

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) A PERSON WHO IS A “QUALIFIED INSTITUTIONAL BUYER” (“QIB”) (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, OR (2) A NON-U.S. PERSON AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE SECURITIES ACT PURCHASING OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION THAT MEETS THE REQUIREMENTS OF REGULATION S.

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this page, and you are advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE OFFERING MEMORANDUM AND THE OFFER OF THE NOTES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(E) OF THE PROSPECTUS REGULATION (REGULATION (EU) 2017/1129) AND RELATED IMPLEMENTATION MEASURES IN MEMBER STATES (“QUALIFIED INVESTORS”). IN ADDITION, IN THE UNITED KINGDOM, THE OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO QUALIFIED INVESTORS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLES 19(5) AND 19(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS “RELEVANT PERSONS”). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. IN ADDITION, NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY, WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”), RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO US.

THE FOLLOWING OFFERING MEMORANDUM AND ITS CONTENTS ARE CONFIDENTIAL AND MAY NOT BE FORWARDED, DISTRIBUTED OR DISCLOSED TO ANY OTHER PERSON AND MAY NOT BE PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The securities described in the offering memorandum are not intended to be sold and should not be sold to retail clients in the European Economic Area (“EEA”), as defined in the rules set out in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”), or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC Text with EEA relevance (as amended, the “Prospectus Regulation”). Prospective investors are referred to the section headed “Plan of Distribution—Selling Restrictions” in the offering memorandum for further information.

Confirmation of your Representation: In order to be eligible to view the offering memorandum or make an investment decision with respect to the securities, investors must be either (i) QIBs or (ii) non-U.S. persons (within the meaning of Regulation S under the Securities Act). The offering memorandum is being sent at your request and by accepting the e-mail and accessing the offering memorandum you shall be deemed to have represented to us that (i) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act); and (ii) you consent to delivery of the offering memorandum by electronic transmission.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the issuer, the guarantors, the initial purchasers, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between this offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.



FS Luxembourg S.à r.l.

(a private limited liability company (société à responsabilité limitée) organized under the laws of the Grand Duchy of Luxembourg)

US\$500,000,000

8.875% Senior Notes due 2031

Unconditionally and Irrevocably Guaranteed By

FS Indústria de Biocombustíveis Ltda. and

FS I Indústria de Etanol S.A.

(Incorporated in the Federative Republic of Brazil)

FS Luxembourg S.à r.l. (the “Issuer”) is offering US\$500,000,000 aggregate principal amount of 8.875% senior notes due 2031 (the “Notes”). The Notes will mature on February 12, 2031. Interest on the Notes offered hereby will accrue from February 12, 2024 and will be payable semi-annually in arrears on February 12 and August 12 of each year, beginning on August 12, 2024.

We may, at our option, redeem any of the Notes, in whole or in part, at any time and from time to time on or after February 12, 2027 at the applicable redemption prices set forth in this offering memorandum, *plus* accrued and unpaid interest. Prior to February 12, 2027, we may also redeem the Notes, in whole or in part, at a redemption price based on a “make-whole” premium. In addition, at any time prior to February 12, 2027, we may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price equal to 108.875% of their principal amount, *plus* accrued and unpaid interest, using the proceeds of certain equity offerings. We may also redeem the Notes in whole, but not in part, at a price equal to 100% of their principal amount *plus* accrued and unpaid interest to the redemption date at any time upon the occurrence of specified events regarding Luxembourg and other relevant jurisdictions’ tax laws, as set forth in this offering memorandum.

The Notes will be fully and unconditionally guaranteed by FS Indústria de Biocombustíveis Ltda. (“FS Ltda.”), FS I Indústria de Etanol S.A. (“FS S.A.” and, together with FS Ltda., the “Initial Guarantors”), certain other affiliates of the Company from time to time (each, an “Affiliate Guarantor”) and certain of the Initial Guarantors’ future subsidiaries (any such subsidiary, a “Subsidiary Guarantor,” and each of the Initial Guarantors, Affiliate Guarantors and Subsidiary Guarantors, a “Guarantor” and the Initial Guarantors, together with any Affiliate Guarantor and Subsidiary Guarantor, the “Guarantors,” and the guaranteees, the “Note Guaranteees”).

The Notes offered hereby (i) will be senior unsecured obligations of FS Luxembourg S.à r.l., (ii) will rank equally with all of the existing and future senior unsecured indebtedness of FS Luxembourg S.à r.l., (iii) will be effectively junior to the extent of the value of the assets securing all existing and future secured indebtedness of FS Luxembourg S.à r.l. and (iv) will be structurally subordinated to all of the existing and future liabilities of any of FS Luxembourg S.à r.l.’s non-guarantor subsidiaries. Each Note Guarantee (i) will be senior unsecured obligations of the applicable Guarantor, (ii) will rank equally with all of the existing and future senior unsecured indebtedness of such Guarantor, (iii) will be effectively junior to the extent of the value of the assets securing all existing and future secured indebtedness of such Guarantor and (iv) will be structurally subordinated to all of the existing and future liabilities of any non-guarantor subsidiaries of such Guarantor.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 46.

Issue Price: 98.727% *plus* accrued interest, if any, from and including February 12, 2024.

The Notes and the related Note Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or under any state securities laws and may not be offered or sold in the United States or to U.S. persons as defined in Regulation S under the Securities Act (“Regulation S”), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to: (1) persons that are qualified institutional buyers as defined under Rule 144A under the Securities Act (“Rule 144A”); and (2) outside the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of the Volcker Rule implications of this offering, see “—Volcker Rule.” For a description of certain restrictions on transfer, see “Transfer Restrictions.”

This offering memorandum has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area (the “EEA”) will be made pursuant to an exemption under Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the “Prospectus Regulation”) from the requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for purposes of the Prospectus Regulation and has not been approved by a competent authority within the meaning of the Prospectus Regulation. This offering memorandum has been prepared on the basis that any offer of the Notes in the United Kingdom (the “UK”) will be made pursuant to an exemption from the obligation to publish a prospectus under s.86 of the Financial Services and Markets Act 2000 (the “FSMA”) in the UK. This offering memorandum is not a prospectus for purposes of the UK Prospectus Regulation (meaning Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, or the “EUWA”) and has not been approved by the UK Financial Conduct Authority (the “FCA”).

Application will be made for the listing of the Notes on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). We cannot guarantee the listing will be obtained. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle for the listing of the Notes and admission of the Notes to the Official List of the SGX-ST are not to be taken as an indication of the merits of FS Luxembourg S.à r.l., the Initial Guarantors or any of their associated companies or the Notes. Notification under Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) – The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

We expect to deliver the Notes offered hereby to purchasers in book-entry form through the facilities of The Depository Trust Company (“DTC”) and its participants, including Euroclear Systems (“Euroclear”) and Clearstream Banking *société anonyme* (“Clearstream”) on or about February 12, 2024.

Global Coordinators

Morgan Stanley
Lead-Left Global Coordinator

Citigroup

Santander

Joint Bookrunners

BTG Pactual

J.P. Morgan

UBS Investment Bank

XP Inc.

Co-Manager

BCP Securities

The date of this offering memorandum is January 30, 2024.

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Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to (1) “FS,” “FS Group,” “Company,” “we,” “our,” “ours” and “us” or similar terms are, collectively, to FS Ltda. and FS S.A. on a combined basis, as applicable; (2) “Summit” are to Summit Brazil Renewables I, LLC, our controlling shareholder (for further information on our shareholders, see “Principal Shareholders”); and (3) “Initial Purchasers” are to Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Santander US Capital Markets LLC, Banco BTG Pactual S.A.—Cayman Branch, J.P. Morgan Securities LLC, UBS Securities LLC, XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. and BCP Securities, Inc.

The term “Brazil” refers to the Federative Republic of Brazil, and the phrase “Brazilian government” refers to the federal government of Brazil. All references to “*real*,” “*reais*,” “Brazilian *real*,” “Brazilian *reais*” or “R\$” are to the Brazilian *real*, the official currency of Brazil, and all references to “U.S. dollar,” “U.S. dollars” or “US\$” are to U.S. dollars, the official currency of the United States.

This offering memorandum contains translations of certain *real* amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the *real* amounts actually represent U.S. dollar amounts that have been or could be converted into U.S. dollars at the rates indicated or any other rates. Unless otherwise indicated, solely for your convenience, we have translated the *real* amounts into U.S. dollars using a rate of R\$5.0076 to US\$1.00, the U.S. dollar selling rate as of September 30, 2023, as reported by the Central Bank of Brazil (*Banco Central do Brasil*) (the “Central Bank”).

The U.S. dollar selling rate was R\$5.0804 to US\$1.00 as of March 31, 2023, R\$4.7378 to US\$1.00 as of March 31, 2022 and R\$5.6973 to US\$1.00 as of March 31, 2021, in each case, as reported by the Central Bank. The *real*/U.S. dollar exchange rate may fluctuate widely, and those selling rates may not be indicative of future exchange rates.

The Issuer, the Initial Guarantors and the Initial Purchasers have not authorized anyone to provide any information other than that contained in this offering memorandum. The Issuer, the Initial Guarantors and the Initial Purchasers take no responsibility for and can provide no assurance as to the reliability of, any other information that others may give you. You should assume that the information in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum, regardless of time of delivery of this offering memorandum or any sale of the Notes. Our business, financial condition, results of operations and prospects may change after the date on the front cover of this offering memorandum. None of the Issuer, the Initial Guarantors or the Initial Purchasers is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted.

None of the Initial Purchasers, their respective affiliates nor any of their respective employees, representatives or agents make any assurances as to, nor are they responsible for, (i) whether the Notes offered hereby will meet investor criteria and expectations regarding environmental impact and sustainability performance for any investors, (ii) whether the net proceeds will be used for the Eligible Green Projects (as defined herein), (iii) the characteristics of the Eligible Green Projects, including their environmental and sustainability criteria, or (iv) the suitability of the Second-Party Opinion (as defined herein) or the Notes to fulfill such environmental and sustainability criteria. None of the Initial Purchasers, their respective affiliates nor any of their respective employees, representatives or agents has undertaken, nor are they responsible for, any assessment of the Eligible Green Projects, any verification of whether the Eligible Green Projects meet the eligibility criteria of the Green Bond Framework (as defined herein) or any monitoring of the use of proceeds or to monitor, determine or verify the Issuer's sustainability performance. Neither the Green Bond Framework nor the Second-Party Opinion is incorporated into or forms part of this offering memorandum. The Notes may not satisfy an investor's requirements or any current or future legal, quasi-legal or industry standards for investment in assets with sustainability or other sustainability-related characteristics. Investors should conduct their own assessment of the Notes from a sustainability or other ESG perspective.

The Issuer and the Initial Guarantors are relying on exemptions from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The Notes offered are subject to restrictions on transferability and resale and may not be transferred or resold in the United States, except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them. By purchasing the Notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading "Transfer Restrictions." The Notes will bear a legend referring to the transfer restrictions. You should understand that you may be required to bear the financial risks of your investment in the Notes for an indefinite period of time.

The Issuer and the Initial Guarantors have prepared this offering memorandum for use solely in connection with the proposed offering of the Notes and the Note Guarantees outside of Brazil.

This offering memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Initial Guarantors, the Initial Purchasers or The Bank of New York Mellon, as trustee (the "Trustee"), registrar, paying agent and transfer agent with respect to the Notes, to subscribe for or purchase any of the Notes in any jurisdiction where such offer is not permitted. The distribution of this offering memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum comes are required by the Issuer, the Initial Guarantors, the Initial Purchasers and the Trustee to inform themselves about and to observe any such restrictions. Neither the Issuer, the Initial Guarantors nor the Initial Purchasers represents that this offering memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Initial Guarantors or the Initial Purchasers that is intended to permit a public offering of the Notes or distribution of this offering memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this offering memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The Issuer and the Initial Guarantors have prepared this offering memorandum solely for use in connection with the proposed offering of the Notes, and it may only be used for that purpose. The Issuer and the Initial Purchasers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered by this offering memorandum.

This offering memorandum summarizes certain documents and other information and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of this offering and the Notes, including the merits and risks involved.

Neither the Initial Purchasers nor the Trustee accepts any liability in relation to the information contained in this offering memorandum or any other information provided by us in connection with the Notes. In addition, no representation, warranty or undertaking, express or implied, is made by the Initial Purchasers or the Trustee as to the accuracy or completeness of the information contained in this offering memorandum or any other information provided by us in connection with the Notes, and nothing contained herein is or shall be relied upon as a promise or representation by the Initial Purchasers or the Trustee, whether as to the past or to the future.

We and the Initial Purchasers are not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes under any investment law or similar laws or regulations. Neither this offering memorandum nor any other information supplied in connection with the Notes should be considered as a recommendation by us or the Initial Purchasers that any recipient of this offering memorandum or any other information supplied in connection with the Notes should subscribe for or purchase any Notes. Each investor contemplating subscribing for or purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Initial Guarantors. You should not construe anything in this offering memorandum as legal, business, accounting, regulatory or tax advice. You should consult your own attorney or other professional for any legal, business, accounting or tax advice regarding an investment in the Notes and arrive at an independent evaluation of the investment based upon, among other things, your own views as to the risks associated with the Notes or us.

The offer and sale of the Notes has not been, and will not be, registered (or exempted from registration) with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*) (the “CVM”) and, therefore, will not be carried out by any means that would constitute a public offering in Brazil under Law No. 6,385, of December 7, 1976, as amended, or under Resolution No. 160, issued by the CVM on July 13, 2022, as amended. Any representation to the contrary is untruthful and unlawful. As a consequence, the Notes cannot be offered and sold in Brazil or to any investor resident or domiciled in Brazil. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil, nor used in connection with any public offer for subscription or sale of the Notes to the public in Brazil.

Neither the U.S. Securities and Exchange Commission (the “SEC”), nor any state securities commission has approved or disapproved of the Notes or the related Note Guarantees or determined whether this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. None of the Issuer, the Initial Guarantors, the Initial Purchasers, or our or their respective affiliates will have any responsibility therefor.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) A PERSON WHO IS A “QUALIFIED INSTITUTIONAL BUYER” (“QIB”) (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR (2) A NON-U.S. PERSON AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE SECURITIES ACT PURCHASING OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION THAT MEETS THE REQUIREMENTS OF REGULATION S.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the European Economic Area (the “EEA”) will only be made to a legal entity that is a qualified investor under the Prospectus Regulation (“EEA Qualified Investors”). Accordingly, any person making or intending to make an offer in that Member State of the Notes may only do so with respect to EEA Qualified Investors. Neither the Issuer, the Guarantors nor the Initial

Purchasers have authorized, nor do they authorize, the making of any offer of the Notes in the EEA other than to EEA Qualified Investors.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not an EEA Qualified Investor. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom (the “UK”) by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (the “EUWA”) (the “UK Prospectus Regulation”). This offering memorandum has been prepared on the basis that any offer of the Notes in the UK will only be made to a legal entity that is a qualified investor under the UK Prospectus Regulation (“UK Qualified Investors”). Accordingly, any person making or intending to make an offer in the UK of the Notes may only do so with respect to UK Qualified Investors. Neither the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes in the UK other than to UK Qualified Investors.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the UK’s Financial Services and Markets Act 2000, as amended (the “FSMA”), and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA; or (iii) not a UK Qualified Investor. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The communication of this offering memorandum and any other document or materials relating to the issue of the Notes is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of Section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. This offering memorandum and such other documents and/or materials are for distribution only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”), (ii) fall within Article 49(2)(a) to (d) of the Financial Promotion Order, (iii) are outside the UK, or (iv) are other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum and any other document or materials relates will be engaged in only with relevant persons. Any person in the UK that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

ADDITIONAL INFORMATION

While any Notes remain outstanding, the Issuer will make available, upon request, to any holder of Notes and any prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4)(i) under the Securities Act, during any period in which the Issuer (1) is not subject to, and in compliance with, Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), or (2) becomes exempt from such reporting requirements pursuant to, and in compliance with, Rule 12g3-2(b) of the Exchange Act.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains estimates and forward-looking statements, principally under “Risk Factors,” “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Some of the matters discussed in this offering memorandum concerning our business and financial performance include estimates and forward-looking statements and, therefore, neither indicate nor are a guarantee of future results.

Our estimates and forward-looking statements are mainly based on our current expectations and estimates on projections of future events and operating and financial trends, which affect or may affect our industry, market share, reputation, businesses, financial condition, results of operations, margins, and/or cash flow. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties, are made in light of information currently available to us and should not be considered a guarantee of the results of operations we may achieve.

Many significant factors in addition to those stated in this offering memorandum may adversely affect our current estimates and forward-looking statements, and whether these estimates or statements may be realized. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- our business, growth and expansion prospects and future results of operations;
- future supply of the commodities we use in our operations;
- international prices of commodities, including ethanol, gasoline, oil and corn;
- the development of the logistics and infrastructure for transportation of our products in the locations in which we operate;
- competitive developments in the segments in which we operate;
- industry-specific operational risks, such as equipment failures or other accidents, and unforeseen events adversely affecting our plants;
- environmental damage and climate change;
- our ability to expand and maintain relationships with existing customers and obtain new customers;
- changes in laws or governmental regulations, including tax incentives, that adversely affect our business;
- political instability in Brazil (including as a result of government intervention, inflation, new taxes or tariffs and exchange rates), and changes in general economic, political and business conditions in Brazil (including with respect to fuel prices);
- political, economic or financial instability, as well as geopolitical instability abroad, especially in light of the geopolitical conflicts around the world, such as the hijackings and assaults by Yemeni rebels on ships crossing the Red Sea (where a significant part of the world’s seaborne crude oil flows through) and the conflicts between Russia and Ukraine as well as Israel and Hamas;
- our ability to obtain, maintain and renew governmental authorizations and licenses;
- the cost and availability of adequate insurance coverage and the impact of increased insurance premiums on our financial condition; and
- other risk factors discussed in the “Risk Factors” section of this offering memorandum.

The words “believe,” “could,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this offering

memorandum might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, but not limited to, the factors mentioned above. Because of these uncertainties, you should not make any investment decision based on these estimates and forward-looking statements.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Unless otherwise stated, all numbers included in this offering memorandum are expressed in *reais*, which is our functional and reporting currency. All financial information presented in this offering memorandum relates to the financial information of FS Ltda. and FS S.A. on a combined basis or the consolidated financial information of FS Ltda. for the fiscal years ended March 31, 2022 and March 31, 2021.

Condensed Combined Interim Financial Statements, Combined Financial Statements and Consolidated Financial Statements

As a result of and as from the Corporate Reorganization (as further explained in “—Corporate Reorganization”) that occurred on June 13, 2022, we have prepared our financial statements on a combined basis. See “—Corporate Reorganization.” Accordingly, the financial information contained in this offering memorandum derives from the following financial statements, included elsewhere in this offering memorandum:

- unaudited condensed combined interim financial statements as of and for the six-month period ended September 30, 2023, with the corresponding figures for the six-month period ended September 30, 2022, or the “unaudited condensed combined interim financial information.” As from the Corporate Reorganization that occurred on June 13, 2022, the amounts presented in the combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022.
- audited combined financial statements as of and for the fiscal year ended March 31, 2023, with the corresponding consolidated figures for FS Ltda.’s fiscal year ended March 31, 2022, or the “2023 audited combined financial statements”; and
- FS Ltda.’s audited consolidated financial statements as of and for the fiscal year ended March 31, 2022, with the corresponding figures for the fiscal year ended March 31, 2021, or the “2022 audited financial statements” and, together with the 2023 audited combined financial statements, the “audited financial statements.” The audited financial statements and the unaudited condensed combined interim financial information are referred to collectively as the “financial statements.”

As from the Corporate Reorganization that occurred on June 13, 2022, the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023. The amounts presented for the comparative period of the fiscal year ended March 31, 2022 are those of FS Ltda. and its subsidiary on a consolidated basis.

Each of the financial statements includes 100% of the equity interest held by FS Ltda. in FS Luxembourg S.à r.l., as this subsidiary was incorporated on September 8, 2020.

The audited combined financial statements are prepared in accordance with (i) accounting practices adopted in Brazil (the “Brazilian GAAP”), as issued by the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Contábeis*, or the “CPC”) and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*, or the “CFC”), and (ii) International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed combined interim financial information is prepared in accordance with (i) CPC 21, as issued by the CPC and (ii) IAS 34 Interim Financial Reporting, as issued by the IASB.

We have made rounding adjustments to some of the figures included in this offering memorandum. As a result, numerical figures shown as totals in some tables may not be arithmetic aggregations of the figures that precede them.

Corporate Reorganization

On June 13, 2022, FS S.A., an affiliate of FS Ltda., was incorporated in Brazil. The shareholders and controlling group of FS S.A. are the same as those of FS Ltda. Subsequently, FS Ltda. sold to FS S.A. the property

and related assets of the PDL Plant and future corn ethanol projects, and FS S.A. became responsible for the construction and operation of these projects as of such date (the “Corporate Reorganization”).

On July 13, 2022, FS S.A. was included as an Affiliate Guarantor (as defined under “Description of the Notes”) of the Issuer’s obligations under the indenture governing the 2025 Notes (as defined below). Accordingly, all financial ratios and metrics set forth in the indenture will be calculated on a combined basis taking into account the financial statements.

Although FS Ltda. and FS S.A. are two separate companies, they are treated as one single entity, under common control and management, that operate as a unit. In order to present the results of the FS Group on a comparable basis, since the Corporate Reorganization, we have prepared all of our earnings and operating results as well as our financial statements on a combined basis.

Special Note Regarding Non-GAAP and Non-IFRS Financial Measures

The body of generally accepted accounting principles is commonly referred to as “GAAP.” To supplement our results prepared in accordance with Brazilian GAAP and IFRS, we have included in this offering memorandum certain non-GAAP and non-IFRS measures, including EBITDA, EBITDA Margin, EBIT, EBITDA LTM, EBIT Margin, Growth Capex, Maintenance Capex, Maintenance Capex per liter, EBITDA *Minus* Maintenance Capex, EBITDA *Minus* Maintenance Capex per liter, Net Debt, Net Debt/EBITDA Ratio, Net Debt/EBITDA LTM Ratio and Changes in Working Capital. The presentation of EBITDA, EBITDA Margin, EBIT, EBITDA LTM, EBIT Margin, Growth Capex, Maintenance Capex, Maintenance Capex per liter, EBITDA *Minus* Maintenance Capex, EBITDA *Minus* Maintenance Capex per liter, Net Debt, Net Debt/EBITDA Ratio, Net Debt/EBITDA LTM Ratio and Changes in Working Capital are intended to enhance the usefulness of our financial information by providing measures which we use internally to assess and evaluate the overall performance of our business and highlight the overall trends in our business.

We present these non-GAAP and non-IFRS financial measures as additional information to the financial statements. These non-GAAP and non-IFRS financial measures are not intended as substitutes and should not be considered in isolation from measures of financial performance prepared in accordance with Brazilian GAAP or IFRS. In addition, our use of non-GAAP and non-IFRS financial measures may be different from non-GAAP and non-IFRS measures used by other companies, limiting their usefulness for comparison purposes.

EBITDA, EBITDA LTM and EBITDA Margin

EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Resolution No.156 dated June 23, 2022, as amended, or CVM Resolution No. 156. We calculate EBITDA as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization; and we calculate EBITDA Margin as EBITDA *divided by* net revenue.

We calculate EBITDA LTM for the twelve-month period ended September 30, 2023 as EBITDA for the year ended March 31, 2023 *plus* EBITDA for the six-month period ended September 30, 2023 *minus* EBITDA for the six-month period ended September 30, 2022. We calculate EBITDA LTM for the twelve-month period ended September 30, 2022 as EBITDA for the year ended March 31, 2022 *plus* EBITDA for the six-month period ended September 30, 2022 *minus* EBITDA for the six-month period ended September 30, 2021.

Our management believes that disclosure of EBITDA, EBITDA LTM and EBITDA Margin provides useful information to investors, financial analysts and the public in their review of our operating performance and their comparison of our operating performance to the operating performance of other companies in the same industry and other industries. This is because EBITDA, EBITDA LTM and EBITDA Margin are perceived as more comparable measures of operating performance and liquidity without giving effect to decisions related to capital structure and the financing of the business. However, debt levels, credit ratings and, therefore, the impact of interest expense on earnings vary significantly between companies. Similarly, the tax positions of individual companies can vary because of their differing abilities to take advantage of tax incentives and the differing jurisdictions in which they transact business, with the result that their effective tax rates and tax expense can vary considerably. Finally, companies differ in the age and method of acquisition of productive assets, and thus the relative costs of those

assets, as well as in the depreciation method (straight-line, accelerated or units of production), which can result in considerable variability in depreciation and amortization expense between companies. Thus, for comparison purposes, our management believes that EBITDA, EBITDA LTM and EBITDA Margin are useful as comparable measures of operating profitability because they exclude elements of earnings that do not provide information about the current operations of existing assets.

EBITDA, EBITDA LTM and EBITDA Margin are not measures of our cash flow, liquidity or debt payment capacity; however, they are used by our management as overall business performance indicators that are not affected by changes in interest rates or income tax and social contribution or depreciation and amortization. EBITDA, EBITDA LTM and EBITDA Margin have limitations that affect their use as profitability measures, as they do not consider certain ongoing costs of our business, such as depreciation and amortization expenses, finance income and costs or income tax, which affect our profit (loss). EBITDA and EBITDA Margin as calculated by us may not be comparable with EBITDA, EBITDA LTM and EBITDA Margin as calculated by other companies.

For a reconciliation of EBITDA, EBITDA LTM and EBITDA Margin to net profit (loss), see “Selected Financial and Operating Information—Reconciliation of EBITDA, EBITDA Margin, EBIT, EBIT Margin, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter to Profit (Loss).”

EBIT and EBIT Margin

EBIT and EBIT Margin are non-GAAP and non-IFRS measures. Our management believes that EBIT and EBIT Margin are useful as comparable measures of operating profitability because they do not give effect to decisions related to capital structure and the financing of the business. We calculate EBIT as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives); and we calculate EBIT Margin as EBIT *divided by* net revenue.

EBIT and EBIT Margin are not measures of our cash flow, liquidity or debt payment capacity; however, they are used by our management as overall business performance indicators that are not affected by changes in interest rates or income tax and social contribution. EBIT and EBIT Margin have limitations that affect their use as profitability measures, as they do not consider finance income and costs or income tax, which affect our profit (loss). EBIT and EBIT Margin as calculated by us may not be comparable with EBIT and EBIT Margin as calculated by other companies. For a reconciliation of our EBIT and EBIT Margin to profit (loss), see “Selected Financial and Operating Information—Reconciliation of EBITDA, EBITDA Margin, EBIT, EBIT Margin, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter to Profit (Loss).”

Growth Capex

Growth Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items in the note to the financial statements entitled “Property, plant and equipment”: Land, Construction in progress, Advance to suppliers and Right of use.

Growth Capex is used by our management as an overall indicator of the amount of cash used in the expansion of our operating activities compared to Maintenance Capex, providing visibility to the market on investments in certain property, plant and equipment. Growth Capex is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. For the calculation of our Growth Capex, see “Selected Financial and Operating Information—Calculation of Growth Capex, Maintenance Capex and Maintenance Capex per liter.”

Maintenance Capex, Maintenance Capex per liter, EBITDA Minus Maintenance Capex and EBITDA Minus Maintenance Capex per liter

Maintenance Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations. Maintenance Capex per liter is calculated as Maintenance Capex *divided by* liters of ethanol sold.

EBITDA *Minus* Maintenance Capex is a non-GAAP and non-IFRS measure calculated as EBITDA *Minus* Maintenance Capex. EBITDA *Minus* Maintenance Capex per liter is a non-GAAP measure calculated as EBITDA *Minus* Maintenance Capex per liter.

Maintenance Capex, Maintenance Capex per liter, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter are used by our management as overall business performance indicators that are not affected by changes in interest rates, income tax and social contribution (including income tax incentives), depreciation and amortization and certain investments in the business. Certain financial analysts, investors and rating agencies use our EBITDA *Minus* Maintenance Capex as an indicator of our operating performance and cash flow generation.

Maintenance Capex, Maintenance Capex per liter, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter are not recognized measures under IFRS and Brazilian GAAP, do not have standardized meanings, and may not be comparable to any similarly defined measurement used by other companies. For a reconciliation of our EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter to profit (loss) for the period and for the calculation of our Maintenance Capex and Maintenance Capex per liter, see “Selected Financial and Operating Information—Calculation of Growth Capex, Maintenance Capex and Maintenance Capex per liter.”

Net Debt, Net Debt/EBITDA Ratio and Net Debt/EBITDA LTM Ratio

Net Debt is a non-GAAP and non-IFRS measure calculated as (i) debt, which is calculated as the *sum* of current and non-current loans and borrowings, which does not include loans with related parties, *less* (ii) cash and cash equivalents, restricted cash, and financial investments (current and non-current), in each case as set forth in the audited financial statements and the unaudited condensed combined interim financial information. We use Net Debt, in conjunction with EBITDA, as a financial indicator to assess our solvency and ability to meet our obligations, including certain covenants under our debt instruments.

Net Debt/EBITDA Ratio is a non-GAAP and non-IFRS measure. Net Debt/EBITDA Ratio is calculated as Net Debt at the end of the applicable period *divided by* EBITDA for the corresponding fiscal year. Net Debt/EBITDA Ratio as of March 31, 2023, 2022 and 2021 is calculated by *dividing* (1) Net Debt at the end of the applicable year by (2) EBITDA for the corresponding fiscal year. Net Debt/EBITDA LTM Ratio is calculated as Net Debt as of September 30, 2023 and 2022 divided by EBITDA LTM for the twelve month period ended September 30, 2023 and 2022, respectively.

Net Debt, Net Debt/EBITDA Ratio and Net Debt/EBITDA LTM Ratio are not recognized measures under IFRS and Brazilian GAAP, do not have a standardized meaning, and may not be comparable to any similarly defined measurements used by other companies. For the calculation of our Net Debt, Net Debt/EBITDA Ratio and Net Debt/EBITDA LTM Ratio, see “Selected Financial and Operating Information—Calculation of Net Debt, Net Debt/EBITDA Ratio and Net Debt/EBITDA LTM Ratio.”

Changes in Working Capital

Changes in Working Capital is a non-GAAP and non-IFRS measure. We define Changes in Working Capital for the applicable period as (i) net cash (used in) from operating activities *less* (ii) net profit (loss) for the period *adjusted by* (iii) depreciation and amortization, (iv) current and deferred income tax, net of tax incentives, (v) adjustment to present value, (vi) income from financial investments, (vii) provision for interest on loans and borrowing, (viii) adjustment to fair value, including adjustment to fair value related to derivative financial instruments and adjustment to fair value related to biological assets (bamboo), (ix) expected losses on credits/reversal losses on credits, (x) gain on sale of assets and (xi) foreign exchange rate (gains) or losses. Changes in Working Capital is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. For the reconciliation of our Changes in Working Capital to our cash flow (used in) from operating activities, see “Selected Financial and Operating Information—Reconciliation of Changes in Working Capital.”

Market Data

We obtained market and competitive position data, including market forecasts, used throughout this offering memorandum from market research, publicly available information and industry publications, as well as internal surveys and estimates. The market data and certain other statistical information used throughout this offering memorandum are derived from a variety of sources, including independent industry publications, government publications or other published independent sources, which we did not participate in preparing, as well as our good faith estimates, which have been derived from management's knowledge and experience in the areas in which our business operates.

We include data from reports prepared by the Brazilian Central Bank, the Brazilian Ministry of Agriculture, Livestock, and Supply (*Ministério da Agricultura, Pecuária e Abastecimento*, or "MAPA"), the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, or "IBGE"), the Brazilian Ministry of Development, Industry and Foreign Trade (*Ministério do Desenvolvimento e do Comércio Exterior*, or "MDIC"), the Food and Agriculture Organization of the United Nations ("FAO"), the São Paulo Stock, Commodities and Futures Exchange (*B3 S.A. – Brasil, Bolsa, Balcão*, or "B3"), the Brazilian National Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*, or "BNDES"), the New York Board of Trade ("NYBOT"), the New York Stock Exchange ("NYSE"), the Brazilian Agricultural Research Corporation (*Empresa Brasileira de Pesquisa Agropecuária*, or "Embrapa"), the Brazilian Secretariat for Foreign Trade (*Secretaria de Comércio Exterior*, or "Secex"), the National Agency of Petroleum, Natural Gas and Biofuels (*ANP—Agência Nacional do Petróleo, Gás Natural e Biocombustíveis*, or "ANP"), the Agriculture School of the University of São Paulo (*Escola Superior de Agricultura Luiz de Queiroz*, or "ESALQ") and the National Electric Energy Agency (*Agência Nacional de Energia Elétrica*, or "ANEEL"), the Center for Advanced Studies on Applied Economics (*Centro de Estudos Avançados em Economia Aplicada*, or "CEPEA"), the Sugarcane Industrial Union (*União da Indústria de Cana-de-Açúcar*, or "Unica"), the Energy Research Office (*Empresa de Pesquisa Energética*, or "EPE"), the National Supply Company (*Companhia Nacional de Abastecimento*, or "CONAB"), the National Association of Motor Vehicle Manufacturers (*Associação Nacional dos Fabricantes de Veículos Automotores*, or "ANFAVEA"), the Getulio Vargas Foundation (*Fundação Getulio Vargas*, or "FGV"), the United States Department of Agriculture ("USDA"), the Mato Grosso Institute of Agricultural Economics (*Instituto Mato-grossense de Economia Agropecuária*, or "IMEA"), the Standard and Poors Capital IQ Platform, the Chicago Board of Trade ("CBOT") and the Bloomberg Platform, among other sources of publicly available information and research. We also use the publicly available financial statements of certain sugarcane ethanol producers, which we did not participate in preparing and which accuracy or completeness we have not independently verified, to develop an estimate of sugarcane ethanol productions costs (see the definition of "Sugarcane Ethanol Production Cost" included in "—Other Information"), among other estimates in this offering memorandum.

