	**624**	**50%**

The increase in investments in planting is due to inflation and mainly to the recovery of unplanted area at the end of the crop 22/23 due to high rainfall. Tereos also made investments in improvements, maintenance, and expansions through fleet renewal, mix increase and efficiency in tilling, soil preparation and planting activities, which explains the increase compared to the previous year.

5. Debt (financial resources)

The Company ended the crop 23/24 with a net debt of R$ 2,716 million, a significant reduction of 14% in relation to the crop 22/23 and presented a reduction of more than 50% in leverage, reaching a record level of 1.6x in the net debt x adjusted EBITDA ratio.

Debt (millions of R$)	Crop 23/24	Crop 22/23 Restated	Var (%)
Gross debt BRL	2,192	2,550	-14%
Gross debt USD/EUR	2,436	2,125	15%
Total gross debt[1] [3]	**4,628**	**4,675**	**-1%**
Cash and cash equivalents BRL	(1,438)	(1,371)	5%
Cash and cash equivalents USD/EUR	(474)	(142)	> 100%
Total cash and cash equivalents	**(1,912)**	**(1,513)**	**26%**
Total net debt[1] [3]	**2,716**	**3,163**	**-14%**
Net Debt[1] [3]/ EBITDA (Adjusted)[1] [2]	1.6x	3.4x	-52%

[1] Does not consider effects of IFRS 16 / CPC 06 (R2)
[2] Does not consider Impairment effects
[3] Does not consider loans receivable from related parties

6. ESG (Environmental, Social and Governance)

In addition to being a signatory to the United Nations Global Compact since 2017, we are the only company in the sector to join SBTi (Science Based Targets initiative), which is a partnership between CDP (Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) to mobilize the private sector in relation to climate change and limit global warming to 1.5ºC. Launched in 2000, it constitutes the most important global initiative regarding sustainable development and provides a voluntary commitment framework for organizations that wish to advance their approaches to socio-environmental responsibility.

The pact consists of voluntarily aligning the operations and strategies of organizations around the world with ten universally accepted principles in the areas of human rights, international labor standards, the environment and the fight against corruption.

To optimize the environmental and social impacts of our business model, our sustainable development strategy is built on pillars that cover the entire value chain. In 2023, we published the third sustainability report in the GRI standard ("Global Reporting Initiative") of Tereos Açúcar e Energia Brasil SA aligned with Tereos' global pillars, linked to long-term commitments. In addition, we maintained committees to direct strategic actions for each identified topic and support the Executive Sustainability Committee's decision-making.

6.1. Sustainable supply chain

Tereos maintains strong links with the agricultural world, both in France, where farmers are cooperative members, and in Brazil, where we maintain close ties with our raw material suppliers.

Most of our agricultural raw material (sugar cane) comes from our own production and just under half comes from direct suppliers, which allows us to influence production conditions. To meet climate and demographic challenges, our priority is to combine our revenue growth with reducing our carbon footprint in the field.

Day after day, through agronomic consulting, we help farmers to choose sugarcane varieties and promote new sustainable and competitive agricultural practices. Within the *Amigo Produtor* relationship program we created the seal *"Amigo Produtor Sustentável"* (APS), which combines training and monitoring aimed a greater agronomic and the implementation of sustainable practices.

Committed to sustainable agricultural practices and supported by the APS, our suppliers have adhered to rigorous production certification standards using the Sustainable Agriculture Initiative (SAI), an organization that supports the development of socially and environmentally responsible agriculture with an assessment tool (FSA – Farm Self-Assessment Questionnaire). In 2018, with our support, we had the first sugarcane producer verified based on the

FSA/SAI (Sustainable Agriculture Initiative) methodology. By March 2024, 18 producers had gone through this process. Currently 28% of sugarcane from suppliers undergoes FSA/SAI assessment, which represents almost 14% of all sugarcane crushed in the 23/24 harvest in our units.

Our own sugarcane is certified by Bonsucro, internationally recognized for attesting sustainable sugar-energy production. Six of our units have already received certification.

We ended the crop 23/24 with 65% of the total sugarcane processed with sustainable certification (Bonsucro and FSA/SAI) and we are committed to gradually increasing this result.

At our units, we assess the nutrient cycle and soil conservation to ensure the productivity and longevity of our sugarcane fields. Currently, we carry out crop rotation to fix nitrogen and produce green mass to replace soil organic matter. In addition, we also reuse industrial by-products such as vinasse and filter cake, as well as straw left in the field after harvesting to further enrich the quality of the soil.

We have a consolidated agricultural technology development front, and in each crop, we incorporate new initiatives that contribute to optimizing resources, such as precision agriculture, the use of UAVs (unmanned aerial vehicles) to assess areas, the constant study of more resistant varieties and a portfolio of high-efficiency inputs.

6.2. Circular economy and climate change

The logic of the circular economy allows us to improve environmental performance, reducing our greenhouse gas emissions and increasing the use of renewable materials, while improving our industrial and commercial performance. Today, in addition to the use of vinasse and filter cake in our sugarcane fields and the cogeneration of electrical energy through sugarcane bagasse, the Company maintained, in the crop 23/24, the operation of its biogas plant, located at the Cruz Alta unit, in Olímpia (SP), with the capacity to generate electrical energy through the bio digestion of vinasse.

Reducing our environmental impact and harnessing the potential of our raw materials are among our main responsibilities. Therefore, we place the circular economy at the center of our practices to ensure that plant residues return to the production chain as new resources. Sugarcane has a record use in the sugar-energy sector, representing practically 100% of the material and by-products generated.

As a result of Tereos' efforts, within *Renovabio* program, Tereos has one of the best scores in terms of energy efficiency among sugar-energy groups with crushing capacity above 10 million tons.

In addition to the industrial waste that is reused, we also manage food waste from our restaurants for use in our own compost bins and, later, for fertilization in our nurseries. Furthermore, we apply reverse logistics to 30% of our packaging that goes to the retail market.

6.3. Water

Tereos also always seeks to increase the efficiency of its water management and reduce consumption of the resource supported by several initiatives. Taking care of the environment, and especially water resources, is fundamental to ensuring a better and more sustainable future for everyone. There is also water circularity in the processing of sugarcane through the water contained in the plant, which in the industrial process is transformed into steam and is condensed to later be used in fertigation of sugarcane fields, among other uses. In the crop 23/24, we surpassed the 50% mark of our target for reducing water consumption per ton of processed sugarcane, reaching 11% of the 21.5% expected for the crop 29/30, in relation to the basis year 2017/18. This evolution reflects actions as shown below:

- **Water Committees**: internal meetings are held monthly with the aim of implementing actions to improve water consumption results. The Company brings together people involved in these processes in different ways, to discuss ideas and develop solutions for reusing water and minimizing the generation of waste and effluents. The committee also evaluates important operational indicators, such as water capture, the efficiency of Sewage Treatment Plants and the capture goals of each unit, including discussions of new projects and initiatives by other units.

- **Water Eyes:** a program to recover headwaters in the hydrographic basins of the region through reforestation of headwaters areas to create favorable soil conditions for rainwater infiltration, improving the quality and increasing the quantity of water for the local area, among other actions.

- **Kaizen Projects:** Tereos invests in several projects aimed at more efficient water management and encourages the development of solutions in all industrial units to reduce consumption and more conscious regarding the use of water resources. The Company also has internal recognition practices for these initiatives, with a special focus on the sustainability of operations, such as the “Tereos Excellence Award” and the “Kaizen Program”. Every month, different areas of the Company can register water management improvement initiatives through the Kaizen Program, with the aim of optimizing processes and achieving business objectives in a more sustainable way.

6.4. Socio-environmental certifications and seals

Combining high-performance agricultural practices with respect for the environment and people, as well as food safety, Tereos maintains important certifications, which require high quality standards throughout the entire production process. Our units operate in accordance with management systems that seek to meet market demands and the requirements of international standards. Furthermore, we continue working to increase certification scopes and meet market demands. In the crop 23/24, Tanabi unit achieved Bonsucro certification. In addition, Mandu unit, which also already had Bonsucro certification, changed its scope to the European standard, expanding the possibility of exporting to this market. Currently, this represents 100% of our industrial units certified in sustainable practices in the agricultural production process. Another new was the achievement of CARB certification by Usina Vertente, which increases Tereos’ potential for ethanol exports to California, opening new markets for the Company. With the new certifications, now we have an export potential of anhydrous ethanol up to 102km^3 for the European market and up to 72km^3 for the Californian market.

Certification	Certification description	Cruz Alta	Severínia	Tanabi	Mandu	Andrade	San José	Vertente
Bonsucro	Reduction of environmental and social impacts in the production of sugarcane, ethanol and biomass energy	●	●	●	●	●	●	●
RenovaBio	Brazilian system renewable source fuel certification program	●	●	●	●	●	●	●
Greener ethanol	Consolidates the goals assumed under the Agro-Environmental Protocol (2007) and reaffirms good practices that have already been adopted	●	●	●	●	●	●	●
EPA	Registration to export ethanol to the USA		●	●		●		●
CARB	Certification for ethanol export to California			●				●
I-REC	The International REC Standard (I-REC) works as a global system for tracking environmental energy attributes and is the most reliable means of proving and tracking energy consumption from renewable sources, following various international standards. This is how anyone who consumes renewable energy can make a conscious, evidence-based choice.	●		●	●		●	
KOSHER	Attests that the process and products follow the legal requirements and specific criteria of the Orthodox Jewish diet	●				●		
HALAL	Attests that the process and products follow the legal requirements and criteria determined by Islamic jurisprudence	●		●	●	●	●	●
ISO 22000	Food safety: defines the requirements for a food safety management system covering all organizations in the food chain, from "harvest to table"	●						
FSSC 22000	FSSC 22000 – *Food Safety System Certification*: aims to monitor safety in food production and distribution	●						
Organic	Attests that the process and product follow the regulatory requirements determined by MAPA and the requirements of the certifying body	●						
GMP + FSA	Animal food safety: defines the requirements of a food safety management system for animal feed				●			
SMETA - Sedex	SMETA (*Sedex Members Ethical Trade Audit*): Good practices in ethical audit technique	●				●		●

6.5. Occupational health and safety

Tereos continually seeks to reduce total accident rates and has a rigorous safety policy applied to all operations, with guidelines on health and safety topics based on the pillars of Risk Management, Management System, Leadership Accountability, and care for employees' physical and mental health are included in the “SEJA” Program.

Risk Management: divided into 4 layers, this pillar acts on the assessment of operational risks, risk and change management, risk management by tasks and individual risk perception to develop effective and proactive risk management based on risk groups that generate fatalities and permanent injuries. In each of the layers of this pillar, the focus will always be on high-level actions, which are Elimination and Replacement of Risk and Engineering Control.

Management System: in this pillar we operate with a focus on management tools, follow-up of indicators in operational meetings to maintain the focus on definitive solutions. The objective is to increase effectiveness in mitigating the causes of events. Among drivers who drive fleet vehicles, the company carries out safe driving training, in addition to implementing tools such as the Fatigue Management System, to avoid potential accidents.

Accountability of Leadership: in this pillar we work on the develop and empower Leadership through the promotion of resources, tools, methodologies and guidelines. We develop Visible and Perceived Leadership (VFL) seeking to have a culture of high performance and excellence, free from high potential occurrences. Within Leadership Accountability, we have the *LíderVisit* program, which aims to bring our leaders in contact with our operations to achieve increasingly safer processes. In this way, the leaders were divided into multidisciplinary groups and, periodically, visit different areas and units according to a pre-established schedule.

6.6. Socio environmental responsibility

The Group is involved in several programs to support local populations, particularly in the areas of health, education and the environment:

- **Beekeeping Project:** project created based on the Coexistence Protocol, signed between SAA, UNICA, ORPLANA and Syngenta, with the aim of encouraging dialogue between farmers and beekeepers. Together, we seek ways that value the rational protection of crops, the pollination service performed by bees, the protection of bees and respect for beekeeping. Were already identified 439 apiaries belonging to 57 beekeepers in 32 cities in the region of Tereos’s seven units.

- **Water eyes:** 7 springs are included in the project, whereof 2 have already been recovered and 5 are under recovery.

- **Reforestation:** recovery of forest fragments with native tree seedlings, produced in our own nursery, in accordance with legal requirements, in compliance with the Forest Code, in addition to support for public entities in municipalities close to Tereos units, with an average of approximately 500 hectares of recovered vegetation.

- **Seedling Nursery:** production of native seedlings for reforestation actions by units, agricultural partners and public institutions. Around 180,000 seedlings are produced annually.

- ***“Tereos na Área”*:** a program that highlights the company's growing involvement with communities close to its units. Its first edition was held in December 2023 in Mirassolândia city, including a variety of activities, from donating seedlings from the Tereos nursery to offering services such as haircuts and massages, in addition to registering CVs and publicizing job opportunities, demonstrating the company's commitment to local development and community engagement.

- **Energy donation:** Since 2012, we have donated electricity to supply units *Antenor*, *Infantil* and *São Judas*, at *Hospital de Amor* in Barretos/SP, a reference in cancer prevention and treatment.

6.7. People

As a leading employer in the region in which it operates, Tereos is committed to developing qualified jobs to contribute to the economic and social development where we operate.

People are at the heart of our development model, and we are certain that it is our teams and our future talents that will allow us to achieve Tereos' ambitions of today and tomorrow. We have GPTW certification (Great Place to Work) obtained through a climate survey conducted with the Company's employees and recognizes the Company's initiatives focused on people management, in addition to reinforcing the Tereos Group's commitment to the well-being of employees, developing the practical skills of each one and promoting a collaborative environment for all. In the crop 23/24, a module focused on the theme of diversity and inclusion was applied in the development program, *Supervisores em Ação*, of which around 60 supervisors participated. In addition, several conversation circles were held with focus groups throughout the company, with the aim of making all hierarchical levels protagonists in the construction of an increasingly inclusive environment.

During the crop, we held several notable events to provide information, promoting welcoming and making the work environment increasingly aware and inclusive, such as:

- **3rd Diversity and Inclusion Week:** with relevant themes and addressing the 5 pillars of Diversity and Inclusion (Race and Ethnicity, Gender, LGBTQIA+, Generations and People with Disabilities), the Diversity and Inclusion Week aimed to reinforce our position regarding Diversity and Inclusion and strengthen the culture of inclusion in our company. It was also the opportunity to highlight the strategic benefits of inclusion and diversity for our business and raise awareness among teams about harassment and discrimination.

- **2nd Workshop for Women in Agribusiness:** it was attended by more than 200 women, covering topics such as professional growth, protagonism, career, in addition to sharing life and career stories of successful women in agriculture.

- **"We Need to Talk About It" Campaign:** continuation and reinforcement of the campaign that encourages an effective approach to diversity and inclusion and seeks to combat harassment, prejudice and discrimination.

- **Groups talks about Diversity and Inclusion:** in our units and at Rio Preto's Office, members of the executive committee promoted dialogues about Diversity and Inclusion with more than 115 employees. As great allies of the cause, our leaders shared their stories, creating a safe space to welcome participants, and invited them to contribute to an environment where everyone can feel valued and respected.

- ***"Empoderadas"* Project:** in this crop we started an exclusive mentoring initiative for female employees with the aim of strengthening and accelerating their professional development. Group talks were held on topics such as protagonism, motherhood, career, strategic communication and, in addition, the employees had individual mentoring sessions with the Company's executive managers.

We are effectively managing diversity, equity, and inclusion, advancing the ratio between men and women in all areas and positions. Our goal is to have 15% of women in the workforce by 2030, ensuring that every selection process has at least two women interviewed. Furthermore, we want to reach 17.5% of women in leadership positions in the same period.

Aiming to improve technical skills focused on the sugar-energy sector and promote professional initiation for residents of cities surrounding Tereos' industrial units, the company develops a series of free training courses for the population. These trainings reinforce Tereos' commitment not only to the communities where it operates, seeking to positively influence the population in these regions and contribute to local development through dialogue and actions, but also to diversity and female insertion in the job market.

By promoting classes exclusively for women, Tereos is committed to creating a diverse and inclusive work environment that promotes female participation. Furthermore, it empowers women by training them in different roles that, historically, were aimed at men, such as tractor and truck drivers and automotive maintenance.

In the crop 23/24, three training courses were promoted for communities close to Tereos units. The courses were for Agricultural Machinery Operation, exclusively for women residents in Olímpia and Tanabi cities. After training, participants received certificates and were evaluated for internal opportunities.

As a result of this culture of valuing people, we are proud to say that we closed the crop 23/24 with a total internal utilization of 59%. This number is even better when we only consider leadership positions, reaching 80%.

6.8. Entry Programs

- **Young Apprentice Program**: the Young Apprentice Program is aimed at young people, between 18 and 22 years old, with completed high school education, with little or no professional experience and aims to train and develop technical and behavioral skills essential for entering the job market. The program allows young people to learn about processes and routines in our business units in a practical and targeted way, while at the same time receiving technical training at partner institutions. During the crop 23/24, around 355 young apprentices were undergoing training and the learning process in our units.

- ***"Pescar"* Project**: Tereos has also had a partnership with *"Projeto Pescar"* for 12 years, which aims to educate and train young people, between 16 and 22 years old, in situations of socioeconomic vulnerability, promoting the transformation of their realities and, therefore, of society as a whole, through learning and entry into the job market. The "Projeto *Pescar"* is focused on development, learning and professional initiation in agro-industrial processes, training and preparing participants not only to enter the job market within the sugar-energy sector, but also offering great possibilities for employment in one of our units. This crop, 20 young people participated in the *"Projeto Pescar"* in our units.

- **Tereos Summer Experience Program**: the summer internship program aims to develop new talents, offering the opportunity to experience their learning in practice, with the support of the company. During the 45-day internship period, participants have the challenge of developing a Kaizen project focused on their area of expertise. In the crop 23/24, we had 12 university students from the region participating in the program at our units.

- **Young Talents Program**: Tereos Young Talents internship program offers the opportunity for university students to learn more deeply and in a supervised way about their areas of activity. In this way, they learn about the sugar-energy sector and develop their skills in a practical way, working in the area's daily activities and developing an improvement project. There were 120 interns participating in the Young Talents Program in our units and corporate area.

- **T3 Talent Tech Tereos Program**: launched in last crop, the program T3 Talent Tech Tereos has a focus on developing the career of students of Technology courses. Offers the opportunity to develop skills through a mentoring program and a training track in a digital platform. In this first class, 19 interns were selected to work in the four main technology areas of the Company.

- **Young Engineers Program**: we resumed the Young Engineers Program, focused on the development and career acceleration of young professionals in the region, with professional experience between 2 and 5 years, for leadership development. Lasting 18 months and with a robust development plan in technical and behavioral skills, the program involved 6 professionals allocated to our industrial units in the crop 23/24.

6.9. Sustainable financing

In line with Tereos' commitment to engagement with the ESG theme, the Company has a portfolio of "green" financing linked to sustainability goals covering around 55% of its bank financing, in which Tereos remains committed to reducing emissions of greenhouse gases, reduce water consumption, increase the percentage of certified sugarcane, and improve health and safety indicators at work.

OTHER EXTERNAL AUDIT SERVICES

The Company's policy of contracting services not related to the audit of its consolidated financial statements, together with its independent auditors, is based on internationally accepted principles that preserve the independence of the auditor, consisting of: (a) the auditor must not audit their own work, (b) the auditor must not perform managerial functions at their client; (c) the auditor must not promote the interests of his client; and (d) the value of the services charged to the client must not cause financial dependence of the auditors on their client.

In the year ended 31 March 2024, the Company did not make payments of fees to related parties of the external audit firm *Ernst & Young Auditores Independentes S/S Ltda*., restricting itself only to audit services.

CLOSING REMARKS

The Company would like to express its gratitude to everyone who collaborated to achieve the objectives established throughout the crop 23/24, especially to its shareholders, employees, customers, suppliers and agricultural and commercial partners.

***

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A free translation from Portuguese into English of Independent Auditor's Report on Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB)

Independent auditor's report on consolidated financial statements

To the
Shareholders and Management of
Tereos Açúcar e Energia Brasil S.A.

Opinion

We have audited the consolidated financial statements of Tereos Açúcar e Energia Brasil S.A. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statement of operations, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tereos Açúcar e Energia Brasil S.A. as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities, under those standards, are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the consolidated financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in the context of the consolidated financial statements.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Fair value measurement of biological assets

As mentioned in Note 16 to the consolidated financial statements, the fair value measurement of biological assets is based on valuation techniques supported by an unobservable and liquid market, with assumptions that consider internal and external inputs, mainly related to the expected productivity, projected average prices for Total Recoverable Sugar (“ATR”), and cash flow discount rates.

Adjustments to the assumptions applied in the calculation of biological assets can potentially have significant impacts on the consolidated financial statements in “Biological assets” under current assets and in “Cost of products sold” in the statement of operations for the year. Due to the inherent risks in the subjectivity of certain assumptions that require the Company’s management to exercise judgment and that may have a significant impact on measuring the fair value of biological assets and, consequently, on the consolidated financial statements as a whole, this was considered a key audit matter.

How our audit addressed this matter:

Our audit procedures included, among others, understanding and analysis of the model adopted for estimating the biological assets’ fair value; involving valuation experts to assist us in the analysis and review of the adequacy of the key assumptions applied to determine the fair value of biological assets, including the productivity of sugarcane fields, the planted areas and the discount rate; comparison of the productivity assumptions with available internal and external historical information; sensitivity analysis of the significant assumptions applied; assessing the adequacy of the disclosures in the respective notes to the consolidated financial statements as at March 31, 2024.

Based on the results of the audit procedures performed for testing the fair value measurement of biological assets, which are consistent with Company’s management assessment, we considered that the criteria and assumptions adopted by the Company’s management for the fair value measurement of biological assets, as well as the respective disclosures related to this matter in Note 16, are acceptable in the context of the consolidated financial statements.

Building a better working world

Valuation of financial instruments, including derivatives, and designation of hedge accounting

As mentioned in Notes 18 and 19 to the consolidated financial statements, the Company’s management has strategies in place to hedge its future cash flows from the impact of significant variables, such as fluctuations in exchange rates, interest rates and price volatility in the commodities market. These strategies consist of entering into specific derivative financial instruments for each type of risk (futures, swap, forward, among others). Some of these financial instruments are designated as hedged items underlying a specific documented risk, for the purpose of recognizing at the same time the result of the impacts of the instrument (derivative and non-derivative) and the related hedged item, which is known as “hedge accounting”.

This matter was considered significant for our audit due to the complexity of the estimates and the high degree of judgment involved in measuring the fair value of financial instruments, including derivatives, as well as in determining a hedge relationship and its effectiveness, and the significant impacts on the financial statements that changes in the assumptions adopted for measuring financial instruments and hedge designations may generate.

How our audit addressed this matter:

Our audit procedures included, among others, understanding and analysis of the models adopted by the Company´s management for assessing the valuation of financial instruments, including derivatives and designation of hedge accounting; obtain external confirmation from financial institutions; involving experts in financial instruments to assess the adequacy of the supporting documentation of hedge relationships, as well as the reasonableness of the main assumptions used to calculate the fair value of derivative financial instruments, using information on recent market transactions, the discount rate and credit risk of the Company and its counterparties; assessing the adequacy of the disclosures in the respective notes to the consolidated financial statements as of March 31, 2024.

Based on the results of the audit procedures performed for the valuation of financial instruments, including derivatives and the designation of hedge accounting, which are consistent with Company’s management assessment, we considered that the criteria and assumptions used to determine the valuation of financial instruments, including derivatives and designation of hedge accounting adopted by the management of the Company, as well as the respective disclosures related to this matter in Notes 18 and 19, are acceptable in the context of the consolidated financial statements.

Building a better working world

Emphasis - Restatement of the corresponding values

As mentioned in Note 5, as a result of the change in accounting policy from the accounting treatment to intercrop maintenance, the corresponding amounts referring to the previous year, presented for comparison purposes, were adjusted and are being restated as provided for in CPC 23/IAS 8, (Accounting Policies, Change in Accounting Estimate and Errors). Our opinion contains no modification relating to this matter.

Other matter

Individual financial statements

The Company's management prepared a complete set of individual financial statements for the year ended March 31, 2024, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), presented separately, for which a separate unmodified auditor's report was issued dated June 19, 2024.

Other information accompanying the consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal controls as Management determines is necessary to enable the preparation of these consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no other realistic alternative but to do so.

Auditor's responsibilities for the audit of consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from a material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on auditing will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made taken on the basis of these consolidated financial statements.

As part of the audit conducted in accordance with Brazilian and International standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

São Paulo, June 19, 2024

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP-034519/O

Marcos Alexandre S. Pupo
Accountant CRC-SP-221749/O

CONSOLIDATED FINANCIAL STATEMENTS

TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

For the year ended 31 March 2024

This is a convenience translation from the original consolidated financial statements of Tereos Açúcar e Energia Brasil S.A. for the year ended 31 March 2024 previously issued in Portuguese.

CONSOLIDATED STATEMENT OF OPERATIONS OF TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

(millions of R$)	Notes	For the year ended 31 March 2024	31 March 2023 restated*
Revenue	8	6,717	5,204
Cost of sales	9	(4,500)	(3,884)
Distribution expenses	9	(537)	(423)
General and administrative expenses	9	(349)	(310)
Other operating income (expense)	9	(45)	(900)
Operating income (expense)		**1,286**	**(314)**
Financial expenses	17	(627)	(742)
Financial income	17	213	290
Net financial income (expense)		**(414)**	**(452)**
Share of profit of associates	15	8	(7)
Net income (loss) before taxes		**880**	**(772)**
Income taxes	21	(160)	257
NET INCOME (LOSS)		**719**	**(516)**
Attributable to owners of the parent		*669*	*(525)*
Attributable to non-controlling interests		*50*	*9*
Earnings (loss) per share (R$)	20.2	**1.0578**	**(0.8145)**

The accompanying notes are an integral part of these consolidated financial statements.

** Comparative information, presented in this statement and the following, has been restated for the change in accounting method of intercrop maintenance costs (note 5).*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) OF TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

	For the year ended	
(millions of R$)	**31 March 2024**	**31 March 2023**
NET INCOME (LOSS)	**719**	**(516)**
Attributable to owners of the parent	*669*	*(525)*
Attributable to non-controlling interests	*50*	*9*
Items that may subsequently be reclassified to profit or loss		
Cash-flow hedge reserve	(9)	93
of which income tax effect	*5*	*(48)*
Other comprehensive income (loss), net of taxes	**(9)**	**93**
TOTAL COMPREHENSIVE INCOME (LOSS)	**710**	**(423)**
Attributable to owners of the parent	*657*	*(436)*
Attributable to non-controlling interests	*53*	*13*

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

		As of	
(millions of R$)	Notes	31 March 2024	31 March 2023 restated
ASSETS			
Cash and cash equivalents	18.5	1,912	1,513
Trade receivables	11.2	484	365
Inventories	11.1	532	530
Biological assets	16	775	707
Other current financial assets	18.2	463	557
Current income tax receivables	22	100	36
Other current assets		10	8
Total current assets		**4,275**	**3,715**
Deferred tax assets	22	311	400
Non-consolidated investments		0	2
Non-current financial assets with related parties	24.2	304	266
Other non-current financial assets	18.2	230	210
Investments in associates	15	51	54
Property, plant and equipment	13	4,050	3,492
Goodwill	12.1	272	272
Other intangible assets	12.2	133	138
Total non-current assets		**5,351**	**4,834**
TOTAL ASSETS		**9,626**	**8,549**

(millions of R$)	Notes	31 March 2024	31 March 2023 restated
LIABILITIES AND EQUITY			
Short-term borrowings	18.6	1,842	1,854
Trade payables	11.3	789	667
Other current financial liabilities	18.3	645	553
Current income tax payables	22	73	51
Other current liabilities		0	1
Total current liabilities		**3,349**	**3,126**
Long-term borrowings	18.6	2,838	3,117
Deferred tax liabilities	22	53	21
Long-term provisions	23	50	49
Non-current financial liabilities with related parties	24.2	608	254
Other non-current financial liabilities	18.3	133	98
Total non-current liabilities		**3,683**	**3,539**
Total liabilities		**7,031**	**6,664**
Issued capital	20.1	2,778	2,778
Reserves (accumulated loss)		(185)	(854)
Accumulated other comprehensive income (loss)		(147)	(135)
Equity attributable to owners of the parent		**2,446**	**1,789**
Non-controlling interests		149	96
Total equity		**2,595**	**1,885**
TOTAL EQUITY AND LIABILITIES		**9,626**	**8,549**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

For the year ended

(millions of R$)	TOTAL EQUITY attributable to the parent	TOTAL EQUITY attributable to NCI	TOTAL EQUITY
At 1 April 2022	**2,287**	**83**	**2,370**
Net income (loss)	(525)	9	(516)
Other comprehensive income (loss)	89	4	93
Comprehensive income (loss)	**(436)**	**13**	**(423)**
Change in capital	(62)	0	(62)
At 31 March 2023	**1,789**	**96**	**1,885**
At 1 April 2023	**1,789**	**96**	**1,885**
Net income (loss)	669	50	719
Other comprehensive income (loss)	(12)	3	(9)
Comprehensive income (loss)	**657**	**53**	**710**
At 31 March 2024	**2,446**	**149**	**2,595**

	(millions of R$)	Issued capital	Reserves (accumulated loss)	Cash-flow hedge	Accumulated OCI	TOTAL EQUITY
ATTRIBUTABLE TO THE PARENT	**At 1 April 2022**	**2,840**	**(329)**	**(224)**	**(224)**	**2,287**
	Net income (loss)	0	(525)	0	0	(525)
	Other comprehensive income (loss)	0	0	89	89	89
	Comprehensive income (loss)	**0**	**(525)**	**89**	**89**	**(436)**
	Change in capital	(62)	0	0	0	(62)
	At 31 March 2023	**2,778**	**(854)**	**(135)**	**(135)**	**1,789**
	At 1 April 2023	**2,778**	**(854)**	**(135)**	**(135)**	**1,789**
	Net income (loss)	0	669	0	0	669
	Other comprehensive income (loss)	0	0	(12)	(12)	(12)
	Comprehensive income (loss)	**0**	**669**	**(12)**	**(12)**	**657**
	At 31 March 2024	**2,778**	**(185)**	**(147)**	**(147)**	**2,446**
ATTRIBUTABLE TO NCI	**At 1 April 2022**	**0**	**88**	**(5)**	**(5)**	**83**
	Net income (loss)	0	9	0	0	9
	Other comprehensive income (loss)	0	0	4	4	4
	Comprehensive income (loss)	**0**	**9**	**4**	**4**	**13**
	At 31 March 2023	**0**	**97**	**(1)**	**(1)**	**96**
	At 1 April 2023	**0**	**97**	**(1)**	**(1)**	**96**
	Net income (loss)	0	50	0	0	50
	Other comprehensive income (loss)	0	0	3	3	3
	Comprehensive income (loss)	**0**	**50**	**3**	**3**	**53**
	At 31 March 2024	**0**	**147**	**2**	**2**	**149**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS OF TEREOS AÇÚCAR E ENERGIA BRASIL S.A.

(millions of R$)	Notes	For the year ended 31 March 2024	31 March 2023 restated
Net income (loss)		**719**	**(516)**
Share of profit of associates	15	(8)	7
Amortisation	9	656	617
Fair value adjustments on biological assets	16	(50)	6
Other fair value adjustments through the statement of operations		41	22
Gain (loss) on disposals of assets		(1)	(24)
Income tax expense (income)	21	160	(257)
Net financial expense		398	470
Impact of changes in working capital:		85	5
of which decrease (increase) in trade receivables		*(117)*	*47*
of which (decrease) increase in trade payables		*121*	*(148)*
of which decrease (increase) in inventories		*(3)*	*80*
of which impact of changes in other items		*84*	*26*
Change in other accounts with no cash impact (1)		18	994
Cash provided by (used in) operating activities		**2,018**	**1,324**
Income taxes paid		(63)	(31)
Net cash provided by (used in) operating activities		**1,955**	**1,294**
Acquisition of property, plant and equipment and intangible assets		(937)	(624)
Acquisition of financial assets		(26)	(5)
Change in loans and advances granted		2	5
Interest received		161	130
Proceeds from the disposal of property, plant and equipment and intangible assets		3	0
Proceeds from the disposal of financial assets		2	2
Dividends received		11	3
Net cash provided by (used in) investing activities		**(784)**	**(488)**
Borrowings issues	18.6	633	1,079
Borrowings repayments (2)	18.6	(1,231)	(1,829)
Financing interest paid		(490)	(406)
Change in financial assets with related parties		(37)	2
Change in financial liabilities with related parties		354	15
Net cash provided by (used in) financing activities		**(771)**	**(1,138)**
Net change in cash and cash equivalents, net of bank overdrafts		**399**	**(333)**
Cash and cash equivalents, net of bank overdrafts at opening	18.5	1,513	1,846
Cash and cash equivalents, net of bank overdrafts at closing	18.5	1,912	1,513
Net change in cash and cash equivalents, net of bank overdrafts		**399**	**(333)**

The accompanying notes are an integral part of these consolidated financial statements.

(1) The R$ 18 million for the year ended 31 March 2024 comprises mainly the recycling of financial instruments into net revenue of R$ 15 million (R$ 173 million for 31 March 2023). Besides, the R$ 994 million for the year ended 31 March 2023 also comprises mainly the goodwill impairment loss of R$ 752 million (note 12.1) and the depreciation of Severínia's assets of R$ 72 million (note 13).