Neither we nor the Initial Purchasers have independently verified the accuracy or completeness of the third-party information included in this offering memorandum. However, based on management's knowledge and experience we believe that the third-party sources are reliable and that the third-party information included in this offering memorandum or in our estimates is accurate and complete. Estimates of market size and relative positions in a market are difficult to develop and are inherently uncertain and subject to change based on various factors, including those discussed under the section entitled "Risk Factors." As such, investors should not place undue weight on the industry data presented in this offering memorandum.

Other Information

The expressions below have the following meaning:

One "sac" of corn represents 60 kilograms of corn.

One "cubic meter" represents 1,000 liters.

One "ton" represents 1,000 kilograms.

"Basis" is the difference between our ethanol net price per liter, after deducting taxes, freight, and tankage expenses, and the SP Hydrous ESALQ Price.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in the City of New York, São Paulo, Lucas do Rio Verde or Luxembourg are authorized or required by law to close.

“CBOT” means Chicago Board of Trade.

“CCS” means carbon capture and storage.

“CDI” means the accumulated rate of interbank deposits in Brazil during each period.

“CIF” means “cost, insurance and freight,” and refers to the logistics option whereby we arrange for all logistics and transportation, and bear the costs therefor, with revenue recognized upon delivery of our product at the client site.

“Co-Products Revenue” means, (i) with respect to Corn Ethanol Production Cost, the *sum* of segment revenue of Animal Nutrition, Energy Co-generation and Other segment and, (ii) with respect to Sugarcane Ethanol Production Cost, the corresponding revenue for a particular producer from energy co-generation as estimated by us using the publicly available financial statements of such sugarcane ethanol producers (see the definition of “Sugarcane Ethanol Production Cost” in this section).

“Corn Ethanol Production Cost” per liter is calculated as (i) the *sum* of (x) our cost of goods sold, selling and administrative costs and expenses for the applicable period *plus* (y) Maintenance Capex *minus* (z) Co-Products Revenue, *divided by* (ii) liters of ethanol sold for such period. We calculate our Corn Ethanol Production Cost to provide information that we believe is useful to compare us with our competitors and certain sugarcane ethanol producers.

“Corn Coverage Ratio” is the ratio between the revenue from animal nutrition segment *plus* Corn Marketing Profit *divided by* corn cost of goods sold, representing the percentage of corn cost of goods sold that is compensated by the sale of byproducts of ethanol production based on corn.

“Corn Marketing Profit” is the sum of revenue from marketing segments (corn) *minus* the corn marketing costs of goods sold *plus* gain (losses) on derivatives.

“Crop Year” means, with respect to the Company and/or the state of Mato Grosso, the period from June 1 to May 31 of the following year. The crop year may be different in other regions of Brazil.

“Debt” means our current and non-current loans and borrowings.

“Eligible Green Projects” means qualifying bioenergy green projects, as described in “Use of Proceeds.”

“Financing Documents” means, collectively, the following documents: (a) the Indenture; (b) the Notes; (c) the Note Guarantees; and (d) each other agreement or instrument designated as a “Financing Document” by the Issuer, Guarantors and the Trustee, from time to time.

“FOB” means “free on board” and refers to the logistics option whereby we cover no logistics- or transportation-related costs, and the client receives the goods at our plants, with revenue recognized upon acceptance of the product at our plant.

“FST” means “Fiber Separation Technology.”™

“GMO” means genetically modified organism.

“LCFS” means California’s Low Carbon Fuel Standard.

“LRV Plant” means our operating facility located in the city of Lucas do Rio Verde in the state of Mato Grosso.

“Maintenance Capex” is calculated as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations.

“MLPY” means million liters per year.

“PDL Plant” means our operating facility located in the city of Primavera do Leste in the state of Mato Grosso.

“RBOB” is an acronym for “Reformulated Gasoline Blendstock for Oxygen Blending.” This type of gasoline is used as the benchmark for gasoline trading on the Chicago Mercantile Exchange. The term “reformulated” describes gasoline that does not have any MTBE “Methyl tert-butyl ether.” RBOB became the benchmark in the United States largely because of legislation banning gasoline with the chemical MTBE, which was found in unleaded gas prior to legislation.

“SMT” means “Selective Milling Technology.”™

“SP Hydrous ESALQ Price” means the weekly average negotiated price of hydrous ethanol, *net of* tax and freight expenses, within a certain period, assessed by the *Escola Superior de Agricultura “Luiz de Queiroz”* for the city of Ribeirão Preto, state of São Paulo.

“SP Anhydrous ESALQ Price” means the weekly average negotiated price of anhydrous ethanol, *net of* tax and freight expenses, within a certain period, assessed by the *Escola Superior de Agricultura “Luiz de Queiroz”* for the city of Ribeirão Preto, state of São Paulo.

“SRS Plant” means our operating facility located in the city of Sorriso in the state of Mato Grosso.

“Sugarcane Ethanol Production Cost” per liter is an estimate calculated by us as (i) (x) total cost of goods sold and selling and administrative expenses *plus* (y) maintenance capital expenditures (calculated in a manner comparable for such producer based on the definition of Maintenance Capex above) *minus* (z) Co-Products Revenue, *divided by* (ii) ethanol produced for such period (converting all sugar produced into its equivalent volume of ethanol), taken as an average across the following sugarcane ethanol producers for the fiscal year ended March 31, 2023, using the publicly available financial statements of each such sugarcane ethanol producer: Raízen, São Martinho and Coruripe. Sugarcane Ethanol Production Cost is a metric developed internally by us using third-party information, including publicly available financial statements of sugarcane ethanol producers, which we did not participate in preparing and which accuracy or completeness we have not independently verified. We calculate Sugarcane Ethanol Production Cost to provide information that we believe is useful to compare our Corn Ethanol Production Cost with the production costs of certain sugarcane ethanol producers.

“Timber Funds” or “TIMOs” means Timber Investment Management Organizations (e.g., forestry funds specialized in eucalyptus plantation).

SUMMARY

This summary highlights selected information about us and the Notes that are offered hereby. It may not contain all of the information that may be important to you. Before investing in the Notes, you should read this entire offering memorandum carefully for a more complete understanding of our business and this offering, including the financial statements and related notes included elsewhere in this offering memorandum, and the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Overview

We are one of the largest corn-based ethanol producers in Brazil according to ANP, and one of the largest low-cost, low-carbon producers of biofuels, animal nutrition products and renewable energy in Brazil. We have three operating facilities, which are located in the state of Mato Grosso in the cities of Lucas do Rio Verde (the “LRV Plant”), Sorriso (the “SRS Plant”) and Primavera do Leste (the “PDL Plant”), with an estimated aggregate production capacity of 2.2 billion liters of anhydrous ethanol per year. We were the first Brazilian company to produce ethanol exclusively from corn according and currently we are the fourth largest ethanol producer in Brazil according to ANP. The LRV Plant has a production capacity of 585 million liters per year (“MLPY”), the SRS Plant has a production capacity of 931 MLPY and the PDL Plant, which began operations in May 2023, has a production capacity of 637 MLPY. We believe we are amongst the largest producers of animal nutrition products derived from corn in Brazil, with an annual production capacity of approximately 1.8 million tons per year. For the six-month period ended September 30, 2023, our total net revenue was R\$3,824.7 million, our net loss was R\$145.8 million, our EBITDA was R\$595.9 million and our EBITDA Margin was 15.6%. For the fiscal year ended March 31, 2023, our total net revenue was R\$7,550.5 million, our net profit was R\$877.4 million, our EBITDA was R\$2,392.1 million and our EBITDA Margin was 31.7%.

Corn has become a much more competitive feedstock for ethanol production in Brazil, with lower cost and a smaller carbon footprint when compared to sugarcane. This is mainly a result of the continued productivity gains achieved through increasingly more advanced corn seeds developed by global biotechnology companies, combined with the adoption of improved agronomical practices and technology used by farmers in Brazil, which has driven the recent exponential increase in corn yields and production in the country.

We are strategically located in one of the world’s fastest-growing and most productive corn-producing regions, the state of Mato Grosso, Brazil, which was responsible for 41.8% of Brazil’s 125.5 million tons of total corn production in the 2022-2023 Crop Year.¹ According to IMEA (*Instituto Matogrossense de Economia Agropecuária*), corn production in the state of Mato Grosso has grown significantly over the past decade—from approximately 8.1 million tons in the 2009-2010 Crop Year to 52.5 million tons in the 2022-2023 Crop Year. Such growth has allowed us to take advantage of the continuously increasing over-supply of corn in that region and, therefore, procure corn at competitive costs. The state of Mato Grosso is also home to one of the largest beef cattle herds in Brazil as well as significant swine and poultry production, which are important markets for our animal nutrition products.

Our strategic location enables us to efficiently supply a number of inadequately supplied ethanol markets, such as the Northern states of Brazil, as well as the ability to competitively access the Center-South region – the largest ethanol market in Brazil. We serve our clients at multiple locations across the country through the use of a variety of logistics modalities such as roadways, railway, pipelines and riverways. Our strategic location in the state of Mato Grosso enables us to: (i) access abundant and low-cost corn; (ii) source 100% of our energy needs from renewable biomass; (iii) access a thriving livestock market for our animal nutrition products; and (iv) access multi-modal logistics to serve premium ethanol markets.

We combine these geographic synergies with our state-of-the-art, world-class scale facilities, and experienced management and technical teams to produce what we believe is a liquid biofuel with one of the lowest carbon footprints at-scale globally, with an overall cost profile that we believe to be significantly advantageous compared to the average sugarcane-based producers of ethanol in Brazil. During our fiscal year ended March 31, 2023, our Corn Ethanol Production Cost, which was R\$1.43 per liter, was 45.7% lower than our Sugarcane Ethanol Production Cost

¹ With respect to the Company and Mato Grosso, the period from June 1 to May 31 of the following year.

of R\$2.63 per liter of ethanol. This cost advantage has been greater than 28% over the past years, being 28.8% lower in the March 31, 2022 fiscal year (R\$1.49 per liter compared to R\$2.10 per liter), 41.7% lower in the March 31, 2021 fiscal year (R\$0.90 per liter compared to R\$1.54 per liter) and 32.0% lower in the March 31, 2020 fiscal year (R\$0.98 per liter compared to R\$1.44 per liter).

The key drivers of our low-cost profile are: (i) low-cost feedstock; (ii) no capital employed in the production of agricultural raw material, (iii) state-of-the-art processing technology; (iv) high operational efficiency with lower labor intensity; (v) minimal Maintenance Capex (approximately R\$0.01 per liter for the fiscal year ended March 31, 2023, compared to the comparable average maintenance capital expenditures of R\$0.95 per liter of the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost) for the fiscal year ended March 31, 2023; and (vi) high value from our animal nutrition products.

We believe some of our key competitive strengths are: (1) lowest cost of production in the industry; (2) strong financial performance; (3) large-scale production upholding the highest operational efficiency standards; (4) wide-ranging and diverse commercial optionality; and (5) one of the lowest carbon intensity in the industry.

Our plants typically operate 360 days per year with greater than 99.5% uptime, which allows us to consistently serve our clients and capture higher seasonal pricing without having to employ and finance significant working capital to carry ethanol inventories. We believe that our large-scale production with the highest operational efficiency standards is a significant advantage compared to sugarcane-based producing plants, which average only 240 days per year of production.

Our animal nutrition products are dried distillers' grains ("DDG"), wet distillers' grains ("wetcake" and, collectively with DDG, "DDG Products") and corn oil. We have established the market in Brazil for specialty DDG Products with our diversified range of high-protein, high-fiber and wetcake products, through which we believe we add significant value to our clients by increasing productivity and reducing costs for growing their livestock. We work to continuously educate potential new end-users in the animal nutrition market about the benefits and value that our products can offer, thereby consistently expanding our geographic and customer reach. Our Corn Coverage Ratio (which we calculate as revenue from animal nutrition segment *plus* Corn Marketing Profit *divided by* corn cost of goods sold) was equivalent to 40.4%, 45.4% 47.0% and 51.5%, for the six-month period ended September 30, 2023 and the fiscal years ended March 31, 2023, 2022 and 2021, respectively. We believe the revenue from our animal nutrition products will continue to cover approximately 45% of our corn cost of goods sold and, therefore, is a key driver for our low production cost per liter of ethanol and a key instrument to manage risk.

In addition to the natural hedge from our animal nutrition products, and to further protect from short-term price volatility, we secure most of our future corn needs in advance through forward purchases of the physical corn at fixed prices in *reais* from local farmers, farmer co-ops, corn resellers and trading companies. We also have storage capacity for approximately 52.9% of our annual corn needs, which allows us to receive most of our corn during the harvest season.

We have invested in building a world-class institutional management team, composed of executives with deep experience in the industry and with multi-national companies. This has been a key component of our growth, reliability of operations, sustainability practices and overall marketing and financial performance. With the support of our shareholders, we have implemented a culture of meritocracy, high accountability and streamlined execution.

Some of the sustainability attributes of our business model include zero use of fossil fuels in our production process (compared to U.S. corn-ethanol producers that utilize natural gas and fossil fuel-based energy) and no stillage discharge (compared to sugarcane-based producers that generate 13 liters of stillage vinasse for every liter of ethanol produced). Stillage discharge refers to the wastewater generated and discharged from the distillation process during ethanol production. In May 2022 and June 2022, ANP renewed the Certificate of Production of Biofuels for our operation in Lucas do Rio Verde and Sorriso, respectively, recognizing the high environmental energy efficiency of our anhydrous ethanol production. This certificate is valid for three years and the conditions for its eligibility must be monitored on a yearly basis.

While the PDL Plant has a certificate of authorization for ethanol production since April 2023, the application for energy efficiency certification can only be sought after six months counted from the beginning of the plant's operations. In January 2024, we hired an auditing firm to advise us on the application for the energy efficiency

certification and we expect to apply and receive such certification by the end of 2024. According to a list publicly disclosed by ANP on October 11, 2023, the anhydrous and hydrous ethanol we produce at our LRV Plant unit have the third lowest carbon footprint, under the RenovaBio program, which is a Brazilian biofuels program similar to California's Low Carbon Fuel Standard ("LCFS"). Our strategic goals are to use our competitive strengths and favorable industry fundamentals to take advantage of the growing demand for ethanol and animal nutrition products in Brazil and globally, generating strong results with managed risk, and to position ourselves amongst the leading companies in the industry.

Key Financial and Operational Data

The following table sets forth certain financial and operating information for each of the periods indicated:

		For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	Unit	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
Key operating data:						
Installed anhydrous ethanol production capacity.....	MLPY	2,153.3	1,493.4	1,502.5	1,428.5	1,369.8
Corn crushed	thousand tons	2,246.9	1,588.2	3,315.5	3,276.6	2,566.5
Ethanol produced	million liters	452.6	320.0	1,455.2	1,425.5	1,110.6
DDG Products produced	thousand tons	976.7	701.5	1,224.9	1,221.5	934.1
Corn Oil produced.....	thousand tons	36.8	23.1	50.0	44.6	33.5
Ethanol sold	million liters	869.2	659.6	1,456.2	1,415.8	1,108.4
DDG Products sold	thousand tons	803.0	633.4	1,224.4	1,198.4	919.4
Corn Oil sold.....	thousand tons	33.5	22.8	49.9	44.6	33.5
Corn marketing	thousand tons	734.1	493.1	636.1	391.4	222.6
Energy sold	thousand MWh	44.4	27.2	236.8	182.4	150.8
Key financial data:						
Total revenue from segments ⁽²⁾	R\$ million	3,322.6	3,428.4	6,800.2	6,211.0	2,874.7
Ethanol anhydrous	R\$ million	1,374.0	1,209.2	2,505.0	2,239.0	796.1
Ethanol hydrous	R\$ million	841.8	916.6	1,845.5	2,420.1	1,326.9
Ethanol segment	R\$ million	2,215.8	2,125.8	4,350.6	4,659.0	2,123.0
High protein	R\$ million	327.8	306.5	623.3	621.1	309.6
High fiber	R\$ million	182.9	181.3	354.2	246.4	128.9
Wet cake.....	R\$ million	117.6	104.9	194.1	93.8	43.2
Corn oil	R\$ million	127.6	150.8	296.0	252.3	115.9
Animal nutrition segment	R\$ million	755.9	743.5	1,467.6	1,213.6	597.8
Energy.....	R\$ million	8.4	5.4	42.8	49.7	29.9
Steam ⁽³⁾	R\$ million	2.8	2.1	n/a	n/a	n/a
Total energy segment ⁽³⁾	R\$ million	11.3	7.5	42.8	49.7	29.9
Others ⁽³⁾	R\$ million	n/a	n/a	4.0	3.0	4.1
Total revenue from industrial segments	R\$ million	2,983.0	2,876.8	5,865.0	5,925.3	n/a
Corn ⁽⁴⁾	R\$ million	326.5	538.5	935.3	285.6	119.9
Ethanol	R\$ million	1.8	-	n/a	n/a	n/a
Energy ⁽³⁾	R\$ million	11.3	13.1	n/a	n/a	n/a
Total revenue from marketing segments	R\$ million	339.5	551.6	n/a	n/a	n/a
Total revenue from segments	R\$ million	3,332.6	3,428.4	6,800.2	6,211.0	2,874.7
Freight on sales	R\$ million	502.1	364.9	424.3	233.1	364.9
Net revenue	R\$ million	3,824.7	3,793.3	7,550.5	6,635.3	3,107.7
Profit before net finance costs and taxes	R\$ million	484.6	1,316.4	2,244.2	2,491.9	1,080.7
Net cash generated by (used in):						
Operating activities.....	R\$ million	1,620.3	496.3	320.8	1,449.6	67.3
Investing activities.....	R\$ million	1,092.0	(1,980.4)	(2,032.5)	(1,365.9)	(3,651.5)
Financing activities.....	R\$ million	(2,251.8)	1,340.5	1,349.7	708.6	4,222.7

		For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	Unit	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
Key non-GAAP/non-IFRS measures:						
Corn Ethanol Production Cost per liter ⁽⁵⁾	R\$/liter	2.04	1.30	1.43	1.49	0.89
Maintenance Capex per liter ⁽⁶⁾	R\$/liter	0.01	0.02	0.01	0.03	0.00
EBITDA ⁽⁷⁾	R\$ million	595.9	1,383.4	2,392.1	2,621.8	1,160.1
EBITDA Margin ⁽⁷⁾	%	15.6	36.5	31.7	39.5	37.3
EBITDA per liter ⁽⁸⁾	R\$/liter	0.69	2.10	1.64	1.85	1.05
Net Debt ⁽⁹⁾	R\$ million	4,945.8	4,615.2	4,842.1	3,041.6	2,972.1
EBITDA LTM ⁽⁷⁾⁽¹⁰⁾	R\$ million	1,604.7	2,861.8	2,392.1	2,621.8	1,160.1
Net Debt/EBITDA Ratio ⁽⁹⁾		3.08x	1.61x	2.02x	1.16x	2.56x
Net Debt/EBITDA LTM Ratio ⁽⁹⁾		3.08x	1.61x	n.a	n.a	n.a
EBIT ⁽¹¹⁾	R\$ million	484.6	1,316.4	2,244.2	2,491.9	1,080.7
EBIT Margin ⁽¹¹⁾	%	12.7	34.7	29.7	37.6	34.8
Maintenance Capex ⁽¹²⁾	R\$ million	13.2	16.4	17.3	49.4	0.3
EBITDA Minus Maintenance						
Capex ⁽⁷⁾⁽¹²⁾	R\$ million	582.7	1,367.0	2,374.8	2,572.4	1,159.7
EBITDA Minus Maintenance Capex per liter ⁽¹²⁾	R\$/liter	1.56	1.92	1.56	1.80	1.02
Growth Capex ⁽¹³⁾	R\$ million	646.0	1,009.0	2,099.4	511.2	749.1
Changes in Working Capital ⁽¹⁴⁾	R\$ million	1,129.0	(688.9)	(1,162.9)	(881.9)	(453.3)

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (2) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties).
- (3) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, the energy segment is comprised by sale of energy and steam from our industrial activities. In the 2023 audited combined financial statements, the energy segment was comprised only by sales and resales of energy, and revenue from the sale of steam was recorded under the “Others” segment. In the 2022 audited financial statements, the energy segment was previously referred to as “energy co-generation.”
- (4) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, revenue from resale of corn is recorded under the Marketing segment. Revenue from resale of corn was previously recorded under “Corn marketing” in the 2023 audited combined financial statements and “Corn resale” in the 2022 audited financial statement.
- (5) “Corn Ethanol Production Cost” per liter is calculated as (i) the sum of (x) our cost of goods sold, selling and administrative costs and expenses for the applicable period *plus* (y) Maintenance Capex *minus* (z) Co-Products Revenue, *divided by* (ii) liters of ethanol sold for such period. We calculate our Corn Ethanol Production Cost to provide information that we believe is useful to compare us with our competitors and certain sugarcane ethanol producers.
- (6) Maintenance Capex per liter is calculated for the applicable period as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations *divided by* liters of ethanol sold.
- (7) EBITDA (earnings before interest, taxes, depreciation, and amortization) is a non-GAAP and non-IFRS measure prepared by us in accordance with CVM Resolution No. 156, dated June 23, 2022, as amended, or CVM Resolution No. 156. We calculate EBITDA as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization. We calculate EBITDA Margin as EBITDA *divided by* net revenue. For further information on EBITDA and EBITDA Margin, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—EBITDA and EBITDA Margin” and for a reconciliation of EBITDA and EBITDA Margin to profit (loss), see “Selected Financial and Operating Information.”
- (8) EBITDA per liter is calculated as EBITDA *divided by* liters of ethanol sold.
- (9) Net Debt is a non-GAAP and non-IFRS measure calculated as (i) debt, which is calculated as the sum of current and non-current loans and borrowings, which does not include loans with related parties, less (ii) cash and cash equivalents, restricted cash, and financial investments (current and non-current), in each case as set forth in the financial statements. Net Debt/EBITDA Ratio as of March 31, 2023, 2022 and 2021 is calculated by dividing (1) Net Debt at the end of the applicable year by (2) EBITDA for the corresponding fiscal year. Net Debt/EBITDA LTM Ratio is calculated as Net Debt as of September 30, 2023 and 2022 divided by EBITDA LTM for the twelve-month period ended September 30, 2023 and 2022, respectively. We use Net Debt, in conjunction with EBITDA, as a financial indicator to assess our solvency

and ability to meet our obligations, including certain covenants under our debt instruments. Net Debt is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. For further information on Net Debt, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Net Debt and Net Debt/EBITDA Ratio” and for the calculation of our Net Debt, see “Selected Financial and Operating Information.”

- (10) We calculate EBITDA LTM for the twelve-month period ended September 30, 2023 as EBITDA for the year ended March 31, 2023 *plus* EBITDA for the six-month period ended September 30, 2023 *minus* EBITDA for the six-month period ended September 30, 2022. We calculate EBITDA LTM for the twelve-month period ended September 30, 2022 as EBITDA for the year ended March 31, 2022 *plus* EBITDA for the six-month period ended September 30, 2022 *minus* EBITDA for the six-month period ended September 30, 2021. For a reconciliation of EBITDA LTM to profit (loss), see “Selected Financial and Operating Information.”
- (11) We calculate EBIT as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives). We calculate EBIT Margin as EBIT *divided by* net revenue. For further information on EBIT and EBIT Margin, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—EBIT and EBIT Margin” and for a reconciliation of our EBIT and EBIT Margin to profit (loss), see “Selected Financial and Operating Information.”
- (12) We calculate Maintenance Capex as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations. EBITDA *Minus* Maintenance Capex is a non-GAAP and non-IFRS measure calculated as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization *minus* Maintenance Capex. EBITDA *Minus* Maintenance Capex is used by our management as an overall business performance indicator that is not affected by changes in interest rates, income tax and social contribution, depreciation and amortization and certain investments in the business. Certain financial analysts, investors and rating agencies use our EBITDA *Minus* Maintenance Capex as an indicator of our operating performance and cash flow generation. EBITDA *Minus* Maintenance Capex per liter is calculated as EBITDA *Minus* Maintenance Capex *divided by* liters of ethanol sold. For further information on Maintenance Capex, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Maintenance Capex, Maintenance Capex per liter, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter” and for a reconciliation of our EBITDA *Minus* Maintenance Capex to profit (loss), see “Selected Financial and Operating Information.”
- (13) Growth Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items in the note to the financial statements entitled “Property, plant and equipment”: Land, Construction in progress, Advance to suppliers and Right of use. For further information on Growth Capex, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Growth Capex” and for the calculation of our Growth Capex, see “Selected Financial and Operating Information.”
- (14) We define Changes in Working Capital for the applicable period as (i) net cash (used in) from operating activities less (ii) net profit (loss) for the year adjusted by (iii) depreciation and amortization, (iv) current and deferred income tax, net of tax incentives, (v) adjustment to present value, (vi) income from financial investments, (vii) provision for interest on loans and borrowings, (viii) adjustment to fair value, including adjustment to fair value related to derivative financial instruments and adjustment to fair value related to biological assets (bamboo), (ix) expected losses on credits / Reversal losses on credits, (x) gain on sale of assets, and (xi) foreign exchange rate (gains) or losses. For further information on Changes in Working Capital, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Changes in Working Capital” and for a reconciliation of Changes of Working Capital to net cash (used in) from operating activities, see “Selected Financial and Operating Information.”

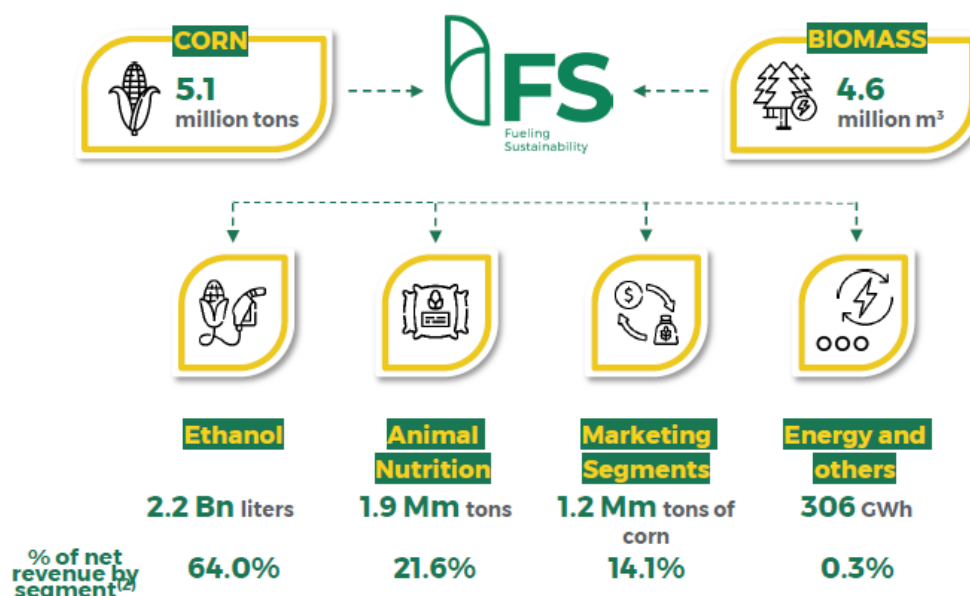
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Our Operations

Our operations begin with grain procurement, receiving and storage operations, continuing through our ethanol and animal nutrition production operations and co-generated energy, and ending downstream with marketing, storage and distribution of ethanol and animal nutrition products.

The state of Mato Grosso is our key market, representing 27.1% of total gross revenue in the six-month period ended September 30, 2023. In the same period, gross revenues derived from clients in the Center-South, North and Northeast regions represented 53.2%, 13.0% and 6.3% of our gross revenues, respectively, and exports represented 0.3% of our gross revenues in the same period.

The image below illustrates our operational flow for the twelve months ended September 30, 2023:



Source: Company data.

The following are the main areas of activity in which we are engaged:

- **Ethanol production and commercialization:** We believe we rank as one of the industry's lowest cost producers and have one of the lowest carbon footprints globally. Our plants have full flexibility to produce 100% of hydrous or 100% anhydrous ethanol, which we sell to fuel distributors in all regions of Brazil, utilizing our access to multiple logistics modalities.
- **Animal nutrition products:** We believe we are amongst the largest producers of animal nutrition products derived from corn in Brazil, with estimated annual production capacity of approximately 1.8 billion tons per year of high-protein DDG, high-fiber DDG and wetcake, besides the 85.2 million tons per year of corn oil. Our production of corn oil is primarily utilized as an animal nutrition product, but we also sell corn oil to biodiesel producers and other industrial end-users.
- **Biomass procurement:** We utilize 100% renewable biomass as feedstock for co-generation of steam and energy required to operate our plants, and additional energy to sell into the national energy grid. We procure biomass from a variety of sources, including agricultural residues, eucalyptus and bamboo, which can be used interchangeably in our flexible co-generation equipment.
- **Energy co-generation:** Our three production facilities are energy self-sufficient through the co-generation of steam and energy, with a production capacity of approximately 613.3 MW per year, which also allows us to sell surplus energy to the national energy grid.
- **Corn procurement:** We actively procure corn from local farmers, farmer co-ops, corn resellers and trading companies, as feedstock for our production of ethanol and animal nutrition products. By the end of the 2023-2024 Crop Year, we estimate we will have procured 4.8 million tons of corn for such crop year, which represents 9.1% of the estimated corn production in the state of Mato Grosso in the same year.
- **Corn marketing:** Since 2021, we started to increase our presence in the corn marketing sector, by purchasing and selling corn in back-to-back transactions, where we purchase corn from a supplier when we have a third-party buyer committed to purchase such corn. Our corn marketing strategy enables us to be contacted by farmers and suppliers of corn even outside the crop season (when we usually purchase

corn to be used in our operations). In the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023 we traded 487.9 and 786.5 thousand tons of corn, respectively.

In the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023, we produced 284 and 557 million liters of ethanol at the LRV Plant, respectively. The LRV Plant currently has an estimated corn processing capacity of approximately 1.3 million tons per year and estimated anhydrous ethanol production capacity of about 585 MLPY, as well as annual production capacity of up to 417 thousand tons of DDG Products and 22 thousand tons of corn oil. In the fiscal year ended March 31, 2023, our energy co-generation capacity in the LRV Plant was a total of 189 thousand megawatt (MW), with 66 thousand MW capacity to sell into the Brazilian energy grid.

The SRS Plant, which began operating in February 2020, produced 448 and 879 million liters of ethanol in the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023, respectively. The SRS Plant currently has an estimated corn processing capacity of approximately 2.2 million tons per year and estimated anhydrous ethanol production capacity of about 931 MLPY, as well as annual production capacity of up to 878 thousand tons of DDG Products and 40 thousand tons of corn oil. In the fiscal year ended March 31, 2023 our energy co-generation capacity in the SRS Plant was a total of 236 thousand MW, with 37 thousand MW capacity to sell into the Brazilian energy grid.

The PDL Plant, which began operations in May 2023, produced 235 million liters of ethanol in the six-month period ended September 30, 2023. At the end of first year of operation, the PDL Plant will achieve an estimated corn processing capacity of approximately 1.3 million tons per year. The PDL Plant has an estimated anhydrous ethanol production capacity about 637 MLPY, as well as an annual production capacity of up to 529 thousand tons of DDG Products and 24 thousand tons of corn oil. In the six-month period ended September 30, 2023, our energy co-generation capacity in the PDL Plant was 191 thousand MW, with a 63 thousand MW capacity to sell into the Brazilian energy grid.

Each of our production facilities utilizes modern process technologies provided by ICM, Inc. ("ICM"), a market leader in ethanol plant process technology that has designed and engineered over 100 corn-based ethanol plants in North America. We have ten-year exclusivity agreements with ICM for plants within a 50-mile radius of each of our three current production facility sites (as well as within a 50-mile radius of four other sites that we have secured for possible future development), which serve as barriers to entry for potential competitors in terms of access to what we believe to be the market's most efficient process technology.

Our plants were specifically designed for the requirements of our operations, with enhanced productivity features such as Fiber Separation Technology™, or FST, and Selective Milling Technology™, or SMT. We have also developed projects to improve productivity, such as incremental improvements to our fermenters and the introduction of genetically modified organism, or GMO yeast. In the 2017/2018 fiscal year, which was our first fiscal year of production, our industrial yield (i.e., ethanol production capacity per one ton of corn crushed) was 346.5 liters of ethanol per ton of corn crushed. In the 2022/2023 fiscal year, we reached 433.1 liters of ethanol per ton of corn crushed and in the six-month period ended September 30, 2023, we reached 430.0 liters of ethanol per ton of corn crushed.