(2) Borrowings repayments line comprises lease payments under IFRS 16 (CPC 06 (R2)).

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A. Group presentation, principles and methods

1. Corporate information

Tereos Açúcar e Energia Brasil S.A. (the "Company" or "Tereos" or "TAEB") is a Brazilian company, primarily engaged in the cultivation of sugarcane and production and sale of sugar, ethanol, energy and other sugarcane by-products, agricultural undertakings, import and export of assets, products, power generation and raw materials and holding equity interests in other companies.

Sugarcane planted from August to November requires a ripening period of 12 months before harvesting, and the ripening period for sugarcane planted from January to May is 18 months. The harvest period normally extends from April to November. Production is sold throughout the year and is not subject to seasonal variations but only to usual market variations in supply and demand.

Currently, the Company and its subsidiaries (the "Group") operate seven plants. The existing plants and their locations are as follows:

- Cruz Alta unit - Olímpia - SP.
- Severínia unit - Severínia – SP – temporary closed.
- São José unit - Colina – SP
- Andrade unit - Pitangueiras - SP.
- Tanabi unit - Tanabi - SP.
- Mandu unit - Guaíra - SP.
- Vertente unit - Guaraci - SP.

The consolidated financial statements for the year ended 31 March 2024 were prepared and authorised for issue by its management at its meeting on 19 June 2024.

The Company is a subsidiary of NewCo Tereos Internacional (BR) Ltda., a Brazilian entity headquartered in São Paulo, Brazil, and Tereos Participations S.A.S., a French entity headquartered in Origny- Sainte-Benoîte, France.

Registered office: Rodovia Assis Chateaubriand, km 155 - Olímpia - São Paulo - Brazil.

2. Presentation of financial statements and accounting principles

2.1 Basis of presentation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and in accordance with accounting practices adopted in Brazil ("BRGAAP"), at 31 March 2024.

The BRGAAP include those established in the Brazilian Corporate Law as well as the Pronouncements, Instructions and Interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC").

For the preparation of the consolidated financial statements the Company has adopted all the accounting pronouncements and interpretations issued by CPC.

The consolidated financial statements include the following direct and indirect subsidiaries and associates:

- Usina Vertente Ltda. ("Vertente") – direct subsidiary with 50% interest;
- Terminal Portuário de Paranaguá S.A ("Teapar") – is an associate with direct participation with 35% interest;

- Centro de Tecnología Canavieira S.A. (“CTC”) – is an associate through Tereos Açúcar e Energia Brasil and Vertente, with 4.42% interest;
- Tereos Commodities do Brasil S.A. – direct subsidiary with 81% interest.

The accounting policies, described in the notes, except the change in accounting method described in the note 5, are consistent with those applied by the Group for the year ended 31 March 2023. The amendments to IAS 1/CPC 26 (R1) (Presentation of Financial Statements – Disclosure of Accounting Policies), IAS 12/CPC 32 (Income Taxes) and IAS 8/CPC 23 (Accounting Policies, Changes in Accounting Estimates and Errors), mandatorily applicable for fiscal years beginning on or after 1 January 2023, had no impact on the Group's financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for biological assets, derivatives and non-consolidated investments which are measured at fair value.

The accounting methods set out below have been applied consistently to all periods presented in the consolidated financial statements, and uniformly across Group entities.

The consolidated financial statements are presented in millions of Reais and all values are rounded to the nearest million except when otherwise indicated. In certain circumstances, this may lead to non-material differences between the sum of the figures and the sub-totals that appear in the tables.

In addition to the consolidated financial statements, the Group prepared a set of individual financial statements for the year ended 31 March 2024, in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil, which should be read together.

The Group’s financial year runs from April 1st to March 31st.

In addition, the Group considered the guidelines issued by OCPC 07 Technical Guidance, issued by CPC in November 2014, in the preparation of its financial statements. Accordingly, the relevant information in the financial statements is being disclosed and corresponds to that used by management in its management.

2.2 Standards and interpretations mandatorily applicable after 31 March 2024 that the Group did not elect to early apply

The following standards and interpretations that are mandatorily applicable after 31 March 2024 could have an impact on the Group’s consolidated financial statements:

Standard or Interpretation	Standard / Amendment / Interpretation Name	Effective date*
Amendment to IAS 1 (CPC 26(R1))	Presentation of Financial Statements - Classification of Liabilities, Non-current Liabilities with Covenants	1/1/2024
Amendments to IFRS 16 (CPC 06(R2))	Leases - Lease Liability in a Sale and Leaseback	1/1/2024
Amendments to IAS 7 (CPC 03(R2)) & IFRS 7 (CPC 40 (R1))	Supplier Finance Arrangements	1/1/2024
Amendments to IAS 21 (CPC 02 (R2))	Lack of Exchangeability	1/1/2025

** Effective for the financial year beginning on or after this effective date*

2.3 Seasonality

Our business is subject to seasonal trends based on the sugarcane growing cycle.

In our sugarcane activities, the crop begins in April and ends in December, which creates fluctuations in our inventories, and also affects our cash flows from operations. As a result, seasonality could significantly impact the financial position, liquidity and financing needs of our businesses.

3. Use of estimates and judgments

In preparing the Group's consolidated financial statements, Management makes estimates and judgments, insofar as many items included in the financial statements cannot be measured with precision. Management revises these estimates and judgments if the underlying circumstances evolve or in light of new information or experience. Consequently, the estimates and judgments used to prepare the consolidated financial statements for the year ended 31 March 2024 may change in subsequent periods.

Management makes significant estimates in determining the accounting assumptions used in the following areas:

Note	Estimate	
Note 21	Income taxes	Assumptions used for the recognition of deferred tax assets arising from the carry-forward of unused tax losses.
Note 16	Biological assets	Key assumptions used to determine the fair value of standing cane (estimated yield, quantity of sugar per tonne of cane, sugar price, etc.).
Note 13	Property, plant and equipment	Assumptions used to measure property, plant and equipment acquired in business combinations. Assumptions used to determine the useful life of the assets.
Nota 12	Goodwill	Assumptions used to determine the fair value of the assets and liabilities acquired, the fair value of the consideration received and therefore the goodwill.
Nota 12	Impairment tests	Level of grouping of CGUs for goodwill impairment tests. Key assumptions used to determine recoverable amounts: value in use (discount rate, perpetual growth rate, expected cash flows), market value (revenue and EBITDA multiples for comparable companies or transactions, cash flows).
Note 23	Provisions	Provisions for claims and litigation: assumptions underlying risk assessment and measurement.
Nota 19	Financial instruments	Assumptions used to determine the fair value of the different categories of financial instruments and the calculation of expected credit losses.

4. Climate and sustainable development

The raw materials processed by the Group come from agricultural activity, which is intrinsically subject to unpredictable changes in weather conditions. Tereos's business activities may therefore be directly affected by extreme or unfavourable weather conditions, natural stressors, natural disasters and climate change.

The Group takes climate risks into account to the best of its knowledge in its period-end assumptions and includes their potential impacts in the financial statements, in particular by:

- reviewing the useful life of certain assets;
- taking into account, to the best of its knowledge, the main transition risks related to expected changes in regulations, such as the increasing pressure on water resources;
- including, in the impairment tests of assets with undetermined useful lives, the expected impacts of these risks

Tereos considers that the assessment of climate risks is correctly taken into account in the Group's financial statements at 31 March 2024, in particular in the performance of impairment tests (note 12.3) and that it is consistent with its commitments made in this area.

B. Significant events of the year

5. Significant events of the year

Change in accounting method

The sugar activity is highly seasonal due to harvest cycles and is characterised by the succession of a production period and a production stoppage period during which major repairs and maintenance of production equipment are realised, generally referred to as "intercrop maintenance costs".

When Tereos Internacional S.A. (previously controlling shareholder of TAEB) was listed on the stock market in Brazil in 2010 and to comply with local market practice, the group had decided to consider these intercrop maintenance costs, in preparation for the upcoming production campaign, as a stand-alone component to be integrated into the value of property, plant and equipment. This component being amortised over the following production campaign.

Following the legal reorganisation of the Group and the restructuring of the Tereos Internacional S.A. scope that took place on 31 March 2023, the Group decided to change the method of accounting for its intercrop maintenance costs. These costs will henceforth be accounted for in work-in-progress during the intercrop period and will be included in the production cost of the finished products during the following production campaign, following the change in accounting method for Tereos Group financial statements.

The Group considers that this method makes it possible to present more relevant financial information. In accordance with IAS 8 (CPC 23), this change in method has been treated retrospectively.

The effects of this change in method on the comparative financial information are presented below.

Consolidated statement of operations

	For the year ended		
(millions of R$)	31 March 2023	Impact of change in accounting rules	31 March 2023 restated
Revenue	5,204		5,204
Cost of sales	(3,884)		(3,884)
Distribution expenses	(423)		(423)
General and administrative expenses	(310)		(310)
Other operating income (expense)	(900)		(900)
Operating income (expense)	**(314)**	**0**	**(314)**
Financial expenses	(742)		(742)
Financial income	290		290
Net financial income (expense)	**(452)**	**0**	**(452)**
Share of profit of associates	(7)		(7)
Net income (loss) before taxes	**(772)**	**0**	**(772)**
Income taxes	257		257
NET INCOME (LOSS)	**(516)**	**0**	**(516)**
Attributable to owners of the parent	*(525)*		*(525)*
Attributable to non-controlling interests	*9*		*9*

Consolidated statement of financial position

(millions of R$)	31 March 2023	Impact of change in accounting rules	31 March 2023 restated
		As of	
ASSETS			
Cash and cash equivalents	1,513		1,513
Trade receivables	365		365
Inventories	264	267	530
Biological assets	707		707
Other current financial assets	557		557
Current income tax receivables	36		36
Other current assets	8		8
Total current assets	**3,448**	**267**	**3,715**
Deferred tax assets	400		400
Non-consolidated investments	2		2
Non-current financial assets with related parties	266		266
Other non-current financial assets	210		210
Investments in associates	54		54
Property, plant and equipment	3,758	(267)	3,492
Goodwill	272		272
Other intangible assets	138		138
Total non-current assets	**5,101**	**(267)**	**4,834**
TOTAL ASSETS	**8,549**	**0**	**8,549**

(millions of R$)	31 March 2023	Impact of change in accounting rules	31 March 2023 restated
LIABILITIES AND EQUITY			
Short-term borrowings	1,854		1,854
Trade payables	667		667
Other current financial liabilities	553		553
Current income tax payables	51		51
Other current liabilities	1		1
Total current liabilities	**3,126**	**0**	**3,126**
Long-term borrowings	3,117		3,117
Deferred tax liabilities	21		21
Long-term provisions	49		49
Non-current financial liabilities with related parties	254		254
Other non-current financial liabilities	98		98
Total non-current liabilities	**3,539**	**0**	**3,539**
Total liabilities	**6,664**	**0**	**6,664**
Issued capital	2,778		2,778
Reserves (accumulated loss)	(854)		(854)
Accumulated other comprehensive income (loss)	(135)		(135)
Equity attributable to owners of the parent	**1,789**	**0**	**1,789**
Non-controlling interests	96		96
Total equity	**1,885**	**0**	**1,885**
TOTAL EQUITY AND LIABILITIES	**8,549**	**0**	**8,549**

Consolidated statement of cash flows

(millions of R$)	31 March 2023	Impact of change in accounting rules	31 March 2023 restated
Net income (loss)	**(516)**		**(516)**
Share of profit of associates and joint ventures	7		7
Amortisation	939	(322)	617
Fair value adjustments on biological assets	6		6
Other fair value adjustments through the statement of operations	22		22
Gain (loss) on disposals of assets	(24)		(24)
Income tax expense (income)	(257)		(257)
Net financial expense	470		470
Impact of changes in working capital:	(16)	21	5
of which decrease (increase) in trade receivables	*47*		*47*
of which (decrease) increase in trade payables	*(148)*		*(148)*
of which decrease (increase) in inventories	*59*	*21*	*80*
of which impact of changes in other items	*26*		*26*
Change in other accounts with no cash impact	994		994
Cash provided by (used in) operating activities	**1,625**	**(301)**	**1,324**
Income taxes paid	(31)		(31)
Net cash provided by (used in) operating activities	**1,595**	**(301)**	**1,294**
Acquisition of property, plant and equipment and intangible assets	(925)	301	(624)
Acquisition of financial assets	(5)		(5)
Change in loans and advances granted	5		5
Interest received	130		130
Proceeds from the disposal of financial assets	2		2
Dividends received	3		3
Net cash provided by (used in) investing activities	**(790)**	**301**	**(488)**
Borrowings issues	1,079		1,079
Borrowings repayments	(1,829)		(1,829)
Interest paid	(406)		(406)
Change in financial assets with related parties	2		2
Change in financial liabilities with related parties	15		15
Net cash provided by (used in) financing activities	**(1,138)**	**0**	**(1,138)**
Net change in cash and cash equivalents, net of bank overdrafts	**(333)**	**0**	**(333)**
Cash and cash equivalents, net of bank overdrafts at opening	1,846		1,846
Cash and cash equivalents, net of bank overdrafts at closing	1,513		1,513
Net change in cash and cash equivalents, net of bank overdrafts	**(333)**	**0**	**(333)**

C. Scope of consolidation

6. Accounting principles related to the scope of consolidation

6.1 Consolidation method

Subsidiaries are fully consolidated from the date of acquisition, i.e., the effective date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Entities are fully consolidated if the Group has all of the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is deemed to exist when the Group has power:

- over more than one-half of the voting rights of the other entity by virtue of an agreement, in the meetings of the Members of the Board of Directors or equivalent governing body;
- to govern the financial and operating policies of the other entity under a statute or agreement;
- to appoint or remove the majority of the Members of the Board of Directors or equivalent governing body of the other entity.

The consolidated financial statements are prepared based on the financial statements of the consolidated subsidiaries, which are prepared for the same reporting period as the parent company. Adjustments are made where necessary to bring the accounting policies into line with those of the Group. All material intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.
A change in the ownership interest of a subsidiary without a change of control is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a negative balance.

If the Group ceases to exercise control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Reclassifies the foreign currency translation reserve, recorded in equity, to the statement of operations.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to statement of operations.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any gain or loss in the statement of operations.

6.2 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Significant influence is presumed to exist when the percentage of voting rights exercisable by the Group exceeds 20% but does not lead to control or joint control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.
When assessing an investor's power over an investee, potential voting rights are taken into account if they are substantive, i.e., if they confer upon the investor the practical ability to direct the relevant activities of the investee on a timely basis.

6.3 Transactions in foreign currencies

On initial recognition, transactions denominated in foreign currencies are translated into the subsidiary's functional currency at the exchange rate prevailing at the transaction date.

At year-end, financial assets and liabilities are translated at the year-end exchange rate, or at the hedged rate, if applicable. Foreign exchange differences resulting from these translations are recorded in the statement of operations under the heading “Financial income and expenses”.

7. List of consolidated entities

7.1 Changes in scope of consolidation

There is no significant change in scope of consolidation at 31 March 2024.

7.2 List of fully consolidated companies

Company name	Country	31 March 2024 % of interest	31 March 2023 % of interest
PARENT COMPANY			
Tereos Açúcar e Energia Brasil S.A.	Brazil	100.00	100.00
SUGAR ACTIVITIES			
Usina Vertente Ltda.	Brazil	50.00	50.00
Tereos Commodities Brasil S.A.	Brazil	81.00	81.00

7.3 List of companies accounted for using the equity method

Company name	Country	31 March 2024 % of interest	31 March 2023 % of interest
ASSOCIATE			
Terminal Portuário de Paranaguá S.A.	Brazil	35.00	35.00
Centro de Tecnologia Canavieira S.A.	Brazil	4.42	4.42

D. Operating activities

8. Revenue

The Group's revenue mainly comprises sales of finished products and goods. They are recognised in the statement of operations when the control of goods is transferred.

IFRS 15 (CPC 47) requires the identification of service obligations related to the transfer of goods and services to the customer for each contract. Revenue is recognised when the service obligations are satisfied, based on the amount of compensation that the Group expects to receive in return for the transfer of goods and services to the customer.

Trade discount, customer rebates and return of products are deducted from revenue, as are benefits granted to customers, resulting in a cash outflow such as commercial cooperation or discounts. These amounts are estimated when revenue is recognised, on the basis of agreements and commitments with the customers concerned. In addition, revenue recognized in statement of operations is net of taxes.

Revenue mainly comprises sales of finished products and goods and is broken down as follows:

	For the year ended	
(millions of R$)	**31 March 2024**	**31 March 2023**
Sugar	4,910	3,430
Alcohol and Ethanol	1,299	1,378
Energy	256	261
Co-products	116	25
Other	136	111
REVENUE	**6,717**	**5,204**

9. Operating income (expense)

The analysis of operating expenses is as follows:

		For the year ended	
(millions of R$)	**Notes**	**31 March 2024**	**31 March 2023 restated**
Cost of sales		(4,500)	(3,884)
Distribution expenses (1)		(537)	(423)
General and administrative expenses		(349)	(310)
Other operating income (expense)		(45)	(900)
TOTAL OPERATING EXPENSES BY DESTINATION		**(5,431)**	**(5,517)**
Raw materials and consumables used		(2,517)	(2,396)
External expenses		(1,423)	(1,089)
Employee benefits expense	10	(798)	(654)
Amortisation		(656)	(617)
Other		(36)	(761)
TOTAL OPERATING EXPENSES BY NATURE		**(5,431)**	**(5,517)**
(1) Of which:			
Selling expenses		*(22)*	*(23)*
Logistic expenses		*(515)*	*(400)*

External expenses mainly concern transportation costs, maintenance costs and rental charges.

At 31 March 2024, other operating income (expense) by destination amounts to R$ (45) million and mainly comprises:

- legal expenses for R$ (51) million,
- tax credit recognition for R$ 26 million, whereof R$ 12 million from exclusion of ICMS from PIS/COFINS calculation basis and R$ 9 million from Reintegra,
- maintenance costs and amortisation of Severínia's plant for R$ (23) million.

At 31 March 2023, other operating income (expense) by destination amounts R$ (900) million and mainly comprises:

- legal expenses for R$ (46) million,
- maintenance costs and amortisation of Severínia's plant for R$ (48) million.
- the loss due to annual impairment test an amount of R$ (752) million,
- the impact of depreciation due to temporary closure of the Severínia plant for R$ (72) million,
- net gain on disposal of São José Agricultura Ltda for R$ 26 million.

The line "Other" in operating expenses by nature for R$ (36) million (R$ (761) million at 31 March 2023) corresponds mainly to the detail of other operating income (expense) by destination above, except for the amortisation of Severinia's plant for (R$ 8 million (R$ 34 million at 31 March 2023) recognized in "Amortisation" line and other taxes recognized in "Cost of sales" line for R$ 10 million (R$ 92 million at 31 March 2023).

10. Staff costs

The Group staff costs during the period break down as follows:

(millions of R$)	For the year ended 31 March 2024	31 March 2023
Wages and salaries	(726)	(591)
Taxes on wages and salaries	(71)	(63)
Other employee expenses	(1)	(0)
EMPLOYEE BENEFIT EXPENSE	**(798)**	**(654)**

11. Working capital analysis

Working capital (WC) corresponds to the sum of operating WC (inventories, trade receivables and trade payables), as well as the other assets and liabilities corresponding to the sum of:

- other current and non-current financial assets and liabilities;
- other current and non-current assets and liabilities;
- biological assets;

excluding:

- fair values related to derivatives and biological assets;
- investments flows such as guarantees and debts on purchase of assets.

(millions of R$)	Notes	31 March 2023 restated	Cash flows*	Depreciation*	Other	31 March 2024
Inventories	11.1	530	3	(2)	0	532
Trade receivables	11.2	365	117	(0)	3	484
Trade payables	11.3	(667)	(121)	0	(1)	(789)
Gross working capital		**228**	**(1)**	**(2)**	**2**	**227**
Other assets and liabilities		643	(84)	0	(13)	546
of which tilling costs	*16*	*433*	*18*	*0*	*0*	*451*
of which margin call	*18.4*	*173*	*(4)*	*0*	*0*	*169*
NET WORKING CAPITAL		**871**	**(85)**	**(2)**	**(11)**	**773**

**The impact of cash flows and depreciations are reflected in the statement of operations.*

11.1 Inventories

Physical inventories are valued at the lower of cost and spot prices prevailing at the end of the reporting period. Cost is determined using the weighted average method or the “first in, first out” method, depending on the product. In addition, inventories held for trading are measured at fair value less costs to sell.

On initial recognition, raw materials and consumables are recognised at purchase price plus other expenses incurred in bringing the inventories to their present location and condition (transportation, commissions, etc.).

Manufactured products are valued at production cost, including the cost of materials consumed, depreciation of production inputs, and direct or indirect production expenses, excluding finance costs.

An impairment loss is recognised on inventories when:

- the gross value calculated as defined above exceeds the market value or realisable value;
- products have been subject to significant deterioration.

At 31 March 2024 and 31 March 2023, inventories break down as follows:

(millions of R$)	31 March 2024	31 March 2023 restated
GROSS AMOUNT		
Raw materials	122	129
Energy	3	2
Work in progress	4	5
Intercrop costs (*)	287	287
Finished and intermediate products (**)	134	123
Total gross value of inventories	**550**	**546**
IMPAIRMENT		
Raw materials	(18)	(16)
Total impairment on inventories	**(18)**	**(16)**
NET VALUE OF INVENTORIES	**532**	**530**

(*) Including intercrop maintenance costs for R$ 272 million at 31 March 2024 against R$ 267 million at 31 March 2023 (note 5).
(**) Including fair value of harvested biological assets for R$ 12 million at 31 March 2024 against R$ 12 million at 31 March 2023.

11.2 Trade receivables

Trade and other receivables and loans are recorded at amortised cost, which corresponds to their nominal value. The portion of receivables and loans that are not covered by credit insurance generate the recognition of an impairment loss as soon as the invoice is issued, up to the expected losses at the maturity date. This reflects the probability of default of the counterparties and the expected loss rate, evaluated, as appropriate, on the basis of historical statistics, information provided by the credit reporting agencies, or ratings given by the rating agencies.

When the maturity of receivables and loans is greater than one year, a present value calculation is performed. The effects of this calculation are recorded in financial income and expense according to the effective interest rate method.

Loans and receivables are subject to impairment tests. An impairment loss is recognised in the statement of operations if the carrying value amount exceeds the recoverable value and there is objective evidence that the asset or group of assets is impaired.

The Group factors some of its receivables. In accordance with IFRS 9 (CPC 48), the Group derecognises receivables only when the contractual right to receive the related cash flows have been transferred, as well as substantially all the risks and rewards of ownership.
Dilution risk is excluded from the analysis of the transfer of risk to the extent that it is defined and circumscribed, especially where it is correctly distinguished from late-payment risk.

Receivables sold with recourse in the event of non-payment are not derecognised. Costs to sell receivables are expensed in operating and financial items.

At 31 March 2024 and 31 March 2023, trade receivables were as follows:

(millions of R$)	31 March 2024	31 March 2023
Gross trade receivables	477	358
Contract assets	9	9
Allowance	(2)	(2)
TOTAL TRADE RECEIVABLES	**484**	**365**

At 31 March 2024, under the Group's factoring and securitisation programmes, R$ 18 million of trade receivables were sold, of which R$ 18 million have been derecognised in accordance with IFRS 9 (CPC 48), the receivables having been sold without recourse.

Therefore, at 31 March 2024, current receivables included R$ 0 million of receivables sold through factoring transactions that did not meet IFRS 9 (CPC 48) deconsolidation requirements (non-recourse provision).

(millions of R$)	31 March 2024 Total sold to financial institutions	Portion sold and not derecognised	Portion sold and derecognised	31 March 2023 Total sold to financial institutions	Portion sold and not derecognised	Portion sold and derecognised
Maximum authorised amount to be financed	18	0	0	24	0	0
Sold to financial institutions	18	0	18	24	0	24

Past due trade receivables were as follows:

(millions of R$)	31 March 2024	31 March 2023
Trade receivables	**486**	**367**
Not overdue	485	364
Overdue	2	3
Overdue by 1 to 30 days	*0*	*1*
Overdue by more than 360 days	*1*	*1*
Allowance	**(2)**	**(2)**
TOTAL	**484**	**365**

11.3 Trade payables

Trade payables are recognised at their fair value, which is equivalent to their nominal value given that account payment terms are generally less than three months.

At 31 March 2024 and 31 March 2023, trade payables were as follows:

(millions of R$)	31 March 2024	31 March 2023
Trade payables	789	667
TOTAL TRADE PAYABLES	**789**	**667**

E. Intangible assets, property, plant and equipment and financial assets

12. Goodwill and other intangible assets

12.1 Goodwill

Business combinations are initially measured using the acquisition method. The acquiree's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. The valuation differences identified on the acquisition date are recorded in the relevant asset and liability line items.

The residual difference between the acquisition cost of securities and the Group's share in the fair value assessment of identified assets and liabilities is recognised separately under "Goodwill" in the consolidated statement of financial position and assigned to the cash-generating units for which the benefits or the synergies of the acquisition are expected. Any excess (or "badwill") is recognised immediately in income as a gain on bargain purchase.

Goodwill recognised on the acquisition entities accounted for using the entity method is presented on the separate line "Investments in associates".

For each acquisition, the Group must choose between recognising the full amount of goodwill, regardless of the percentage of interest acquired, or the goodwill corresponding to the share acquired by the Group.

Acquisition costs of business combinations are expensed.

When the purchase price includes a conditional part, it is recognised at fair value at the acquisition date.

Any prior interest held in the acquiree before a take-over is reassessed at its fair value on the acquisition date and the related gain or loss is recorded in the statement of operations.

Goodwill is allocated to the following cash-generating units (CGUs):

(millions of R$)		31 March 2024	31 March 2023
Cash Generating Unit	**Operating segment**		
Sugar & Energy Brazil	Sugar & Energy Brazil	272	272
TOTAL NET GOODWILL		**272**	**272**

Changes in goodwill were as follows:

(millions of R$)	31 March 2024	31 March 2023
GROSS AMOUNT		
Amount at opening	**1,235**	**1,257**
Derecognised on disposal of a subsidiary	0	(22)
Amount at closing	**1,235**	**1,235**
IMPAIRMENT		
Amount at opening	**(963)**	**(211)**
Impairment losses recognised in the year	0	(752)
Amount at closing	**(963)**	**(963)**
Net amount at closing	**272**	**272**

At 31 March 2023, the R$ (22) million of disposal corresponds to the sale of São José Agricultura Ltda.

12.2 Other intangible assets

Intangible assets include:

- patents acquired;
- recognised brands acquired that are distinguishable from other brands, whose value can be tracked over time;
- computer software; and
- qualifying development expenses.

Acquired patents and computer software are measured at their acquisition cost and are amortised over their useful life. Software is amortised on a straight-line basis over its expected useful life ranging from 1 to 5 years.

Brands with indefinite useful lives and emissions allowances are not amortised and are subject to annual impairment tests.

Amortisation and impairment losses are recognised in operating income.

In accordance with IAS 38 (CPC 04 (R1)), research and development expenses are expensed in the year incurred, with the exception of qualifying development expenses that meet the capitalisation criteria outlined in the standard.

Changes in other intangible assets over the year are as follows:

(millions of R$)	Patents, licenses	Other	TOTAL
GROSS AMOUNT			
31 March 2022	**84**	**150**	**233**
Reclassifications	12	(10)	3
31 March 2023	**96**	**140**	**236**
Disposals	(1)	0	(1)
Reclassifications	3	0	3
31 March 2024	**98**	**140**	**238**
AMORTISATION AND IMPAIRMENT			
31 March 2022	**(71)**	**(10)**	**(81)**
Amortisations	(12)	(5)	(17)
Other changes	(1)	0	(1)
31 March 2023	**(83)**	**(14)**	**(98)**
Amortisations	(3)	(5)	(8)
Disposals	1	0	1
31 March 2024	**(86)**	**(19)**	**(105)**
Net amount at 31 March 2022	**13**	**140**	**153**
Net amount at 31 March 2023	**12**	**126**	**138**
Net amount at 31 March 2024	**12**	**121**	**133**

"Other” column mainly refers to the execution of the agreement between Tereos and VLI, where Tereos is committed to invest in the VLI infrastructure and have back a commercial agreement for transportation of raw sugar from the terminal in Guará-SP to the port in Santos-SP where VLI will perform elevation services to load vessels for exports to Tereos.

12.3 Impairment tests

In accordance with IAS 36 – Impairment of Assets (CPC 01(R1)), goodwill, property plant and equipment and intangible assets are subject to impairment tests whenever events or changes of circumstances indicate that their carrying amount may not be recoverable. Goodwill and intangible assets that have an indefinite useful life are subject to an impairment test, at least once a year or more frequently if there are indications of impairment. The Group performs annual impairment tests during the last quarter of its financial year.

For the purposes of measuring impairment, assets are combined into cash-generating units (CGUs). These CGUs correspond to the smallest groups of assets generating cash flows clearly independent from those generated by other CGUs.
Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combinations in which the goodwill was recorded.

An impairment test consists of comparing the carrying amount of an asset, a CGU or a group of CGUs to its recoverable value, which is the higher of its fair value less costs to sell and value in use.

Value in use is obtained by adding the discounted pre-tax values of the cash flows expected from use of the asset (or group of assets) and the terminal value.

The recoverable amount is determined by reference to the value in use, using the discounted future cash flow model on the basis of medium-term plans, built over a 5-year horizon, drawn up by the management, and reviewed by the Group's management, which take into account the assumptions for each activity and are based on market data, as well as on past performance. The assumptions made in terms of changes in sales and terminal cash flow are considered reasonable and in line with the market data available.

The main assumptions and estimates are for sugar production: expected sugar sales prices, agricultural yields in the context of climate change, energy and raw material costs, necessary decarbonisation investments and other macroeconomic factors.

Fair value less costs to sell corresponds to the amount that might be obtained from the sale of an asset (or group of assets) in an arm's length transaction, less costs directly related to the sale.

If the recoverable value is lower than the carrying amount of the asset (or group of assets), an impairment loss is recognised in the statement of operations for the difference and allocated first to goodwill. Impairment losses recognised against goodwill may not be reversed in subsequent periods.

Impairment tests are performed annually during the last quarter of the financial year, or whenever the Group identifies a triggering event.

The key assumptions used to calculate the value of the CGUs are as follows:

Sugar & Energy Brazil	**31 March 2024**	**31 March 2023**
Basis used for the determination of recoverable value	Value in use	Value in use
Source	5-year business plan discounted cash flows	5-year business plan discounted cash flows
Growth rate used for terminal value	3.3%	3.5%
Post-tax discount rate	11.6%	11.6%
Pre-tax discount rate	16.8%	16.5%

Impairment recognised during the year

At 31 March 2024, no impairment loss was recognised.

Sensitivity analysis

During the last quarter of the 2023/2024 financial year, the sensitivity analyses focused on the following assumptions:

- Change in the post-tax discount rate of +/- 1 point
- Change in the perpetual growth rate of +/- 0.5 points
- Change in the EBITDA margin over the final year of the business model of +/- 1 point
- A decrease of 10% in the prices of sugar in the first three years of the business plan

These changes to the assumptions would not result in the recognition of an impairment loss, all else being equal:

(millions of R$)	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
Sensitivity analysis to key assumptions of the value in use	**Impact on the recoverable value**	
After-tax discount rate - Increase of 1pt		
Sugar & Energy Brazil	0	(580)
Perpetual growth rate - Decrease of 0.5pt		
Sugar & Energy Brazil	0	(238)
EBITDA margin rate over the final year of the business model - Decrease of 1pt		
Sugar & Energy Brazil	0	(298)
Decrease of 10% (Prices of sugar and ethanol in the N+2 and N+3 years of the business plan)		
Sugar & Energy Brazil	0	(320)

13. Property, plant and equipment

Property, plant and equipment are measured at cost (purchase price plus incidental costs needed to place the assets in service) or at production cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by the management except in the context of a business combination.

When certain components of property, plant and equipment acquired have different useful lives, the components approach is applied, and these components are depreciated over their respective useful lives.

Expenses corresponding to the replacement or renovation of components of property, plant and equipment are recorded as a new asset, and the carrying amount of the components replaced is eliminated.

The estimated cost of the portion of the total cost of an item of property, plant and equipment which must be replaced on an annual basis is recorded as a separate component of the cost of property, plant and equipment and is depreciated over its separate estimated useful life. It is then replaced in connection with the annual major maintenance activities. Regular periodic maintenance costs are expensed as incurred since the parts replaced do not enhance the performance of the asset.

In accordance with IAS 23 (CPC 20(R1)), interest on loans used to purchase property, plant and equipment of a material individual amount and with a significant construction life are recognised as an increase in the asset's acquisition cost. During the year, R$ 13 million (R$ 13 million at 31 March 2023) were capitalized at an average rate of 9.9% per year (10.8% per year at 31 March 2023).

Sugarcane plantation costs are included in property, plant and equipment. They are valued at cost and depreciated over their useful life.