Our Ethanol Operations

We produce corn-based ethanol (anhydrous and hydrous) from the starch extracted from corn. Because we are able to produce 100% of anhydrous ethanol from the corn we crush, we can shift the production from anhydrous to hydrous ethanol by adding water in the anhydrous ethanol we produce, being able to have complete control over our production mix. On the other hand, sugarcane-based ethanol producers have a limitation of the mix between anhydrous and hydrous ethanol, due to their production being essentially hydrous ethanol, requiring a dehydration process to obtain anhydrous ethanol. Anhydrous ethanol is primarily used as a blend component in the Brazilian gasoline fuel market, pursuant to applicable regulations, for common C gasoline. Hydrous ethanol is primarily used in flex-fuel vehicles as it is utilized with any mix of gasoline (up to 100% ethanol). Drivers of pure ethanol and flex-fuel vehicles, which represented in 2022 (calendar year) approximately 91% of all passenger vehicles in Brazil, are free to choose between ethanol or gasoline at the pump. Hydrous ethanol is generally sold at the pump at or around 70% of the price of gasoline (as vehicles running on ethanol on average run 0.7x the miles run by the same volume

of gasoline). Our annual production of ethanol has significantly increased over the last years, to 1,455 million liters in the fiscal year ended March 31, 2023 from 139 million liters in the fiscal year ended March 31, 2018.

We sell our ethanol (anhydrous and hydrous) to a varied client base, comprised mainly of fuel distributors in Brazil. In the six-month period ended September 30, 2023, we sold to more than 49 different clients, and sales to Brazil's three main fuel distribution companies (Raízen, VIBRA and Paranapanema) corresponded to 74.6% of our ethanol gross operating revenues. As part of our strategy to increase our revenues, we seek to diversify our sales and improve productivity gains.

We are continually diversifying our sales of ethanol over the country and our key markets are the states of Mato Grosso and the states located in the Center-South and North regions of Brazil, where our sales of ethanol by gross revenue corresponded to 18.6%, 53.4% and 18.2% of our total ethanol sales, respectively, for the six-month period ended September 30, 2023. One of our goals is to increase our sales of ethanol in regions where we are less representative, such as the Northeast region of Brazil, where our sales of ethanol by gross revenue corresponded to 9.8% of our total sales of ethanol for the six-month period ended September 30, 2023.

We have developed marketing and logistics capabilities to serve multiple regions of Brazil, allowing for a sales strategy focused on capturing the best net price compared to the SP Hydrous ESALQ Price. We refer to the difference between our net price per liter, after deducting taxes, freight, and tankage expenses, compared to the SP Hydrous ESALQ Price, as our ethanol "Basis."

Over the last years we have steadily increased our access to logistics assets in order to reach multiple final markets. In August 2022, we entered into a 20-year logistics services agreement with Rumo, a logistic company focused on the operation of railroads in Brazil, tied to a lease and option to purchase agreement of 80 transportation wagons, with the purpose of increasing our ethanol transportation capacity. Besides the additional outflow capacity, representing an increase from 50 million to 75 million liters per month, the agreement with Rumo has improved our operations by reducing logistical costs to FS and decreasing carbon emissions arising from our operations, in that the cost of railway transportation is lower than that of highway transportation and FS will replace the use of 15,000 trucks per year with transportation wagons.

In addition, by having more logistical options (trucks, pipelines, railroads, barges and sea vessels), we are able to capture better costs for transportation and be positioned as a trustworthy and reliable supplier to our clients. Our focus and investment in logistics have allowed us to actively adjust our ethanol sales mix, between anhydrous and hydrous, and geographic destination, to achieve better pricing than the market reference. In the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023 we sold 869.2 million and 1,456.2 million liters of ethanol, respectively, representing R\$0.11 per liter higher than the average SP Hydrous ESALQ Price, in each period, according to ESALQ.

We also evaluate opportunities to export ethanol from time to time to certain international markets, such as Europe, and we are currently working towards a carbon footprint certification in California, which is expected to allow sales into that market for a premium netback price. Approximately 90% of our anhydrous ethanol is sold under year-long contracts with fuel distributors (which is a Brazilian regulatory requirement), while most sales of our hydrous ethanol are on a spot basis, often for same-week or next-week delivery.

For the six-month period ended September 30, 2023, we recorded a segment revenue from ethanol of R\$2,215.8 million, representing 66.7% of our total revenue from segments for such period.

The table below sets forth the composition of our segment revenue from ethanol for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in millions of R\$, except percentages)</i>				
Anhydrous ethanol	1,374.0	1,209.2	2,505.0	2,239.0	796.1
Hydrous ethanol	841.8	916.6	1,845.5	2,420.1	1,326.9
Total ethanol segment.....	2,215.8	2,125.8	4,350.6	4,659.0	2,123.0
Anhydrous ethanol mix volume sold (%)	59.5%	54.8%	55.4%	45.3%	36.2%

Our Animal Nutrition Operations

We produce animal nutrition products in the form of high-fiber DDG, high-protein DDG, wetcake and corn oil, mostly for livestock farmers to use as animal feedstock. In our production process, we use FST, which allows us to separate the components of corn and produce three highly differentiated specialty DDG Products, as compared to the more conventional DDG Products offered by other corn-ethanol producers. Our DDG Products are branded as *FS Ouro*, *FS Essencial* and *FS Úmido*. In addition, we also produce corn oil, which is marketed under the brand *FS Vital*. Together, these animal nutrition products provide our clients with a local source of highly nutritious feed for their livestock.

The main characteristics and pricing dynamics of our animal nutrition products are:

- *FS Ouro*: high in fiber and best suited for beef and dairy cattle diets. This product has fiber content equivalent to corn, resulting in a pricing dynamic that follows the export parity price of corn, revised according to supply and demand of the price of other substitute products.
- *FS Essencial*: high in protein and typically sold into the swine and poultry markets. This product has protein content similar to soybean meal, resulting in a pricing dynamic that follows the price of soybean meal on a per ton basis.
- *FS Úmido*: wetcake product similar to *FS Ouro* with higher moisture content, in high demand among producers with cattle in confinement systems. This product also has fiber content equivalent to corn, resulting in a pricing dynamic that follows the export parity price of corn, revised according to supply and demand of the price of other substitute products.
- *FS Vital*: corn oil product that has value in many end-uses, with most of our production sold to animal nutrition markets and, alternatively, to biodiesel production and other industrial users. The SMT process technology results in a 15.0% higher corn oil yield when compared to the average US corn-ethanol plants. This product is a substitute for soybean oil, resulting in a pricing dynamic that follows the price of soybean oil.

Over the last fiscal year, we significantly expanded our sales and ended the 2022/2023 fiscal year serving over 600 clients across 15 states of Brazil. The state of Mato Grosso remains our key market, representing a share of 47.8% of our total volume sold from animal nutrition products in the six-month period ended September 30, 2023, with the Center-South, North and Northeast regions representing 48.3%, 2.1% and 0.3% of volume sold from animal nutrition for such period, respectively. We significantly increased our client portfolio of animal nutrition segment, with our top five clients accounting in the aggregate for 37.3% and 38.4% of our gross operating revenues in the fiscal year ended March 31, 2023 and in the six-month period ended September 30, 2023, respectively.

We believe our animal nutrition revenues provide us with a natural hedge against our corn cost of goods sold, which is the largest component of our cost of goods sold. We seek to maintain the ratio between the animal nutrition segment revenue and corn cost of goods sold at least at 45%. We refer to this ratio as our Corn Coverage Ratio, which represents the percentage of corn cost of goods sold that is offset by the sale of byproducts of ethanol production based on corn. Our Corn Coverage Ratio was 40.4%, 45.4%, 47.0% and 51.5% for the six-month period ended September 30, 2023 and the fiscal years ended March 31, 2023, 2022 and 2021, respectively.

The table below sets forth the composition of our segment revenue from animal nutrition products for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in millions of R\$, except percentages)</i>				
FS Essencial (High protein)	327.8	306.5	623.3	621.1	309.6
FS Ouro (High fiber)	182.9	181.3	354.2	246.4	128.9
FS Úmido (Wetcake)	117.6	104.9	194.1	93.8	43.2
FS Vital (Corn Oil)	127.6	150.8	296.0	252.3	115.9
Total animal nutrition segment	755.9	743.5	1,467.6	1,213.6	597.8
Total revenue from corn marketing ⁽¹⁾	326.5	538.5	935.3	285.6	119.8

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in millions of R\$, except percentages)</i>				
Corn Marketing Profit ⁽²⁾	67.6	26.0	55.4	46.3	26.4
Corn cost of goods sold	2,038.1	1,449.4	3,357.9	2,681.9	1,160.8
Corn Coverage Ratio ⁽³⁾	40.4%	53.1%	45.4%	47.0%	51.5%

- (1) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties). Revenue resale of corn was previously recorded as “Corn marketing” in the 2022 audited financial statements and “Corn resale” in the 2022 audited financial statements. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Principal Components of our Statements of Income—Net Revenue.”
- (2) We calculate Corn Marketing Profit as the sum of revenue from marketing segments (corn) *minus* the corn marketing costs of goods sold *plus* gain (losses) on derivatives.
- (3) We calculate Corn Coverage Ratio as revenue from animal nutrition segment *plus* Corn Marketing Profit *divided by* corn cost of goods sold. Corn Coverage Ratio operates as a natural hedge, as the price of animal nutrition has been historically correlated to the price of corn.

Our Energy Operations

Our energy needs are met through co-generation systems integrated into our plants that utilize renewable biomass, such as bamboo, eucalyptus chips and agricultural residues such as *açaí* seedling, cottonseed, sugarcane bagasse and rice husk, as a fuel that is burned in boilers to generate steam, promoting the rotation of turbines and generating energy used in our production process. The excess co-generated energy is sold into the Brazilian energy grid.

The LRV Plant has an annual estimated energy production capacity of 190 GW, out of which 68 GW are expected to be sold into the Brazilian energy grid. The SRS Plant has an annual estimated energy production capacity of 232 GW, out of which 31 GW are expected to be sold into the Brazilian energy grid. The PDL Plant has an annual estimated energy production capacity of 191 GW, out of which 63 GW are expected to be sold into the Brazilian energy grid.

On an annual basis, we have the capacity to produce approximately 613 GW of energy, of which nearly 162 GW is expected to be sold into the Brazilian energy grid. This energy is 100% renewable and therefore enjoys incentives of up to a 50% discount on energy transmission tariffs. We have certain flexibility to increase our energy production by burning additional biomass, taking advantage of market opportunities, when applicable.

Our Biomass Operations

The energy source for each of our production facilities is steam and energy that are generated by burning sustainably sourced biomass in co-generation systems integrated in our plants. Several different types of biomasses are readily available in the state of Mato Grosso and we have successfully used several of these feedstocks as fuel in our boilers to produce steam and energy.

Biomass prices and availability are affected by weather conditions, location, competing demand from other users, reduced harvests and overall economic conditions. Our biomass procurement activities include (i) sourcing of agricultural residues in the spot markets such as *açaí* seedling, cottonseed, sugarcane bagasse and rice husk, limiting this short-term consumption to a volume maximum of 1.5 to 2.0 million m³ of needs; (ii) acquisition of standing timber for cutting in the medium-long term; (iii) acquisition of eucalyptus from local farmers in the medium-long term; (iv) supply agreements with TIMOs (Timber Investment Management Organizations), which develop and operate eucalyptus farms to supply our plants in the long term; and (v) acquisition of bamboo as an alternative source of biomass in the short- and medium-term.

Our biomass origination strategy considers our need for biomass consumption for the next six years, since forestry development provides cycles of two to three years through bamboo planting, and cycles of four to six years through planting of eucalyptus. In the long term, price and volume are pre-fixed through forestry development and timber fund structures. We believe in promoting reforestation by planting bamboo and eucalyptus, especially on unproductive land. Therefore, growing forests indirectly helps in the process of removing carbon from the atmosphere.

Our Corn Operations

Corn Procurement

Each year, corn is grown in the state of Mato Grosso from mid-January to mid-March and the harvest period extends from the end of May until the beginning of August. As part our strategy of corn procurement, we usually start purchasing corn 18 to 24 months prior to the harvest, which depends on the availability of corn and willingness of our suppliers to sell corn to us, or the farmer selling curve. In the beginning of the harvest period, we start to receive the corn that will be crushed during that Crop Year. The corn is delivered almost in its entirety immediately after harvest, and, as the crushing program takes place from the end of the harvest (August and September) until May of the following year, we typically store a significant part of our volume needs.

Some of the key elements of our corn procurement strategy are:

- *Diversified supplier base.* We purchase our corn from over 800 corn suppliers. Our strategy is to increase and diversify our sources of corn, which for the 2021/2022 Crop Year were distributed among farmer cooperatives and conglomerates (42.4%), farmers (46.0%), corn resellers (11.4%) and trading companies and other suppliers (21.6%). In the 2022/2023 Crop Year, our sources were distributed among farmer cooperatives and conglomerates (48.3%), farmers (46.0%), corn resellers (3.4%) and trading companies and other suppliers (2.3%).
- *Advance purchases.* To protect ourselves against input shortfalls and short-term price volatility, we acquire corn through future contracts for physical delivery at fixed prices and volumes. Because of our advance purchasing strategy, we have very limited exposure to spot market pricing dynamics. Corn purchases are made up to 18 to 24 months in advance, following the producers' sales curve ("farmer selling").

Corn Forward Purchasing	Estimated Corn Requirements	Contracted	Percentage Contracted	Average price per sac
Summary				
<i>Crop Year</i>	<i>(million tons)⁽¹⁾</i>		<i>(%)</i>	<i>(R\$/sac)</i>
2021-2022.....	3.3	3.3	100.0%	52.09
2022-2023.....	3.3	3.3	100.0%	59.71
2023-2024.....	4.8	4.5	93.9%	52.75
2024-2025.....	5.1	1.7	32.6%	40.96

(1) As of January 2024.

- *Storage capacity.* As of March 31, 2023, we had storage capacity for 2.64 million tons of corn, which represents approximately 52.9% of our annual corn needs, taking into account all of our plants. This capacity allows us to receive most of our corn for delivery during the harvest season.
- *Extended payment terms.* The payment term of our corn purchases is usually 90 days after full delivery of each corn contract, eliminating credit risk on corn purchases. Because many farmers view us as their preferred partner to sell corn to in the domestic market, we have experienced no material losses in the fulfillment of our corn contracts since the beginning of our operations. Because our corn requirements represent a relatively small proportion of the total available amount of corn in the state of Mato Grosso (approximately 9%), most of which is exported, we believe that our corn purchases do not drive the market price of corn in the state of Mato Grosso, which is generally linked to the "export parity price" (the price such corn would receive on the export market, net of the transportation costs required to reach export markets).

Corn Marketing

In March 2020, we began to operate in the corn marketing sector and since 2021, our revenue derived from our corn marketing operations increased as a percentage of our total revenue from segments. In the fiscal year ended March 31, 2023, revenue from corn marketing segment represented 13.8% of the total revenue from segments, compared to 4.6% in the previous fiscal year.

Our corn marketing strategy is to increase our presence in the corn trading market, as well as our Corn Coverage Ratio, and therefore increase our profits. Operations of purchase and sale are carried out through back-to-back transactions, where we purchase corn from a supplier when we have a third-party buyer committed to purchase such corn, not compromising our corn consumption nor bringing additional financial or credit risks. Our corn marketing strategy enables us to be contacted by farmers and suppliers of corn even outside the crop season (when we usually purchase corn to be used in our operations).

The table below sets forth selected financial and operating information from our corn marketing operations for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in millions of R\$, except percentages)</i>				
Total revenue from corn ⁽¹⁾	326.5	538.5	935.2	285.6	119.8
Cost of goods resold corn marketing	(258.9)	(512.5)	(879.9)	(239.3)	(93.5)
Corn Marketing Profit⁽²⁾	67.6	26.0	55.4	46.3	26.4
Volume of corn marketing ⁽³⁾ (tons)	734.1	493.1	636.1	391.4	222.6
Spread (BRL/sac)⁽⁴⁾	5.52	3.16	5.22	7.10	7.11

- (1) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties). Revenue resale of corn was previously recorded as “Corn marketing” in the 2022 audited financial statements and “Corn resale” in the 2022 audited financial statements. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Principal Components of our Statements of Income—Net Revenue.”
- (2) We calculate Corn Marketing Profit as the sum of revenue from marketing segments (corn) *minus* the corn marketing costs of goods sold *plus* gain (losses) on derivatives.
- (3) Volume of corn marketing is comprised of the volume of corn marketing invoiced *plus* the volume of corn marketing contracted.
- (4) Spread per sac is calculated by Corn Marketing Profit *divided by* total volume of corn marketing invoiced and contracted converted into sacs.

Our Competitive Strengths

We believe our competitive strengths have been tested and proven by our results during the past years, when we operated at a high-performance level despite challenging market conditions, such as the COVID-19 pandemic and the conflict between Russia and Ukraine. We believe these are structural competitive strengths that will allow us to continue to deliver strong operational and financial performance in a wide variety of market conditions.

Low-Cost Producer

We have a significantly lower cost of production when compared to other ethanol producers in Brazil that rely on sugarcane as a feedstock (as detailed below). In addition to harvesting and processing expenses, sugarcane demands significant agricultural investments from sugarcane mills (as most mills are integrated into sugarcane farming). Sugarcane-based ethanol plants also require significantly higher industrial maintenance capital expenditures when compared to corn-based ethanol plants.

Our Corn Ethanol Production Cost was R\$1.43 per liter in the fiscal year ended March 31, 2023 and R\$1.49 per liter in the fiscal year ended March 31, 2022, while the Sugarcane Ethanol Production Cost was R\$2.63 and R\$2.10 during the same respective periods. This is due mostly to the costs required for sugarcane-based producers to maintain their mills and sugarcane plantations, as well as the much lower contribution of Co-Products Revenue to offset costs. In this analysis, we have considered public results for the years 2022 and 2023 from a sample of three Brazilian sugar and ethanol producers (Raízen, São Martinho and Coruripe).

We believe our low Corn Ethanol Production Cost is a result of:

- *Access to Abundant Supply of Corn at Competitive Cost.* We were the first ethanol producer in Brazil to use 100% corn in the production process. Each of our current and future production facilities is located near abundant, low-cost corn supplies. We believe the state of Mato Grosso, where our production facilities are located, produces one of the world's cheapest corn when compared to other large producing regions. We have located our production facilities in the mid-north region of the state of Mato Grosso, the most productive region in the state of Mato Grosso, thereby locking in a first mover advantage. In the last two decades, farmers in the state of Mato Grosso have used advanced corn genetics, technology, and equipment to improve production efficiency. Moreover, relatively high structural logistics costs to transport corn from the state of Mato Grosso to export ports limit the price that grain trading companies are able to offer farmers, which depresses local prices, while still allowing farmers to make significant profits with corn, given that corn is produced in the state of Mato Grosso mostly as a "second crop," following the production of soybeans on the same land. As a result, we expect additional productivity increases in corn to support this structural price advantage, as well as additional corn availability going forward.
- *State-of-the-Art Technology.* We use the latest and state-of-the-art production technology, under an exclusivity agreement, resulting in lower operating costs and more efficient conversion of corn to ethanol than in older plants that use less efficient technology. In our production, which takes place in three facilities designed by ICM, we use SMT, a value-added process under which the corn slurry is filtered prior to fermentation to maximize starch availability for ethanol conversion. According to ICM's studies, the use of SMT results in higher energy efficiency and up to 14% increase in ethanol yield compared to traditional plant designs. Our production is further enhanced through the use of FST (Fiber Separation Technology), a value-added platform technology that removes fiber before the fermentation process, allowing for the production of specialty DDG Products and unlocking throughput and efficiency for each liter of ethanol produced. Our efficient energy systems and heat recovery technology require less energy than older dry-mill ethanol plants, and our energy is entirely sourced from 100% sustainable biomass. In addition, we believe that our advanced computer control systems and process automation increase our production facilities' operating rate, energy efficiency and product quality. The exclusivity agreement with ICM covers a 50-mile radius around each of our three facility sites (LRV Plant, SRS Plant and PDL Plant), as well as the three additional sites that we have acquired for possible future expansion (Campo Novo do Parecis, Querência e Nova Mutum). This exclusivity serves as an entry barrier in terms of what we believe to be the most efficient process technology being unavailable to potential competitors in the regions in which we operate.
- *Large Scale, Highly Efficient and Reliable Operations.* Data from ANP indicates that the average Brazilian ethanol plant capacity in October 2023 was 99 MLPY. By comparison, our facilities are designed to have capacities of between 585 MLPY and 931 MLPY. Our production facilities typically run on a 24-7, 360 day-per-year schedule, with one extended maintenance shutdown per year for a maximum period of 5 days. For the six-month period ended September 30, 2023, our plants had an average combined uptime of 99.32%. Because of the modern technology and efficient performance of our state-of-the-art corn ethanol production facilities and our business model not requiring agricultural operations (as opposed to traditional sugarcane-based ethanol producers), we require only 1.6 employees per million liters produced, approximately six times fewer employees per liter than the average employee intensity of the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost. For purposes of the calculation of the average employee intensity of sugarcane-based ethanol producers, we used publicly available information from São Martinho, Coruripe, Adecoagro and Atvos.
- *Efficient Deployment of Capital Employed.* The capital employed in corn ethanol plants is related primarily to industrial assets and operating working capital, while in sugarcane-based ethanol plants, it is also necessary to invest in land (e.g., own or lease), sugarcane plantations, agricultural machinery for handling the sugarcane crop and labor for processing, in addition to larger tankage facilities to carry inventories between harvests. This allows us to have very low Maintenance Capex (R\$0.01 per liter for the fiscal year ended March 31, 2023, compared to estimated average comparable maintenance capital expenditures of R\$0.95 per liter for the sugarcane-based ethanol producers for the fiscal year ended

March 31, 2023). It is important to highlight that, as a result, the operations of the FS Group convert a high percentage of EBITDA into cash flow, as measured by our EBITDA *minus* Maintenance Capex.

- *Lower Feedstock Risk.* Our feedstock corn provides us with competitive advantages, and we carry a lower feedstock risk as compared to sugarcane-based ethanol producers. Corn is a liquid commodity, which means it can be easily resold for cash in the short term. Meanwhile, sugarcane is illiquid in the short term, as the useful life of sugarcane fields is around five to six years and it is not profitable to close down activities beforehand, so sugarcane ethanol plants carry a raw material risk during this period. Furthermore, corn is less perishable and can be stored for two to three years without losing its energy properties. In comparison, a week after harvesting, sugarcane begins to lose its energy capacity.
- *Value-added co-products.* Ethanol production using corn allows us to produce value-added animal nutrition products, such as DDG Products and corn oil, which resulted in a total revenue of animal nutrition segment for the fiscal year ended March 31, 2023 that accounted for, in aggregate, 21.6% of our total revenue from segments, equal to 45.4% of our corn cost of goods sold for the same period, and further lowering our Corn Ethanol Production Cost. In previous years, the sale of value-added animal nutrition products made it possible to cover our corn cost of goods sold by 47.0% and 51.5% for the fiscal year ended on March 31, 2022 and 2021, respectively.

Strong Financial Performance

Despite the decrease in margins in September 2023, we have had strong operational results since commencing operations, including through the COVID-19 pandemic and the conflict between Russia and Ukraine. Although we are a relatively new market player, our financial performance allows us to serve our clients and suppliers reliably and in a stable manner. Furthermore, in a commodity-based business with natural price fluctuations, we believe the combination of our low-cost position and strong operational performance make our results more resilient than those of competitors (particularly with respect to sugarcane), which is illustrated by our strong performance in the fiscal year ended March 31, 2023, despite the difficult economic scenario after the 2021-2022 fiscal year, while the world economy was recovering from COVID-19 and facing the impacts of the conflict between Russia and Ukraine.

For the six-month period ended September 30, 2023, we had profit before net finance costs and taxes of R\$484.6 million, a decrease of R\$831.8 million, compared to R\$1,316.4 million for the six-month period ended September 30, 2022. For the fiscal year ended March 31, 2023, we had a profit before net finance costs and taxes of R\$2,244.2 million, a decrease of R\$247.7 million, compared to R\$2,491.9 million for the fiscal year ended March 31, 2022.

- *Attractive Margins.* Our low-cost advantage allows us to achieve higher EBITDA Margins and stronger EBITDA *Minus* Maintenance Capex generation compared to our competitors. For the six-month period ended on September 30, 2023 we had an EBITDA Margin of 15.6%, compared to 36.5% for the same period ended on September 30, 2022. For the fiscal year ended March 31, 2023, we had an EBITDA Margin of 31.7%, compared to 39.5% for the fiscal year ended March 31, 2022.
- *Strong Cash Flow Conversion.* The absence of a material Maintenance Capex allows us to convert most of our EBITDA into the generation of cash. For the fiscal year ended March 31, 2023, we generated EBITDA *Minus* Maintenance Capex of R\$1.56 per liter of ethanol sold, while the average for sugarcane ethanol producers was R\$0.63 per liter of ethanol sold.
- *Managed Exposure to Corn Prices and Currency.* Our Corn Coverage Ratio results in a natural hedge, which we aim to maintain at 45% of our corn cost of goods sold. Our Corn Coverage Ratio amounted to 40.4%, 45.4%, 47.0% and 51.5% of our corn cost of goods sold for the six-month period ended September 30, 2023 and the fiscal years ended March 31, 2023, 2022 and 2021, respectively. We actively manage the balance of our corn cost of goods sold by entering into advance purchase contracts with our corn suppliers to secure our future corn requirements, thereby managing the short-term volatility of the price we pay for corn. The revenue from our corn marketing operations is also taken into account in the calculation of our Corn Coverage Ratio, which we aim at maintaining at 45%. Our corn requirements for the Crop Year ended May 31, 2023 (Crop Year 2022-2023) was 100% secured at an average cost of R\$59.71 per sac, out of an estimated corn requirement of 3.3 million tons. Our corn requirements for the Crop Year ending in May 31, 2024 (Crop Year 2023-2024) are 93.9% secured at an average cost of

R\$52.75 per sac, out of an estimated corn requirement of 4.8 million tons (taking into account the production needs of all of our plants). Our corn requirements for the Crop Year ending in May 31, 2025 (Crop Year 2024-2025) are 32.6% secured at an average cost of R\$40.96 per sac, out of an estimated corn requirement of 5.1 million tons. With respect to currency exposure, both local corn and ethanol prices are indirectly influenced by the Brazilian exchange rate compared to the U.S. dollar. In the case of corn, local prices tend to mirror international corn prices, adjusted for the exchange rate and export logistics costs. In the case of ethanol, local prices typically maintain around 70% parity with gasoline prices at the pump, with gasoline prices being highly correlated to the dollar-based international price of gasoline.

Wide-ranging and Flexible Commercial Optionality

Our diversified product base, operational flexibility and layered, multi-modal logistics allow us to quickly pivot our production, sales and target markets in the event of changes in market conditions. Some of our key flexibilities are:

- *Ethanol Production.* Because our ethanol production process results in 100% anhydrous ethanol, all of which can be converted into hydrous ethanol through the simple addition of water, we can choose to produce whichever type of ethanol will result in higher margins under any market condition, the opposite of sugarcane-based producers, which need to go through additional dehydration processes to produce anhydrous ethanol based on hydrous ethanol production.
- *Animal Nutrition Products.* Our plants have operational flexibility to vary the production mix between our DDG Products, which allows us to adjust production and marketing strategy to capture better seasonal prices for each product.
- *Biomass and Energy Production.* Our co-generation plants are designed to allow flexibility to use a wide variety of biomass sources as a sustainable fuel. We also have excess steam production capacity, which allows us to increase our production of excess energy to be sold in the grid by simply burning more biomass. This flexibility allows us to capture energy trading and seasonal pricing opportunities.
- *Multi-modal Logistics.* Our efficient logistics — in part due to our 20-year railway transportation contract but also due to our multi-modal transportation options, which allow us the flexibility to choose the right mode for the right location at any time — allows us to gain access to the largest markets in Brazil, and also enables us to sell ethanol at premium prices outside of São Paulo (in the North and Northeast regions of Brazil) with higher margins due to our efficient logistics cost structure. We have also developed the ability to serve our clients on a CIF basis, taking responsibility for negotiating costs of all freight and logistic expenses to deliver the product to the client, which increases our margins while adding value to the clients.
- *Storage capacity.* As of March 31, 2023, we had a corn storage capacity of 1.23 million tons at our operational plants in addition to contracted corn storage from third parties comprising 1.42 million tons, therefore totaling 2.64 million tons, allowing us to receive corn on a large scale during the harvest and store it during the year. Our storage capacity allows us to purchase most of our corn for delivery during the harvest season when prices are typically lower.

Commitment to Environmental, Social and Corporate Governance (“ESG”)

We believe that our products are essential to the well-functioning of society. Through our value chain, we provide people on a daily basis with transportation (as vehicles are fueled with our ethanol), food (as beef, pork and poultry are fed with our animal nutrition products) and energy for homes and businesses (from our energy sales into the national grid).

“Fueling Sustainability” is not only our brand name but also our purpose, and being conscientious of our essential responsibility before society, we seek to develop a number of practices focused on environmental and social concerns, all anchored in high standards of governance. We also seek to invest a substantial amount of management time and material costs (such as databases, compliance procedures, geo-satellite tracing, etc.) to ensure we achieve our ESG goals.

We offer full transparency of our ESG practices through our annual sustainability reports that are certified by the Global Reporting Initiative (“GRI”). GRI is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. The GRI framework features a modular, interrelated structure, and represents the global best practices for reporting on a range of economic, environmental and social impacts. Participating in this initiative shows our commitment to transparency with respect to our ESG practices. In September 2023, we published our last annual sustainability report with the GRI stamp. In 2023, we joined the Carbon Disclosure Project (“CDP”) for the third time. In the first two years of participation (2021 and 2022) we obtained a B score, the second highest in a six-level score scale, and our score for 2023 is pending publication as of the date of this offering memorandum. Our sustainability report contains a limited assurance report over non-financial information available at www.fs.agr.br/rj. The information found on our website is not incorporated by reference in, and shall not be considered a part of, this offering memorandum. The main pillars of our ESG strategy are set forth below:

- *Low carbon footprint.* We believe we have one of the lowest carbon scores of any commercially scaled liquid fuel in the world. We believe we can leverage our business model to contribute to a cleaner environment and replace higher carbon fuels, including fossil fuels, with those generated with a lower carbon footprint. In May 2022 and June 2022, our anhydrous ethanol for the SRS and LRV Plants were certified in the Brazilian RenovaBio Program and classified as 3rd and 4th best scores, with a carbon footprint score of 69.54 gCO₂eq/MJ and 70.53 gCO₂eq/MJ, respectively. There are 327 companies certified at the RenovaBio Program and the scores range from 40.43g CO₂eq/MJ (lowest score) and 72.62g CO₂eq/MJ (highest score). We must monitor the conditions presented to obtain the certificate periodically to maintain certificate eligibility. These scores imply that we avoided the emission of more than 2.3 million tons of carbon dioxide in the fiscal year ended March 31, 2023. In September 2023, when the last monitoring was carried out, we maintained the eligibility of the LRV and SRS Plants. While the PDL Plant has a certificate of authorization for ethanol production since April 2023, the application for energy efficiency certification can only be sought after six months counted from the beginning of the plant’s operations. In January 2024, we hired an auditing firm to advise us on the application for the energy efficiency certification and we expect to apply and receive such certification by the end of 2024.
- We are also developing a carbon capture and storage project (“CCS”) that could further reduce our operations’ carbon footprint, making it possible for us to become the first company in the world to produce carbon negative fuel. We have carried out all preliminary and detailed technical and economic feasibility studies. The geological potential has already been confirmed and seismic studies have been carried out for the LRV Plant and, as a subsequent step, we began drilling and injectivity tests. Once our CCS project is fully implemented, we further expect to reduce the carbon score of our ethanol, achieving a negative grade, and, as a result, we expect to export to California at better margins as compared to those we have in the local market, due to high carbon credit pricing in California.
- *Social-environmental practice.* We devote substantial resources to ensure that our partners and suppliers comply with our strict standards for social and environmental compliance. For instance, we have hired Agrottools’ Terramix platform, a digital platform designed to promote Brazilian agriculture by using state-of-the-art geomonitoring, competitive intelligence and strategic tools. We created a social-environmental and responsibility policy in the supply and sales chain, enabling a more rigorous tracking system than existing Brazilian legislation. Through this policy, we seek to audit and ensure that, through the Terramix platform, all suppliers and direct customers pass through a decision matrix prior to approval, ensuring that we do not procure corn or biomass from suppliers, or sell to customers, connected to deforestation, protected lands, any type of embargo, slavery or child labor.
- *Green bonds and loan.* In February 2020, June 2020, August 2021, February 2022, May 2022, September 2022, March 2023, December 2023, and January 2024, we issued Agribusiness Receivables Certificates (CRA), and such transactions were classified as *green bonds* in accordance with the FS Bioenergia Green Bond Framework, which Sustainalytics confirmed is aligned with the Green Bond Principles and best practices for climate bonds issuances.

In December 2020, January 2021 and October 2021, the Issuer completed the issuance of senior secured notes in the international capital markets in the aggregate amount of US\$680.0 million (approximately

R\$3,405.2 million, at a rate of R\$5.0076 to US\$1.00, the U.S. dollar selling rate as of September 30, 2023, as reported by the Central Bank) due in 2025 (the “2025 Notes”), also classified as *green bonds*.

On May 12, 2022, FS Lux, as borrower and FS, as guarantor, entered into a loan and guarantee agreement with Stichting Andgreen.Fund, as lender, in the amount of US\$30.0 million, which was disbursed on June 13, 2022. The use of proceeds was to finance working capital related to an environmental and social action plan agreed upon between the lender, the borrower and FS, and a landscape protection plan developed by FS, which includes the acquisition of corn and biomass. The use of proceeds indicated in the green bond issuances and green loan, based on the Green Bond Framework, are expected to positively contribute to sustainable development and the transition to a low carbon economy.