Amortisation is calculated on a straight-line basis over the expected useful life of each asset:

Buildings	20-40 years
Technical installations, equipment and industrial tools	10-15 years
Fixtures and improvements to buildings	10-20 years
Bearer plant	5-6 years
Office equipment	5 years
Vehicles	5 years

Changes in property, plant and equipment are presented as follows:

(millions of R$)	Land	Buildings	Tools, equip. and installations	Bearer plants	Other	Assets in progress	Right-of-use	TOTAL
GROSS AMOUNT								
31 March 2022	**27**	**1,022**	**3,215**	**1,457**	**329**	**190**	**839**	**7,079**
Additions/Reassessments	0	0	0	423	0	203	72	698
Reclassifications	0	27	142	0	27	(210)	(152)	(166)
Disposals	0	0	(5)	(258)	(4)	0	0	(267)
Change in accounting method (note 5)	0	0	(317)	0	0	0	0	(317)
31 March 2023 restated	**27**	**1,050**	**3,035**	**1,621**	**352**	**183**	**759**	**7,027**
Additions/Reassessments	0	0	0	596	0	341	273	1,210
Reclassifications	0	66	127	15	16	(212)	(99)	(87)
Disposals	0	0	(11)	(179)	(11)	0	0	(202)
31 March 2024	**27**	**1,116**	**3,150**	**2,054**	**357**	**312**	**933**	**7,949**
AMORTISATION AND IMPAIRMENT								
31 March 2022	**(1)**	**(395)**	**(1,825)**	**(551)**	**(280)**	**0**	**(260)**	**(3,311)**
Amortisation	(1)	(39)	(148)	(255)	(14)	0	(143)	(600)
Impairment losses	(1)	(34)	(37)	0	(1)	0	0	(72)
Reclassifications	0	0	(0)	0	0	0	152	152
Disposals	0	0	5	258	4	0	0	267
Change in accounting method (note 5)	0	0	29	0	0	0	0	29
31 March 2023 restated	**(2)**	**(468)**	**(1,976)**	**(547)**	**(291)**	**0**	**(252)**	**(3,535)**
Amortisation	(1)	(40)	(149)	(266)	(16)	0	(175)	(648)
Reclassifications	0	0	0	(15)	(0)	0	99	84
Disposals	0	0	11	177	11	0	0	200
Reversal of impairment	0	0	1	0	0	0	0	1
31 March 2024	**(3)**	**(508)**	**(2,113)**	**(651)**	**(296)**	**0**	**(328)**	**(3,899)**
Net amount at 31 March 2022	**27**	**627**	**1,389**	**906**	**49**	**190**	**579**	**3,768**
Net amount at 31 March 2023 restated	**25**	**582**	**1,059**	**1,074**	**61**	**183**	**507**	**3,492**
Net amount at 31 March 2024	**24**	**608**	**1,037**	**1,402**	**61**	**312**	**605**	**4,050**

14. Right-of-use assets and leases

Leases, as defined by IFRS 16 – Leases (CPC 06(R2)), are recognised in the statement of financial position as property, plant and equipment, which corresponds to the right to use the leased asset during the term of the contract, and as a liability, which relates to the payment obligation.

For simplification purposes, and as permitted by the standard, lease contracts with a term of less than 12 months, as well as contracts for which the replacement value is lower than or equal to USD 5,000, have not been recognised in accordance with the above IFRS 16 rules (CPC 06 (R2)).

The main lease contracts identified correspond to land, vehicles and buildings.

Measurement of right-of-use assets

At the signing date of a lease contract, the right-of-use is valued at cost and corresponds to the initial amount of the lease liability, adjusted, if necessary, for the amount of any prepaid or accrued lease payments recognised in the statement of financial position.

The right-of-use asset is amortised over the useful life of the underlying assets.

Measurement of lease liabilities

When the contract is signed, the lease liability is recognised for an amount equal to the present value of the lease payments over the term of the contract.

The amount of the liability depends to a large degree on the assumptions used for the lease term and, to a lesser extent, on the discount rate. The Group's extensive geographic coverage means it encounters a wide range of different legal conditions when entering into contracts. The lease term generally used to calculate the liability is the term of the initially negotiated lease, taking into account early termination or extension options when these are likely. The liability related to the lease contract is increased by the amount of the interest expense determined by applying the discount rate to the liability at the beginning of the period and is reduced by the repayments made.

The interest expense for the period as well as variable payments, not taken into account on initial measurement of the liability, and incurred during the considered period, are recognised as expenses.

The liability can be remeasured when the term of the lease is revised, when there is a modification linked to the assessment of the reasonably certain (or uncertain) nature of the exercise of an option, or a revision of the rates or indices on which rents are based at the date of the adjustment.

At 31 March 2024, 304 active leases contracts had been restated under IFRS 16.

14.1 Right-of-use assets

Changes in right-of-use assets are presented as follows:

(millions of R$)	Land	Buildings	Tools, machinery, equipment	Transport materials	TOTAL
GROSS AMOUNT					
31 March 2022	**579**	**9**	**2**	**249**	**839**
Additions/Reassessments	55	0	0	17	72
Reclassifications	(30)	0	0	(122)	(152)
31 March 2023	**604**	**9**	**2**	**143**	**759**
Additions/Reassessments	61	5	(0)	208	273
Reclassifications	(10)	(9)	0	(80)	(99)
31 March 2024	**655**	**5**	**2**	**271**	**933**
AMORTISATION AND IMPAIRMENT					
31 March 2022	**(117)**	**(5)**	**(1)**	**(137)**	**(260)**
Amortisation	(66)	(3)	(0)	(74)	(143)
Reclassifications	30	0	0	122	152
31 March 2023	**(154)**	**(8)**	**(1)**	**(89)**	**(252)**
Amortisation	(67)	(2)	(0)	(106)	(175)
Reclassifications	10	9	0	80	99
31 March 2024	**(211)**	**(0)**	**(1)**	**(115)**	**(328)**
Net amount at 31 March 2022	**462**	**4**	**2**	**111**	**579**
Net amount at 31 March 2023	**450**	**2**	**1**	**54**	**507**
Net amount at 31 March 2024	**443**	**4**	**1**	**156**	**605**

14.2 Leases

The net amount of leases not restated as part of the IFRS 16 standard (CPC 06 (R2)) is as follows:

(millions of R$)	**31 March 2024**
Rental charges on short-term contracts (< 1 year)	(5)
Rental charges on contracts with low new value assets (< USD 5,000)	(18)
Others	(27)
TOTAL LEASES	**(50)**

15. Investments in associates

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in the associate is initially carried at its acquisition cost determined at the acquisition date. After acquisition, the carrying amount of the investment in the statement of financial position is adjusted for the changes in the Group's share of net assets, including comprehensive income for the period.

Goodwill relating to the associate is included in the carrying amount of the investment and is never amortised.

The statement of operations reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented in the consolidated statement of operations. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, where applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of operations below operating profit and represents profit or loss after tax of the associate.

When it is possible, the financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

If the Group's share in the losses of an associate is greater than or equal to its investment in the associate, including any unsecured receivables, the Group does not recognise any additional losses, unless it has an obligation to do so or has made already payments in the name of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in its associates. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount in the statement of operations.

When an investment ceases to be an associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate on loss of significant influence and the fair value of the residual investment and proceeds from disposal is recognised in the statement of operations.

Entities over which the Group does not exercise significant influence are measured at fair value and classified as non-consolidated investments at fair value.

Main investments in associates at 31 March 2024 were as follows:

(millions of R$)	**Activity**	**Group voting rights (in %)**	**Investment in associates** **31 March 2024**	**31 March 2023**
Teapar	Port services operator for sugar export sales	35,00%	5	14
Centro de Tecnologia Canavieira	R&D of sugarcane varieties	4,57%	47	40
TOTAL			**51**	**54**

(millions of R$)	**Share of profit of associates** **31 March 2024**	**31 March 2023**
Teapar	1	(12)
Centro de Tecnologia Canavieira	7	4
São José Agricultura	0	1
TOTAL	**8**	**(7)**

Changes in investments in associates are as follows:

(millions of R$)	**31 March 2023**	Share of profit of associates	Dividends paid	Change in other comprehensive income	Other	**31 March 2024**
Teapar	14	1	(10)	0	0	5
Centro de Tecnologia Canavieira	40	7	(1)	0	0	47
TOTAL	**54**	**8**	**(11)**	**0**	**0**	**51**

F. Biological assets

16. Biological assets

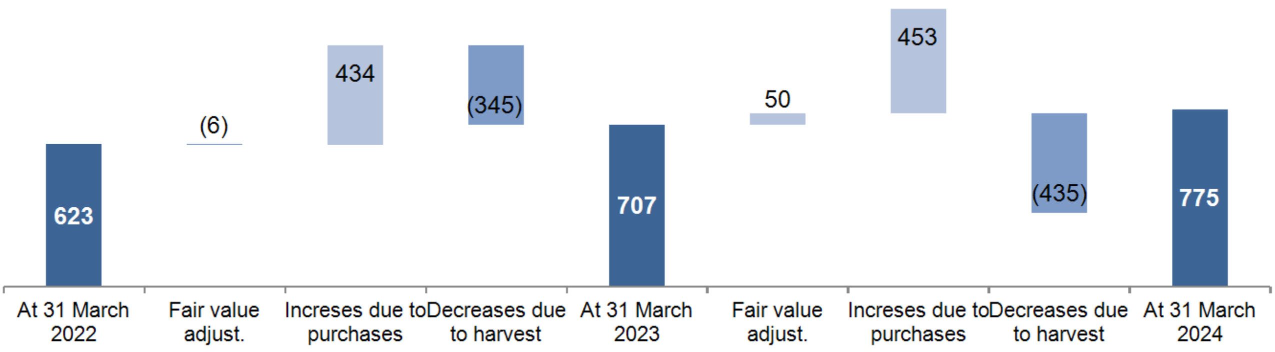
IAS 41 – Agriculture (CPC 29), covers the accounting treatment of agricultural activities. Agricultural activity is the management of the biological asset's transformation for sale or into agricultural products. These biological assets (sugarcane and manioc) and the related agricultural products (harvested sugarcane and manioc) must be recognised at fair value less estimated expenses at the point of sale. To satisfy this measurement rule, the Group values its standing cane at fair value less cost to sell and classifies it in current biological assets.

Changes in fair value are recognised in the cost of goods sold.

The bearer plants are measured at historical cost, in accordance with IAS 16 (CPC 27), and recognised in the statement of financial position in property, plant and equipment.

The methodology adopted by the Group to determine the fair value of level 3 biological assets is described in note 18.1.

Changes in the net amount of biological assets *(millions of R$)*



Own sugarcane crushed amounted to 10,787 thousand tonnes for the period ended 31 March 2024 against 9,692 thousand tonnes for the year ended 31 March 2023.

Standing cane

The following assumptions have been used in the determination of the fair value of standing cane:

	Unit	31 March 2024	31 March 2023
Expected area to harvest	hectares	134,440	131,945
Estimated yields	tonnes of cane per hectare	83	80
Quantity of Total Recoverable Sugar	kg per tonne of cane	139	142
Value of one kg of TRS*	KR$	1.1	1.0

** Total Recoverable Sugar.*

The discount rate used for the calculation of fair value of biological assets at 31 March 2024 corresponds to the discount rate used in the impairment tests (note 12.3).

At 31 March 2024 and 31 March 2023, biological assets were as follows:

(millions of R$)	31 March 2024	31 March 2023
Tilling costs	451	433
Fair value adjustment of biological assets	324	274
TOTAL	**775**	**707**

G. Financing and financial instruments

17. Net financial expense

Net financial expense is broken down as follows:

(millions of R$)	For the year ended 31 March 2024	31 March 2023
Interest expenses	(541)	(589)
Loss on financial assets and liabilities at fair value through profit or loss	0	(3)
Fair value loss on derivatives	(42)	(33)
Foreign exchange losses	(27)	(100)
Other financial expenses	(17)	(18)
Financial expenses	**(627)**	**(742)**
Interest income	148	126
Gains on financial assets and liabilities at fair value through profit or loss	2	0
Fair value gains on derivatives	0	13
Foreign exchange gains	50	141
Other financial income	13	11
Financial income	**213**	**290**
NET FINANCIAL INCOME (EXPENSE)	**(414)**	**(452)**
Of which net interest income (expense)	*(394)*	*(463)*
Of which foreign exchange gains and losses	*23*	*41*

Cost of net debt

The cost of net debt consists of:

- The cost of gross debt which includes the interest expense (calculated at the effective interest rate), gains and losses on interest rate derivatives allocated to gross debt (including the ineffective portion), whether qualified or not as hedges for accounting purposes, and hedging costs;
- Financial income from investments including the return on investments of cash and cash equivalents measured at fair value through profit or loss.

(millions of R$)	For the year ended 31 March 2024	31 March 2023
Net interest income (expense) on debt	(394)	(463)
Net gains and losses on derivatives and hedging relationships	(40)	(18)
Cost of net debt	**(434)**	**(481)**

Gains and losses on financial assets and liabilities

For the year ended 31 March 2024

(millions of R$)	Net interest income (expense)	Net foreign exchange income (expense)	Net gain (loss) of fair value	Other financial income (expense)	Total financial income (expense)	Operating income (expense)	OCI
Trade receivables	0	16	0	0	16	0	0
Cash and cash equivalents	87	6	0	0	93	0	0
Other fin. assets (excluding derivatives)	37	0	0	1	38	0	0
Borrowings	(519)	14	0	0	(504)	0	47
Trade payables	0	1	0	0	1	0	0
Other fin. liabilities (excluding derivatives)	0	0	0	0	0	0	0
Derivatives	(0)	(14)	(42)	0	(56)	(1)	(61)
Other	(0)	0	2	(4)	(3)	0	0
TOTAL	**(394)**	**23**	**(40)**	**(4)**	**(414)**	**(1)**	**(14)**
Effect of deferred taxes on OCI							5
Total OCI net of taxes							**(9)**

For the year ended 31 March 2023

(millions of R$)	Net interest income (expense)	Net foreign exchange income (expense)	Net gain (loss) of fair value	Other financial income (expense)	Total financial income (expense)	Operating income (expense)	OCI
Trade receivables	0	27	0	0	27	0	0
Cash and cash equivalents	73	21	0	0	94	0	0
Other fin. assets (excluding derivatives)	37	0	0	2	39	0	0
Borrowings	(570)	(51)	0	0	(621)	0	112
Trade payables	0	(1)	0	0	(1)	0	0
Other fin. liabilities (excluding derivatives)	0	0	(2)	0	(2)	0	0
Derivatives	(4)	44	(20)	0	20	1	28
Other	0	0	(0)	(9)	(9)	0	0
TOTAL	**(463)**	**41**	**(23)**	**(7)**	**(452)**	**1**	**140**
Effect of deferred taxes on OCI							(48)
Total OCI net of taxes							**93**

18. Financial assets and liabilities

Financial assets and liabilities comprise the following elements:

- Cash and cash equivalents as well as bank overdrafts (note 18.5);
- Financial debts (note 18.6);
- Other non-current and current financial assets and liabilities (notes 18.2 and 18.3).

18.1 Fair values of financial assets and liabilities

The fair values of financial assets and liabilities are the same as their carrying amounts, except for borrowings.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate fair value:

Since cash and cash equivalents, trade receivables and payables and other short-term borrowings mature in the near term, their fair value approximates their carrying amount.

The fair value of fixed- and variable-rate long-term borrowings is based on the estimated present value of the associated future cash flows (principal and interest repayments). A discount rate is calculated for each type of loan, determined by comparison with the interest rate used for similar transactions carried out during the previous period.

The fair value of available-for-sale securities (financial assets) is based on quoted prices in an active market, where available. Investments in equity instruments for which there are no quoted prices in an active market and whose fair value cannot be reliably measured are carried at cost, less any impairment losses, generally calculated in relation to the proportion of equity held.

The Group contracts derivative instruments with counterparties and financial institutions with investment grade ratings. Derivatives are measured using valuation techniques based on observable market inputs. The instruments concerned are mainly interest rate swaps, forward rate agreements, and commodity options and futures. The most frequently applied valuation techniques include forward pricing and swap models, which use present value calculations.

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets and liabilities and biological assets (note 16):

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities.

- Level 2: other techniques for which all inputs with a significant impact on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs with a significant impact on the recorded fair value that are not based on observable market data.

The methodology adopted by the Group to determine the fair value of assets and liabilities that belong to level 2 of the fair value hierarchy is as follows:

- Loans, borrowings and interest rate derivatives are valued using the discounted future cash flows method. This method uses interest rates and interest rate curves directly observable on the market at the valuation date.
- Foreign exchange derivatives (forwards) are valued on the basis of a recalculation, at the valuation date, of the forward exchange rate at maturity of the contract. This recalculation uses exchange rates and interest rate curves directly observable on the market at the valuation date.
- Interest rate options, foreign exchange options and commodity options are valued using the Black & Scholes model. This model uses the implied volatility of the underlying asset at the valuation date.
- Counterparty risk is measured using the CDS quoted on the market at the valuation date or, failing that, using the data available on the secondary market (credit spread of listed securities).

During the year ended 31 March 2024, no assets and liabilities measured at fair value were reclassified from or to level 1 or level 2.

18.2 Financial assets

IFRS 9 (CPC 48) provides a single approach for the classification and measurement of financial assets, based on the characteristics of the financial instrument and the Group's management intention with the following results:

- financial assets with cash flows that are representative of the payment of principal and interest only are measured at amortised cost if they are managed only for the purpose of collecting these flows;
- in other cases, financial assets are measured at fair value through profit or loss, except for equity instruments (investments, etc.) not held for trading and with changes in value that, on election affect "other comprehensive income".

The impact of these principles on assets is reflected as follows in the Group's statement of financial position:

Financial assets include the following categories: non-consolidated investments, financial investments, loans and receivables and derivatives.

At the acquisition date, the Group determines the classification of the financial asset in one of these accounting categories.

Non-consolidated investments and financial investments at fair value

This category mainly includes non-consolidated investments and debt securities that do not meet the definitions of other categories of financial assets.

The Group has chosen to recognise the change in fair value of its investments in other comprehensive income because they meet the definition of equity instrument and are not held for trading except shares held in investment funds with changes in fair value recognised in financial income and expense.

The various categories of financial assets are presented in the tables below:

At 31 March 2024

(millions of R$)	Notes	Total	Loans and receivables at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Fair value	Level of fair value
Trade receivables	11.2	484	484	0	0		
Cash and cash equivalents	18.5	1,912	0	1,912	0	1,912	1-2
Other current financial assets		463	413	0	51	51	1-2
of which Derivatives	19.1	*51*	*0*	*0*	*51*	*51*	1-2
of which Tax receivables		*52*	*52*	*0*	*0*		
of which Margin call	18.4	*169*	*169*	*0*	*0*		
of which Advance payments		*191*	*191*	*0*	*0*		
Total current financial assets		**2,859**	**897**	**1,912**	**51**	**1,962**	
Non-current fin. assets with related parties	24.2	304	304	0	0		
Other non-current financial assets		230	223	0	7	7	1-2
of which Derivatives	19.1	*7*	*0*	*0*	*7*	*7*	1-2
of which Paid deposit		*49*	*49*	*0*	*0*		
of which Tax receivables		*67*	*67*	*0*	*0*		
of which Restricted cash		*100*	*100*	*0*	*0*		
of which Other		*6*	*6*	*0*	*0*		
Total non-current financial assets		**534**	**527**	**0**	**7**	**7**	
TOTAL FINANCIAL ASSETS		**3,393**	**1,423**	**1,912**	**58**	**1,969**	

At 31 March 2023

(millions of R$)	Notes	Total	Loans and receivables at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Fair value	Level of fair value
Trade receivables	11.2	365	365	0	0		
Cash and cash equivalents	18.5	1,513	0	1,513	0	1,513	1-2
Other current financial assets		557	453	1	104	104	1-2
of which Derivatives	19.1	*104*	*0*	*1*	*104*	*104*	1-2
of which Tax receivables		*114*	*114*	*0*	*0*		
of which Margin call	18.4	*173*	*173*	*0*	*0*		
of which Advance payments		*165*	*165*	*0*	*0*		
of which Other		*1*	*1*	*0*	*0*		
Total current financial assets		**2,435**	**818**	**1,513**	**104**	**1,617**	
Non-consolidated investments		2	0	0	2	2	3
Non-current fin. assets with related parties	24.2	266	266	0	0		
Other non-current financial assets		210	195	0	15	15	1-2
of which Derivatives	19.1	*15*	*0*	*0*	*15*	*15*	1-2
of which Paid deposit		*52*	*52*	*0*	*0*		
of which Tax receivables		*63*	*63*	*0*	*0*		
of which Restricted cash		*74*	*74*	*0*	*0*		
of which Other		*6*	*6*	*0*	*0*		
Total non-current financial assets		**478**	**461**	**0**	**17**	**17**	
TOTAL FINANCIAL ASSETS		**2,913**	**1,279**	**1,513**	**121**	**1,634**	

18.3 Financial liabilities

Measurement and recognition of financial liabilities at amortised cost

With the exception of financial liabilities at fair value and derivatives comprising liabilities measured and recognised at fair value, borrowings and other financial liabilities are measured and recognised initially at fair value and then at amortised cost, calculated using the effective interest rate.
In accordance with the Group accounting policy, Tereos Açúcar e Energia Brasil S.A. is considering in its cash flows statement its financial interest paid as cash flows from financing activities.

Measurement and recognition of financial liabilities designated at fair value upon initial recognition

When a financial liability is eligible to be recognised at fair value in its entirety – as in the case of a liability with an embedded derivative – the Group recognises the liability at fair value and changes in fair value are recognised in financial income and expenses.

The various categories of financial liabilities are presented in the tables below:

At 31 March 2024

(millions of R$)	Notes	Total	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through OCI	Fair value	Level of fair value
Short-term borrowings	18.6	1,842	1,866	0	(24)	1,807	2
Trade payables	11.3	789	789	0	0		
Other current financial liabilities		645	400	1	244	245	1-2
of which Derivatives	19.1	*245*	*0*	*1*	*244*	*245*	1-2
of which Taxes and social payables		*140*	*140*	*0*	*0*		
of which Advances received		*151*	*151*	*0*	*0*		
of which Other		*108*	*108*	*0*	*0*		
Total current financial liabilities		**3,275**	**3,055**	**1**	**220**	**2,052**	
Long-term borrowings	18.6	2,838	2,865	0	(26)	2,271	2
Non-current fin. liabilities with related parties	24.2	608	608	0	0		
Other non-current financial liabilities		133	1	0	133	133	1-2
of which Derivatives	19.1	*133*	*0*	*0*	*133*	*133*	1-2
of which Other		*1*	*1*	*0*	*0*		
Total non-current financial liabilities		**3,580**	**3,473**	**0**	**107**	**2,404**	
TOTAL FINANCIAL LIABILITIES		**6,855**	**6,528**	**1**	**326**	**4,456**	

At 31 March 2023

(millions of R$)	Notes	Total	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Financial liabilities at fair value through OCI	Fair value	Level of fair value
Short-term borrowings	18.6	1,854	1,827	0	27	1,730	2
Trade payables	11.3	667	667	0	0		
Other current financial liabilities		553	317	0	236	236	1-2
of which Derivatives	19.1	*236*	*0*	*0*	*236*	*236*	1-2
of which Taxes and social payables		*124*	*124*	*0*	*0*		
of which Advances received		*88*	*88*	*0*	*0*		
of which Other		*105*	*105*	*0*	*0*		
Total current financial liabilities		**3,074**	**2,811**	**0**	**263**	**1,967**	
Long-term borrowings	18.6	3,117	3,148	0	(31)	3,016	2
Non-current fin. liabilities with related parties	24.2	254	254	0	0		
Other non-current financial liabilities		98	1	0	97	97	1-2
of which Derivatives	19.1	*97*	*0*	*0*	*97*	*97*	1-2
of which Other		*1*	*1*	*0*	*0*		
Total non-current financial liabilities		**3,469**	**3,403**	**0**	**66**	**3,113**	
TOTAL FINANCIAL LIABILITIES		**6,543**	**6,214**	**0**	**329**	**5,079**	

18.4 Margin calls

On regulated futures markets, the trading process is regulated by a clearing house to ensure that transactions are properly executed to maturity.

The clearing house is an intermediary between the buyer and the seller who deals with margin calls in particular. It makes daily margin calls (variation margins) which aim to reconstitute an investor's security deposit if it has been initiated by a significant market movement.

Margin calls break down as follows:

(millions of R$)	31 March 2024	31 March 2023
Initial margin	100	72
Margin variation	69	101
TOTAL	**169**	**173**

18.5 Cash and cash equivalents

Cash and cash equivalents include cash in bank current accounts, term deposits convertible in the very short term (less than three months) for which there is no material risk of loss of value in the event of a change in interest rates, and investment securities that are by nature highly liquid and subject to a negligible risk of change in value.

Changes in cash and cash equivalents are presented in the consolidated statement of cash flows.

The net cash balance presented in the consolidated statement of cash flows is as follows:

(millions of R$)	Level of fair value	31 March 2024	31 March 2023
Certificates of deposit	2	995	1,366
Total cash equivalents		**995**	**1,366**
Cash	1	917	146
Total cash and cash equivalents		**1,912**	**1,513**
NET CASH		**1,912**	**1,513**

18.6 Borrowings

The Group's various credit facilities are presented below:

At 31 March 2024

(millions of R$) INDEX	Currency	Type	Current	Non-current	Total	Average interest rate	Maximum maturity
CDI	BRL	Working capital and other ST/LT	0	202	202	12.2%	6/30/2025
CDI	BRL	Working capital and other ST/LT	2	1	4	16.0%	6/28/2024
CDI	BRL	Certificate of Agribusiness Receivables	166	0	166	11.4%	1/15/2025
SOFR	USD	Export prepayment and LT Financings	747	882	1,629	9.4%	11/16/2032
TJLP	BRL	Investment financing (BNDES)	100	312	412	9.9%	5/15/2028
TJLP	BRL	Investment financing (FINEP)	5	21	25	6.0%	8/15/2029
IPCA	BRL	Certificate of Agribusiness Receivables	144	143	287	10.6%	10/15/2024
IPCA	BRL	Certificate of Agribusiness Receivables	153	0	153	9.6%	3/16/2026
IPCA	BRL	Investment Financing (PCA BNDES)	2	18	20	10.1%	7/15/2033
IPCA	BRL	Infrastructure debenture	10	583	592	10.8%	6/15/2027
SELIC	BRL	Investment financing (BNDES)	33	135	169	15.4%	11/16/2037
Total floating rate			**1,362**	**2,297**	**3,659**	**10.3%**	
Fixed rates	BRL	Investment Financing (FINAME)	0	0	0	6.0%	11/18/2024
	BRL	Investment Financing (PCA BNDES)	1	11	12	6.5%	7/15/2033
	BRL	Investment Financing (PCA)	3	12	15	7.5%	7/15/2030
	USD	Export Prepayment	199	0	199	6.4%	2/17/2025
	BRL	Working Capital	171	0	171	14.3%	6/28/2024
Total fixed rate			**374**	**23**	**397**	**9.8%**	
TOTAL GROSS DEBT BEFORE AMORTISED COSTS			**1,736**	**2,320**	**4,056**	**10.2%**	
Amortised cost			(18)	(18)	(36)		
Total gross debt			**1,718**	**2,302**	**4,020**		
Lease liability			123	537	660		
Total financial debt			**1,842**	**2,838**	**4,680**		
Cash and cash equivalent (note 18.5)					(1,912)		
Total net financial debt					**2,768**		
Related parties' financial assets (note 24.2)					(304)		
Related parties' financial liabilities (note 24.2)					608		
TOTAL NET FINANCIAL DEBT INCLUDING RELATED PARTIES					**3,072**		

At 31 March 2023

(millions of R$)			Current	Non-current	Total	Average interest rate	Maximum maturity
INDEX	**Currency**	**Type**					
CDI	BRL	Working capital and other ST/LT	236	4	239	16.9%	10/23/2025
CDI	BRL	Certificate of Agribusiness Receivables	171	162	334	14.4%	1/15/2025
LIBOR	USD	Export prepayment and LT Financings	66	290	356	9.0%	11/16/2032
SOFR	USD	Export prepayment and LT Financings	276	1,035	1,310	9.1%	7/31/2027
TJLP	BRL	Investment financing (BNDES) (1)	513	0	513	10.6%	5/15/2028
TJLP	BRL	Investment financing (FINEP)	5	25	30	6.0%	8/15/2029
UMBNDES	Basket	Investment financing (BNDES) (1)	3	0	3	6.8%	7/17/2023
IPCA	BRL	Certificate of Agribusiness Receivables	292	415	707	11.2%	10/15/2024
IPCA	BRL	Investment Financing (PCA BNDES) (1)	23	0	23	6.1%	7/15/2033
IPCA	BRL	Infrastructure debenture	29	538	567	12.0%	6/15/2027
SELIC	BRL	Investment financing (BNDES) (1)	165	0	165	18.5%	11/16/2037
Total floating rate			**1,777**	**2,467**	**4,245**	**11,2%**	
Fixed rates	BRL	Investment Financing (FINAME)	2	0	2	4.2%	11/18/2024
	BRL	Investment Financing (PCA BNDES) (1)	13	0	13	6.5%	7/15/2033
	BRL	Investment Financing (PCA)	4	13	17	7.1%	7/15/2030
	USD	Export Prepayment	2	201	202	6.4%	2/17/2025
Total fixed rate			**21**	**214**	**235**	**6.4%**	
TOTAL GROSS DEBT BEFORE AMORTISED COSTS			**1,798**	**2,681**	**4,480**	**11.0%**	
Amortised cost			(23)	(35)	(58)		
Total gross debt			**1,775**	**2,646**	**4,421**		
Lease liability			79	471	550		
Total financial debt			**1,854**	**3,117**	**4,971**		
Cash and cash equivalent (note 18.5)					(1,513)		
Total net financial debt					**3,459**		
Related parties' financial assets (note 24.2)					(266)		
Related parties' financial liabilities (note 24.2)					254		
TOTAL NET FINANCIAL DEBT INCLUDING RELATED PARTIES					**3,446**		

(1) At 31 March 2023, financings with BNDES are disclosed in current liabilities in the absence of a response over waiver request which was formally granted on 28 September 2023.

Financings available in the Group

Group's financings are mostly bank loans and funding through capital markets, through the issuance of Agribusiness Receivables Certificates (CRA) and Debentures. The company benefits from a major BNDES project financing loan, two major export pre-financing loans and several bilateral short-term and medium-term credit lines.

All average rates listed below are weighted by outstanding amounts.

Borrowings on a floating rate basis are based on a variable reference rate (CDI, IPCA, SOFR, among others) to which a contractual margin is added. The effective interest rate is the sum of both items and changes over time, but an average interest rate on a yearly basis can be calculated as per the above table.

a / CDI-based financings of Brazilian subsidiaries (CDI – Brazilian Overnight Interbank Deposit rate)

At 31 March 2024, the bulk of Tereos's CDI based on debt was in the form working capital and structured financings and CRAs. These loans have an average interest rate of 11.9%.

On February 2024, the Group entered a new R$ 200 million bilateral loan with Safra bank indexed at CDI + 1.43% with max maturity in June 2025 and swapped into a USD exposure loan to improve natural hedge of income from exports in exchange of a future interest cash flows of SOFR + 2.95%.

The outstanding amount of CDI based financings is R$ 371 million at 31 March 2024 (R$ 573 million at 31 March 2023), whereof R$ 202 million swapped to SOFR USD.

b / SOFR-based USD denominated financings

In order to extend maturities on working capital financings and improve natural hedge of income from exports, the Group have structured financing with a significant portion of medium-term export pre-financing contracts at SOFR plus a margin. These SOFR-based financings are denominated in USD plus a margin that ranges from 2.30% to 5.03% with an average of 4.36%. Most of these financings are secured by the assignment of future export receivables. These loans have an average interest rate of 9.4%.

On April 2023, the Group entered a new USD 39.5 million loan with Santander bank indexed at SOFR + 2.8% and on March 2024 entered another USD 18 million funding with CCB – China Construction Bank at SOFR + 2.30% both with 1-year duration.

The total outstanding amount of SOFR-based USD financings was R$ 1,629 million at 31 March 2024 (R$ 1,310 million at 31 March 2023).

c / TJLP-based financings (TJLP – long-term state interest rate)

Medium-term/Long-term financings are denominated in BRL and consist of equipment financing facilities from BNDES secured by pledge over the equipment financed. These loans have an average interest rate of 9.7%.

The outstanding amount of TJLP-based financings is R$ 437 million at 31 March 2024 (R$ 543 million at 31 March 2023).

d / IPCA-based financings (IPCA – Special Amplified Consumer Price Index)

IPCA-based financings comprise funding through capital markets, such as Agribusiness Receivables Certificates (CRA) and Debentures. The margins applied range from 4.9% to 6.1% with average of 5.6%. These loans have an average interest rate of 10.5%.

The outstanding amount of IPCA-based financings is R$ 1,052 million at 31 March 2024 (R$ 1,296 million at 31 March 2023), whereof R$ 879 million swapped to CDI.

e / SELIC-based financings (SELIC – Basic Interest Rate defined by Brazilian Central Bank)

A specific line of BNDES financing is available and negotiated based on SELIC plus a margin that ranges from from 4.14% to 4.79% with an average of 4.42%. The outstanding amount was R$ 169 million at 31 March 2024 (R$ 165 million at 31 March 2023). These loans have an average interest rate of 15.4%.

f / Fixed rate financings

Fixed rate financings comprise mainly working capital lines, an export prepayment contract and other small lines.