- *Safety practices at work.* We offer a safe and adequate work environment for our employees and service providers.
- *Zero fossil fuels.* Our plants utilize 100% renewable biomass as their energy source.
- *Zero stillage discharge.* Our plants are designed to be a closed-cycle with respect to stillage discharge, and under normal operating conditions there is zero discharge of stillage (compared to sugarcane-based ethanol producers, which produce an average of ten to 13 liters of stillage vinasse per liter of ethanol produced). Non-recurrent operational issues may cause the plant to produce stillage that, in such cases, would be discharged in accordance with our permits and appropriate regulations.

Proven Management Team and Strong Shareholder Sponsorship

We have invested in building a world-class corporate team with highly competent, experienced and engaged executives and managers. For example, Henrique Ubrig, Chairman of the Advisory Board, was a former CEO of DuPont South America, and Rafael Abud, our CEO, who has been with the Company since inception, has extensive experience in developing projects in the biofuels and renewable energy industries.

Our senior management team averages approximately 21 years of relevant industry experience, with specific expertise across all aspects of the ethanol and animal nutrition products supply, production and distribution chain, from agribusiness, to plant operations and management, to commodity markets, to ethanol marketing and distribution. In addition, Summit Agricultural Group, our controlling shareholder, brings extensive experience from the U.S. corn ethanol industry, where they developed and operated similar businesses successfully from 2003 until 2006. Summit Agricultural Group’s previous relationships and experience allowed us to construct each of our production facilities within budget and on schedule. We believe the level of operational and financial expertise of our management team will allow us to successfully execute our business strategies going forward.

Our Strategy

We plan to take advantage of the expected increase in Brazilian domestic demand for ethanol. We believe domestic demand for ethanol, as a proportion of total demand for transportation fuels, will continue to increase due to an ongoing focus on reducing reliance on petroleum-based transportation fuels, Brazil’s strong existing ethanol infrastructure (in terms of logistics and service stations) and its growing fleet of flex-fuel based vehicles (which currently comprise 91% of Brazil’s vehicles).

In addition, RenovaBio, which just came into effect in late 2019, is expected to further support growth in domestic demand and potential revenues to the Company with sale of emissions-reduction certificates (“Cbios”). We have one of the best carbon footprint scores under the RenovaBio framework and are well poised to capitalize on this government-mandated demand increase. By 2032, ANP expects an 8.6 billion liter-differential between domestic demand and current installed supply capacity of ethanol in Brazil, representing a CAGR of 3.8% as compared to the fiscal year ended March 31, 2023.

The main elements of our strategy are:

- *Continued development and growth of our markets to enhance optionality.* We are working to grow our ethanol markets in the North and Northeastern regions of Brazil, both of which can offer premium

pricing for our ethanol products. We are also currently working on gaining access to the California ethanol market. The average ethanol price in California as of March 31, 2023 represents a price basis that can be significantly higher than in the state of Mato Grosso considering the premium for our low-carbon score. We believe entry into California and other similar markets could represent a potentially significant increase in our ethanol export volumes. We are also continually working to develop and grow new markets for our animal nutrition products, including exploring the potential for export markets.

- *Focus on improving and maximizing our operational efficiency.* We are constantly striving to increase our productivity and efficiency by improving our operational performance, through training of employees, optimization of our technology systems, optimization of process control and design improvements. In the 2017-2018 fiscal year, which was our first fiscal year of production, our industrial yield was 346.5 liters of ethanol per ton of corn crushed, as compared to 426.2 liters of ethanol per ton of corn crushed in the 2021-2022 fiscal year and 433.1 liters of ethanol per ton of corn crushed in the 2022-2023 fiscal year. In the six-month period ended September 30, 2023 our industrial yield was 430.0 million liters of ethanol per ton of corn crushed.
- *Prudently grow production capacity while maintaining financial discipline.* We intend to profit from growing Brazilian demand for ethanol by expanding our production capacity over the next several years, while maintaining a balanced capital structure and adequate level of financial leverage. We have completed the expansion of our SRS Plant and the construction of our PDL Plant, and we intend to prudently expand through one or more sites we have acquired in the state of Mato Grosso. Considering new expansions or new constructions, we may consider raising additional capital for such organic growth.
- *Realize economic value from our focus on environmental and social practices.* We are committed to acting as an environmentally and socially conscious company. For example, we continue to improve and develop new training programs for our employees, as well as programs to reduce workforce accidents. In addition, we continuously seek to implement environmental best practices, benchmark technologies and clean operations to sustain our best-in-class results and strengthen our relationships and cooperation with relevant environmental authorities and social agencies. We also invest in research and development into additional technologies, such as CCS. We expect to realize significant economic value from programs that value the low-carbon attribute of our ethanol, such as RenovaBio and LCFS in California. We believe these types of programs will be increasingly developed in other regions of the world, offering positive economic opportunities for our products.

History

We were established in 2014 as a joint venture between Summit Agricultural Group and Tapajós Participações S.A., or Tapajós. Summit Agricultural Group, headquartered in Alden, Iowa, in the United States, is our controlling shareholder. Summit Agricultural Group has extensive experience in the U.S. corn ethanol industry, where it developed and operated similar businesses successfully from 2003 until 2006. Tapajós, founded in 1989, by Brazilian entrepreneurs with strong operations in agriculture and AMERRA Chapada LLC, or AMERRA, a U.S. investment fund focused on agribusiness, started its activities in procurement, distribution and trading of grains, and became an important player in the Brazilian agribusiness industry, currently holding investments in waterway transportation of grains, production of seeds and vegetal nutrition, which provided us with important connections to local farmers.

We started our operational phase in August 2017, when we completed construction of the LRV Plant and commenced operations with an estimated initial anhydrous ethanol production capacity of 265 MLPY. We completed an expansion of the LRV Plant on schedule in February 2019, which increased our estimated anhydrous ethanol production capacity at the LRV Plant to approximately 550 MLPY. Our LRV Plant was the first in Brazil to produce fully corn-based biofuel, with high technology and on a large scale. By using this sustainable and innovative business model, we started to add value and state-of-the-art technology in the production of biofuels in Brazil, which was until then based on sugarcane.

In the first quarter of 2020, we launched our second plant, in the city of Sorriso, state of Mato Grosso, increasing our production capacity to 1.1 billion liters of ethanol per year. In this same period, we started the

expansion of our SRS Plant, which was completed in February 2021, increasing our annual production capacity to 1.4 billion liters of anhydrous ethanol.

In the second half of 2021, continuing with the expansion plan, we started the construction of the PDL Plant. In June 2022, we carried out a corporate reorganization involving FS Ltda. and FS S.A. and, as a result, their earnings, operating results and financial statements are prepared on a combined basis. The PDL Plant was originally an asset of FS Ltda. and was acquired by FS S.A. in June 2022 on an arms' length basis. For more information on these transactions, see "Related Party Transactions."

In May 2023, we began operations at the PDL Plant, and as of September 30, 2023, our total annual production capacity was 2.2 billion of liters of ethanol, taking into account the LRV Plant, SRS Plant and PDL Plant.

The Issuer

FS Luxembourg S.à r.l. is a private limited liability company (*société à responsabilité limitée*) organized and incorporated and existing under the laws of the Grand Duchy of Luxembourg since September 8, 2020, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, and registered with the Luxembourg *Registre de Commerce et des Sociétés* under number B247075. Our principal executive office is located at Estrada A-01, Avenida das Indústrias, s/nº - Distrito Industrial Senador Atilio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil, and our general telephone number is +55 65 3548 1500, respectively. Our internet address is <http://fs.agr.br/en/>. The information on our website is not incorporated by reference into this offering memorandum. The Issuer is a wholly owned subsidiary that has been newly formed for the sole purpose of issuing the Notes and engaging in certain related transactions. The Issuer has no separate operations.

The Initial Guarantors

The Initial Guarantors are FS Ltda. and FS S.A., which results are accounted for on a combined basis since FS S.A. was incorporated.

FS Ltda. is a limited liability company (*sociedade limitada*) organized and existing under the laws of Brazil. It was incorporated on March 28, 2014 for an indefinite period. Its registered office is at Linha 01-A, s/n, 900 meters from KM 07 da Avenida das Indústrias, Bairro Distrito Industrial Senador Atilio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil.

FS S.A. is a corporation (*sociedade anônima*) incorporated and existing under the laws of Brazil. It was incorporated on June 8, 2022. Its registered office is at Linha 01-A, s/n, sala Iowa, 900 meters from KM 07 da Avenida das Indústrias, Bairro Distrito Industrial Senador Atilio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil.

Corporate Structure

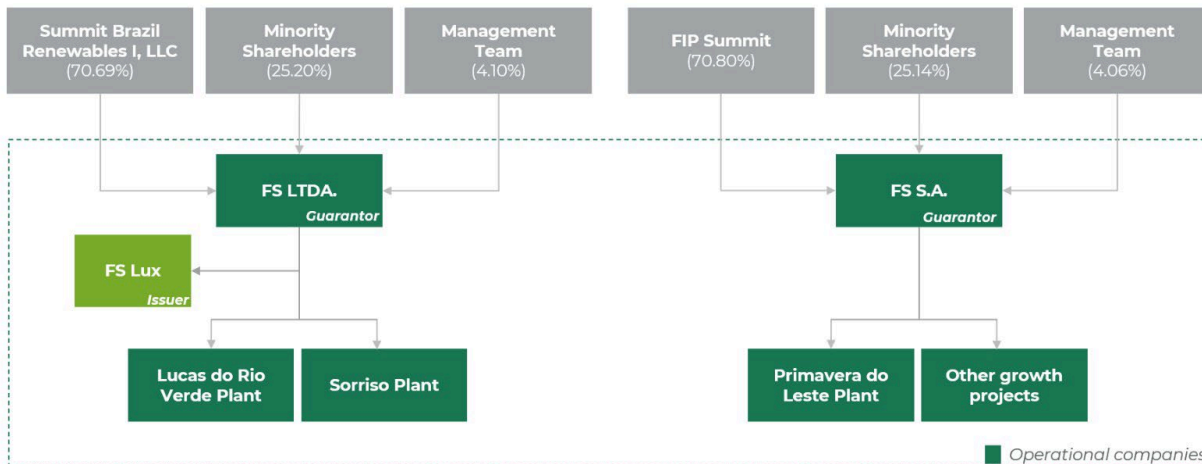
FS Ltda.'s equityholders are Summit, which holds an equity interest of 70.7%, minority shareholders who hold 25.2% and FS Ltda.'s members of management who hold 4.1%.

FS S.A.'s shareholders are Summit directly and indirectly through FS Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("FIP Summit"), holding 70.8% of the capital stock of FS S.A., minority shareholders holding 25.1% and FS S.A.'s members of management holding 4.1%.

Both FS Ltda. and FS S.A. have the same shareholders and controlling group.

The issuer of the Notes offered hereby is a wholly owned subsidiary of FS Ltda., which was established on September 8, 2020 with the main purpose of issuing international debt securities.

Set forth below is our corporate structure chart as of the date of this offering memorandum:



Recent Developments

Concurrent Tender Offer and Consent Solicitation for the 2025 Notes

Concurrently with the offering of the Notes hereby Morgan Stanley & Co. LLC, as offeror with the Issuer's consent (the "Offeror"), commenced an offer to purchase for cash (the "Tender Offer"), any and all of our 10.00% Senior Notes due 2025, or the 2025 Notes, of which US\$446.3 million in aggregate principal amount is outstanding as of the date of this offering memorandum, and soliciting consents (the "Consent Solicitation"), to amend the indenture governing the 2025 Notes, subject to the satisfaction, or waiver by the Offeror, of certain terms and conditions set forth under an offer to purchase and consent solicitation statement, dated as of January 25, 2024, and related documents (the "Tender Offer Documents"), including, but not limited to, the consummation of this offering of the Notes on satisfactory terms, the effectiveness of the Exchange Settlement Agreement (as defined below) and certain other general conditions as set forth in the Tender Offer Documents.

The Tender Offer and the Consent Solicitation will expire at 5:00 p.m. (New York City time) on February 23, 2024, unless extended or earlier terminated by the Offeror (such date and time, as the same may be modified, the "Expiration Time"). Holders of the 2025 Notes who validly tender (and do not validly withdraw) 2025 Notes and deliver consents by 5:00 p.m. (New York City time) on February 7, 2024, unless extended or earlier terminated (such date and time, as the same may be modified, the "Early Tender Deadline"), will be eligible to receive the total consideration, which includes a base consideration plus a consent payment for the 2025 Notes as set forth in the Tender Offer Documents. Holders of the 2025 Notes who validly tender 2025 Notes and deliver consents after the Early Tender Deadline, but at or prior to the Expiration Time, will only be eligible to receive the base consideration and not the consent payment. The Offeror will pay the applicable consideration for the 2025 Notes that are tendered and consents that are validly delivered at or prior to the Early Tender Deadline and at or prior to the Expiration Time.

The early settlement of the Tender Offer and the Consent Solicitation is expected to occur two business days prior to the anticipated closing of this offering. It is intended that the 2025 Notes validly tendered at or prior to the Early Tender Deadline and purchased by the Offeror in the Tender Offer and the Consent Solicitation (the "Early Tendered 2025 Notes") will be held by the Offeror for two business days and then exchanged by the Offeror for a portion of the Notes offered hereby and a related deduction to the purchase price to be paid to us from the Notes offered hereby, in an amount equal to the applicable aggregate total consideration (including any accrued and unpaid interest to the date of the exchange and additional interest, if any, on the Early Tendered 2025 Notes) for the Early Tendered 2025 Notes (the "Exchange") pursuant to an exchange settlement agreement between the Offeror and us (the "Exchange Settlement Agreement"). The 2025 Notes that are validly tendered after the Early Tender Deadline and at or prior to the Expiration Time that are purchased by the Offeror in the Tender Offer and the Consent Solicitation will subsequently be purchased by us for cash.

There is no guarantee that the Tender Offer or the Consent Solicitation will be consummated.

We intend to use the net proceeds from this offering of the Notes to, among other things, fund the Tender Offer and the Consent Solicitation and to pay related fees and expenses, therefore improving our debt profile.

This offering memorandum is neither an offer to purchase nor a solicitation of an offer to sell the 2025 Notes nor a solicitation of consents with respect to the 2025 Notes. Any offer to purchase the 2025 Notes will be made by the Offeror solely on the terms and subject to the conditions set forth in a separate offer to purchase and consent solicitation statement that will be directed by the Offeror to holders of the 2025 Notes.

For further information on risks related to the Tender Offer and the Consent Solicitation, see “Risk Factors—There can be no assurance that we will remove the collateral provided in the indenture governing the 2025 Notes.”

Issuance of Agribusiness Receivables Certificates (CRA)

On December 14, 2023, we issued Agribusiness Receivables Certificates (CRA) in the amount of R\$1,000.0 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Financial Rural Product Note (CPR-F) issued by us in four series, (i) first due on December 15, 2028, at a rate of 12.45% per annum; (ii) second due on June 17, 2030, at a rate of CDI+2.0% per annum; (iii) third due on June 17, 2030, at a rate of 13.20% per annum; and (iv) fourth due on June 17, 2030, at a rate of IPCA+7.3302% per annum.

On January 22, 2024, we priced an offering of Agribusiness Receivables Certificates (CRA) in the amount of R\$868 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Financial Rural Product Note (CPR-F) issued by us in four series, (i) first due on January 15, 2029, at a rate of 12.45% per annum; (ii) second due on July 15, 2030, at a rate of CDI+2.0% per annum; (iii) third due on July 15, 2030, at a rate of 13.20% per annum; and (iv) fourth due on July 15, 2030, at a rate of IPCA+7.3302% per annum. The consummation of this offering is expected to occur on January 29, 2024.

New Loans and Financing

In August 2023, we entered into a loan agreement with Financiadora de Estudos e Projetos – FINEP to partially cover expenses incurred in the preparation and execution of the Strategic Innovation Plan (PEI). The total value of the loan agreement is R\$168.0 million, available for disbursement within 24 months. We disbursed R\$102.9 million under this facility in November 2023.

In October 2023, we entered into a power purchase agreement with XP Comercializadora de Energia S.A., for the purchase and sale of electricity. The total value of the power purchase agreement is R\$250.0 million, available for three years. We disbursed R\$250.0 million under this facility in October 2023.

Open Market Repurchases

As of January 24, 2024, we had repurchased in the market and cancelled 2025 Notes in the aggregate amount of US\$197.2 million (or R\$987.5 million using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00). As a result, the outstanding amount of the 2025 Notes, as of January 24, 2024, is US\$446.3 million (or R\$2,234.9 million using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00).

THE OFFERING

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all of the information you should consider before investing in the Notes. You should carefully read this entire offering memorandum before investing in the Notes, including “Risk Factors,” “Description of the Notes” and the financial statements included elsewhere in this offering memorandum.

Issuer	FS Luxembourg S.à r.l.
Initial Guarantors	FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol S.A.
Notes Offered	US\$500,000,000 aggregate principal amount of 8.875% senior notes due 2031 (the “Notes”).
Issue Price	98.727% <i>plus</i> accrued interest, if any, from February 12, 2024.
Maturity Date	February 12, 2031.
Interest Payment Dates	February 12 and August 12, commencing August 12, 2024.
Interest	The Notes will bear interest from February 12, 2024 at the annual rate of 8.875%, payable semiannually in arrears on each interest payment date.
Note Guarantees	The Guarantors will fully, unconditionally and irrevocably guarantee the full and punctual payment of principal, interest, additional amounts and all other amounts that may become due and payable in respect of the Notes and the Indenture.
Optional Redemption	We may redeem any of the Notes, in whole or in part, at any time and from time to time on or after February 12, 2027 at the applicable redemption prices set forth in “Description of the Notes—Optional Redemption—Optional Redemption without a Make-Whole Premium.” Prior to February 12, 2027, we may also redeem the Notes, in whole or in part, at a redemption price based on a “make-whole” premium. See “Description of the Notes—Optional Redemption—Optional Redemption with a Make-Whole Premium.” In addition, at any time prior to February 12, 2027, we may redeem up to 35% of the aggregate principal amount of the outstanding Notes at a redemption price equal to 108.875% of their principal amount, <i>plus</i> accrued and unpaid interest, using the proceeds of certain equity offerings. See “Description of the Notes—Optional Redemption—Optional Redemption upon Eligible Equity Offering.”

Optional Tax Redemption	We may redeem the Notes in whole, but not in part, at a price equal to 100% of their principal amount <i>plus</i> accrued and unpaid interest to, but excluding, the redemption date at any time upon the occurrence of specified events regarding Luxembourg and other relevant jurisdictions' tax laws. See "Description of the Notes—Optional Redemption—Optional Tax Redemption."
Conditional and Clean-Up Redemption	Any redemption notice may, at the Issuer's discretion, be subject to the satisfaction or waiver of one or more conditions precedent, including completion of an Eligible Equity Offering, a debt financing or other corporate transaction. If holders of not less than 85% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in connection with any tender offer or other offer to purchase the notes, and such Notes are so purchased by the Issuer or any other Person making such offer in lieu of the Issuer, the Issuer will have the right to redeem all notes that remain outstanding following such purchase at a redemption price in cash equal to the applicable price paid to holders in such purchase, <i>plus</i> accrued and unpaid interest, if any, to, but excluding, the redemption date. See "Description of the Notes—Optional Redemption—Optional Clean-Up Redemption."
Ranking	The Notes will (i) be senior unsecured obligations of the Issuer, (ii) rank equally in right of payment with all other existing and future unsecured and unsubordinated Senior Indebtedness of the Issuer, (iii) rank senior in right of payment to all existing and future Subordinated Obligations of the Issuer, (iv) be effectively subordinated to all existing and future secured Indebtedness of the Issuer that is secured by Liens on its assets, to the extent of the value of such assets securing such secured Indebtedness, (v) be fully and unconditionally Guaranteed by the Guarantors, and (vi) be structurally subordinated to all existing and future Indebtedness of each Subsidiary of the Issuer that is not a Subsidiary Guarantor. Each Note Guarantee will (i) be a senior unsecured obligation of such Guarantor, (ii) rank equally in right of payment with all other existing and future unsecured and unsubordinated Senior Indebtedness of such Guarantor and will be subordinated to liabilities preferred by statute under Brazilian Bankruptcy Law in any liquidation proceeding, if any, (iii) rank senior in right of payment to all existing and future Subordinated Obligations of such Guarantor, (iv) be effectively subordinated to all existing and future secured Indebtedness of such Guarantor that is secured by Liens on its assets, to the extent of the value of such assets

securing such secured Indebtedness, and (v) be structurally subordinated to all existing and future Indebtedness of such Guarantor's Subsidiaries (other than the Issuer in the case of the Company) that are not Subsidiary Guarantors.

Change of Control Offer Upon the occurrence of a Change of Control Repurchase Event (as defined in "Description of the Notes"), we will be required to make an offer to purchase the Notes at a purchase price equal to 101% of the principal amount thereof *plus* accrued and unpaid interest. See "Description of the Notes—Repurchases at the Option of the Holders of the Notes upon Change of Control Repurchase Event" and "Description of the Notes—Certain Definitions."

Covenants The Indenture (as defined herein) limits our and our restricted subsidiaries' ability to, among other things, (i) incur additional indebtedness; (ii) make certain restricted payments; (iii) create liens; (iv) enter into sale and lease-back transactions; and (v) consolidate, merge or transfer assets.

These covenants are subject to important qualifications and exceptions. See "Description of the Notes—Restrictive Covenants."

Events of Default For a discussion of certain events of default that will permit acceleration of the principal of the Notes *plus* accrued interest, and any other amounts due with respect to the Notes, see "Description of the Notes—Events of Default."

Concurrent Tender Offer and Consent Solicitation .. Concurrently with the offering of the Notes hereby Morgan Stanley & Co. LLC, as offeror with the Issuer's consent (the "Offeror"), commenced an offer to purchase for cash, or the Tender Offer, any and all of our 10.00% Senior Notes due 2025, or the 2025 Notes, of which US\$446.3 million in aggregate principal amount is outstanding as of the date of this offering memorandum, and soliciting consents, or the Consent Solicitation, to amend the indenture governing the 2025 Notes, subject to the satisfaction, or waiver by the Offeror, of certain terms and conditions set forth under an offer to purchase and consent solicitation statement, dated as of January 25, 2024, and related documents (the "Tender Offer Documents"), including, but not limited to, the consummation of this offering of the Notes on satisfactory terms, the effectiveness of the Exchange Settlement Agreement (as defined below) and certain other general conditions as set forth in the Tender Offer Documents.

The Tender Offer and the Consent Solicitation will expire at 5:00 p.m. (New York City time) on February 23, 2024, unless extended or earlier terminated by the

Offeror (such date and time, as the same may be modified, the “Expiration Time”). Holders of the 2025 Notes who validly tender (and do not validly withdraw) 2025 Notes and deliver consents by 5:00 p.m. (New York City time) on February 7, 2024, unless extended or earlier terminated (such date and time, as the same may be modified, the “Early Tender Deadline”), will be eligible to receive the total consideration, which includes a base consideration plus a consent payment for the 2025 Notes as set forth in the Tender Offer Documents. Holders of the 2025 Notes who validly tender 2025 Notes and deliver consents after the Early Tender Deadline, but at or prior to the Expiration Time, will only be eligible to receive the base consideration and not the consent payment. The Offeror will pay the applicable consideration for the 2025 Notes that are tendered and consents that are validly delivered at or prior to the Early Tender Deadline and at or prior to the Expiration Time.

The early settlement of the Tender Offer and the Consent Solicitation is expected to occur two business days prior to the anticipated closing of this offering. It is intended that the 2025 Notes validly tendered at or prior to the Early Tender Deadline and purchased by the Offeror in the Tender Offer and the Consent Solicitation (the “Early Tendered 2025 Notes”) will be held by the Offeror for two business days and then exchanged by the Offeror for a portion of the Notes offered hereby and a related deduction to the purchase price to be paid to us from the Notes offered hereby, in an amount equal to the applicable aggregate total consideration (including any accrued and unpaid interest to the date of the exchange and additional interest, if any, on the Early Tendered 2025 Notes) for the Early Tendered 2025 Notes (the “Exchange”) pursuant to an exchange settlement agreement between the Offeror and us (the “Exchange Settlement Agreement”). The 2025 Notes that are validly tendered after the Early Tender Deadline and at or prior to the Expiration Time that are purchased by the Offeror in the Tender Offer and the Consent Solicitation will subsequently be purchased by us for cash.

There is no guarantee that the Tender Offer or the Consent Solicitation will be consummated.

We intend to use the net proceeds from this offering of the Notes to, among other things, fund the Tender Offer and the Consent Solicitation and to pay related fees and expenses, therefore improving our debt profile.

Use of Proceeds

We intend to allocate an amount equivalent to the net proceeds from the sale of the Notes to finance or refinance Eligible Green Projects, including to fund the concurrent Tender Offer and Consent Solicitation (see “Summary—Recent Developments—Concurrent Tender

Offer and Consent Solicitation for the 2025 Notes”), capital expenditures related to the production of corn ethanol and operational expenditures related to the purchase of Eligible Green Projects for ethanol production.

Form and Denomination; Settlement..... The Notes will be issued in the form of global notes without coupons, registered in the name of a nominee of DTC and its direct and indirect participants, including Euroclear and Clearstream. The Notes offered hereby will be issued in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

Payments Payments in respect of the Notes will be made in U.S. dollars.

Transfer Restrictions..... We have not registered the Notes under the Securities Act or any state securities laws. The Notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See “Transfer Restrictions.”

Listing Application will be made for the listing of the Notes on the SGX-ST. However, the Notes are a new issue of securities and there is no established trading market for the Notes. Accordingly, we cannot assure you that a trading market for the Notes will develop or, if one develops, that it will be maintained. The Notes will be traded in a minimum board lot size of US\$200,000 as long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for Certificated Notes. In addition, in the event that a Global Note is exchanged for Certificated Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

Governing Law The Notes, the Note Guarantees and the Indenture will be governed by the laws of the State of New York. For the avoidance of doubt, the application of articles 470-1 to 470-19 (both inclusive) of the Luxembourg law dated 10 August 1915 on commercial companies, as amended, is expressly excluded and shall hence not apply to the Notes.

Jurisdiction..... We will irrevocably submit to the non-exclusive jurisdiction of the courts of the State of New York and the United States courts located in the Borough of Manhattan, New York City in respect of any action or proceeding arising against us in respect to any Note.

**Trustee, Registrar, Paying Agent
and Transfer Agent**..... The Bank of New York Mellon

Selling Restrictions There are restrictions on persons to whom Notes can be sold, and on the distribution of this offering memorandum, as described in “Plan of Distribution.”

SUMMARY FINANCIAL AND OTHER INFORMATION

The tables below present a summary of our financial and other information derived from (1) the unaudited condensed combined interim financial information, (2) the 2023 audited combined financial statements, and (3) the 2022 financial statements.

You should read and analyze the information below in conjunction with the financial statements and related notes included elsewhere in this offering memorandum, as well as the sections “Presentation of Financial and Certain Other Information,” “Selected Financial and Operating Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Statements of Income Data

The following table sets forth certain of our statements of income data for each of the periods presented:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$)</i>				
Statements of Income Data:					
Net revenue	3,824.7	3,793.3	7,550.5	6,635.3	3,107.7
Cost of goods sold	(2,785.5)	(2,319.6)	(5,021.5)	(3,612.8)	(1,724.5)
Gross profit	1,039.2	1,473.7	2,529.0	3,022.5	1,383.2
Operational expenses:					
Selling expenses	(528.3)	(383.4)	(794.8)	(453.8)	(255.3)
Administrative expenses	(93.0)	(67.9)	(164.2)	(111.8)	(62.1)
Other operating results	66.8	294.0	674.2	35.1	14.9
Profit before net finance costs and taxes	484.6	1,316.4	2,244.2	2,491.9	1,080.7
Finance income	420.8	813.6	1,078.3	569.4	268.6
Finance costs	(1,279.6)	(992.5)	(2,023.7)	(1,923.7)	(600.4)
Foreign exchange rate variations, net	56.3	(413.7)	(206.7)	589.1	(302.8)
Net finance costs	(802.5)	(592.6)	(1,152.1)	(765.3)	(634.6)
Profit (loss) before income and social contribution taxes	(317.9)	723.9	1,092.1	1,726.7	446.1
Current income and social contribution taxes	10.4	(199.9)	(285.6)	(454.2)	-
Deferred income and social contribution taxes	167.4	(5.4)	12.2	(68.4)	(125.0)
Income tax incentives	(5.7)	23.1	58.7	281.0	-
Profit (loss) for the period	(145.8)	541.6	877.4	1,485.1	321.1

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.

Statement of Financial Position Data

The following table sets forth certain of our statements of financial position data as of each date presented:

	As of September 30,	As of March 31,		
	2023	2023	2022	2021
	(in millions of R\$)			
Assets				
Current assets	9,046.0	8,801.1	3,675.2	1,832.6
Non-current assets	6,628.0	5,641.6	6,663.5	6,315.9
Total assets	15,674.0	14,442.6	10,338.8	8,148.5
Liabilities				
Current liabilities	8,830.1	6,087.0	2,127.3	1,141.2
Non-current liabilities	6,800.4	7,618.9	7,663.6	6,770.8
Total liabilities	15,630.6	13,705.9	9,790.9	7,912.0
Net parent investment				
Total net parent investment⁽¹⁾	43.4	736.8	547.8	236.5
Total liabilities and net parent investment⁽²⁾	15,674.0	14,442.6	10,338.8	8,148.5

(1) Represents equity for the years ended March 31, 2022 and 2021.

(2) Represents total liabilities and equity for the years ended March 31, 2022 and 2021.

Other Financial and Operating Information

The following table sets forth certain financial and operating information for each of the periods indicated:

		For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	Unit	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
Key operating data:						
Installed anhydrous ethanol production capacity.....	MLPY	2,153.3	1,493.4	1,502.5	1,428.5	1,369.8
Corn crushed	thousand tons	2,246.9	1,588.2	3,315.5	3,276.6	2,566.5
Ethanol produced	million liters	452.6	320.0	1,455.2	1,425.5	1,110.6
DDG Products produced	thousand tons	976.7	701.5	1,224.9	1,221.5	934.1
Corn Oil produced.....	thousand tons	36.8	23.1	50.0	44.6	33.5
Ethanol sold	million liters	869.2	659.6	1,456.2	1,415.8	1,108.4
DDG Products sold	thousand tons	803.0	633.4	1,224.4	1,198.4	919.4
Corn Oil sold.....	thousand tons	33.5	22.8	49.9	44.6	33.5
Corn marketing	thousand tons	734.1	493.1	636.1	391.4	222.6
Energy sold	thousand MWh	44.4	27.2	236.8	182.4	150.8
Key financial data:						
Total revenue from segments ⁽²⁾	R\$ million	3,322.6	3,428.4	6,800.2	6,211.0	2,874.7
Ethanol anhydrous	R\$ million	1,374.0	1,209.2	2,505.0	2,239.0	796.1
Ethanol hydrous	R\$ million	841.8	916.6	1,845.5	2,420.1	1,326.9
Ethanol segment	R\$ million	2,215.8	2,125.8	4,350.6	4,659.0	2,123.0
High protein	R\$ million	327.8	306.5	623.3	621.1	309.6
High fiber	R\$ million	182.9	181.3	354.2	246.4	128.9
Wet cake.....	R\$ million	117.6	104.9	194.1	93.8	43.2
Corn oil	R\$ million	127.6	150.8	296.0	252.3	115.9
Animal nutrition segment	R\$ million	755.9	743.5	1,467.6	1,213.6	597.8
Energy.....	R\$ million	8.4	5.4	42.8	49.7	29.9
Steam ⁽³⁾	R\$ million	2.8	2.1	n/a	n/a	n/a
Total energy segment ⁽³⁾	R\$ million	11.3	7.5	42.8	49.7	29.9
Others ⁽³⁾	R\$ million	n/a	n/a	4.0	3.0	4.1
Total revenue from industrial segments	R\$ million	2,983.0	2,876.8	5,865.0	5,925.3	n/a
Corn ⁽⁴⁾	R\$ million	326.5	538.5	935.3	285.6	119.9
Ethanol	R\$ million	1.8	-	n/a	n/a	n/a

	Unit	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
		2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
Energy ⁽³⁾	R\$ million	11.3	13.1	n/a	n/a	n/a
Total revenue from marketing segments	R\$ million	339.5	551.6	n/a	n/a	n/a
Total revenue from segments	R\$ million	3,332.6	3,428.4	6,800.2	6,211.0	2,874.7
Freight on sales	R\$ million	502.1	364.9	424.3	233.1	364.9
Net revenue	R\$ million	3,824.7	3,793.3	7,550.5	6,635.3	3,107.7
Profit before net finance costs and taxes	R\$ million	484.6	1,316.4	2,244.2	2,491.9	1,080.7
Net cash generated by (used in):						
Operating activities.....	R\$ million	1,620.3	496.3	320.8	1,449.6	67.3
Investing activities.....	R\$ million	1,092.0	(1,980.4)	(2,032.5)	(1,365.9)	(3,651.5)
Financing activities.....	R\$ million	(2,251.8)	1,340.5	1,349.7	708.6	4,222.7
Key non-GAAP/non-IFRS measures:						
Corn Ethanol Production Cost per liter ⁽⁵⁾	R\$/liter	2.04	1.30	1.43	1.49	0.89
Maintenance Capex per liter ⁽⁶⁾	R\$/liter	0.01	0.02	0.01	0.03	0.00
EBITDA ⁽⁷⁾	R\$ million	595.9	1,383.4	2,392.1	2,621.8	1,160.1
EBITDA Margin ⁽⁷⁾	%	15.6	36.5	31.7	39.5	37.3
EBITDA per liter ⁽⁸⁾	R\$/liter	0.69	2.10	1.64	1.85	1.05
Net Debt ⁽⁹⁾	R\$ million	4,945.8	4,615.2	4,842.1	3,041.6	2,972.1
EBITDA LTM ⁽⁷⁾⁽¹⁰⁾	R\$ million	1,604.7	2,861.8	2,392.1	2,621.8	1,160.1
Net Debt/EBITDA Ratio ⁽⁹⁾		3.08x	1.61x	2.02x	1.16x	2.56x
Net Debt/EBITDA LTM Ratio ⁽⁹⁾		3.08x	1.61x	n.a	n.a	n.a
EBIT ⁽¹¹⁾	R\$ million	484.6	1,316.4	2,244.2	2,491.9	1,080.7
EBIT Margin ⁽¹¹⁾	%	12.7	34.7	29.7	37.6	34.8
Maintenance Capex ⁽¹²⁾	R\$ million	13.2	16.4	17.3	49.4	0.3
EBITDA Minus Maintenance Capex ⁽⁷⁾⁽¹²⁾	R\$ million	582.7	1,367.0	2,374.8	2,572.4	1,159.7
EBITDA Minus Maintenance Capex per liter ⁽¹²⁾	R\$/liter	1.56	1.92	1.56	1.80	1.02
Growth Capex ⁽¹³⁾	R\$ million	646.0	1,009.0	2,099.4	511.2	749.1
Changes in Working Capital ⁽¹⁴⁾	R\$ million	1,129.0	(688.9)	(1,162.9)	(881.9)	(453.3)

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (2) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties).
- (3) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, the energy segment is comprised by sale of energy and steam from our industrial activities. In the 2023 audited combined financial statements, the energy segment was comprised only by sales and resales of energy, and revenue from the sale of steam was recorded under the “Others” segment. In the 2022 audited financial statements, the energy segment was previously referred to as “energy co-generation.”
- (4) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, revenue from resale of corn is recorded under the Marketing segment. Revenue from resale of corn was previously recorded under “Corn marketing” in the 2023 audited combined financial statements and “Corn resale” in the 2022 audited financial statement.
- (5) “Corn Ethanol Production Cost” per liter is calculated as (i) the sum of (x) our cost of goods sold, selling and administrative costs and expenses for the applicable period *plus* (y) Maintenance Capex *minus* (z) Co-Products Revenue, *divided by* (ii) liters of ethanol sold for such period. We calculate our Corn Ethanol Production Cost to provide information that we believe is useful to compare us with our competitors and certain sugarcane ethanol producers.
- (6) Maintenance Capex per liter is calculated for the applicable period as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations *divided by* liters of ethanol sold.
- (7) EBITDA (earnings before interest, taxes, depreciation, and amortization) is a non-GAAP and non-IFRS measure prepared by us in accordance with CVM Resolution No. 156, dated June 23, 2022, as amended, or CVM Resolution No. 156. We calculate EBITDA as net

profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization. We calculate EBITDA Margin as EBITDA *divided by* net revenue. For further information on EBITDA and EBITDA Margin, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—EBITDA and EBITDA Margin” and for a reconciliation of EBITDA and EBITDA Margin to profit (loss), see “Selected Financial and Operating Information.”