On April 2023, the Group entered a new R$ 150 million bilateral loan with Safra bank at 14.25% per year with max maturity in June 2024 and swapped into a USD exposure loan to improve natural hedge of income from exports in exchange of a future fixed interest cash flows at 8.20% per year.

The total outstanding amount of fixed rate financings is R$ 397 million at 31 March 2024 (R$ 235 million at 31 March 2023). These loans have an average interest rate of 9.8%.

Average interest rate

The global average interest rate is at 10.2% at 31 March 2024 against 11.0% at 31 March 2023.

Foreign currency breakdown

The foreign currency breakdown of the debt at 31 March 2024 is as follows:

Currency	USD	BRL	Total
Millions of R$ at 31 March 2024	1,828	2,228	4,056

Debt by maturity

The maturity of the debt at 31 March 2024 is as follows:

At 31 March 2024

(millions of R$)	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years	TOTAL
Maturity of debt before amortised cost	1,736	1,040	604	449	80	147	4,056
Lease liability	123	106	92	79	51	208	660

Reconciliation of changes in financial debt with the cash flow statement

Changes in financial debt are presented as follows:

(millions of R$)	31 March 2024	31 March 2023
Financial debt - Opening	**4,971**	**5,374**
Borrowings issues	633	1,079
Borrowings repayments (1)	(1,231)	(1,829)
Change in treasury liabilities	(3)	123
Change with effect on cash	**(601)**	**(626)**
Change in fair value	(35)	81
Impact of IFRS 16 (CPC 06 (R2))	319	109
Other	26	33
Change with no effect on cash	**310**	**224**
Financial debt - Closing	**4,680**	**4,971**

(1) Of which R$ (210) million related to IFRS 16 (CPC 06 (R2)), against R$ (173) million at 31 March 2023.

18.7 Covenants

The following covenants relate to Tereos Açúcar e Energia Brasil S.A. and its subsidiaries.

Type at 31 March 2024	Definition	Triggering level
Net debt	Consolidated net debt Tereos Açúcar e Energia Brasil Group / Consolidated EBITDA Tereos Açúcar e Energia Brasil Group	Max. 4.5
Interest cover	Consolidated adjusted EBITDA Tereos Açúcar e Energia Brasil Group / Consolidated net interest expense Tereos Açúcar e Energia Brasil Group	Min. 2.0
Liquidity	Consolidated current assets Tereos Açúcar e Energia Brasil Group / Consolidated current liabilities Tereos Açúcar e Energia Brasil Group	Min. 1.0

The Group complies with all of its financial covenants on the issue date of the financial statements.

19. Risk management and financial instruments

In the context of its operating and financing activities, the Group is exposed to the following financial risks:

- market risks: interest rate risk, foreign exchange risk, commodities risk and energy risk;
- liquidity risks.

19.1 Derivatives

The Group uses derivative instruments to manage and reduce its exposure to risks of changes in interest rates, exchange rates and commodity prices.

Derivative instruments are measured at fair value in the statement of financial position, whether or not they qualify for hedge accounting under IFRS 9 (CPC 48), under other financial assets and liabilities. The fair value of derivatives is estimated using commonly used valuation models taking into account data from active markets.

Derivative instruments that do not meet the definition of hedging instruments are qualified as “held for trading”. Changes in the fair value of held for trading derivatives are recognised in the statement of operations.

The changes in fair value of trading derivatives as well as the ineffective portion of derivatives qualified as cash flow hedges are recognised in profit and loss, the results of closed derivatives qualified as "held for trading" or as hedging are classified as:

- Financial expenses and income, when the underlying risk is classified as financial income and expenses (interest rate and financial exchange rate);
- Operating expenses and income, when the underlying risk is classified as operating expenses and income (Commodities – i.e., raw materials, finished products and operational change).

Whenever possible, as part of the Group's production activities, derivative instruments are recognised in accordance with the rules on hedge accounting.

Hedge accounting is applicable if:

- The hedging relationship is formally designated and documented at inception;
- The effectiveness of the hedging relationship is demonstrated from its inception and then by regular verification of the correlation between the change in the market value of the hedging instrument and that of the hedged item.

The types of hedge accounting relationships currently implemented by the Group meet the requirements of IFRS 9 (CPC 48) and are aligned with the Group's risk management strategy and objectives.

The Group uses cash flow hedges as well as fair value hedges.
In these hedging relationships, the effectiveness of the derivative is assessed using the hypothetical derivatives method: the derivative designated in each hedging relationship must be effective in offsetting changes in the cash flows of the hedged item.

The main sources of ineffectiveness are:

- The effect of the Group’s and its counterparties’ credit risk on the fair value of the hedging instruments which is not reflected in the change in fair value of the hedged items (exchange rates, interest rates and commodities). In accordance with IFRS 13 (CPC 46), credit risk on derivative instruments is measured on a regular basis. The lack of materiality has never given rise to the recognition of an adjustment in this respect;
- Changes in the timing and the amount of expected cash flows from hedged transactions for foreign currency risk. Changes in fair value from one period to another are recognised differently depending on the type of hedge accounting applied.

Cash flow hedges (CFHs) are used to hedge the exposure to changes in the cash flow of a recognised asset or liability or of a highly probable forecast transaction that affects reported net income. For cash flow hedges, the effective portion of the change in fair value of the hedging instrument is recorded directly in other comprehensive income, the change in fair value of the underlying operation is not recorded in the statement of consolidated financial position. The change in value of the ineffective portion is recognised in profit or loss. Amounts recognised in other comprehensive income are reversed in profit or loss in the same period as the hedged item itself.

The time value of the options documented as cash flow hedges is treated as the cost of hedging: changes in fair value of time value are recognised in other comprehensive income and then recycled in operating or financial income at the same time as the hedged item.

Commodity hedging instruments falling within the scope of IFRS 9 (CPC 48) are derivative instruments and are measured at fair value. The change in fair value and the net impact of unwinding transactions are recognised in operating income.

Breakdown by type of derivative:

At 31 March 2024				**Fair value**		
(millions of R$)		**Level**	**Notional Amount**	**Assets**	**Liabilities**	**Net**
Interest rate vanilla swaps and options	Cash Flow Hedge		1,252	6	(126)	(119)
Interest rate derivatives (OTC)		**2**	**1,252**	**6**	**(126)**	**(119)**
FX forward contracts	Cash Flow Hedge		1,849	12	(5)	7
FX forward contracts	Trading		220	0	(1)	(1)
USD borrowings qualified as CFH	Cash Flow Hedge		1,502	0	51	51
Foreign exchange derivatives (OTC)		**2**	**3,571**	**12**	**45**	**57**
Commodities futures	Cash Flow Hedge		1,746	39	(247)	(207)
Commodity derivatives		**1**	**1,746**	**39**	**(247)**	**(207)**
TOTAL			**6,569**	**58**	**(327)**	**(269)**

At 31 March 2023				**Fair value**		
(millions of R$)		**Level**	**Notional Amount**	**Assets**	**Liabilities**	**Net**
Interest rate vanilla swaps and options	Cash Flow Hedge		1,092	15	(96)	(81)
Interest rate derivatives (OTC)		**2**	**1,092**	**15**	**(96)**	**(81)**
FX forward contracts	Cash Flow Hedge		1,182	103	0	103
USD borrowings qualified as CFH	Cash Flow Hedge		1,510	0	4	4
Foreign exchange derivatives (OTC)		**2**	**2,693**	**103**	**4**	**107**
Commodities futures	Cash Flow Hedge		1,181	2	(237)	(235)
Commodity derivatives		**1**	**1,181**	**2**	**(237)**	**(235)**
TOTAL			**4,965**	**120**	**(329)**	**(209)**

Derivative impacts are as follows:

		At 31 March 2024		
Change through Comprehensive Income or through profit or loss	**Category**	**Income / (expense)**		**OCI**
		Fair value *	**OCI recycling**	
Interest rate derivatives	Cash Flow Hedge	(41)	(0)	19
Foreign exchange derivatives	Trading	(1)		
	Cash Flow Hedge	0	209	(95)
	USD loan qualified as cash flow hedge	0	(12)	47
Commodity derivatives	Cash Flow Hedge	(1)	(535)	16
Total		**(42)**	**(339)**	**(14)**
Effect of deferred taxes on OCI				5
Total OCI net of taxes				**(9)**
Of which OCI recycled to net revenue			*(339)*	*339*

** Of which an ineffective portion of R$ (42) million for derivatives qualified as hedges*

19.2 Interest rate risk management

The Group's exposure to interest rate risk is generated primarily by its borrowings at floating rates which impact future financial results.

When the Group wants to minimise the exposure of its subsidiaries to the risk of an increase in interest rates, the Group uses derivative instruments in the form of vanilla swaps. The interest rate hedging policy is defined centrally at Group level.

The notional amounts and fair values of interest rate derivatives by maturity breakdown are as follows:

At 31 March 2024 *(millions of R$)*	Notional less than 1 year	 1 to 5 years	 more than 5 years	 TOTAL	 Fair value
Vanilla swaps	**324**	**928**	**0**	**1,252**	**(119)**
qualified as cash flow hedges	324	928	0	1,252	(119)
TOTAL INTEREST RATE	**324**	**928**	**0**	**1,252**	**(119)**
of which fixed rate based derivatives	*171*	*0*	*0*	*171*	*6*
of which CDI based derivatives	*153*	*726*	*0*	*879*	*(124)*
of which SOFR based derivatives	*0*	*202*	*0*	*202*	*(1)*

Sensitivity of the statement of operations and other comprehensive income

The sensitivity analysis applies movements in interest rates and determines for various scenarios the impact of changes in interest rates on the statement of operations and other comprehensive income. The table below summarises financial exposures to changes in interest rates.

At 31 March 2024	Notional	Impacts in a probable scenario		Impacts in a possible scenario		Impacts in a stress scenario	
(millions of R$)		+10%	-10%	+25%	-25%	+50%	-50%
Borrowings at floating rate not hedged	**2,578**	**14**	**(14)**	**34**	**(34)**	**69**	**(69)**
Interest rate derivatives	**1,081**	**10**	**(10)**	**24**	**(24)**	**48**	**(48)**
Cash flow hedges (Other comprehensive income impact)	1,081	10	(10)	24	(24)	48	(48)
TOTAL	**3,659**	**24**	**(24)**	**58**	**(58)**	**116**	**(116)**
of which impact on the statement of operations		*14*	*(14)*	*34*	*(34)*	*69*	*(69)*
of which impact on other comprehensive income		*10*	*(10)*	*24*	*(24)*	*48*	*(48)*

A variation of +/- 10% has been applied to all floating interest rates, which is considered as reasonable based on observable market conditions. All other variables of the underlying amounts were held constant.

Underlying amounts contain unhedged borrowings at floating rates and the fair value of interest rate derivatives. These changes would impact the statement of operations, except for the fair value of interest rate derivatives qualified as cash flow hedges, changes in which would impact other comprehensive income.

19.3 Foreign exchange risk management

To hedge exposure to foreign exchange risk, the Group uses derivative instruments, primarily outright forward contracts maturing in less than 12 months and USD borrowings to cover fluctuations in foreign exchange rates on sugar sales. These instruments are qualified as cash flow hedges.

The notional amounts and fair values of foreign exchange derivatives by maturity breakdown as follows:

At 31 March 2024 *(millions of R$)*	Notional less than 1 year	 1 to 5 years	 more than 5 years	 TOTAL	 Fair value
Forwards/NDF	**1,524**	**545**	**0**	**2,069**	**7**
qualified as cash flow hedges	1,524	325	0	1,849	7
at fair value through profit or loss	0	220	0	220	(1)
USD Borrowings qualified as CFH	**870**	**632**	**0**	**1,502**	**51**
TOTAL FOREX	**2,394**	**1,177**	**0**	**3,571**	**57**
of which USD/BRL derivatives	*2,394*	*1,177*	*0*	*3,571*	*57*

Sensitivity of the statement of operations and other comprehensive income

The sensitivity analysis considers for various scenarios the impacts of a change in underlying foreign exchange rates on the statement of operations and other comprehensive income.

At 31 March 2024	Notional	Impacts in a probable scenario		Impacts in a possible scenario		Impacts in a stress scenario	
(millions of R$)		+10%	-10%	+25%	-25%	+50%	-50%
Assets and Liabilities	**709**	**71**	**(71)**	**177**	**(177)**	**355**	**(355)**
Net of financial assets and liabilities (statement of operations impact)	709	71	(71)	177	(177)	355	(355)
FX Derivatives (including USD borrowings qualified in CFH)	**3,571**	**357**	**(357)**	**893**	**(893)**	**1,786**	**(1,786)**
Trading (statement of operations impact)	220	22	(22)	55	(55)	110	(110)
Cash flow hedges (other comprehensive income impact)	3,351	335	(335)	838	(838)	1,675	(1,675)
Commodities Derivatives	**1,746**	**237**	**(237)**	**595**	**(595)**	**1,193**	**(1,193)**
Cash flow hedges (other comprehensive income impact)	1,746	237	(237)	595	(595)	1,193	(1,193)
TOTAL	**6,026**	**665**	**(665)**	**1,665**	**(1,665)**	**3,333**	**(3,333)**
of which impact on the statement of operations		*93*	*(93)*	*232*	*(232)*	*465*	*(465)*
of which impact on other comprehensive income		*572*	*(572)*	*1,433*	*(1,433)*	*2,868*	*(2,868)*

All foreign currency denominated items were included in the analysis, as well as the impact on the fair value of commodities derivatives which are denominated in USD (typically sugar).

The above table shows the sensitivity of the Group's statement of operations and other comprehensive income to changes in the underlying currency pairs (EUR/USD, USD/BRL).

The sensitivity analysis was prepared considering a +/- 10% change to be reasonable, based on general market observations. All other variables were held constant.

The different scenarios would impact the statement of operations, except for derivatives accounted for as cash flow hedges whose impacts would be recorded in other comprehensive income.

19.4 Commodities risk management

To hedge its commodities price risk, several Group entities, depending on their activities, may buy and sell commodities future/forward contracts. The commodities traded are mainly raw and white sugar for Tereos Açúcar e Energia Brasil representing their finished products.

Commodities and finished products transactions are performed at the subsidiary level and reviewed by the Market Risk Committees at Tereos Açúcar e Energia Brasil.

The notional amounts of commodities and finished products derivatives by maturity are as follows:

At 31 March 2024	Notional				
(millions of R$)	less than 1 year	1 to 5 years	more than 5 years	TOTAL	Fair value
Futures	**1,185**	**561**	**0**	**1,746**	**(207)**
qualified as cash flow hedges	1,185	561	0	1,746	(207)
TOTAL COMMODITIES	**1,185**	**561**	**0**	**1,746**	**(207)**
of which sugar derivatives	*1,185*	*561*	*0*	*1,746*	*(207)*

Sensitivity of the statement of operations and other comprehensive income

At 31 March 2024	Notional	Impacts in a probable scenario		Impacts in a possible scenario		Impacts in a stress scenario	
(millions of R$)		+10%	-10%	+25%	-25%	+50%	-50%
Sugar derivatives	**1,746**	**237**	**(237)**	**595**	**(595)**	**1,193**	**(1,193)**
Cash flow hedges (other comprehensive income impact)	1,746	237	(237)	595	(595)	1,193	(1,193)
TOTAL	**1,746**	**237**	**(237)**	**595**	**(595)**	**1,193**	**(1,193)**
of which impact on other comprehensive income		*237*	*(237)*	*595*	*(595)*	*1,193*	*(1,193)*

Items included in the analysis correspond exclusively to the fair value of commodities and finished products derivatives. The Group did not include any off-balance sheet commitments in this analysis.

The above table shows the sensitivity of the Group's statement of operations and other comprehensive income to possible commodities price changes.

The analysis was based on raw and white sugar futures.

The sensitivity analysis was prepared considering a -/+ 10% change to be reasonable, based on general market observations. All other variables were held constant.

The different scenarios would impact the statement of operations, except for commodities/finished products derivatives accounted for as cash flow hedges, whose impacts would be recorded in other comprehensive income.

19.5 Liquidity risk management

Group liquidity management and financing are performed by the Tereos Group Financing & Treasury Department, with operation support from the operating subsidiaries.

The Group's approach to liquidity risk is mainly based on diversifying the type, maturity and source of its financing instruments. Hence, the Group finances itself on the bank market, on the public bond market, as well as on other specialised financing markets.

As such the Group finances itself with USD funding from the bank market, on the local "bond" market (Certificados de Recebiveis do Agronegocio), and when possible, also uses BNDES / Finame programs which give access to long maturities in R$.
The Group is subject to fluctuations in its level of net debt due to the seasonal nature of its businesses (this mainly applies to sugar businesses in Brazil), which may generate cash surpluses for short periods. The Group's policy is to invest available cash only in bank deposits or in liquid money market funds.