- (8) EBITDA per liter is calculated as EBITDA *divided by* liters of ethanol sold.
- (9) Net Debt is a non-GAAP and non-IFRS measure calculated as (i) debt, which is calculated as the sum of current and non-current loans and borrowings, which does not include loans with related parties, less (ii) cash and cash equivalents, restricted cash, and financial investments (current and non-current), in each case as set forth in the financial statements. Net Debt/EBITDA Ratio as of March 31, 2023, 2022 and 2021 is calculated by dividing (1) Net Debt at the end of the applicable year by (2) EBITDA for the corresponding fiscal year. Net Debt/EBITDA LTM Ratio is calculated as Net Debt as of September 30, 2023 and 2022 divided by EBITDA LTM for the twelve-month period ended September 30, 2023 and 2022, respectively. We use Net Debt, in conjunction with EBITDA, as a financial indicator to assess our solvency and ability to meet our obligations, including certain covenants under our debt instruments. Net Debt is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. For further information on Net Debt, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Net Debt and Net Debt/EBITDA Ratio” and for the calculation of our Net Debt, see “Selected Financial and Operating Information.”
- (10) We calculate EBITDA LTM for the twelve-month period ended September 30, 2023 as EBITDA for the year ended March 31, 2023 *plus* EBITDA for the six-month period ended September 30, 2023 *minus* EBITDA for the six-month period ended September 30, 2022. We calculate EBITDA LTM for the twelve-month period ended September 30, 2022 as EBITDA for the year ended March 31, 2022 *plus* EBITDA for the six-month period ended September 30, 2022 *minus* EBITDA for the six-month period ended September 30, 2021. For a reconciliation of EBITDA LTM to profit (loss), see “Selected Financial and Operating Information.”
- (11) We calculate EBIT as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives). We calculate EBIT Margin as EBIT *divided by* net revenue. For further information on EBIT and EBIT Margin, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—EBIT and EBIT Margin” and for a reconciliation of our EBIT and EBIT Margin to profit (loss), see “Selected Financial and Operating Information.”
- (12) We calculate Maintenance Capex as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations. EBITDA *Minus* Maintenance Capex is a non-GAAP and non-IFRS measure calculated as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization *minus* Maintenance Capex. EBITDA *Minus* Maintenance Capex is used by our management as an overall business performance indicator that is not affected by changes in interest rates, income tax and social contribution, depreciation and amortization and certain investments in the business. Certain financial analysts, investors and rating agencies use our EBITDA *Minus* Maintenance Capex as an indicator of our operating performance and cash flow generation. EBITDA *Minus* Maintenance Capex per liter is calculated as EBITDA *Minus* Maintenance Capex *divided by* liters of ethanol sold. For further information on Maintenance Capex, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Maintenance Capex, Maintenance Capex per liter, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter” and for a reconciliation of our EBITDA *Minus* Maintenance Capex to profit (loss), see “Selected Financial and Operating Information.”
- (13) Growth Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items in the note to the financial statements entitled “Property, plant and equipment”: Land, Construction in progress, Advance to suppliers and Right of use. For further information on Growth Capex, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Growth Capex” and for the calculation of our Growth Capex, see “Selected Financial and Operating Information.”
- (14) We define Changes in Working Capital for the applicable period as (i) net cash (used in) from operating activities less (ii) net profit (loss) for the year adjusted by (iii) depreciation and amortization, (iv) current and deferred income tax, net of tax incentives, (v) adjustment to present value, (vi) income from financial investments, (vii) provision for interest on loans and borrowings, (viii) adjustment to fair value, including adjustment to fair value related to derivative financial instruments and adjustment to fair value related to biological assets (bamboo), (ix) expected losses on credits / Reversal losses on credits, (x) gain on sale of assets, and (xi) foreign exchange rate (gains) or losses. For further information on Changes in Working Capital, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Changes in Working Capital” and for a reconciliation of Changes of Working Capital to net cash (used in) from operating activities, see “Selected Financial and Operating Information.”

n/a: not applicable.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information contained in this offering memorandum before making any investment in our Notes. The risks described below are not the only ones we face or to which investments in Brazil are subject. Our business, financial position, results of operations, cash flow, liquidity and reputation may be materially adversely affected by any of the risk factors described below. The trading price of our Notes could be negatively affected as a result of any of these and/or other risk factors, in which case you may lose part or even all of your investment. We may be adversely and materially affected by any of these risks. Additional risks that are not currently known to us, or which we currently consider to be immaterial, may also affect our business. This offering memorandum also contains estimates and other disclosures that involve risks and uncertainties. Our results may differ significantly from those previously projected as a result of certain factors, including the risks faced by us, as described below and in other sections of this offering memorandum.

For purposes of this “Risk Factors” section, unless otherwise expressly indicated or if the context so requires, references to a risk or uncertainty that could cause or would cause, or could or would have, a “material adverse effect,” “material adverse impact” or “negative effect,” or similar expressions, mean that such risk or uncertainty could or would have a material adverse effect on our business, operations, reputation, financial condition, results of operations, cash flow and/or liquidity, as well as on the trading price of our Notes.

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions may materially and adversely affect us.

The Brazilian government has frequently intervened in the Brazilian economy and has occasionally made significant changes in monetary, credit, tariff, tax and other policies and regulations. The Brazilian government’s actions to influence the course of Brazil’s economy, including actions to control inflation and the implementation of policies and regulations have in the past involved, among other measures, increases in interest rates, changes in tax policies, changes in the CDI rate, which is the accumulated rate of the interbank deposits in Brazil during each period, price controls (including with respect to the price of gasoline and other petroleum products and ethanol), currency devaluations, capital controls, limits on imports and changes in the regulatory environment of various industries. Actions taken by the Brazilian government concerning the economy may have important effects on corporations based in Brazil, including us, as well as on market conditions and trading prices of securities issued by Brazilian companies.

Any of the following factors, among others, may adversely affect our business, results of operations and financial conditions:

- expansion or contraction of the Brazilian economy;
- exchange rate fluctuations;
- changes in inflation and interest rates;
- availability of liquidity in the domestic capital, credit and financial markets;
- changes to laws and regulations, including related to agribusiness, environment, infrastructure and energy;
- changes to CDI rates, to which a significant portion of our debt is indexed;
- changes in or implementation of trade barriers and international trade policy;
- social instability, such as labor, truck drivers’, customs and tax authorities’ strikes;
- energy supply and demand;
- price increases of oil, corn and other inputs;
- changes to fiscal and tax policies; and

- other economic, political and social developments in or affecting Brazil.

We cannot control or predict which measures or policies the Brazilian government will adopt in the future. Uncertainty over whether the Brazilian government will implement changes in policy or regulation creates instability in the Brazilian economy and increases the volatility of the Brazilian securities markets. These uncertainties, combined with recession and a slow recovery period in Brazil and other future developments in the Brazilian economy may adversely affect our activities, and consequently our operating results, and may also adversely affect the trading price of our Notes.

Political instability may adversely affect us.

The Brazilian economy has been and continues to be affected by political events in Brazil, which have also affected the confidence of investors and the public in general, adversely affecting the performance of the Brazilian economy and heightened volatility of securities issued by Brazilian companies.

Brazilian markets experienced heightened volatility in the last decade due to uncertainties deriving from the *Lava Jato* and other investigations and have materially impacted the Brazilian economy and political environment. Numerous members of the Brazilian government, as well as senior officers of large state-owned and private companies have been convicted of political corruption of officials accepting bribes by means of kickbacks on contracts granted by the government to several infrastructure, oil and gas, construction companies, among others.

The ultimate outcome of these investigations is uncertain, but they had an adverse impact on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy. The development of those unethical conduct cases has and may continue to adversely affect the Brazilian market and companies, including us.

In 2022, Brazil held elections for President, senators, federal deputies and state deputies and former President Luiz Inácio Lula da Silva was elected, representing distinctly opposing political ideologies as compared to those of the previous president Jair Bolsonaro. In the aftermath of the presidential election, there have been countrywide roadblocks and protests by supporters of the former president disputing the election results, culminating, on January 8, 2023, in riots in the country's federal capital, Brasília, where protesters stormed government buildings, including the Congress, the Supreme Court and the Presidential Palace. Political bipolarization between the left and right wings tends to enhance political instability, which could adversely affect the Brazilian economy and therefore us.

The president of Brazil has the power to determine policies and issue governmental acts related to the Brazilian economy that affect the operations and financial performance of companies, including us. We cannot predict which policies the newly elected president will adopt or if these policies or changes in current policies may have an adverse effect on us or the Brazilian economy.

Uncertainty regarding political developments and the policies the Brazilian federal government may adopt or alter may have material adverse effects on the macroeconomic environment in Brazil, as well as on the operations and financial performance of businesses operating in Brazil, including ours.

Any of the above factors may create additional political uncertainty, which could have a material impact on the Brazilian economy, our business, financial condition and results of operations.

The Brazilian government's efforts to curb inflation may slow down the Brazilian economy, which could adversely affect us.

Brazil experienced extremely high rates of inflation in the past. Inflation and certain governmental actions to curb inflation, together with the speculation about governmental measures to be adopted, had a significant negative impact on the Brazilian economy, contributing to the economic uncertainty in Brazil and to the heightened volatility in the trading price of securities issued by Brazilian companies. Brazil's General Price Index (*Índice Geral de Preços – Mercado*), or IGP-M index, recorded a deflation of 6.0% in the twelve months ended September 30, 2023, and inflation of 5.5% in 2022, 17.8% in 2021 and 23.1% in 2020. Brazil's National Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*), or IPCA index, recorded inflation of 5.2% in the twelve months ended September 30, 2023, 5.8% in 2022, 10.1% in 2021, and 4.5% in 2020. Past measures taken by the Brazilian government to control inflation historically included the maintenance of a restrictive monetary policy with high interest rates, thereby limiting the availability of credit and reducing economic growth.

In Brazil, the Central Bank's Monetary Policy Committee, or COPOM, is responsible for setting the Brazilian official interest rate, or the SELIC rate. The COPOM frequently adjusts the official base interest rates in situations of economic uncertainty to meet the economic goals established by the Brazilian government. After reaching a historical low of 2.0% in August 2020, the COPOM began increasing interest rates in March 2021 and, as a result, the SELIC rate reached 9.25% in December 2021 and 13.75% in December 2022. As of September 30, 2023, the SELIC rate was 12.75%.

Brazil has been experiencing a steep rise in inflation, reaching a five-year high of 12.75% in September 2023, primarily as a result of consumer price and oil price increases and global and domestic political instability. Any future measures taken by the Brazilian government, including changes in interest rates, intervention in the exchange market and the implementation of mechanisms to adjust or determine the value of the *real* may increase inflation, adversely affecting the overall performance of the Brazilian economy. Accordingly, fluctuation in Brazilian interest rates and inflation may adversely affect us in that there could be a significant increase in our operating expenses and negatively impact our financial condition, since we have loans and borrowings indexed to the variation of the Brazilian interbank deposit certificate (*certificado de depósito interbancário*), or CDI rate, which is linked to the SELIC rate. Conversely, a significant decrease in the CDI or inflation rates may adversely affect the revenue from our financial investments. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operation—Indebtedness."

Exchange rate instability may adversely affect the Brazilian economy and us.

The *real* has fluctuated significantly against the U.S. dollar and other foreign currencies during the past decades. The Brazilian government has in the past utilized different economic plans and exchange rate regimes, including sudden devaluations, periodic mini devaluations (during which the frequency of adjustments has ranged from daily to monthly), a floating exchange rate system, exchange controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between the *real* and the U.S. dollar and other currencies.

In 2021, the *real* depreciated against the U.S. dollar and the U.S. dollar selling rate was R\$5.6973 per US\$1.00 as of March 31, 2021, R\$4.7378 per US\$1.00 as of March 31, 2022 and R\$5.0804 per US\$1.00 as of March 31, 2023, as reported by the Central Bank. As of September 30, 2023, the U.S. dollar selling rate was R\$5.0076 per US\$1.00, as reported by the Central Bank, and as of January 23, 2024, the U.S. dollar selling rate was R\$4.9715 per US\$1.00, as reported by the Central Bank.

We cannot predict whether the Central Bank or the Brazilian government will continue to let the *real* float freely or intervene in the exchange rate market by returning to a currency band system or otherwise. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are substantial reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future.

Exchange rate instability may have a material adverse effect on us. The *real* may depreciate or appreciate substantially against the U.S. dollar and other foreign currencies, which could create inflationary pressures in Brazil through the general increase in prices and cause increases in interest rates. Such depreciation or appreciation may negatively affect the growth of the Brazilian economy, generally restrict access of Brazilian issuers, including us, to the international capital markets and may have a material effect on our results of operations and financial condition. Appreciation of the *real* against the U.S. dollar and other foreign currencies may also negatively affect Brazil's public accounts and the balance of payments which may cause a reduction in economic growth. We cannot predict or influence any foreign exchange policies adopted by the Brazilian government and may be adversely affected by those policies.

Developments and the perception of risk in other countries, particularly in the United States and emerging market countries, may adversely affect the Brazilian economy and the trading price of securities issued by Brazilian companies, including our Notes.

The market value of securities of Brazilian issuers is affected to varying degrees by economic and market conditions in other countries, including developed countries such as the United States and certain European and emerging market countries.

Investors' reactions to developments in other countries may adversely affect the market value of securities of Brazilian issuers, including our Notes. Any financial crisis or significant developments, such as increase in interest rates in other countries, especially the United States, may decrease global liquidity and the interest of investors in securities of Brazilian issuers, adversely affecting our Notes. Moreover, geopolitical conflicts, such as the hijackings and assaults by Yemeni rebels on ships crossing the Red Sea (where a significant part of the world's seaborne crude oil flows through) and the conflicts between Russia and Ukraine as well as Israel and Hamas, have had and may continue to have an adverse effect on global capital markets and investors' interest in securities issued by companies operating in emerging markets, which could have a negative impact on the trading price of our Notes. Moreover, crises in other emerging countries may diminish investor interest in securities of Brazilian issuers, including our Notes. This could adversely affect the trading price of our Notes and could also make it more difficult for us to access the capital markets.

These developments could adversely affect the trading price of our Notes and could also make it more difficult for us to access the capital markets and finance our operations on acceptable terms, or at all.

Geopolitical and other challenges and uncertainties, including due to the ongoing conflicts between Russia and Ukraine as well as Israel and Hamas, could adversely affect the global economy and our business, financial condition and operating results.

Global economy and geopolitics have been facing increased tensions between nations. On February 24, 2022, Russian military forces invaded Ukraine, and sustained conflict and disruption in the region is likely. This conflict has led to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as increase in cyberattacks and espionage. The situation has rapidly evolved and the United States, the European Union, the United Kingdom and other countries have implemented sanctions and export controls against Russia. We cannot assure you that additional sanctions, export controls or other measures will not be implemented against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories. Such sanctions and other measures, as well as the existing and potential further responses from Russia or other countries to such sanctions, tensions and military actions, could adversely affect the global economy and financial markets and could adversely affect our business, financial condition and results of operations.

On October 7, 2023, Hamas militants infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Thereafter, the Hamas militants launched extensive rocket attacks on Israeli population and industrial centers located along the Israeli border with the Gaza Strip. Shortly following the attack, Israel's security cabinet declared war against Hamas. The intensity and duration of Israel's current war against Hamas is difficult to predict, and as are such war's economic implications on our business and operations and on the global geopolitical instability. According to the World Bank, a prolonged Israel-Hamas conflict and an escalation of the conflict in the region could trigger substantial energy supply disruptions.

We are actively monitoring the situation in Ukraine and the Gaza Strip, as well as the hijackings and assaults by Yemeni rebels on ships crossing the Red Sea (where a significant part of the world's seaborne crude oil flows through), and assessing the impact on our business, including our business partners and customers. We have no way to predict the progress or outcome of the conflicts or related impacts in the Red Sea, Ukraine, Russia, Belarus or the Gaza Strip as the conflicts, and any resulting government reactions, are beyond our control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have a substantial impact on the global economy and our business for an unknown period of time. Any of the above-mentioned factors could affect our business, financial condition and operating results.

Any further downgrading of Brazil's credit rating may adversely affect us.

Credit ratings affect investors' perceptions of risk and, as a result, the yields required on debt issuances in the financial markets. Rating agencies regularly evaluate Brazil and its sovereign ratings, taking into account a number of factors including macroeconomic trends, fiscal and budgetary conditions, indebtedness and the prospect of change in these factors.

The rating agencies began to review Brazil's sovereign credit rating in September 2015. Subsequently, the three major rating agencies downgraded Brazil's investment-grade status.

In 2016, Fitch downgraded Brazil's sovereign credit rating to BB-positive with a negative outlook, citing the rapid expansion of the country's budget deficit and the worse-than-expected recession. In February 2018, Fitch downgraded Brazil's sovereign credit rating again to BB-negative, citing, among other reasons, fiscal deficits, the increasing burden of public debt and an inability to implement reforms that would structurally improve Brazil's public finances. The BB-negative rating was affirmed in May 2019. In May 2020, Fitch affirmed Brazil's long-term foreign currency issuer default rating at BB-negative and revised the rating outlook to negative, citing the deterioration of the Brazilian economic and fiscal scenarios and the worsening risks for both dimensions, given the renewed political uncertainty, in addition to the uncertainties about the duration and intensity of the COVID-19 pandemic. In November 2020, Fitch maintained the BB-negative rating with a negative outlook. In July 2022, Fitch reaffirmed the BB-negative rating. In December 2022, Fitch affirmed Brazil as BB-negative rating with stable outlook. In July 2023, Fitch upgraded Brazil's credit rating to BB, with a stable outlook.

As of the date of this offering memorandum, Brazil's sovereign credit ratings were BB with a stable outlook, Ba2 with a stable outlook and BB with stable outlook by Standard & Poor's, Moody's and Fitch, respectively, which is below investment grade.

We cannot assure you that rating agencies will maintain Brazil's sovereign credit ratings. Any downgrading in Brazil's sovereign credit ratings may increase the perception of risk of investors and, as a result, adversely affect the price of securities issued by Brazilian companies, including us, adversely affecting our rating and, consequently, us.

Risks Related to Our Business and the Industries in which We Operate

The ethanol industry is a rapidly changing industry that may result in unexpected developments, which may adversely affect our operations and the trading price of our Notes.

The ethanol industry has grown significantly in the last decade. This rapid growth has resulted in significant shifts in supply and demand of ethanol over a very short period of time. As a result, past performance by the ethanol industry generally might not be indicative of future performance. If changes occur in the ethanol industry that make it difficult for us to operate the ethanol plant profitably, we could suffer a material adverse effect, which result in a reduction in the trading price of our Notes.

Our results of operations, financial position and business outlook are highly dependent on commodity prices, which are subject to significant volatility and uncertainty, and supply and demand globally and in Brazil, so our results could fluctuate substantially.

Our results are substantially dependent on commodity prices. Our most significant cost of production components are corn and biomass. Our sales revenues are dependent on ethanol and animal nutrition products prices. Ethanol prices are affected by fluctuations in international oil and gasoline prices as well as supply and demand of ethanol, sugar and variations in the exchange rate. Commodities prices, globally and in Brazil, have historically been cyclical and sensitive to domestic and international changes in supply and demand. As a result of the volatility of the prices for these items, our results may fluctuate substantially and we may experience periods of declining prices for our products and increasing costs for our raw materials and inputs, which could negatively affect our results.

Fluctuations in prices for corn, ethanol or biomass may occur for various reasons, including factors beyond our control, such as:

- agricultural investments, government policies (including subsidies) and programs for the agricultural sector;
- corn planted area, productivity, and weather conditions, particularly in the state of Mato Grosso;
- domestic and foreign trade policies, including the global trade of China with respect to agricultural products and commodities;
- foreign exchange rate variations;
- increased global or domestic demand for corn, including due to increases in corn-based ethanol production;

- political, economic or financial instability, as well as geopolitical instability abroad, including in relation to the United States or the conflicts between Russia and Ukraine as well as Israel and Hamas;
- weather conditions and natural disasters (including crop disease);
- harvest levels;
- fluctuations in oil and/or gasoline prices, both globally and in Brazil;
- fluctuations in freight availability and costs, as well as distributor's margins and fuel taxation;
- Brazilian government measures with respect to U.S. ethanol imports, including import quotas;
- changes in government policies toward renewable fuels, including a reduction in the statutory blending requirement of 27%;
- economic policies of the Brazilian government related to fuel prices;
- variances in the production capacities of the ethanol industry, as well as production mix between sugar and ethanol, for sugarcane-based producers;
- fluctuations in the prices of soybeans, cotton, cattle and other livestock;
- the availability of substitute products for the ethanol and animal nutrition products we produce;
- lack of availability of biomass or substitutes to use in our production process; and
- changes in governmental policies related to deforestation, which may change the availability and price of biomass.

Any of the aforementioned factors or any other factors that we are not able to foresee could cause fluctuations in the prices of corn, ethanol and biomass, which could adversely affect our results. For instance, we believe that the reduction experienced in our EBITDA Margin 2023 to 15.6% for the six-month period ended September 30, 2023 from 31.7% for the fiscal year ended March 31, 2023 is significantly attributable to higher cost of corn, which added significant pressure on our price of goods sold and such pressure on our cost of goods sold continues to date. There can be no assurance when, and if, corn and biomass prices will cease to adversely impact our results.

Our business is highly sensitive to corn prices, and we may not be able to pass on increases in corn prices to our customers.

The principal raw material we use to produce ethanol and animal nutrition products is corn. As a result, changes in the price of corn can significantly affect our business. In general, rising corn prices may affect our profit margins. Because ethanol competes with non-corn-based fuels (including sugarcane-based ethanol), we may be unable to pass along increased corn cost of goods sold to our customers. At certain levels, an increase in corn prices or a decrease in ethanol and gasoline prices may affect the competitiveness of corn-based ethanol in fuel markets. Corn cost of goods sold for the six-month period ended September 30, 2023 and 2022, constituted 81.0% and 80.5%, respectively, of our total cost of goods sold and for the fiscal years ended March 31, 2023, 2022 and 2021 constituted 66.9%, 74.2% and 67.3%, respectively, of our total cost of goods sold. The price of corn is influenced by weather conditions and other factors affecting crop yields, farmer planting decisions and general economic, market and regulatory factors. These factors may include government policies and subsidies with respect to agriculture and international trade, and global and local demand and supply dynamics. The significance and relative effect of these factors on the price of corn is difficult to predict. While we generally purchase most of our corn requirements one to two years in advance through fixed price futures contracts, any event that tends to negatively affect the supply of corn, such as adverse weather or crop disease, could increase corn prices and potentially harm our business.

Most of our revenues derives from the sale of ethanol.

For the six-month period ended September 30, 2023 and 2022, ethanol segment revenue represented 66.7% and 73.9% of our total revenue from segments, respectively and for the fiscal years ended March 31, 2023, 2022 and 2021, revenue from ethanol represented 64.0%, 75.0% and 73.9% of our total revenue from segments, respectively. Our success depends largely on our ability to profitably operate our plants and sell ethanol. If we are unable to operate our plants and manufacture ethanol and animal nutrition products, our business may be adversely affected. Our business may also be significantly harmed if our plants could not operate at full capacity for any extended period of time.

Ethanol prices are directly influenced by international oil and gasoline prices, such that a fluctuation in those prices could adversely affect the demand for, and price of, our ethanol.

In Brazil, hydrous ethanol is used as a substitute fuel for gasoline for flex-fuel based vehicles (that is, vehicles that run with ethanol or gasoline or both combined in any proportion) and anhydrous ethanol is used as a fuel additive to reduce vehicle emissions from gasoline or an enhancer to improve the octane rating of gasoline with which it is blended. As a result, ethanol prices are influenced by the domestic and international supply of and demand for gasoline (and, indirectly, conventional oil), and our business performance may be materially adversely affected by fluctuations in the demand for and/or price of gasoline (and/or conventional oil).

In addition, because flex-fuel based vehicles allow consumers to choose between gasoline and ethanol at the pump in gas stations in Brazil, ethanol prices are highly correlated to gasoline prices and, consequently, oil prices. We believe that the correlation among these products should continue over time. Accordingly, a decline in oil prices may have an adverse effect on our ethanol business.

If we are unable to maintain sales at generally prevailing market prices for ethanol in Brazil, our ethanol business as well as our cash flows may be adversely affected.

Future demand for ethanol is uncertain and may be affected by several factors, any of which could negatively affect us.

We produce and sell two different types of ethanol: hydrous ethanol and anhydrous ethanol. The primary type of ethanol consumed in Brazil is hydrous ethanol, which is used as an alternative to gasoline for flex-fuel based vehicles (as opposed to anhydrous ethanol which is used as an additive to gasoline).

Governmental authorities of several countries, including Brazil and the United States, currently require the use of anhydrous ethanol as an additive to gasoline. Since 1997, the Brazilian Sugar and Alcohol Interministerial Council (*Conselho Interministerial do Açúcar e Alcool*), or CIMA, has set the percentage of anhydrous ethanol that must be used as an additive to gasoline. According to MAPA Ordinance No. 75/2015 and CIMA Resolution No. 1/2015, the current anhydrous ethanol percentage for common gasoline is 27%. Other countries have similar governmental policies requiring various blends of anhydrous ethanol and gasoline. Any reduction in the percentage of ethanol required to be added to gasoline or growth in the demand for natural gas and other fuels as an alternative to ethanol, lower gasoline prices or an increase in gasoline consumption (versus ethanol), may cause demand for ethanol to decline, which could negatively affect our results of operations.

In Brazil, domestic demand for ethanol has been driven significantly by its use as a transportation fuel in flex-fuel based vehicles. The increase in the production and sale of flex-fuel based vehicles has resulted, in part, from lower taxation of such vehicles compared to gasoline-only cars since 2002. If negative views of ethanol production gain wide acceptance, support for existing measures promoting the use and domestic production of ethanol could decline, leading to reduction or repeal of federal mandates (including the favorable tax treatment for flex-fuel based vehicles), which would adversely affect the demand for flex-fuel based vehicles and, as a result, ethanol. These views could also negatively impact public perception of the ethanol industry, which could have an adverse impact on the trading price of the Notes.

Moreover, a number of automotive, industrial and power generation manufacturers are developing alternative clean power systems using fuel cells, plug-in hybrids, electric cars or clean burning gaseous fuels. Electric car technology has been growing in popularity in developed countries, especially in urban areas, which has led to an increase in recharging stations which may make electric car technology more widely available in the future.

Alternative fuels, gasoline oxygenates, and ethanol production methods are continually under development. Like ethanol, these emerging technologies offer an option to address worldwide energy costs, the long-term availability of petroleum reserves and environmental concerns. If these alternative technologies continue to expand and gain broad acceptance and become readily available to consumers for motor vehicle use, we may not be able to compete effectively. This additional competition could reduce the demand for ethanol, adversely affecting our results of operations and financial condition.

We depend on transportation and logistics services for delivery of raw materials to our plants and distribution of our products to our customers.

We outsource substantially all transportation and logistics services necessary to operate our business. Our operations are dependent upon the uninterrupted operations of our transportation and logistics service providers, including with respect to contracted warehouse and storage facilities, various means of transportation and distribution facilities. We depend on truck transportation for the delivery of raw materials, mainly corn and biomass, to our plants as well as to distribute ethanol and animal nutrition products from our plants to our customers. For our ethanol sales, we use trucks to transport from our plants directly to our customers or to other logistic modals, such as rail, barges and/or pipelines, from which our ethanol will then be distributed to our customers.

We currently use one rail route, operated by a single concessionaire company, which interconnects the Center-West region of Brazil with the consumption markets in the Center-South regions of Brazil, and we intend to further increase the use of rail as a means of transportation in the future, as well as our transportation capacity. In addition, we also rely on contracted warehouse, storage and distribution facilities of our third-party service providers for the necessary logistics services to handle, store and distribute our products.

The operations of our transportation and logistics service providers could be partially or completely shut down, temporarily or permanently, as the result of any number of circumstances that are not within our control, such as natural disasters or catastrophic events, environmental matters (including environmental licensing processes or environmental incidents, contamination, wildlife preservation obligations, climate change and others), labor difficulties (including work stoppages, strikes and other events), and disruptions in any or all of such transportation infrastructure systems.

Any significant interruption or disruption to the timely supply of these transportation and logistics services or increases in the cost of these services for any reason, including the availability or cost of fuel, regulations affecting the industry, or labor stoppages in the transportation and logistics industry, could have an adverse effect on our ability to supply corn to our plants or to distribute ethanol and animal nutrition products to our customers, which may have a material adverse effect on our operations and financial performance. For example, in May 2018, a national truckers' strike commenced in Brazil regarding increases in fuel prices, and in November 2022, truckers blocked strategic national highways as a way to protest against the electoral results. The strike materially disrupted the supply chain of various industries across the country and the blockage affected delivery periods. There can be no assurance that other similar situations will not happen in the future, nor that the Brazilian federal government or any other relevant party will be able to meet the demands of the protesters in a satisfactory manner or that any such situations will not adversely affect our supply chain or the operation of our production facilities. In addition, our inability to renew agreements with key transportation and logistics service providers or to enter into new agreements with alternative third-party service providers with the same qualification and under similar terms and conditions, if at all, may materially and adversely affect us.

Infrastructure deficiencies in Brazil may have a material adverse effect on us.

Our performance depends on the public infrastructure in Brazil and growth of the Brazilian economy. Continued growth is limited by inadequate infrastructure, including potential energy shortages and deficient transportation, logistics and telecommunication sectors, the lack of a qualified labor force, and the lack of private and public investments in these areas, which limit productivity as well as efficiency. Any of these factors could lead to labor market volatility and generally impact income, purchasing power and consumption levels, which could limit economic growth or result in contraction and ultimately have a material adverse effect on our business.

The Brazilian infrastructure and transportation system are underdeveloped and demand investments by the Brazilian government to operate efficiently, which is beyond our control. Deficiencies in the road, rail or waterway network of the areas in which we operate, including areas in which our warehouses are located, such as unpaved or maintenance-free roads, lack of railroads, especially in regions farthest from the port, may cause high logistics costs and, consequently, reduced profitability of our products. Likewise, failure or malpractice in transportation handling, whether on trains, trucks or vessels, may lead to loss of production, waste of quantities or damage to our products. The infrastructure deficiencies may make it more difficult for us to conduct our business in the areas in which we operate and thereby adversely affect us.