The undiscounted contractual cash outflows (interest and principal amortisation) on outstanding financial liabilities and derivatives by maturity were as follows:

At 31 March 2024

(millions of R$)	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years	TOTAL
Debt maturities before amortised cost	1,736	1,040	604	449	80	147	4,056
Fixed interest payment commitments	157	77	41	19	9	16	319
Floating interest payment commitments	142	100	42	17	5	7	313
Total debt before amortised cost	**2,035**	**1,218**	**687**	**484**	**93**	**169**	**4,688**
Net flows on swap	(16)	(79)	(24)	0	0	0	(119)
Total derivatives	**(16)**	**(79)**	**(24)**	**0**	**0**	**0**	**(119)**
TOTAL INTEREST PAYMENT COMMITMENTS INCLUDING DERIVATIVES	**282**	**99**	**59**	**35**	**14**	**23**	**512**

At 31 March 2023

(millions of R$)	less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	more than 5 years	TOTAL
Debt maturities before amortised cost	1,798	1,168	596	458	300	159	4,480
Fixed interest payment commitments	265	178	101	59	25	34	663
Floating interest payment commitments	295	93	47	24	8	0	468
Total debt before amortised cost	**2,358**	**1,440**	**744**	**541**	**334**	**194**	**5,610**
Net flows on swap	11	(28)	(64)	0	0	0	(81)
Total derivatives	**11**	**(28)**	**(64)**	**0**	**0**	**0**	**(81)**
TOTAL INTEREST PAYMENT COMMITMENTS INCLUDING DERIVATIVES	**571**	**244**	**84**	**83**	**34**	**34**	**1,050**

H. Equity

Reserves

The nature and purpose of each reserve are the following:

Cash flow hedge reserve (CFH)
The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred at the reporting date, net of tax. Further information on the accounting methods applicable to the use of this reserve are disclosed in note 19.1.

Other comprehensive income

Other comprehensive income (OCI) items relate to:

- cash flow hedges that the Group uses to hedge its interest rate, foreign exchange and commodity risks;
- changes in fair value of non-consolidated investments; and
- the impact of changes in foreign exchange translation reserves during the period.

The impact on the fair value of financial instruments is explained in note 17.

20. Equity

20.1 Issued capital and share premium

Changes in issued capital over the period were as follows:

(millions of R$)	Number of shares	Issued capital
At 31 March 2022	**646,670,717**	**2,840**
Change in capital	(14,016,404)	(62)
At 31 March 2023	**632,654,313**	**2,778**
At 31 March 2024 *	**632,654,313**	**2,778**

** The par value per share at 31 March 2024 is 4.3915 R$, against 4.3915 R$ at 31 March 2023.*

20.2 Earnings (loss) per share

The average number of ordinary shares used in the calculation of earnings per share is 632,654,313 shares for the year ended 31 March 2024 and 644,437,334 shares for the year ended 31 March 2023.

For the year ended 31 March 2024 and 31 March 2023, there is no difference between diluted and basic earnings per share.

The earnings (loss) per share for the year ended 31 March 2024 and 31 March 2023, amounted to R$ 1.0578, and R$ (0.8145), respectively.

20.3 Dividends proposed and paid

In accordance with the above regulation, shareholders are entitled to receive annual mandatory minimum payment of 25% of the annual individual statutory net income adjusted for the following items: (i) allocation to Legal Reserve; (ii) movements on the Contingencies reserve; (iii) allocation to the tax incentives fund and (iv) realisation of the Unrealised Income Reserve.

Minimum dividend calculation is based on the net result of the Parent Company of the consolidated Group Tereos Açúcar e Energia Brasil S.A and distribution is allowed only if reserves in equity are positive. Considering reserves at 31 March 2024 are negative no minimum payment will be proposed to the Shareholder's meeting.

20.4 Tax incentive reserves

The Company applies from the benefit granted by the Government concerning ICMS Agreement nº 116/2022 and EC nº 123/2022, attributing granted credit, used in taxpayers' bookkeeping to offset ICMS debts in their ordinary calculation. The amount calculated for the year ended at 31 March 2024, was R$ 0 million (R$ 107 at 31 March 2023) presented as follows:

(millions of R$)	31 March 2024	31 March 2023
Initial amount	**107**	**0**
Tax incentive of the year	0	107
Tax incentive reserve constituted with current year net income	0	0
Tax incentive reserve constituted with previous years net income	0	0
Final amount to be constituted	**107**	**107**

I. Income taxes

21. Income tax recognised in the statement of operations

Income taxes in the consolidated statement of operations include current and deferred taxes.

Current income taxes

Current income taxes are calculated based on taxable income for the year. Taxable income for the year differs from income reported in the consolidated statement of operations because it excludes income or expenses that are taxable or deductible in other periods, as well as income or expenses that are never taxable or deductible.

Current income tax assets or liabilities are recognised in the statement of financial position using tax rates that have been enacted at year-end.

21.1 Income tax recognised in the statement of operations

The breakdown of income taxes is presented as follows:

	For the year ended	
(millions of R$)	31 March 2024	31 March 2023
Current income tax	(35)	(59)
Deferred income tax	(126)	315
TOTAL INCOME TAX	**(160)**	**257**

21.2 Reconciliation of theoretical tax expense and effective tax expense

The reconciliation between the applicable and effective tax rates is presented below:

	For the year ended	
(millions of R$)	31 March 2024	31 March 2023
Net income (loss)	719	(516)
Share of profit of associates	8	(7)
Income taxes	(160)	257
Income before income taxes and share of profit of associates	**871**	**(765)**
Brazil's statutory income tax rate	*34%*	*34%*
Income taxes based on Brazil's statutory rate	**(296)**	**260**
Tax losses without recognition of deferred tax assets tax loss carry forward	(1)	(1)
Recognition of previously unrecognised tax losses	74	0
Cbios revenue	23	13
Other non-deductible expenses for tax purposes	39	(16)
Adjustments to reconcile income taxes	**136**	**(4)**
EFFECTIVE INCOME TAX	**(160)**	**257**
Effective income tax rate	*18%*	*34%*

22. Deferred taxes and income taxes

Pursuant to IAS 12 (CPC 32), deferred taxes result from temporary differences between the carrying amounts of assets and liabilities and their tax base.

Deferred taxes are recognised as expenses or revenue in income unless generated by items charged directly to other comprehensive income, in which case the related deferred taxes are also recognised in other comprehensive income.

Deferred income taxes are calculated based on the tax rate expected to apply during the financial year in which the asset will be realised or the liability settled, and are classified into non-current assets and liabilities. The effects of changes in tax rates from one period to the next are recognised in income in the period when the change occurs, except to the extent that it relates to items previously recognised outside the consolidated statement of operations.

Unused tax losses can be carried forward indefinitely and are not subject to inflation adjustment.

The expected recovery of all deferred tax assets is supported by the taxable income projections, which have been approved by the Group’s Management. Projections of future taxable income include several estimates related to the performance of the international economy and more specifically the economies in which the Group operates, interest rate fluctuations, sales volumes, sales prices and tax rates which may differ from actual data and amounts.

Deferred tax assets resulting from temporary differences, tax losses and both tax loss or tax credit carry-forwards are limited to the estimated recoverable tax amount. This is measured at the reporting date based on the income outlook for the relevant entities.

Pursuant to IAS 12 (CPC 32), deferred tax assets and liabilities are not discounted.

Current and deferred taxes in the statement of financial position break down as follows:

(millions of R$)	31 March 2024	31 March 2023
Income tax receivables	100	36
Income tax payables	(73)	(51)
TOTAL CURRENT TAX	**27**	**(15)**
Deferred tax assets	311	400
Deferred tax liabilities	(53)	(21)
TOTAL DEFERRED TAX	**258**	**379**

Net deferred tax assets amounted to R$ 258 million including R$ 247 million on the recognition of tax losses carried forward.

The breakdown of deferred tax on the statement of financial position is presented as follows:

(millions of R$)	31 March 2024	31 March 2023
Deferred tax assets through the statement of operations	236	332
Deferred tax assets through other comprehensive income	75	69
Deferred tax assets	**311**	**400**
Deferred tax liabilities through the statement of operations	(51)	(21)
Deferred tax liabilities through other comprehensive income	(2)	0
Deferred tax liabilities	**(53)**	**(21)**
TOTAL OF DEFERRED TAX	**258**	**379**

(millions of R$)	31 March 2024	31 March 2023
Differences between carrying value and tax basis	11	171
Property, plant and equipment and intangible assets	*(187)*	*(12)*
Biological assets	*(114)*	*(97)*
Financial assets and liabilities	*267*	*237*
Others	*45*	*43*
Tax losses unused and recognized as deferred tax assets	247	208
TOTAL	**258**	**379**

Changes in deferred taxes are presented below:

(millions of R$)	31 March 2024	31 March 2023
Deferred tax at opening	**379**	**112**
Amount charged to the statement of operations	(126)	315
Amount charged to other comprehensive income	5	(48)
Deferred tax at closing	**258**	**379**

The expected recovery of deferred tax assets recognised on tax losses carried forward based on the taxable income projections approved by Group Management is as follows:

(millions of R$)	31 March 2024	31 March 2023
N+1	87	34
N+2	65	42
N+3	63	46
N+4	32	44
N+5	0	42
TOTAL DEFERRED TAX ASSETS ON TAX LOSSES CARRIED FORWARD	**247**	**208**

Unrecognised deferred tax assets arising on the carry-forward of unused tax losses amounted to R$ 6 million at 31 March 2024 (compared to R$ 80 million at 31 March 2023).

J. Provisions and contingent liabilities

23. Provisions

Provisions are recognised when there is an obligation (legal, contractual or constructive) to a third party provided that it may be estimated reliably and is likely to result in an outflow of resources, with no at-least-equivalent consideration expected in return.

Where the effect of the time value of money is material, the provision is discounted to present value. The discount rate used to determine the present value reflects the time value of money and the specific risks related to the liability being measured. The effect of discounting is recognised in financial expenses.

A restructuring provision is recognised when a detailed formal plan has been announced or when implementation of a restructuring plan has already begun.

As opposed to the above definition of a provision, a contingent liability is:

- A potential obligation resulting from a past event whose existence will only be confirmed by the occurrence or otherwise of an uncertain event not under the control of the Group; or
- A current obligation resulting from a past event for which either the amount of the obligation cannot be reliably estimated or it is not likely that an outflow of resources representing economic benefits will be required to extinguish the obligation.

Provisions are set aside for the following contingencies:

	Non-current	
(millions of R$)	**31 March 2024**	**31 March 2023**
Labour	40	35
Tax	1	0
Environment	3	8
Other	6	5
TOTAL PROVISIONS	**50**	**49**

Changes in provisions over the year were as follows:

(millions of R$)	**Labour**	**Tax**	**Environment**	**Other**	**Total**
At 1 April 2022	**32**	**0**	**13**	**4**	**49**
Additions during the period	4	0	0	1	5
Amounts used	(0)	0	(2)	(2)	(5)
Reclassifications	0	0	(2)	2	0
At 31 March 2023	**35**	**0**	**8**	**5**	**49**
Additions during the period	6	1	0	1	8
Amounts used	(1)	0	(5)	(0)	(6)
At 31 March 2024	**40**	**1**	**3**	**6**	**50**

The table below presents a summary of disputes with probable and possible loss involving the Group:

(millions of R$)	Probable		Possible	
	Number of claims	Provision	Number of claims	Claims with possible losses
Labour	219	40	575	98
Tax	1	1	386	1,993
Environment	5	3	148	17
Other	10	6	62	43
At 31 March 2024	**235**	**50**	**1,171**	**2,151**
Labour	169	35	785	124
Tax	0	0	443	2,138
Environment	9	8	157	22
Other	17	5	71	39
At 31 March 2023	**195**	**49**	**1,456**	**2,322**

Provisions for employee-related disputes

The Group faces labour claims. The main demands regarding the labour lawsuits are related to: (i) overtime; (ii) overtime due to partial lunchtime breaks fruition; (iii) hazard pay and exposure to unhealthy agents pay; (iv) illness and work accident compensations; and (v) labour outsourcing.

Provisions for environmental risks

The Group is currently litigant in recurrent administrative and judicial proceedings, related to fires in sugarcane plantation areas.

Tax disputes

The Group is involved in several taxes cases involving mainly: (i) ICMS credits related to diesel fuel consumption linked to planting and harvesting sugarcane; (ii) PIS/COFINS credits with not enough documentation; (iii) Social Security Tax on exports performed through trading companies (indirect export); (iv) PIS/COFINS contributions (non-cumulative) on ethanol; (v) PIS offset with judicial credits; (vi) penalty fee exemption for voluntary reporting where the Group considers that a favourable decision is possible and for which no provisions had therefore been made; and (vii) ICMS due to reported variances between production and sales.

Civil litigations

The Group faces claims of many different natures, mainly referring to traffic accidents; work accidents; fires; contractual disagreements, credit recovery and others.

At the date of authorization for issue of these consolidated financial statements, management is not aware of any additional dispute involving material risks likely to affect the Group's income or financial position.

K. Other information

24. Related parties

24.1 Operating transactions with related parties

The transactions presented below do not include transactions with natural persons or companies controlled by natural persons. These transactions are not material.

Transactions have been carried out with the following entities:

(millions of R$)	Sales		Purchases	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
Entities controlling the Group				
a/ Tereos Participations	5	5	(66)	54
Entities controlled by Tereos Group				
c/ Tereos Amido e Adoçantes Brasil	7	2	0	0
b/ Tereos Commodities France (ex TBE)	2,985	1,847	(11)	18

(millions of R$)	Receivables		Payables	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
Entities controlling the Group				
a/ NewCo Tereos Internacional BR Ltda	0	0	1	0
a/ Tereos Participations	5	6	13	3
Entities controlled by Tereos Group				
c/ Tereos Amido e Adoçantes Brasil	2	7	0	0
a/ Tereos Starch & Sweeteners Europe	0	0	0	1
b/ Tereos Commodities France (ex TBE)	63	7	11	18

a/ An intra-group service agreement was entered into on 1 April 2016 by and between Tereos Participations as service provider, and the Company and its subsidiaries. The agreement sets forth the terms and conditions under which Tereos Participations will provide to the beneficiaries certain services, in particular in IT, administrative, strategy, insurance, financing and treasury, accounting and consolidation, communication, business development, legal and tax areas. In consideration for the provision of such services, Tereos Participations will receive compensation equal to the direct and/or indirect costs incurred by Tereos Participations in connection with the provision of such services, plus a 9% margin.

b/ Some operational activities (sugar sales out of the Brazilian market) of the Group are performed with Tereos Commodities France (a subsidiary of Tereos Participations) at market conditions.

c/ Some management fees are invoiced by the Group to Tereos Amido e Adoçantes Brasil S.A.

24.2 Financing transactions with related parties

The main financing transactions were carried out with the following entities:

(millions of R$)	Financial assets		Financial liabilities	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
Entities controlling the Group				
NewCo Tereos Internacional BR Ltda	304	266	0	0
Entities controlled by Tereos Group				
a/ Tereos Finance Group 1	0	0	608	254

a/ During the crop, the Group entered a new loan funding of USD 50 million and €20 million with Tereos Finance Group 1 with maturity date on April 2026 and during the crop, the Group reimbursed R$ 34 million of interests.

No other material amounts of interest were received or paid to related parties for the years ended 31 March 2024 and 2023.

The financial assets and liabilities of related parties are classified in the statement of financial position as follows:

(millions of R$)	31 March 2024	31 March 2023
Non-current financial assets with related parties	304	266
Non-current financial liabilities with related parties	(608)	(254)
TOTAL NET RELATED PARTY FINANCIAL ASSETS (LIABILITIES)	**(304)**	**12**

Reconciliation of changes in related parties with the cash flow statement

Changes in related parties are presented as follows:

(millions of R$)	31 March 2024	31 March 2023
CURRENT ACCOUNT WITH RELATED PARTIES OPENING	**12**	**30**
Change with effect on cash	**(316)**	**(17)**
Change of the period	*(316)*	*(17)*
Change without effect on cash	**0**	**(1)**
Changes in scope of consolidation	*0*	*(1)*
CURRENT ACCOUNT WITH RELATED PARTIES CLOSING	**(304)**	**12**

25. Unrecognised contractual commitments

Commitments given

(millions of R$)	31 March 2024	31 March 2023
Assets covered by commitments	37	37
Commitment to buy sugarcane	4,224	4,059

Assets covered by commitments

The Group pledged properties and vehicles in the amount of R$ 37 million as collateral for tax claims.

Purchases of sugarcane

Tereos Açucar e Energia Brasil entered into contracts for the purchase of sugarcane produced on third parties' rural properties, amounting to approximately 4.2 million tonnes per crop to be delivered between 2024 and 2030. At 31 March 2024, the total commitment is estimated at R$ 4,224 million, based on the average price until that date of R$ 164.78 per tonne of sugarcane purchased.

26. Subsequent events

None.