Moreover, while road and rail improvement projects have been considered for some areas of Brazil, and in some cases implemented, substantial investments are required for road and rail improvement projects, which may not be completed on a timely basis, if at all. Truck transportation is significantly more expensive than other transportation modes and our dependence on truck transportation may impair our ability to compete as a low-cost producer. Any delay or failure in developing infrastructure systems could hurt the demand for our products, impact our delivery of products or impose additional costs on us.

We may not successfully implement our growth strategy.

Our growth and financial performance depend on the successful implementation of our business strategy, which involves the expansion of our existing facilities and, under the right conditions, selective development of greenfield developments. Any such growth is subject to factors that are beyond our control, such as project development timelines, construction costs, financing and governmental approvals. As a result, we may not complete these projects on a timely basis, within the estimated budget, or at all, and may not realize the related benefits we anticipate. In addition, we may be unable to obtain the necessary governmental approvals and the required financing for the expansion of our existing facilities (or for new developments) on satisfactory terms, or at all.

The expansion of our existing facilities and the integration of new greenfield projects may result in unforeseen operating difficulties, including our ability to access raw materials and attract new clients or increase volume from existing clients in specific markets and locations as well as our ability to increase our operational capacity and expand our current capacity to supply to new markets. In addition, we may require significant financial and managerial resources that would otherwise be used for our existing operations. Planned or future expansion of existing facilities and any greenfield projects may not enhance our financial performance.

Any failure in the implementation of our expansion of existing facilities or our greenfield projects, if any, may have a material adverse effect on our business, financial condition and results of operations.

We may not be able to obtain the necessary supply of biomass for our operations.

One of the main energy sources for our operations is steam power that is generated by burning sustainably sourced biomass. While we have taken steps to secure our medium- and long-term supply of biomass, we are subject to market risk with respect to our supply of biomass that is consumed in the ethanol production process and has historically been subject to fluctuation in supply and volatile market conditions.

Biomass prices and availability are affected by weather conditions, location, competing demand from other consumers, reduced harvests, and overall economic conditions. The principal sources for our biomass operations are currently standing timber stock, eucalyptus developed by local farmers, bamboo developed by third parties as an alternative source, biomass acquired pursuant to agreements with TIMOs and also agricultural residues purchased in the spot market, such as wood slash, eucalyptus chips, cotton pie, soybean hull, sawmill waste, *açaí* seedling, sugarcane bagasse and rice rusk. Any shortage in biomass supply or increase in biomass prices in the near future may materially adversely affect our business, results of operation and financial condition.

We are subject to entry barriers to sell ethanol to certain markets in Brazil.

State-governments of various states of Brazil have implemented state tax incentive programs to foster production and subsidize producers located within the respective state. To protect these producers, increased tariffs are charged on ethanol produced in other states of Brazil that is distributed within the states where these tax incentive programs have been implemented, which can make sales to the states less profitable, or even cost-prohibitive, thereby creating an entry barrier for producers from other states. We are subject to these market restrictions on the sale of ethanol produced at our plants to other states, some of which are important markets for ethanol in Brazil. If we are not able to find other markets into which we can sell our ethanol, our results of operations may be adversely affected.

We face significant competition in the ethanol and animal nutrition industries.

The ethanol industry is highly competitive. Some of our competitors are divisions of larger enterprises and multinational corporations and might have greater financial resources than us. Moreover, our competitors may build plants and operating facilities near one of our facilities, or near a location we have chosen for a new production

facility, which could impair our business plans. We also compete with numerous small to medium-size producers. Despite increased consolidation, the Brazilian ethanol industry remains highly fragmented. Our major competitors include independent ethanol producers in Brazil.

The animal nutrition industry is also highly competitive. Despite offering distinguished products as compared to our competitors, our animal nutrition products are generally marketed as substitutes for traditional animal feed products. There is a wide range of traditional animal feed products that compete with our animal nutrition products, such as soybean, soy meal, corn, cottonseed, barley, and soy oil, among others. Availability and pricing dynamics of competing alternative animal feed products may impact our ability to sell and properly price our animal nutrition products.

Many factors influence our competitive position, such as the availability, quality and cost of corn and biomass, water, chemical products and labor as well as transportation and logistics third-party service providers. Some of our competitors may have greater financial and marketing resources, larger customer bases or broader product ranges. If we are unable to successfully compete against such producers, our competitive position may be adversely affected.

Changes and advances in ethanol production technology could require us to incur costs to update our plants or could otherwise hinder our ability to compete in the ethanol industry or operate profitably.

Advances and changes in the technology of ethanol production may occur. Such advances and changes may make the ethanol production technology installed in our plants less desirable or obsolete. These advances could also allow our competitors to produce ethanol at a lower cost as compared to us. If we are unable to adopt or incorporate technological advances, our ethanol production methods and processes could be less efficient than our competitors, which could cause our plants to become uncompetitive or completely obsolete. If our competitors develop, obtain or license technology that is superior to ours or that makes our technology obsolete, we may be required to incur significant costs to return, enhance or acquire new technology so that our ethanol production remains competitive. Alternatively, we may be required to seek third-party licenses, which could also result in significant expenditures. These third-party licenses may not be available or, once obtained, they may not continue to be available on commercially reasonable terms. These costs could negatively impact our financial performance by increasing our operating costs and reducing our net income.

Government policies and regulations affecting the agricultural and fuel sectors and related industries could materially adversely affect our operations and profitability.

Agricultural production and trade flows are significantly affected by Brazilian federal, state and municipal, as well as foreign, government policies and regulations. Governmental policies affecting the agricultural industry, such as taxes, tariffs, duties, subsidies, regulatory requirements and import and export restrictions on agricultural commodities and commodity products, may influence profitability, the planting of certain crops versus others, the uses of agricultural resources, the location and size of crop production, the trading levels for unprocessed versus processed commodities, and the volume and types of imports and exports.

Government policies in Brazil and elsewhere may adversely affect the supply of, demand for, and prices of our inputs or products or restrict our ability to do business in our current and new markets, which could adversely affect our financial performance. For instance, in January 2023, the Brazilian government decided not to extend the exemption of the federal taxes PIS/COFINS charged on gross revenues from sales of fuels in general. Therefore, the state tax that was previously calculated as a percentage of the price (between 17 and 23%, depending on the state), changed to a fixed rate of R\$1.22 per liter starting in June 2023.

Policies to control the price of gasoline in the domestic market may adversely affect the price of fuel ethanol, its sale and, consequently, us. In addition, petroleum and petroleum products have historically been subject to price controls in Brazil. Currently there is no legislation or regulation in force giving the Brazilian government the power to set prices for petroleum, gasoline, petroleum products, diesel and biodiesel, but we cannot assure that this will continue in the future. Given that Petrobras, the only supplier of oil-based fuels in Brazil, is a government-controlled company, prices of petroleum and petroleum products may be subject to government influence, resulting in potential inconsistencies between international prices and internal oil derivative prices that, due to the correlation between the price of petroleum, gasoline, and ethanol, may affect our business and our financial results. We cannot assure you that the newly elected government will not increase its intervention on Petrobras, which could affect fuel prices and adversely affect us.

In addition, Brazil is currently considering joining the Organization of the Petroleum Exporting Countries, or OPEC, on terms that have not yet been set. We cannot foresee what the geopolitical effect of Brazil becoming a member country of OPEC could be and the related impacts on our business.

The ethanol distribution market is highly concentrated in a few players.

The top three players in the Brazilian fuel distribution market held approximately 53.3% share of the ethanol distribution market in the fiscal year ended in March 31, 2023. Consequently, a substantial portion of our ethanol is sold to a small number of customers that acquire large portions of our production and thus may be able to exert pressure on ethanol sales price and exercise significant bargaining power concerning pricing and other sale terms. In addition, intensive competition in the ethanol supply industry further increases the bargaining power of customers and the potential for customers to purchase part of their ethanol from competitors, or for us to lose these customers altogether, creating a material adverse effect on our sales volumes.

For the six-month period ended September 30, 2023 and for the fiscal year ended March 31, 2023, our five largest customers accounted for 84.3% and 80.1% respectively, of ethanol gross revenues. If we were to lose any of our relationships with these customers, our revenue, and results of operations and financial condition could suffer a material adverse effect.

We are exposed to credit and other counterparty risks in the ordinary course of our business.

We have various credit terms with our customers, and they have varying degrees of creditworthiness which exposes us to the risk of nonpayment or other default under our contracts and other arrangements with them. While we have not experienced material default from our customers, we cannot assure that this situation will not change in the future. In the event that a significant number of our largest customers default on their payment obligations, our financial condition, results of operations, realized losses or cash flows could be materially and adversely affected.

In addition, according to our corn procurement strategy, we start to purchase corn 18 to 24 months before harvest through fixed price futures contracts. In the event that corn suppliers default under such agreements, we may not be able to secure corn requirements in a timely manner or under similar terms and conditions. For further information, see “—Our business is highly sensitive to corn prices, and we may not be able to pass on increases in corn prices to our customers.”

Climate change and climate conditions may negatively affect our business and results of operations.

Risks associated with climate change are gaining increasing social, regulatory, economic, financial and political relevance, both in Brazil and internationally. New regulations related to climate change may affect our operations and business strategy, leading us to incur financial costs resulting from: (i) physical risks; (ii) transition risks and (iii) climate litigation.

Physical risks of climate change are those that arise from the changes in weather and climate that impact the economy, including the rise of average global temperatures, which may cause the rise in sea levels and natural disasters, including but not limited to floods, rainfalls, wildfires and hurricanes. Such disasters could adversely affect our and our clients' operations, by, for example, increasing the price of agricultural commodities, as a result of long periods of drought or excessive rainfall. In addition, we are exposed to the risk of fires, which is particularly acute in the state of Mato Grosso during the dry weather season. Fires can cause significant damage to the environment in the region where we are located, including forests and corn crops, potentially compromising our biomass and corn supply.

Transition risks of climate change are those that arise from the transition to a low-carbon economy. Increasing concerns with climate change may require additional regulatory measures, which may result in the incurrence of costs related to greenhouse gas emissions, imposed by environmental agencies or by other regulatory and environmental measures. In addition, we expect that we will face greater scrutiny of the business we conduct and the customers we transact with. Due to the concern about the risk of climate change, a number of countries, including Brazil, adopted or is considering adopting regulatory frameworks that, among other things, aim to reduce greenhouse gas emissions.

Other potential risk arises from climate-related litigation claims, which is compelling governments and corporate actors to pursue action or better practices to adapt to changes in order to mitigate the impacts resulting from loss and damage due to climate change. We are exposed to the risk of being defendants in a climate-related suit, and our clients can also be directly or indirectly held legally liable for a climate-related event or impact, which may adversely affect our reputation and image.

We may fail to effectively implement programs to reduce our exposure to climate change, which may adversely affect our business, reputation, financial condition and results of operations in the future. In addition, regulations on greenhouse gas emissions may increase our costs in order to comply with environmental laws. This situation may adversely affect our operating and financial results. If we do not adequately embed risks associated with climate change into our risk framework to appropriately measure, manage and disclose the various financial and operational risks that may result from climate change, or if we fail to adapt our strategy and business model to a changing regulatory and market environment, we may face an important adverse impact on our business growth rates, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

Our operations are inherently hazardous and subject to high operational risks.

We produce ethanol, an inflammable liquid, and use in our production process corn and biomass, which are also highly inflammable materials. Our operations involve a variety of safety and other operating risks, including handling, production, storage and transportation. We depend on the continued operation of our plants, which involves many risks, including:

- hazards associated with the manufacture of inflammable products and handling, storage and transportation of raw materials and inflammable products;
- natural disasters, such as fires, floods and inclement weather, and other force majeure events beyond our control;
- social and environmental risks, including due to the occurrence of environmental damage;
- the breakdown, failure or substandard performance of equipment or processes, and delay in replacement parts;
- compliance with licensing requirements and maintenance of all necessary licenses and permits from governmental agencies;
- raw material supply disruptions;
- labor force shortages, work stoppages (including due to strikes), or other labor difficulties; and
- transportation disruptions, including truck drivers' strikes, closure of highways, roads and railways, droughts that impede navigation of barges, among others.

The occurrence of material operational problems, including but not limited to the above events, or a material accident at one of our production facilities could force us to suspend our operations and result in significant remediation costs and lost revenue. In addition, some of these risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. The occurrence of any of the aforementioned risks or any other risks which we cannot foresee and are beyond our control could adversely affect our operations and reputation and cause a material adverse effect on our results of operations and profitability of a particular facility, or to us as a whole.

Our insurance may not cover all losses and liabilities that we may incur in our operations.

Our operations are subject to a number of hazards and risks. While we maintain insurance at levels that are customary in our industry to protect against these liabilities, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. For example, we do not maintain coverage for business interruptions caused by labor disruptions. If, for instance, our workers were to strike, the resulting work stoppages could have a material and adverse effect on us. Similarly, we do not insure most of our assets against war or sabotage. Therefore, an attack or an operational incident causing an interruption of our business could have a material and adverse effect on our financial condition or results of operations. Moreover, we will be subject to the risk that we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we

were to incur a significant liability for which we were not fully insured, we could suffer a material adverse effect on our business, financial condition and results of operations.

Failure to timely obtain, renew or maintain the licenses, authorizations, grants, registrations, records, license certificates and permits required for our business may have a material adverse effect on us.

We are required to obtain and timely renew specific licenses, authorizations, grants, registrations, records, license certificates and permits from governmental authorities in order to carry out our operations. We are currently carrying out construction work in our plants, at the conclusion of which we may need to seek approval by the competent governmental authority. The laws and regulations which govern these licenses may occasionally require us to purchase and install costly equipment or to make operational changes that could limit our productivity. Any failure to comply with the terms of these laws, regulations, governmental requirements, authorizations, licenses, grants, registrations, records, license certificates and permits, including their timely renewal may result in significant financial penalties, criminal sanctions, revocation of operating licenses and permits and/or the prohibition of certain of our activities, including complete suspension of our operations or shutdown of our plants, irrespective of the obligation to repair any environmental damage. Our image, business, financial condition and results of operations may be materially and adversely affected if we are unable to obtain or renew all licenses, authorizations, grants, registrations, records, license certificates and permits required for our business and operations or fail to comply with the applicable legislation and conditions set forth in the permits.

We may be adversely affected by environmental, health and safety laws, regulations and liabilities.

We are subject to various federal, state and local environmental laws and regulations, including those relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, use of water, protection of certain areas, deforestation and the health and safety of our employees. In addition, some of these laws and regulations require our facilities to operate under permits that are subject to renewal or modification.

These laws, regulations and permits can often require expensive pollution control equipment or operational changes to limit actual or potential impacts to the environment. A violation of these laws and regulations or permit conditions may result in administrative and criminal penalties, along with the obligation to compensate natural resource damages in the civil domain. Administrative violations can result in substantial fines of up to R\$50.0 million, permit revocations and/or facility shutdowns.

Brazilian law also provides for the piercing of the corporate veil whenever it represents an obstacle to recover damages caused to the environment. In this situation, the shareholders may become personally liable for recovering the damages caused to the environment. This means that shareholders and officers may be held personally liable.

In addition, we may also be subject to liability for remediation of any environmental damage arising from noncompliance with environmental laws and regulations, which may represent significant costs, as there is no limit for indemnification amounts. We cannot assure you that we have been, are or will be at all times in complete compliance with these laws, regulations or permits or that we have had or have all licenses, grants, authorizations, license certificates, records, and similar documents required to operate our business. We also cannot assure you that we will not be subject to legal actions brought by environmental advocacy groups and other parties for actual or alleged violations of environmental laws or our permits. In addition, we have made, and expect to make, significant capital expenditures on an ongoing basis to comply with increasingly stringent environmental laws, regulations and licenses.

We may be liable for the investigation and repair of environmental contamination at each of the properties that we own or operate and at offsite locations where we arrange for the disposal of hazardous substances. If these substances have been or are disposed of or released at sites that undergo investigation and/or remediation by regulatory agencies, we may be responsible under applicable environmental laws for all or part of the costs of investigation and/or remediation, and for damages to natural resources. We may also be subject to related claims by private parties alleging property damage and personal injury due to exposure to hazardous or other materials at or from those properties. Some of these matters may require us to expend significant amounts for investigation, repair, monitoring or other costs. Our business, reputation, financial condition and results of operations may be materially and adversely affected if we fail to comply with environmental law and permits.

In addition, new laws, including stricter environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental, health and safety laws or other developments could require us to incur additional significant expenses. Continued government and public emphasis on environmental, health and safety issues can be expected to result in increased future investments for environmental, health and safety controls at our facilities. Present and future environmental, health and safety laws and regulations (and interpretations thereof) applicable to our operations, more vigorous enforcement policies and discovery of currently unknown conditions may require substantial expenditures that could have a material adverse effect on our results of operations and financial position.

Our performance depends on favorable labor relations with our employees, our compliance with labor laws and the safety of our facilities. Any deterioration of those relations, as well as increases in labor costs or injuries at our facilities could adversely affect our business.

Our employees are generally represented by labor unions. Upon the expiration of existing collective bargaining agreements or other collective labor agreements, we may be unable to reach new agreements with the labor unions and any such agreements may not be on terms satisfactory to us, which could result in higher payments of wages or benefits to union workers. Additionally, if we are unable to negotiate acceptable union agreements, we may become subject to work stoppages or strikes.

We also face risks related to the safety of our facilities. If we fail to implement safety procedures or if implemented procedures are ineffective or are not followed by our employees or others, our employees and others may be subject to injuries or death, which could result in costs for the injuries and loss of productivity. Any of the foregoing could have an adverse impact on our business, results of operations and reputation.

We depend on key suppliers and third parties to provide our customers and us with facilities and services that are integral to our business, and we may be held liable for any damages caused or irregular practices adopted by our suppliers.

We have entered into agreements with key suppliers and third-party service providers to provide technologies, facilities and services required for our operations, including technology to operate our plants, storage facilities and transportation services (mainly for our ethanol operations). The termination for any reason of our agreements with key suppliers and third-party service providers and our inability to renew these agreements or to negotiate new agreements with other providers with similar qualifications and under comparable terms and conditions could harm our business and financial performance.

Our reliance on these specific suppliers and third-party contractors to provide essential services on our behalf also gives us less control over the costs, efficiency, timeliness and quality of those services. Negligence on the part of third parties could compromise the safety of the transportation of ethanol from our production facilities to our storage facilities or our customers' facilities and expose us to the risk of liability for environmental damage (or other harms) caused by such third parties. We expect to be dependent on such agreements for the foreseeable future, and if we enter any new market segments, we will need to have similar agreements in place.

In case a supplier or a third-party contractor causes environmental damage, we may be held jointly and severally liable for remediation of such damage, according to Brazilian law. Civil liability for environmental damage is strict and joint and several. All agents that directly or indirectly contributed to the environmental damage, irrespective of intent and/or fault, may be held liable. Accordingly, civil liability applies to all parties involved, even if indirectly, in the activity that resulted in the environmental damage. The party with more financial resources may be required to repair the environmental damage and have a right of recourse against the other involved parties.

If the outsourced companies that provide services to us, including related to the management of waste and suppression of vegetation, do not comply with the applicable environmental law, we may be held jointly and severally or secondarily liable for any environmental damages caused by them and, as a result, we may become a defendant in environmental proceedings related to third-party conduct and be required to pay compensation and be subject to other penalties, including measures to repair the environmental damage. Liability for environmental damage caused by a supplier or third-party contractor may have a material adverse effect on our operating results, reputation and financial position.

In addition, we cannot guarantee that our suppliers and third-party service providers will comply with applicable laws, including labor law applicable to their employees. In case they fail to comply with applicable laws, we may be held liable, and our reputation and financial position may be adversely affected.

We operate in an industry that requires significant financial resources to meet our investment objectives and working capital needs.

Our growth strategy requires significant resources to meet our investment requirements and our business and operations also require significant working capital resources. Our ability to obtain funding to finance our growth or operate our business will depend on several factors, including our ability to obtain financing under favorable conditions, our level of indebtedness and market conditions. Debt financing may not be available, or, if available, may not be available on reasonable terms. Future debt financings may result in increased interest and amortization expense, increased leverage and decreased income available to fund the expansion of our existing facilities or any greenfield projects we may choose to undertake. If we fail to obtain additional capital in the future, we could be forced to reduce or delay our investments, sell assets or restructure or refinance any existing indebtedness. The occurrence of any of these events could have a negative effect on our financial condition.

In addition, in connection with any new indebtedness we incur, we may be required to meet certain covenants in our financing arrangements and may be subject to restrictions on our ability to incur new debt. Most of our real properties, including our plants, are encumbered to secure financing arrangements. A breach of these covenants may trigger cross-acceleration and cross-default. In the event of a prepayment or acceleration, our assets and cash flow might not be sufficient to pay the full amount due and one or both of our plants might be sold for the payment of such debts, which would materially adversely affect our financial and operational condition.

Any changes in tax law or tax reforms could have a material adverse effect on us.

Amendments to tax laws that result in changes in the current tax structure applicable to our activities may adversely affect our financial condition and results of operations. The Brazilian government frequently intervenes or updates tax legislation, or issues interpretations with the effect of changing tax structure applicable to taxpayers, which may include us. These amendments may include changes in the current tax rates or the creation of taxes, temporarily or permanently. Some of these amendments may increase, directly or indirectly, our tax burden, which may adversely affect our profitability, as well as restrict our ability to do business in existing markets. We cannot guarantee that we will be able to maintain projected cash flows and profitability after any increases in taxes applicable to us, our products and our transactions.

Changes in Brazilian tax legislation are frequent and may be intensified in scenarios of weakened public finances. Currently, there are different bills under consideration by the Brazilian Congress aiming to implement tax reforms, including proposals to revoke the income tax exemption on the distribution of dividends by Brazilian companies and taxes levied on revenues. Although these laws have not yet been enacted and it is not possible to determine at this time the exact changes that will pass into law, any such changes could have adverse effects on our results of operations. A tax reform or any change in the rules and regulations that affect the taxes applicable to us may directly or indirectly adversely impact our business and results of operations. In addition, certain tax rules may be subject to controversial interpretations. The Brazilian authorities and the courts often revise their interpretations on existing rules related to taxes, levies and contributions. If tax authorities interpret the tax rules inconsistently with our interpretation, we may be adversely affected, including the payment in full of taxes due, plus charges and penalties, which could adversely affect our results of operations.

In the end of 2023, the Constitutional Amendment No. 132 (“EC 132”)(also called “Brazilian Tax Reform”) was published in the Official Gazette of the Union. EC 132 focuses on consumption taxation and, among its provisions, provides for the creation of two new unified taxes, called the Contribution on Goods and Services (*Contribuição Sobre Bens e Serviços*, or “CBS”), to replace Brazilian social integration program (*Programa de Integração Social*, or “PIS”), and the Brazilian social security financing tax (*Contribuição para Financiamento da Seguridade Social*, or “COFINS”), and Tax on Goods and Services (*Imposto Sobre Bens e Serviços*, or “IBS”) to replace state value-added tax (*Imposto sobre Circulação de Mercadorias e Serviços*, or “ICMS”) and tax on services (*Imposto Sobre Serviços*, or “ISS”), which will be extinguished. There is a transition regime, in which CBS and IBS would begin to be charged as from 2026 at a reduced rate of 0.9% and 0.1%, respectively. As from 2027, PIS and COFINS would be extinguished, and CBS would begin to be charged at its full rate, which will be defined by means of complementary law (not yet enacted). IBS will only be definitively implemented in 2033, after a period of six

years during which it will coexist with the ICMS and ISS, which will be progressively replaced. The final and full rate of IBS will also be defined by means of complementary law (not yet enacted). In this context, it is not possible to determine, at this time, the effects of EC 132 on our results of operations.

Furthermore, we may be subject to inspections by tax authorities at a federal, state and municipal level. As a result of such inspections, our tax positions may be questioned by tax authorities. We cannot guarantee that the provisions for such proceedings will be correct, that there will be no identification of additional tax exposure, and that it will not be necessary to determine additional tax reserves for any tax exposure. Any increases in the amount of taxation as a result of challenges to our tax positions may adversely affect us.

There are several tax issues that are of concern to the Brazilian authorities and in relation to which the Brazilian authorities regularly inspect companies, including inventory control, goodwill amortization expenses, corporate restructuring and tax planning, among others. Any judicial and administrative proceedings related to tax matters before the courts, including Administrative Council for Tax Appeals (“CARF”) and state and municipal administrative courts, may adversely affect us.

Any changes, including the loss, modification, suspension, cancellation or non-renewal of certain tax incentives which we have been granted could have a material adverse effect on us.

We benefit from certain tax incentives in the state of Mato Grosso: (i) tax incentives under the PRODEIC program, which reduces the state value-added tax charged on gross revenue in transactions with hydrous ethanol; (ii) special treatment for import transactions and special tax regimes regarding ancillary obligations for transactions with hydrous ethanol and for export transactions; (iii) tax incentives granted by SUDAM, which reduces our income tax burden by 75% on the operating profits in relation to the production of anhydrous and hydrous ethanol, animal nutrition products, crude corn oil, and generation of thermal energy in the LRV Plant and SRS Plant; and (iv) municipal tax incentives that provide an exemption and/or reduction of the tax levied on services and/ other municipal taxes for a period ranging from 5 to 10 years. For the six-month period ended September 30, 2023, the impact of the PRODEIC and SUDAM tax incentives in our statements of income was a tax benefit of R\$50.6 million. For the years ended March 31, 2023, 2022 and 2021, the impact of the PRODEIC and SUDAM tax incentives in our statements of income was a tax benefit of R\$253.1 million, R\$455.3 million and R\$89.8 million, respectively. For more information on our tax incentives, see “Business—Our Operations—Tax Incentives.”

We cannot assure you that these tax incentives will be maintained or renewed or that we will be able to obtain new tax incentives. To guarantee the continuity of these tax incentives during their applicable terms, we must comply with several requirements that can be challenged, including in courts. Moreover, given the historical competition among states to attract investments and new companies through the granting of tax benefits, the Brazilian Supreme Court may rule out the constitutionality of the ICMS tax benefits granted to us in case these tax benefits are not approved by the National Council of Treasury Policy (*Conselho Nacional de Política Fazendária*, or “CONFAZ”). The Brazilian Supreme Court may grant retroactive or prospective effects to the declaration of unconstitutionality.

If for some reason we lose our existing tax incentives, for instance, due to our noncompliance with current obligations and future requirements or if the current tax programs and agreements from which we benefit are modified, suspended, cancelled or not renewed, we could be materially and adversely affected. In relation to the benefits granted in the state or municipal domains, any change in tax law or a declaration that the law granting tax benefits is unconstitutional may affect not only our activities, but those of the entire sector.

We may face conflicts of interest in transactions with related parties.

In the ordinary course of business, we enter into a number of transactions with our related parties, including with our controlling shareholder and with companies that are owned or controlled by our controlling shareholder and other related parties. Our related party transactions principally include agreements for the purchase of corn and biomass, related party loans, agreements for the sale of animal nutrition products, and agreements for the storage of corn. See “—The interests of our controlling shareholders may conflict with ours” and “Related Party Transactions.”

Any such transactions or agreements, even if entered into on an arm’s-length basis, create the potential for, or could result in, conflicts of interests between us and entities controlled by our direct or indirect shareholders.

Contamination of our animal nutrition products and other related risks could adversely affect us.

Our animal nutrition products are subject to product contamination or errors in the production or distribution chain. The inspection of animal feed products from production to sale is conducted throughout Brazil by the Ministry of Agriculture. If we store, sell or display animal feed products in inadequate conservation conditions, we may be subject to the following penalties: (i) warnings; (ii) fines, in amounts based on the severity of the infraction; (iii) seizure of raw materials and finished products; (iv) suspension; and (v) impediment or temporary or definitive interdiction of operations or cancellation of registration. Contamination of our animal nutrition products may result in potential recalls or the beginning of legal and administrative proceedings against us, which may adversely affect our reputation, our business, the operation of our production facilities, our financial condition and our operating results. Any damage to our reputation could have a material adverse effect on us.

In addition, our animal nutrition products have the Halal Food Certification and the Kosher Certification, issued by Cdial Halal and OK Kosher, respectively, which enables us to meet the regulatory requirements of countries with a population of predominant Islamic and Jewish faith. Any product contamination or errors in the production or distribution chain may cause us to lose these certifications and consequently prevent us from exporting animal nutrition products to Islamic and Jewish countries and/or to sell products to clients with Halal or Kosher requirements. Any of these events may negatively and adversely affect us.

We are subject to developments affecting the Brazilian agribusiness sector as a whole.

We cannot assure you that in the future, the Brazilian agribusiness sector, especially with respect to corn and biomass in the state of Mato Grosso, will maintain the rate of growth and development which it has experienced in the past years, and will not suffer losses due to unfavorable climatic conditions, reduction of the prices of the agricultural commodities in the Brazilian and international markets, or changes in credit policies for Brazilian producers, both by government agencies and private entities, that may affect our profit margins, as well as other economic and political crises that may affect the agricultural industry in general. Our business and operations are geographically concentrated in the state of Mato Grosso, Brazil. Any deterioration in the overall condition of the Brazilian agribusiness sector or downturn in the state of Mato Grosso, Brazil, may have a material adverse effect on us and on the trading price of the Notes.

We depend on our information technology systems, and any failure of these systems could adversely affect our business.

We depend on information technology systems for significant elements of our operations, including the storage of data and retrieval of critical business information. Our information technology systems may be vulnerable to damage from a variety of sources, including network failures, malicious human acts, and natural disasters. Moreover, despite network security and back-up measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses, and similar disruptive problems. Failures or significant disruptions to our information technology systems or those used by our third-party service providers could prevent us from conducting our general business operations. Any disruption or loss of information technology systems on which critical aspects of our operations depend could have an adverse effect on our business, results of operations, and financial condition.

Further, we store confidential information on our information technology systems, including information related to our products and sales. If our servers or the servers of the third party on which our data is stored are attacked by a physical or electronic break-in, computer virus or other malicious human action, our confidential information could be stolen or destroyed. Any security breach involving the misappropriation, loss or other unauthorized disclosure or use of confidential information of our suppliers, customers, or others, whether by us or a third party, could (1) subject us to civil and criminal penalties, (2) have a negative impact on our reputation, or (3) expose us to liability to our suppliers, customers, other third parties or government authorities. Any of these developments could have an adverse impact on our business, financial condition and results of operations.

Failure to adequately protect ourselves against risks relating to cybersecurity could materially and adversely affect us.

Our information systems may be vulnerable to service interruptions and security breaches by hackers and cyberterrorists, which continues to evolve in scope and sophistication, causing us to incur significant costs in our attempt to modify or enhance our protective measures against such attacks, or to investigate or remediate any

vulnerability or resulting breach. Risks related to cybersecurity incidents include but are not limited to: (i) penetration of our information technology systems by third parties, (ii) infiltration of malware and viruses into our systems, (iii) contamination of our networks and systems by third parties with whom we exchange data, (iv) unauthorized access to confidential information by persons outside the organization, and (v) cyber-attacks causing systems degradation or service unavailability that may result in business losses.

A successful cyberattack may result in unavailability of our services, leak or compromise of the integrity of information and could give rise to the loss of significant amounts of client data and other sensitive information, as well as damage to our reputation, directly affecting our clients and partners. Failures in our cybersecurity systems or our failure to prevent or identify cyber-attacks may materially and adversely affect us. We continue monitoring cyber risks related controls to ensure its effectiveness.

The loss of senior management or our inability to attract and maintain key personnel could have a material adverse effect on us.

We depend on the leadership, involvement and services of a relatively small group of our key management personnel, including our chief executive officer and other executive officers and key technical and commercial personnel. We may not be able to attract and retain qualified personnel and to find acceptable replacements with comparable skills and experience. Accordingly, the loss of the services of one or more of these individuals could have a material adverse effect on our ability to operate our business.

Additionally, our plants are located in areas distant from city capitals and urban centers, which may impose difficulties in engaging and retaining qualified personnel. If we are unable to hire and retain productive and competent personnel, we may not be able to efficiently operate our production plants and execute our business strategy, which could have a material adverse effect on our financial condition, results of operations and cash flows.

We are subject to penalties from regulatory agencies in the event of non-compliance with the terms and conditions of regulatory authorizations and sector regulations.

We perform energy generation activities and produce animal nutrition products in accordance with Brazilian regulations applicable to the oil, agriculture and energy sectors and with the terms and conditions of authorizations granted by the Brazilian government, through ANP (*Agência Nacional do Petróleo, Gás Natural e Biocombustíveis*), MAPA (*Ministério da Agricultura, Pecuária e Abastecimento*) and ANEEL (*Agência Nacional de Energia Elétrica*), respectively.

These government authorities may apply regulatory penalties to us in the event of non-compliance with the authorizations or with the respective sector regulations. Penalties may include warnings, fines (in some cases up to 2% of our revenues of the last 12 months), restrictions on our operations, temporary suspension from participating in public bidding procedures to obtain new permissions, authorizations and concessions, prohibition from contracting with governmental entities, and revocation of its authorizations, based upon the gravity of the infraction. We cannot assure that we will not be penalized by Brazilian regulatory agencies, nor can we assure you that we will comply with all terms and conditions of the authorizations and with the regulation applicable to our businesses, which may materially adversely affect our business, results of operations and financial condition.

We may not be able to satisfy all the requirements necessary to enter into new contracts or to otherwise comply with Brazilian oil, agriculture or energy regulations. Changes to Brazilian energy regulations or federal authorization programs, or the creation of more stringent criteria for qualification in future public auctions, in addition to lower prices, may adversely affect our results of operations from our cogeneration business.

Our internal controls may not successfully prevent or detect all violations of laws or our internal policies, including criminal, anti-corruption and anti-money laundering laws.

We are subject to and bound by U.S. and foreign anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act and the Brazil Clean Company Act (Law No. 12,846/2013). These and other anti-corruption laws prohibit companies and their employees, shareholders or members of management from promising, offering or making improper payments to foreign government officials, directly or indirectly, for the purpose of obtaining or retaining business and/or other benefits. Many jurisdictions have recently implemented new anti-corruption laws or are currently debating the introduction of new laws in this area.

We may be exposed to behavior and practices that are illegal and incompatible with our standards of ethics and compliance, and we may be unable to timely prevent, detect or remedy them, which may cause material adverse effects on our business, results of operations, financial condition and reputation. Despite our ongoing efforts to ensure compliance with criminal, anti-corruption laws and anti-money laundering there can be no assurance that our direct and indirect shareholders, directors, officers, employees and other third parties (including agents, suppliers and service providers) and the companies to which we outsource certain of our business operations will comply with those laws and our policies and we may be ultimately held responsible for any such non-compliance in criminal, administrative and civil domains.

If we, our direct or indirect shareholders, directors, officers, employees and other third parties (including agents, suppliers and service providers) are not in compliance with anti-corruption, anti-fraud, anti-money laundering and antitrust laws and other laws governing the conduct of business with the government, we may be subject to criminal, administrative and civil penalties, which could harm our reputation and have a material adverse impact on our business, financial condition, results of operations and prospects. Penalties may include imprisonment of individuals; fines; seizure of assets, rights and amounts illegally obtained; suspension or partial interdiction of activities; prohibition from contracting with the government or receiving tax or credit benefits or incentives; and compulsory publication of the unfavorable decision. These penalties, if applied, may adversely affect our reputation and have a material adverse impact on our business, financial condition, results of operations and prospects.

We may be unable to control all of the possible irregularities in the businesses of our suppliers or guarantee that the financial, technical, commercial and legal evaluations that we use in our selection processes will be sufficient for detecting acts of bribery, corruption or fraud practiced by those suppliers. We also may be unable to guarantee that these suppliers, or third parties related to them, will not involve themselves in irregular practices of any nature, nor that our corporate governance and risk management processes will be fail-proof.

The outbreak of highly communicable diseases worldwide, such as the global outbreak of the coronavirus (COVID-19) or other epidemics or pandemics could potentially disrupt our operations.

The COVID-19 pandemic and governmental responses thereto have had a severe impact on global and Brazilian macro-economic and financial conditions, including the disruption of supply chains and the closures or interruptions of many businesses, leading to losses of revenues, increased unemployment and economic stagnation and contraction. The COVID-19 pandemic has also resulted in materially increased volatility in both Brazilian and international financial markets and economic indicators, including inflation rates, exchange rates, interest rates and credit spreads.

Measures taken by governmental authorities worldwide, including Brazil, to stabilize markets and support economic growth was not sufficient to control future volatility or to prevent serious and prolonged reductions in economic activity. These policies and measures have influenced the behavior of the consumer market and the population in general.

While we continue to monitor any additional impacts of COVID-19 on our operations and any risks relating to the outbreak of other highly communicable diseases worldwide, we are unable to predict the extent or duration of impacts of the pandemic, as well as novel and variant strains on our results of operations. The effects of the COVID-19 or any other pandemic or epidemic on our business will depend on, among other factors, the ultimate geographic spread of the virus, the duration of the outbreak and the extent and overall economic effects of the governmental response to the pandemic. In addition, the effects of any pandemic or epidemic may exacerbate the effects of the other risk factors disclosed in this section of this offering memorandum.

The interests of our controlling shareholders may conflict with ours.

Pursuant to Law No. 6,404, of December 15, 1976, as amended, or the Brazilian Corporate Law, our controlling shareholders may elect the majority of members of our board of directors, exercise general control over management, determine our policies, sell or otherwise transfer shares held by them that represent control of our company, determine the outcome of any resolution of our shareholders, including related party transactions, corporate reorganizations, sale of all or substantially all our assets, and determine the distribution and payment of any future dividends, including for tax purposes.

In addition, we have shareholders' agreements in place, pursuant to which our controlling shareholders are entitled to vote on matters of various nature relating to our business and operations. For more information, see "Principal Shareholders."

Our controlling shareholders may wish to conduct acquisitions, sell assets, enter into partnerships, seek financing or make other corporate decisions that may conflict with our interests, and which may not improve our results of operations, adversely affecting us.

We and/or members of our management may be subject to unfavorable results in judicial, administrative or arbitration proceedings that may adversely affect our reputation and our results and financial condition.

We and members of our management are currently defendants, and may in the future become defendants, in judicial, administrative and arbitration proceedings relating to tax, civil, labor, environmental and criminal matters, among others, the results of which may not be favorable to us. We may fail to record provisions in respect of our legal contingencies and any such provisions may be insufficient to cover the full cost of all of these proceedings. In addition, we may be subject to contingencies for other reasons that require us to pay significant amounts. In the event individual or related proceedings are decided against us or members of our management (particularly proceedings involving significant amounts or related claims) and require us to pay significant monetary damages or prevent us from operating our business as planned, we may be adversely affected and suffer reputational damage. In addition, in proceedings of a criminal nature, an adverse adjudication against any member of our management may render such person unable to continue serving in his or her position at our Company and materially adversely affect us and our reputation.

We may be negatively affected by allegations against certain of our minority individual shareholders.

One of our indirect minority individual shareholders served as mayor of the city of Lucas do Rio Verde, in the state of Mato Grosso, from 2005 through 2012; another indirect minority individual shareholder served as vice-mayor of the city of Lucas do Rio Verde and was elected as mayor of the city of Lucas do Rio Verde, for a four-year term from January 2021 to December 2024, with eligibility for re-election. These individuals have been subject to judicial and administrative proceedings involving civil, criminal and administrative matters related and unrelated to their service while in public office. These legal proceedings are not related to our business and operations nor to any other direct or indirect shareholder or member of our management. Our reputation and image may be negatively affected if we are associated with adverse decisions rendered against these individuals and/or their administrations. We cannot assure you that these individuals will not hold public office again, or that other direct or indirect shareholders will not become politically exposed persons. Moreover, we cannot ensure that direct or indirect shareholders will not become party to other legal proceedings that could adversely affect our reputation and image, thereby impacting the trading price of our securities.

Risks Relating to the Notes, the Note Guarantees and this Offering

The Notes may not be a suitable investment for all investors seeking exposure to green assets.

Pursuant to the recommendation of the International Capital Markets Association Green Bond Principles, 2018 (the "Green Bond Principles"), that issuers use external assurance to confirm their alignment with the key features of the Green Bond Principles, we have engaged Sustainalytics to provide an independent second-party opinion (the "Second-Party Opinion"), in relation to the issuance of the Notes. The Second-Party Opinion is not incorporated into and does not form part of this offering memorandum.

There is currently no market consensus on what precise attributes are required for a particular energy project to be defined as "green" or "sustainable," and therefore we cannot assure you that the Eligible Green Projects will meet all investor expectations regarding environmental impact and sustainability performance. Further, no assurances can be provided that allocations to projects with these specific characteristics will be made by us with respect to an amount equal to the net proceeds from the Notes. There is no guarantee as to the environmental and/or social impacts of the Eligible Green Projects. You should determine for yourself the relevance of information contained in this offering memorandum regarding the use of proceeds from this offering.

None of the Issuer, the Initial Guarantors, the Initial Purchasers or the Trustee, makes any representation as to the suitability of the Second-Party Opinion or the Notes to fulfill such environmental and sustainability criteria. The

Second-Party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. The Second-Party Opinion is not a recommendation to buy, sell or hold the Notes and is only current as of the date that the Second-Party Opinion was initially issued.

We have agreed to certain obligations related to reporting and the use of proceeds as described under “Use of Proceeds;” however, it will not be an event of default under the indenture governing the Notes (the “Indenture”) if we fail to comply with such obligations. A withdrawal of the Second-Party Opinion or any failure by us to allocate an amount equal to the net proceeds from the offering of the Notes to Eligible Green Projects or to meet or continue to meet the investment requirements of certain environmentally focused investors with respect to the Notes may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this offering memorandum or any other report or document appended hereto.

Investors may have limited remedies if we fail to satisfy related reporting requirements and other undertakings.

Although we plan to undertake certain reporting and other obligations as described under “Use of Proceeds,” the Indenture will not include covenants or agreements requiring us to satisfy the reporting and other undertakings described under “Use of Proceeds.” As a result, it will not be an event of default under the Indenture if we fail to satisfy such reporting and other undertakings, and holders of Notes will have no remedies under the Indenture for any such failure.

The Issuer is a wholly-owned financing subsidiary company with no operations of its own, and, therefore, depends on the results of FS Ltda. to provide it with sufficient funds to make payments due on or with respect to the Notes.

The Issuer is a wholly-owned financing subsidiary domiciled in Luxembourg with no operations other than the issuing and making payments on the Notes and using the proceeds therefrom as permitted by the documents governing this issuance. Accordingly, the Issuer’s ability to pay principal, interest and other amounts due on the Notes and other debt will depend on the financial condition and cash flow generation of FS Ltda. Other than the Issuer, FS Ltda. currently has no other subsidiaries. Not all of our future subsidiaries may be required to guarantee the Notes, and the assets of any non-guarantor subsidiaries may not be available to make payments on the Notes. In addition, the Indenture may not limit or prevent any future subsidiary from entering into contracts that limit FS Ltda.’s ability to pay dividends, which could affect our ability to make payments on the Notes. In the event of an adverse change in the financial condition or cash flow generation of FS Ltda., the Issuer may not have sufficient funds to repay all amounts due on or with respect to the Notes.

The Indenture will, and other existing or future debt instruments may, impose significant operating and financial restrictions on us which may prevent us from capitalizing on business opportunities.

The Indenture will contain covenants that will, among other things, limit our ability to:

- incur additional indebtedness;
- pay dividends or make distributions or repurchase or redeem stock;
- prepay, redeem or repurchase certain indebtedness;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- enter into agreements restricting our restricted subsidiaries’ ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

These covenants will be subject to a number of exceptions and qualifications. For more details, see “Description of the Notes—Restrictive Covenants.” Notwithstanding such exceptions and qualifications, these restrictions could limit our ability to seize attractive growth opportunities for our businesses that are currently unforeseeable, particularly if we are unable to incur financing or make investments to take advantage of these opportunities.

In addition, some of our existing indebtedness also contains covenants that restrict our ability to take certain actions. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Material Financing Agreements.” The breach of any of these covenants or the failure to meet any of such conditions could result in a default under the Notes. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions and the authorizations used in our business.

There can be no assurance that we will remove the collateral provided in the indenture governing the 2025 Notes.

Although we launched on the date hereof the Tender Offer and the Consent Solicitation seeking to obtain consents from holders of at least two thirds of the aggregate outstanding principal amount of the 2025 Notes (the “Two Thirds Consent”) (not including any 2025 Notes that are held by the Issuer or any of its affiliates) to remove the collateral currently provided for the benefit of the holders of such 2025 Notes, we will only be able to remove such collateral if we obtain such Two Thirds Consent under the Tender Offer and the Consent Solicitation or, in the event that such Two Thirds Consent is not obtained, if we otherwise purchase and/or redeem the remaining outstanding 2025 Notes (if any) after the Tender Offer and the Consent Solicitation. There can be no assurance that we will be able to obtain the Two Thirds Consent under the Tender Offer and the Consent Solicitation or that we will pursue any such redemption of any remaining outstanding 2025 Notes. As of the date hereof, the outstanding aggregate principal amount of the 2025 Notes is US\$446.3 million (R\$2,235.0 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00). To the extent that the collateral provided in the indenture governing the 2025 Notes remains in effect, such indebtedness will be senior to all of our existing and future unsecured indebtedness (including the Notes offered hereby), to the extent of the value of such collateral.

Holders of Notes may be required to bear the financial risks of an investment in the Notes for a long period.

The Notes will mature on February 12, 2031. Except in limited circumstances, neither the Issuer nor the Guarantors will be under any obligation to redeem or repurchase the Notes prior to such date, although they may elect to do so in certain circumstances. Holders of Notes will have no right to call for the redemption of the Notes, and the Notes will become due and payable only in the limited circumstances relating to specified Events of Default (see “Description of the Notes—Events of Default”). Furthermore, holders of Notes may only be able to transfer their Notes at a price less than the principal amount thereof or not at all. Holders of Notes should therefore be aware that they may be required to bear the financial risks associated with an investment in long-term securities and may not recover their investment in the foreseeable future.

Despite our current indebtedness levels, we may still be able to incur substantially more debt. This could exacerbate further the risks associated with our leverage.

We may be able to incur substantial additional indebtedness, including secured indebtedness, in the future. The terms of the Indenture do not restrict us from doing so under certain circumstances. In addition, the Indenture will allow us to issue additional notes under certain circumstances, which will also be guaranteed by the Guarantors. The Indenture will also allow us to incur certain secured debt which would be effectively senior to the Notes and the Note Guarantees. In addition, the Indenture will not prevent us from incurring other liabilities that do not constitute indebtedness. If new debt or other liabilities are added to our current debt levels, the related risks that we now face could intensify.

We and the Initial Guarantors are permitted to create unrestricted subsidiaries, which will not be subject to any of the covenants in the Indenture, and we may not be able to rely on the cash flow or assets of unrestricted subsidiaries to pay our indebtedness.

The Indenture permits us to designate certain of our subsidiaries as unrestricted subsidiaries, which subsidiaries would not be subject to the restrictive covenants in the Indenture. On the issue date, we do not have any subsidiaries, but we may create subsidiaries and designate them as unrestricted subsidiaries in the future. Any unrestricted

subsidiaries are or would be able to engage in many of the activities the Indenture would otherwise prohibit, such as incurring substantial additional debt (secured or unsecured), making investments, selling, encumbering or disposing of substantial assets, entering into transactions with affiliates and entering into mergers or other business combinations. These actions could be detrimental to our ability to make payments when due and to comply with our other obligations under the terms of our outstanding indebtedness.

Accordingly, the creditors of any unrestricted subsidiary and its subsidiaries will have a structurally senior claim on the assets of such unrestricted subsidiary and its subsidiaries. Finally, the initiation of bankruptcy or insolvency proceedings or the entering of a judgment against these entities, or their default under their other credit arrangements will not result in an event of default under the Indenture.

Fraudulent conveyance laws and other laws for the protection of creditors may void the Notes and/or the Note Guarantees or subordinate the Notes and/or the Note Guarantees.

The issuance of the Notes and/or the creation of the Note Guarantees may be subject to review under applicable avoidance actions under bankruptcy and insolvency laws if we or any of the Guarantors is declared bankrupt, and this debt and/or the Note Guarantees were found to be adverse to our and/or the Guarantors' creditors and were issued and/or created with the Initial Purchasers' knowledge of our and/or the Guarantors' insolvency situation.

In addition, the issuance of the Notes and/or the creation of the Note Guarantees may be subject to review under applicable general fraudulent conveyance laws if a court were to find that at the time the Notes are issued and/or the Note Guarantees created:

- the Initial Purchasers knew or should have known that the incurrence of this debt and/or creation of the Note Guarantees caused or contributed to our and/or the Guarantors' insolvency;
- we and/or the Guarantors incurred this debt and/or created the Note Guarantees with the intent of hindering, delaying or defrauding current or future creditors; or
- we and/or the Guarantors received less than reasonably equivalent value or fair consideration for incurring this debt and/or creating the Note Guarantees;
- we or the Guarantors were insolvent or were rendered insolvent by reason of the incurrence of this debt or the creation of the Note Guarantees;
- we or the Guarantors were engaged, or about to engage, in a business or transaction for which our and/or the Guarantors' remaining assets constituted unreasonably small capital to carry on our business; or
- we or the Guarantors intended to incur, or believed that we or the Guarantors would incur, debts beyond our and/or their ability to pay these debts as they mature and/or the Note Guarantees as they become enforceable, as all of the foregoing terms are defined in or interpreted under the relevant fraudulent transfer or conveyance statutes.

In any of the foregoing cases, the court could void or subordinate the Notes and/or the Note Guarantees to our presently existing or future debt or take other actions detrimental to you.

We cannot assure you as to what standard a court would apply in order to determine whether we and/or the Guarantors were "insolvent" as of the date the Notes were issued and/or the Note Guarantees created, and we cannot assure you that, regardless of the method of valuation, a court would not determine that we and/or the Guarantors were insolvent on that date. Nor can we assure you that a court would not determine, regardless of whether we and/or the Guarantors were insolvent on the date the Notes were issued and/or the Note Guarantees created, that the payments constituted fraudulent transfers on another ground.

The Note Guarantees may also be subject to review under various laws for the protection of creditors. The Note Guarantees could also be subject to the claim that, since the Note Guarantees were incurred for our benefit, and only indirectly for the benefit of the Guarantors, the obligations of the Guarantors thereunder were incurred for less than reasonably equivalent value or fair consideration *vis-à-vis* the amount of the guaranteed obligations, or that any Note Guarantee was not in the best interest of such Guarantor. In Brazil, Brazilian law allows the granting of Note Guarantees, but in the event that any Brazilian Guarantor files for judicial reorganization or for bankruptcy, your credits related to the Note Guarantees may be subject to insolvency procedures. The liability of each Guarantor

under the Indenture will be limited to the amount that will result in its Note Guarantee not constituting a fraudulent conveyance, and there can be no assurance as to what standard a court would apply in making a determination as to what would be the maximum liability of each Guarantor.

We may be unable to make a change of control offer required by the Indenture, which would cause a default under the Indenture.

The terms of the Notes may require us to make an offer to repurchase the Notes upon the occurrence of a specified change of control. Any financing arrangements we may enter may require repayment of amounts outstanding in the event of a specified change of control event and limit our ability to fund the repurchase of your Notes in certain circumstances. It is possible that we will not have sufficient funds at the time of the specified change of control event to make the required repurchase of Notes or that restrictions in our credit facilities and other financing arrangements will not allow the repurchases. See “Description of the Notes—Repurchases at the Option of the Holders of the Notes upon Change of Control Repurchase Event.”

An active trading market for the Notes may not develop, which may hinder your ability to liquidate your investment.

The Notes constitute a new issue of securities, for which there is no existing market and there can be no assurance regarding the development of a market for the Notes, the ability of holders of the Notes to sell their Notes or the price for which such holders may be able to sell their Notes. Although application will be made for listing of the Notes offered hereby on the SGX-ST, we cannot assure you that this application will be accepted nor that a trading market for the Notes will develop. The Initial Purchasers have advised us that they intend to make a market in the notes, as permitted by applicable laws and regulations. However, the Initial Purchasers are not obligated to do so and may cease their market-making activities at any time.

In addition, recent regulatory actions by the Securities and Exchange Commission under Rule 15c2-11 of the Exchange Act may restrict the ability of brokers and dealers to publish quotations on the Notes on any interdealer quotation system or other quotation medium, which may materially adversely affect the liquidity and trading prices for the Notes. The liquidity of the trading market in the Notes and the market price quoted for the Notes may be adversely affected by changes in the overall market for fixed income securities and by changes in our financial performance or prospects or in the prospects for companies in our industry in general.

If an active trading market for the Notes does not develop or is interrupted, the market price and liquidity of the Notes may be materially adversely affected. As a result, we cannot assure you as to the liquidity of any trading market for the Notes and you may be required to bear the financial risk of your investment in the Notes until maturity.

We may redeem the Notes prior to maturity.

The Notes are redeemable at our option under certain circumstances specified in “Description of the Notes.” We may choose to redeem the Notes at times when prevailing interest rates may be relatively low. Accordingly, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

There are restrictions on the ability to resell the Notes.

The Notes and the Note Guarantees have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws that apply to the circumstances of the offer and sale. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to persons that are qualified institutional buyers as defined under Rule 144A under the Securities Act. See “Transfer Restrictions.”

The credit ratings assigned to the Note may not reflect all risks of an investment in the Notes and may be lowered, suspended or withdrawn by the rating agencies.

Ratings address the likelihood of payment of principal amount of the Notes at maturity and timely payment of interest on each interest payment date. The credit ratings of the Notes may change after we issue the Notes. Such ratings are limited in scope and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies.

The ratings of the Notes are not a recommendation to purchase, hold or sell the Notes, and the ratings do not comment on market price or suitability for any particular investor. We cannot assure you that the rating of the Notes will remain for any given period of time or that the rating will not be lowered or withdrawn. The assigned ratings may be raised or lowered depending, among other factors, on the rating agencies' respective assessment of our financial strength.

In addition, credit ratings impact the interest rates we pay on funds that we borrow and the market's perception of our financial strength. If the ratings on the Notes were reduced and the market were to perceive any such reduction as a deterioration of our financial strength, our cost of borrowing would likely increase and our profit (loss) could decrease, all of which could have a material adverse effect on us.

The Issuer is incorporated in Luxembourg, and Luxembourg law differs from U.S. law and may afford less protection to holders of the Notes.

Holders of the Notes may have more difficulty protecting their interests than would security holders of a corporation incorporated in a jurisdiction of the United States. The Issuer is incorporated under and subject to Luxembourg law. Luxembourg law differs in some material respects from laws generally applicable to U.S. corporations and security holders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, security holder lawsuits and indemnification of directors.

Under Luxembourg law, the duties of directors or managers of a company are generally owed to the company only. Holders of Notes issued by Luxembourg companies generally do not have rights to take action against directors or managers of the company, except in limited circumstances. Directors or managers of a Luxembourg company, in exercising their powers and performing their duties, must act in good faith and in the interests of the company as a whole and must exercise due care, skill and diligence. Directors or managers have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict, and also are under a duty to disclose any personal interest in any contract or arrangement with the company or any of its subsidiaries. If a director or manager of a Luxembourg company is found to have breached his or her duties to that company, he or she may be held personally liable to the company in respect of that breach of duty. A director or manager may be jointly and severally liable with other directors or managers implicated in the same breach of duty.

We cannot assure you that it would be possible to effect service of process upon us within the United States or other jurisdictions outside the jurisdiction of incorporation of the Issuer or any Guarantor, or to enforce against us judgments obtained in the United States or other jurisdictions other than the jurisdiction of incorporation of the Issuer or relevant Guarantor or to enforce the Notes or the Note Guarantees in an expedited manner.

The Issuer is organized under the laws of Luxembourg and the Initial Guarantors are incorporated under the laws of Brazil. None of the Issuer or the Initial Guarantors have any assets in the United States. All or a majority of the members of our advisory board (such expression includes for the avoidance of doubt any *gérant* of the Issuer) and executive officers of the Issuer and the Initial Guarantors are nonresidents of the United States and all or a majority of their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Initial Guarantors or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, the Issuer cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in Luxembourg.

However, a final conclusive judgment for payment of a determined sum of money rendered by any court in the United States in respect of the Notes would be recognized in the courts of Brazil and such courts would enforce such judgment without any retrial or reexamination of the merits of the original action to the extent such judgment is ratified by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*) as long as they fulfil the legal requirements, according to Chapter VI of the Brazilian Code of Civil Procedure.

Judgments of Brazilian courts enforcing our obligations under the Notes or the Guarantors' obligations under the Note Guarantees would be payable only in reais.

If proceedings were brought in Brazil seeking to enforce our obligations under the Notes or a Guarantors' obligations under the Note Guarantees, we would not be required to discharge our obligations in a currency other than *reais*. Any judgment obtained against us, a Guarantor or the Company in Brazilian courts in respect of any payment obligations under the Notes or the Note Guarantees will be expressed in *reais* equivalent to the U.S. dollar amount of such payment at the exchange rate published by the Central Bank on (1) the date of actual payment, (2) the date on which such judgment is rendered or (3) the actual due date of the obligations, in which case the amount would be subject to a monetary adjustment as determined by the relevant court. There can be no assurance that such rate of exchange will afford you full compensation of the amount invested in the Notes plus accrued interest. For further information, see "Enforceability of Civil Liabilities."

Exchange controls in Brazil may affect our ability to make money remittances outside Brazil in respect of the Note Guarantees.

Under existing regulations, Brazilian companies are not required to obtain authorization from the Central Bank in order to make payments in U.S. dollars outside Brazil under guarantees, such as to the holders of the Notes. We cannot assure you that these regulations will continue to be in force at the time we may be required to perform our payment obligations under the Note Guarantees. If these regulations or their interpretation are modified and an authorization from the Central Bank is required, we would be obligated to seek an authorization from the Central Bank to transfer the amounts under the Note Guarantee out of Brazil or, alternatively, make such payments with funds held by us outside Brazil. We cannot assure you that such an authorization will be obtained or that such funds will be available.

Brazilian bankruptcy laws may be less favorable than bankruptcy and insolvency laws in other jurisdictions.

If we are unable to pay our debt, including our obligations under the Note Guarantees, then we may become subject to bankruptcy proceedings in Brazil. The bankruptcy laws of Brazil currently in effect are significantly different from, and may be less favorable to creditors than, those of certain other jurisdictions.

For example, in Brazil holders of Notes may have limited voting rights at creditors' meetings in the context of a court reorganization proceeding. In addition, any judgment obtained against us in Brazilian courts in respect of any payment obligations under the Note Guarantee normally would be expressed in the *real* equivalent of the U.S. dollar amount of such sum at the exchange rate in effect (1) on the date of actual payment, (2) on the date on which such judgment is rendered, or (3) on the date on which collection or enforcement proceedings are started against us. Consequently, in the event of our bankruptcy, all of our debt obligations that are denominated in foreign currency,

including the Note Guarantee, will be converted into *reais* at the prevailing exchange rate on the date of declaration of our bankruptcy by the court. We cannot assure you that such rate of exchange will afford full compensation of the amount invested in the Notes plus accrued interest.

Brazilian law allows the granting of guarantees of notes such as the Note Guarantees, but in the event that any Brazilian Guarantor files for judicial reorganization proceedings or bankruptcy, any debts owed to creditors may be subject to such insolvency procedures.

Payments under the Note Guarantees may be subject to taxation and/or withholding in Brazil.

Under applicable Brazilian laws, payments of interest or other amounts by any Brazilian Guarantor, including the Initial Guarantors, on any Note Guarantee may be subject to taxation and/or withholding in Brazil. See “Taxation—Brazilian Taxation.”

USE OF PROCEEDS

Our net proceeds from this offering are expected to be US\$487.9 million (or R\$2,443.3 million using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00).

We intend to allocate an amount equivalent to the net proceeds from the sale of the Notes to finance or refinance (i) Eligible Green Projects, including to fund the concurrent Tender Offer and Consent Solicitation (see “Summary—Recent Developments—Concurrent Tender Offer and Consent Solicitation for the 2025 Notes”) and (ii) capital expenditures related to the production of corn ethanol and operational expenditures related to the purchase of Eligible Green Projects for ethanol production. Affiliates of the Initial Purchasers may hold an interest in the 2025 Notes that are the subject of the concurrent Tender Offer and Consent Solicitation and that will be repurchased with the proceeds of this offering. Because affiliates of the Initial Purchasers may receive a portion of the proceeds from this offering, the Initial Purchasers may be deemed to have a “conflict of interest” with us. See “Plan of Distribution—Relationships with the Initial Purchasers.”

The Green Bond Principles (2018) are voluntary process guidelines for the issuance of green bonds, developed by a committee of issuers, investors and other participants in the social, green and sustainability bond markets, with the International Capital Market Association acting as Secretariat. We have obtained an opinion from Sustainalytics, a consultant with recognized environmental and social expertise, on the environmental benefits of the use of proceeds described herein, as well as its alignment to the Climate Bonds Initiative (the “Second Party Opinion”). We believe the process described below is in alignment with the Climate Bonds Initiative.

Eligible Green Projects

Eligible Green Projects means projects related to bioenergy, which are projects related to production of hydrous and anhydrous corn-ethanol biofuel, including:

- i. capital expenditures for development, construction, operation and maintenance of biofuel production facilities; or
- ii. operational expenditures for purchase of corn feedstock for biofuel production.

The amounts allocated to Eligible Green Projects will include (i) capital expenditures disbursed up to 12 months prior to the date of issuance of the Notes or after the date of issuance of the Notes, and (ii) operational expenditures incurred after the date of issuance of the Notes.

Project Evaluation and Selection

All projects developed by us are approved by our advisory board for budget approval, supported by the project’s financial viability and alignment to our strategy. We apply environmental and social verification and assessment processes to procure corn and biomass feedstock.

We have created an internal Sustainability Committee to oversee the evaluation and selection of Eligible Green Projects. This Sustainability Committee will nominate potential Eligible Green Projects as follows:

- identify projects that comply with the eligibility criteria as described above;
- confirm the identified projects’ alignment with our environmental and social risk mitigation processes; and
- recommend, on an annual basis, a list of potential Eligible Green Projects to our Finance Department for final approval.

In case certain projects no longer meet the eligibility criteria described above, the Sustainability Committee will recommend the replacement of such projects with alternative potential Eligible Green Projects.

Management of Proceeds

Our Finance Department will manage the proceeds from the offering of the Notes and will allocate an amount equal to the net proceeds to Eligible Green Projects. Our Finance Department has established an internal management system that will track the allocation of proceeds to such projects.

Pending allocation to Eligible Green Projects, proceeds will be invested in bank certificates of deposit (CDB) or equivalent investment instruments.

Payment of principal of and interest on the Notes will be made from our general funds and will not be directly linked to the performance of any Eligible Green Projects.

Reporting

Annually, until all the proceeds have been fully allocated, and on a timely basis in case of material developments, we will make and keep readily available information on the amount allocated to the two Eligible Green Project categories (described above). Such information will be made publicly available on a yearly basis in our annual sustainability report, which is available on our investor relations website (www.fs.agr.br/ri). The information contained on or available through this website is not a part of, nor is it incorporated by reference into, this offering memorandum.

Our annual sustainability report will include descriptions of Eligible Green Projects, amounts allocated for bioenergy, date of funding, and any applicable exchange rates. The report will be accompanied by an assertion by management that an amount equal to the net proceeds of this offering were allocated to Eligible Green Projects and a report by a qualified independent external reviewer in respect of its examination of management's assertion. The report will include impact metrics covering our overall operations, such as the carbon intensity of ethanol production and the volume of biofuels produced. Whenever feasible, the report may also include qualitative and quantitative information about the impact of Eligible Green Projects.

None of the Initial Purchasers, their respective affiliates nor any of their respective employees, representatives or agents make any assurances as to, nor are they responsible for, (i) whether the Notes will meet the criteria and expectations of investors regarding environmental impact and sustainability performance, (ii) whether an amount equal to the net proceeds will be allocated to Eligible Green Projects, (iii) the characteristics of the Eligible Green Projects, including their environmental and sustainability criteria, or (iv) the suitability of the Second-Party Opinion or the Notes to fulfill such environmental and sustainability criteria.

None of the Initial Purchasers, their respective affiliates nor any of their respective employees, representatives or agents has undertaken, nor are they responsible for, any assessment of the Eligible Green Projects, any verification of whether the Eligible Green Projects meet the eligibility criteria of FS's Green Bond Framework or any monitoring of the use of proceeds or to monitor, determine or verify the Issuer's sustainability performance. The Green Bond Framework and the Second-Party Opinion are not incorporated into and do not form part of this offering memorandum. The Notes may not satisfy an investor's requirements or any current or future legal, quasi-legal or industry standards for investment in assets with sustainability or other sustainability-related characteristics. Investors should conduct their own assessment of the Notes from a sustainability or other ESG perspective.

CAPITALIZATION

The table below sets forth our current and non-current loans and borrowings, net parent investment and total capitalization (i) on an actual basis as of September 30, 2023; (ii) as adjusted to give effect to (a) the payment of dividends to our shareholders in the amount of R\$20.5 million on October 3, 2023; (b) to reflect receipt by us of the net proceeds from the offering of Agribusiness Receivables Certificates on December 14, 2023, in the amount of R\$915.9 million (recorded under non-current loans and borrowings) (which amounts to US\$182.9 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00); (c) the disbursement of loan proceeds in the amount of R\$250.0 million (which amounts to US\$49.9 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00) under the power purchase agreement with XP Comercializadora de Energia S.A.; (d) the disbursement of loan proceeds in the amount of R\$102.9 million (which amounts to US\$20.5 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00) under loan agreement with Financiadora de Estudos e Projetos – FINEP; and (e) repurchased and cancelled 2025 Notes in the aggregate amount of R\$191.2 million (US\$38.2 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00) (of which R\$191.2 million are recorded under non-current loans and borrowings), (iii) as further adjusted to reflect receipt by us of the net proceeds from the offering of Agribusiness Receivables Certificates on January 22, 2024, estimated to be R\$795.1 million (which amounts to US\$158.8 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00); and (iv) as further adjusted for this offering to reflect receipt by us of the net proceeds from the offering of the Notes (after the deduction of estimated expenses and commissions payable by us) estimated to be US\$487.9 million (which amounts to R\$2,443.3 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00), without considering the intended use of the proceeds as described in “Use of Proceeds.”

The information set forth below in the column “Actual” derives from the unaudited condensed combined interim financial information.

You should read the table below in conjunction with “Presentation of Financial and Certain Other Information,” “Selected Financial and Operating Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements included elsewhere in this offering memorandum.

	As of September 30, 2023		As adjusted ⁽²⁾		As further adjusted ⁽³⁾		As further adjusted for this offering ⁽⁴⁾	
	(in millions of US\$) ⁽¹⁾	(in millions of R\$)	(in millions of US\$) ⁽¹⁾	(in millions of R\$)	(in millions of US\$) ⁽¹⁾	(in millions of R\$)	(in millions of US\$) ⁽¹⁾	(in millions of R\$)
Current loans and borrowings ⁽⁵⁾	851.6	4,264.5	851.6	4,264.5	851.6	4,264.5	851.6	4,264.5
Non-current loans and borrowings ⁽⁶⁾	1,243.7	6,227.8	1,458.9	7,305.5	1,617.7	8,100.5	2,105.6	10,543.9
Total loans and borrowings	2,095.3	10,492.3	2,310.5	11,570.0	2,469.3	12,365.0	2,957.2	14,808.4
Total net parent investment	8.7	43.4	4.6	22.9	4.6	22.9	4.6	22.9
Total capitalization⁽⁷⁾	2,103.9	10,535.7	2,315.1	11,592.8	2,473.9	12,387.9	2,961.8	14,831.2

- (1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars using the U.S. dollar selling rate as of September 30, 2023 of R\$5.0076 to US\$1.00, as reported by the Central Bank.
- (2) As adjusted to give effect to (a) the payment of dividends to our shareholders in the amount of R\$20.5 million on October 3, 2023; (b) to reflect receipt by us of the net proceeds from the offering of Agribusiness Receivables Certificates on December 14, 2023, in the amount of R\$915.9 million (recorded under non-current loans and borrowings) (which amounts to US\$182.9 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00); (c) the disbursement of loan proceeds in the amount of R\$250.0 million (which amounts to US\$49.9 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00) under the power purchase agreement with XP Comercializadora de Energia S.A.; (d) the disbursement of loan proceeds in the amount of R\$102.9 million (which amounts to US\$20.5 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00) under loan agreement with Financiadora de Estudos e Projetos – FINEP; and (e) repurchased and cancelled 2025 Notes in the aggregate amount of R\$191.2 million (US\$38.2 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00) (of which R\$191.2 million are recorded under non-current loans and borrowings). For more information, see “Summary—Recent Developments.”
- (3) As further adjusted to this offering to reflect receipt by us of the net proceeds from the offering of Agribusiness Receivables Certificates on January 22, 2024, estimated to be R\$795.1 million (which amounts to US\$158.8 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00). For more information, see “Summary—Recent Developments—Issuance of Agribusiness Receivables Certificates.”
- (4) As further adjusted to reflect receipt by us of the net proceeds from the offering of the Notes (after the deduction of estimated expenses and commissions payable by us) estimated to be US\$487.9 million (which amounts to R\$2,443.3 million, using the U.S. dollar selling rate

reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00), without considering the intended use of the proceeds as described in "Use of Proceeds."

- (5) Amounts of our loans and borrowings maturing within 12 months.
- (6) Amounts of our loans and borrowings maturing after 12 months.
- (7) Total capitalization represents the sum of our current and non-current loans and borrowings and net parent investment.

Other than as described in this section, there has been no material change in our capitalization since September 30, 2023.

SELECTED FINANCIAL AND OPERATING INFORMATION

The tables below present a summary of our financial and other information derived from (1) the unaudited condensed combined interim financial information, (2) the 2023 audited combined financial statements, and (3) the 2022 audited financial statements.

You should read and analyze the information below in conjunction with the financial statements and related notes included elsewhere in this offering memorandum, as well as the sections “Presentation of Financial and Certain Other Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Statements of Income Data

The following table sets forth certain of our statements of income data for each of the periods presented:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$)</i>				
Statements of Income Data:					
Net revenue	3,824.7	3,793.3	7,550.5	6,635.3	3,107.7
Cost of goods sold	(2,785.5)	(2,319.6)	(5,021.5)	(3,612.8)	(1,724.5)
Gross profit	1,039.2	1,473.7	2,529.0	3,022.5	1,383.2
Operational expenses:					
Selling expenses	(528.3)	(383.4)	(794.8)	(453.8)	(255.3)
Administrative expenses	(93.0)	(67.9)	(164.2)	(111.8)	(62.1)
Other operating results	66.8	294.0	674.2	35.1	14.9
Profit before net finance costs and taxes	484.6	1,316.4	2,244.2	2,491.9	1,080.7
Finance income	420.8	813.6	1,078.3	569.4	268.6
Finance costs	(1,279.6)	(992.5)	(2,023.7)	(1,923.7)	(600.4)
Foreign exchange rate variations, net	56.3	(413.7)	(206.7)	589.1	(302.8)
Net finance costs	(802.5)	(592.6)	(1,152.1)	(765.3)	(634.6)
Profit (loss) before income and social contribution taxes	(317.9)	723.9	1,092.1	1,726.7	446.1
Current income and social contribution taxes	10.4	(199.9)	(285.6)	(454.2)	-
Deferred income and social contribution taxes	167.4	(5.4)	12.2	(68.4)	(125.0)
Income tax incentives	(5.7)	23.1	58.7	281.0	-
Profit (loss) for the period	(145.8)	541.6	877.4	1,485.1	321.1

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.

Statements of Financial Position Data

The following table sets forth certain of our statements of financial position data as of each date presented:

	As of September 30,	As of March 31,		
	2023	2023	2022	2021
	(in millions of R\$)			
Assets				
Current assets	9,046.0	8,801.1	3,675.2	1,832.6
Non-current assets	6,628.0	5,641.6	6,663.5	6,315.9
Total assets	15,674.0	14,442.6	10,338.8	8,148.5
Liabilities				
Current liabilities	8,830.1	6,087.0	2,127.3	1,141.2
Non-current liabilities	6,800.4	7,618.9	7,663.6	6,770.8
Total liabilities	15,630.6	13,705.9	9,790.9	7,912.0
Net parent investment				
Total net parent investment⁽¹⁾	43.4	736.8	547.8	236.5
Total liabilities and net parent investment⁽²⁾	15,674.0	14,442.6	10,338.8	8,148.5

(1) Represents equity for the years ended March 31, 2022 and 2021.

(2) Represents total liabilities and equity for the years ended March 31, 2022 and 2021.

Other Financial and Operating Information

The following table sets forth certain financial and operating information for each of the periods indicated:

		For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	Unit	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
Key operating data:						
Installed anhydrous ethanol production capacity.....	MLPY	2,153.3	1,493.4	1,502.5	1,428.5	1,369.8
Corn crushed	thousand tons	2,246.9	1,588.2	3,315.5	3,276.6	2,566.5
Ethanol produced	million liters	452.6	320.0	1,455.2	1,425.5	1,110.6
DDG Products produced	thousand tons	976.7	701.5	1,224.9	1,221.5	934.1
Corn Oil produced.....	thousand tons	36.8	23.1	50.0	44.6	33.5
Ethanol sold	million liters	869.2	659.6	1,456.2	1,415.8	1,108.4
DDG Products sold	thousand tons	803.0	633.4	1,224.4	1,198.4	919.4
Corn Oil sold.....	thousand tons	33.5	22.8	49.9	44.6	33.5
Corn marketing	thousand tons	734.1	493.1	636.1	391.4	222.6
Energy sold	thousand MWh	44.4	27.2	236.8	182.4	150.8
Key financial data:						
Total revenue from segments ⁽²⁾	R\$ million	3,322.6	3,428.4	6,800.2	6,211.0	2,874.7
Ethanol anhydrous	R\$ million	1,374.0	1,209.2	2,505.0	2,239.0	796.1
Ethanol hydrous	R\$ million	841.8	916.6	1,845.5	2,420.1	1,326.9
Ethanol segment	R\$ million	2,215.8	2,125.8	4,350.6	4,659.0	2,123.0
High protein	R\$ million	327.8	306.5	623.3	621.1	309.6
High fiber	R\$ million	182.9	181.3	354.2	246.4	128.9
Wet cake.....	R\$ million	117.6	104.9	194.1	93.8	43.2
Corn oil	R\$ million	127.6	150.8	296.0	252.3	115.9
Animal nutrition segment	R\$ million	755.9	743.5	1,467.6	1,213.6	597.8
Energy.....	R\$ million	8.4	5.4	42.8	49.7	29.9
Steam ⁽³⁾	R\$ million	2.8	2.1	n/a	n/a	n/a
Total energy segment ⁽³⁾	R\$ million	11.3	7.5	42.8	49.7	29.9
Others ⁽³⁾	R\$ million	n/a	n/a	4.0	3.0	4.1
Total revenue from industrial segments	R\$ million	2,983.0	2,876.8	5,865.0	5,925.3	n/a
Corn ⁽⁴⁾	R\$ million	326.5	538.5	935.3	285.6	119.9
Ethanol	R\$ million	1.8	-	n/a	n/a	n/a

	Unit	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
		2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
Energy ⁽³⁾	R\$ million	11.3	13.1	n/a	n/a	n/a
Total revenue from marketing segments	R\$ million	339.5	551.6	n/a	n/a	n/a
Total revenue from segments	R\$ million	3,332.6	3,428.4	6,800.2	6,211.0	2,874.7
Freight on sales	R\$ million	502.1	364.9	424.3	233.1	364.9
Net revenue	R\$ million	3,824.7	3,793.3	7,550.5	6,635.3	3,107.7
Profit before net finance costs and taxes	R\$ million	484.6	1,316.4	2,244.2	2,491.9	1,080.7
Net cash generated by (used in):						
Operating activities	R\$ million	1,620.3	496.3	320.8	1,449.6	67.3
Investing activities	R\$ million	1,092.0	(1,980.4)	(2,032.5)	(1,365.9)	(3,651.5)
Financing activities	R\$ million	(2,251.8)	1,340.5	1,349.7	708.6	4,222.7
Key non-GAAP/non-IFRS measures:						
Corn Ethanol Production Cost per liter ⁽⁵⁾	R\$/liter	2.04	1.30	1.43	1.49	0.89
Maintenance Capex per liter ⁽⁶⁾	R\$/liter	0.01	0.02	0.01	0.03	0.00
EBITDA ⁽⁷⁾	R\$ million	595.9	1,383.4	2,392.1	2,621.8	1,160.1
EBITDA Margin ⁽⁷⁾	%	15.6	36.5	31.7	39.5	37.3
EBITDA per liter ⁽⁸⁾	R\$/liter	0.69	2.10	1.64	1.85	1.05
Net Debt ⁽⁹⁾	R\$ million	4,945.8	4,615.2	4,842.1	3,041.6	2,972.1
EBITDA LTM ⁽⁷⁾⁽¹⁰⁾	R\$ million	1,604.7	2,861.8	2,392.1	2,621.8	1,160.1
Net Debt/EBITDA Ratio ⁽⁹⁾		3.08x	1.61x	2.02x	1.16x	2.56x
Net Debt/EBITDA LTM Ratio ⁽⁹⁾		3.08x	1.61x	n.a	n.a	n.a
EBIT ⁽¹¹⁾	R\$ million	484.6	1,316.4	2,244.2	2,491.9	1,080.7
EBIT Margin ⁽¹¹⁾	%	12.7	34.7	29.7	37.6	34.8
Maintenance Capex ⁽¹²⁾	R\$ million	13.2	16.4	17.3	49.4	0.3
EBITDA <i>Minus</i> Maintenance Capex ⁽⁷⁾⁽¹²⁾	R\$ million	582.7	1,367.0	2,374.8	2,572.4	1,159.7
EBITDA <i>Minus</i> Maintenance Capex per liter ⁽¹²⁾	R\$/liter	1.56	1.92	1.56	1.80	1.02
Growth Capex ⁽¹³⁾	R\$ million	646.0	1,009.0	2,099.4	511.2	749.1
Changes in Working Capital ⁽¹⁴⁾	R\$ million	1,129.0	(688.9)	(1,162.9)	(881.9)	(453.3)

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (2) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties).
- (3) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, the energy segment is comprised by sale of energy and steam from our industrial activities. In the 2023 audited combined financial statements, the energy segment was comprised only by sales and resales of energy, and revenue from the sale of steam was recorded under the “Others” segment. In the 2022 audited financial statements, the energy segment was previously referred to as “energy co-generation.”
- (4) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, revenue from resale of corn is recorded under the Marketing segment. Revenue from resale of corn was previously recorded under “Corn marketing” in the 2023 audited combined financial statements and “Corn resale” in the 2022 audited financial statement.
- (5) “Corn Ethanol Production Cost” per liter is calculated as (i) the sum of (x) our cost of goods sold, selling and administrative costs and expenses for the applicable period *plus* (y) Maintenance Capex *minus* (z) Co-Products Revenue, *divided by* (ii) liters of ethanol sold for such period. We calculate our Corn Ethanol Production Cost to provide information that we believe is useful to compare us with our competitors and certain sugarcane ethanol producers.
- (6) Maintenance Capex per liter is calculated for the applicable period as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations *divided by* liters of ethanol sold.
- (7) EBITDA (earnings before interest, taxes, depreciation, and amortization) is a non-GAAP and non-IFRS measure prepared by us in accordance with CVM Resolution No. 156, dated June 23, 2022, as amended, or CVM Resolution No. 156. We calculate EBITDA as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and

amortization. We calculate EBITDA Margin as EBITDA *divided by* net revenue. For further information on EBITDA and EBITDA Margin, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—EBITDA and EBITDA Margin” and for a reconciliation of EBITDA and EBITDA Margin to profit (loss), see “Selected Financial and Operating Information.”

- (8) EBITDA per liter is calculated as EBITDA *divided by* liters of ethanol sold.
- (9) Net Debt is a non-GAAP and non-IFRS measure calculated as (i) debt, which is calculated as the sum of current and non-current loans and borrowings, which does not include loans with related parties, less (ii) cash and cash equivalents, restricted cash, and financial investments (current and non-current), in each case as set forth in the financial statements. Net Debt/EBITDA Ratio as of March 31, 2023, 2022 and 2021 is calculated by dividing (1) Net Debt at the end of the applicable year by (2) EBITDA for the corresponding fiscal year. Net Debt/EBITDA LTM Ratio is calculated as Net Debt as of September 30, 2023 and 2022 divided by EBITDA LTM for the twelve-month period ended September 30, 2023 and 2022, respectively. We use Net Debt, in conjunction with EBITDA, as a financial indicator to assess our solvency and ability to meet our obligations, including certain covenants under our debt instruments. Net Debt is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. For further information on Net Debt, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Net Debt and Net Debt/EBITDA Ratio” and for the calculation of our Net Debt, see “Selected Financial and Operating Information.”
- (10) We calculate EBITDA LTM for the twelve-month period ended September 30, 2023 as EBITDA for the year ended March 31, 2023 *plus* EBITDA for the six-month period ended September 30, 2023 *minus* EBITDA for the six-month period ended September 30, 2022. We calculate EBITDA LTM for the twelve-month period ended September 30, 2022 as EBITDA for the year ended March 31, 2022 *plus* EBITDA for the six-month period ended September 30, 2022 *minus* EBITDA for the six-month period ended September 30, 2021. For a reconciliation of EBITDA LTM to profit (loss), see “Selected Financial and Operating Information.”
- (11) We calculate EBIT as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives). We calculate EBIT Margin as EBIT *divided by* net revenue. For further information on EBIT and EBIT Margin, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—EBIT and EBIT Margin” and for a reconciliation of our EBIT and EBIT Margin to profit (loss), see “Selected Financial and Operating Information.”
- (12) We calculate Maintenance Capex as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations. EBITDA *Minus* Maintenance Capex is a non-GAAP and non-IFRS measure calculated as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization *minus* Maintenance Capex. EBITDA *Minus* Maintenance Capex is used by our management as an overall business performance indicator that is not affected by changes in interest rates, income tax and social contribution, depreciation and amortization and certain investments in the business. Certain financial analysts, investors and rating agencies use our EBITDA *Minus* Maintenance Capex as an indicator of our operating performance and cash flow generation. EBITDA *Minus* Maintenance Capex per liter is calculated as EBITDA *Minus* Maintenance Capex *divided by* liters of ethanol sold. For further information on Maintenance Capex, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Maintenance Capex, Maintenance Capex per liter, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter” and for a reconciliation of our EBITDA *Minus* Maintenance Capex to profit (loss), see “Selected Financial and Operating Information.”
- (13) Growth Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items in the note to the financial statements entitled “Property, plant and equipment”: Land, Construction in progress, Advance to suppliers and Right of use. For further information on Growth Capex, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Growth Capex” and for the calculation of our Growth Capex, see “Selected Financial and Operating Information.”
- (14) We define Changes in Working Capital for the applicable period as (i) net cash (used in) from operating activities less (ii) net profit (loss) for the year adjusted by (iii) depreciation and amortization, (iv) current and deferred income tax, net of tax incentives, (v) adjustment to present value, (vi) income from financial investments, (vii) provision for interest on loans and borrowings, (viii) adjustment to fair value, including adjustment to fair value related to derivative financial instruments and adjustment to fair value related to biological assets (bamboo), (ix) expected losses on credits / Reversal losses on credits, (x) gain on sale of assets, and (xi) foreign exchange rate (gains) or losses. For further information on Changes in Working Capital, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Changes in Working Capital” and for a reconciliation of Changes of Working Capital to net cash (used in) from operating activities, see “Selected Financial and Operating Information.”

n/a: not applicable.

Reconciliation of EBITDA, EBITDA Margin, EBIT, EBIT Margin, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter to Profit (Loss)

The table below sets forth the reconciliation of EBITDA, EBITDA Margin, EBIT, EBIT Margin, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter to profit (loss) for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$)</i>				
Net revenue	3,824.7	3,793.3	7,550.5	6,635.3	3,107.7
Profit/(loss) for the period	(145.8)	541.6	877.4	1,485.1	321.1
Net finance cost	802.5	592.6	945.4	1,354.3	331.8
(+) Income tax and social contribution (including income tax incentives)	(172.0)	182.3	214.7	241.6	125.0
EBIT ⁽²⁾	484.6	1,316.4	2,244.2	2,491.9	1,080.7
(+) Depreciation and amortization	111.3	67.0	147.9	129.8	79.4
EBITDA ⁽³⁾	595.9	1,383.4	2,392.1	2,621.8	1,160.1
(-) Maintenance Capex ⁽⁴⁾	(13.2)	(16.4)	(17.3)	(49.4)	(0.3)
EBITDA <i>Minus</i> Maintenance Capex ⁽⁵⁾	582.7	1,367.0	2,374.8	2,572.4	1,159.7
EBIT Margin ⁽²⁾	12.7%	34.7%	29.7%	37.6%	34.8%
EBITDA Margin ⁽³⁾	15.6%	36.5%	31.7%	39.5%	37.3%
Ethanol sold (million liters)	869.2	659.6	1,456.2	1,415.8	1,108.4
EBITDA <i>Minus</i> Maintenance Capex per liter (R\$/liter) ⁽⁵⁾	1.56	1.92	1.56	1.80	1.02

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (2) EBIT and EBIT Margin are non-GAAP and non-IFRS measures. We calculate EBIT as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives). We calculate EBIT Margin as EBIT *divided by* net revenue. EBIT and EBIT Margin are not measures of our cash flow, liquidity or debt payment capacity; however, they are used by our management as overall business performance indicators that are not affected by changes in interest rates or income tax and social contribution. EBIT and EBIT Margin have limitations that affect their use as profitability measures, as they do not consider finance income and costs or income tax, which affect our profit (loss). EBIT and EBIT Margin as calculated by us may not be comparable with EBIT and EBIT Margin as calculated by other companies. See “Presentation of Financial and Other Information.”
- (3) EBITDA is a non-GAAP and non-IFRS measure prepared by us in accordance with CVM Resolution No. 156, dated June 23, 2022, as amended, or CVM Resolution No. 156. We calculate EBITDA as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization; and we calculate EBITDA Margin as EBITDA *divided by* net revenue. EBITDA is not a measure of our cash flow, liquidity or debt payment capacity; however, it is used by our management as overall business performance indicator that is not affected by changes in interest rates or income tax and social contribution or depreciation and amortization. EBITDA has limitations that affect its use as a profitability measure, as it does not consider depreciation and amortization expenses, financial income and expenses nor taxes, which affect our net income (loss). EBITDA as calculated by us may not be comparable with EBITDA as calculated by other companies. See “Presentation of Financial and Other Information.”
- (4) Maintenance Capex is a non-GAAP measure calculated as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations.
- (5) EBITDA *Minus* Maintenance Capex is a non-GAAP and non-IFRS measure calculated as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization *minus* Maintenance Capex. We calculate Maintenance Capex as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations. EBITDA *Minus* Maintenance Capex is used by our management as an overall business performance indicator that is not affected by changes in interest rates, income tax and social contribution, depreciation and amortization and certain investments in the business. Certain financial analysts, investors and rating agencies use our EBITDA *Minus* Maintenance Capex as an indicator of our operating performance and cash flow generation. EBITDA *Minus* Maintenance Capex is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. See “Presentation of Financial and Other Information.”

Calculation of Growth Capex, Maintenance Capex and Maintenance Capex per liter

The table below sets forth the calculation of Maintenance Capex and Growth Capex for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Year Ended March 31,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$, except otherwise indicated)</i>				
Land	–	0.8	10.7	0.3	61.4
Construction in progress	412.3	478.4	1,214.7	257.6	676.8
Advance to suppliers	34.1	494.1	668.5	136.3	–
Right of use	199.6	35.6	205.5	117.1	32.5
Growth Capex⁽²⁾	646.0	1,009.0	2,099.4	511.2	749.1
Buildings	3.6	1.4	4.6	1.2	–
Machinery and equipment	7.0	9.9	3.8	12.3	0.3
Furniture and computers	1.1	2.6	4.8	4.4	0.1
Vehicles	–	–	–	1.3	–
Airplane	–	1.0	1.0	28.2	–
Installations	1.5	1.5	3.0	2.0	–
Maintenance Capex⁽³⁾	13.2	16.4	17.3	49.4	0.3
Ethanol sold (million liters)	869.2	659.6	1,456.2	1,415.8	1,108.4
Maintenance Capex per liter (R\$/liter)⁽³⁾	0.02	0.02	0.01	0.03	0.00

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (2) Growth Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items in the note to the financial statements entitled “Property, plant and equipment”: Land, Construction in progress, Advance to suppliers and Right of use. Growth Capex is used by our management as an overall indicator of the amount of cash used in the expansion of our operating activities compared to Maintenance Capex, providing visibility to the market on investments in certain property, plant and equipment. Growth Capex is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies.
- (3) Maintenance Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations. Maintenance Capex per liter is calculated as Maintenance Capex *divided by* liters of ethanol sold.

Calculation of Net Debt, Net Debt/EBITDA Ratio and Net Debt/EBITDA LTM Ratio

The table below sets forth the calculation of Net Debt, Net Debt/EBITDA Ratio and Net Debt/EBITDA LTM Ratio as of the dates and for the periods indicated:

	As of and for the twelve-Month Period Ended September 30,		As of and for the Fiscal Year Ended March 31,		
	2023 ⁽¹⁾	2022	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$)</i>				
Cash and cash equivalents.....	1,814.0	1,589.9	1,374.9	1,719.2	948.6
Financial investments.....	1,243.8	97.0	3,109.1	216.6	97.7
Restricted cash.....	2,438.7	2,051.7	2,256.9	400.5	28.9
Non-current financial investments.....	-	3,212.3	-	2,817.4	3,385.1
Non-current restricted cash.....	49.9	17.0	39.2	16.5	-
Total cash and investments.....	5,546.5	6,987.9	6,780.1	5,153.7	4,460.3
Current loans and borrowings.....	4,264.5	1,264.3	4,271.1	955.6	751.6
Non-current loans and borrowings.....	6,227.8	10,318.7	7,351.2	7,239.7	6,680.5
Debt.....	10,492.2	11,583.0	11,622.2	8,195.3	7,432.4
(-) Total cash and investments.....	(5,546.5)	(6,987.9)	(6,780.1)	(5,153.7)	(4,460.3)
Net Debt⁽²⁾.....	4,945.8	4,595.1	4,842.1	3,041.6	2,972.1
EBITDA LTM ⁽³⁾	1,604.7	2,861.8	2,392.1	2,621.8	1,160.1
Net Debt/EBITDA Ratio ⁽²⁾	3.08	1.61	2.02	1.16	2.56

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (2) Net Debt is a non-GAAP and non-IFRS measure calculated as (i) debt, which is calculated as the *sum* of current and non-current loans and borrowings, which does not include loans with related parties, *less* (ii) cash and cash equivalents, restricted cash, and financial investments (current and non-current), in each case as set forth in the financial statements. Net Debt/EBITDA Ratio as of March 31, 2023, 2022 and 2021 is calculated by *dividing* (1) Net Debt at the end of the applicable year by (2) EBITDA for the corresponding fiscal year. Net Debt/EBITDA LTM Ratio is calculated as Net Debt as of September 30, 2023 and 2022 divided by EBITDA LTM for the twelve-month period ended September 30, 2023 and 2022, respectively. We use Net Debt, in conjunction with EBITDA, as a financial indicator to assess our solvency and ability to meet our obligations, including certain covenants under our debt instruments. Net Debt is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. See “Presentation of Financial and Other Information.”
- (3) EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Resolution No. 156, dated June 23, 2022, as amended, or CVM Resolution No. 156. We calculate EBITDA as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization. EBITDA is not a measure of our cash flow, liquidity or debt payment capacity; however, it is used by our management as overall business performance indicator that is not affected by changes in interest rates or income tax and social contribution or depreciation and amortization. EBITDA has limitations that affect its use as a profitability measure, as it does not consider depreciation and amortization expenses, financial income and expenses nor taxes, which affect our net income (loss). EBITDA as calculated by us may not be comparable with EBITDA as calculated by other companies. See “Presentation of Financial and Other Information.”

Reconciliation of EBITDA LTM to Net Profit (Loss)

The table below sets forth the reconciliation of EBITDA LTM to profit (loss) for the periods indicated:

	For the Twelve-Month Period Ended September 30,		For the Six-Month Period Ended September 30,			For the Fiscal Year Ended March 31,		
	2023 ⁽¹⁾⁽²⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$)</i>							
	A + D – B	B + E – C	A	B	C	D	E	F
Net Profit (loss) for the period	190.0	1,395.1	(145.8)	541.6	631.5	877.4	1,485.1	321.1
(+) Net finance costs	1,362.2	1,002.7	802.5	592.4	354.9	1,152.1	765.3	634.6
(+) Income and social contribution taxes ..	(139.6)	327.8	(172.0)	182.3	96.1	214.7	241.6	125.0
(+) Depreciation and amortization	192.2	136.2	111.3	67.0	60.6	147.9	129.8	79.4
EBITDA LTM⁽²⁾⁽³⁾	1,604.7	2,861.8	595.9	1,383.2	1,143.2	2,392.1	2,621.8	1,160.1

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “*Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements*” and “*Presentation of Financial and Certain Other Information—Corporate Reorganization*” and note 2 to our unaudited combined interim financial information.
- (2) We calculate EBITDA LTM for the twelve-month period ended September 30, 2023 as EBITDA for the year ended March 31, 2023 *plus* EBITDA for the six-month period ended September 30, 2023 *minus* EBITDA for the six-month period ended September 30, 2022. For more information on EBITDA, see “*Presentation of Financial and Certain Other Information—Special Note Regarding Non-GAAP and Non-IFRS Financial Measures—EBITDA and EBITDA Margin*.”
- (3) We calculate EBITDA LTM for the twelve-month period ended September 30, 2022 as EBITDA for the year ended March 31, 2022 *plus* EBITDA for the six-month period ended September 30, 2022 *minus* EBITDA for the six-month period ended September 30, 2021. For more information on EBITDA, see “*Presentation of Financial and Certain Other Information—Special Note Regarding Non-GAAP and Non-IFRS Financial Measures—EBITDA and EBITDA Margin*.”

Reconciliation of Changes in Working Capital

The table below sets forth the reconciliation of Changes in Working Capital for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$)</i>				
Net cash from (used in) operating activities.....	1,620.3	496.3	320.8	1,449.6	67.3
(-) Net profit (loss) for the year	145.8	(541.6)	(877.4)	(1,485.1)	(321.1)
(-) Adjustment for:					
Depreciation and amortization	(111.3)	(67.0)	(147.9)	(129.8)	(79.4)
Current and deferred income tax, net of tax incentives	172.0	(182.3)	(214.8)	(241.6)	(125.0)
Adjustment to present value ⁽²⁾	(65.9)	26.3	83.9	28.7	14.7
Income from financial investments	342.2	212.9	776.5	400.3	98.9
Provision for interest on loans and borrowing	(811.7)	(513.3)	(1,073.7)	(826.6)	(384.4)
Adjustment to fair value – derivatives.....	(257.2)	117.1	(230.3)	(706.1)	(36.1)
Adjustment to fair value – biological assets (bamboo)	-	4.4	(4.4)	15.2	17.3
Expected losses on credit ⁽³⁾	(0.1)	-	0.1	-	0.4
Gain on sale of assets ⁽⁴⁾	11.1	171.3	407.4	-	-
Foreign exchange rate gains or losses	83.6	(413.2)	(203.1)	613.4	294.1
Changes in Working Capital⁽⁵⁾ ..	1,129.0	(688.9)	(1,162.9)	(881.9)	(453.3)

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “*Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements*” and “*Presentation of Financial and Certain Other Information—Corporate Reorganization*” and note 2 to our unaudited combined interim financial information.
- (2) Adjustment to present value includes the adjustment to present value of our loans with related parties, adjustment to present value of our trade payables, adjustment to present value of our receivables, and adjustment to present value of leases.
- (3) Refers to “Reversal losses on credits” in the 2023 audited combined financial statements.
- (4) Refers to gains on sale of forestry assets of bamboo and rights over eucalyptus as a result of the purchase and sale agreement between FS Ltda. and FS Florestal S.A.
- (5) Changes in Working Capital is a non-GAAP and non-IFRS measure. We define Changes in Working Capital for the applicable period as (i) net cash (used in) from operating activities less (ii) net profit (loss) for the year adjusted by (iii) depreciation and amortization, (iv) current and deferred income tax, net of tax incentives, (v) adjustment to present value, (vi) income from financial investments, (vii) provision for interest on loans and borrowing, (viii) adjustment to fair value, including adjustment to fair value related to derivative financial instruments and adjustment to fair value related to biological assets (bamboo), (ix) expected losses on credit/reversal losses on credit, (x) gain on sale of assets and (xi) foreign exchange rate (gains) or losses. Changes in Working Capital is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. See “*Presentation of Financial and Certain Other Information—Special Note Regarding Non-GAAP and Non-IFRS Financial Measures—Changes in Working Capital*.”

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and the related notes included elsewhere in this offering memorandum. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those set forth in the section entitled "Risk Factors" and elsewhere in this offering memorandum. You should read the following discussion in conjunction with "Forward-Looking Statements" and "Risk Factors."

Overview

We are a low-cost, low-carbon producer of biofuels, animal nutrition products and renewable energy in Brazil. We operate the three ethanol production facilities in Brazil. We are the first Brazilian company to produce ethanol exclusively from corn and currently the fourth largest producer of ethanol in Brazil according to ANP, with 2.2 billion liters of anhydrous ethanol per year of production capacity. We are also amongst the largest producers of animal nutrition products derived from corn in Brazil, with annual production capacity of approximately 1.8 million tons per year of high-protein DDG, high-fiber DDG and wetcake.

Our operations begin with grain procurement, receiving and storage operations, continuing through our ethanol and animal nutrition production operations and co-generated energy, and ending downstream with marketing, storage and distribution of ethanol and animal nutrition products.

Principal Factors Affecting Our Results of Operations and Financial Condition

Commodities Prices and Supply and Demand Dynamics

Our results are directly affected by commodity prices, especially prices for ethanol and corn, which are affected by the supply and demand dynamics related to the production and consumption of fuel and the production and consumption of corn globally and in Brazil, particularly in the state of Mato Grosso. The commodity prices, globally and in Brazil, have historically been cyclical and sensitive to domestic and international changes in supply and demand. As a result of the volatility of commodities prices, our results may fluctuate and we may experience periods of declining prices for our products and increasing costs for our raw materials, which could adversely affect our results of operations. For instance, we believe that the reduction experienced in our EBITDA Margin to 15.6% for the six-month period ended September 30, 2023 from 31.7% for the fiscal year ended March 31, 2023 is significantly attributable to higher cost of corn, which added significant pressure on our price of goods sold and such pressure on our cost of goods sold continues to date.

For further information on risks related to our exposure to commodities prices, see "Risk Factors—Risks Related to Our Business and Industries in which We Operate—Our results of operations, financial position and business outlook are highly dependent on commodity prices, which are subject to significant volatility and uncertainty, and supply and demand globally and in Brazil, so our results could fluctuate substantially."

Ethanol

The Escola Superior de Agricultura "Luiz de Queiroz" from the city of Ribeirão Preto, state of São Paulo ("ESALQ"), assesses the average price of hydrous ethanol realized by mills, net of tax and freight expenses, within a certain period, and this price is taken as a reference for Brazilian ethanol producers in general. In measuring the reference price of hydrous ethanol, ESALQ mainly tracks all hydrous ethanol sales prices that take place in the state of São Paulo.

In Brazil, ethanol prices are related to the pump price of gasoline. Historically, there has been a correlation between ethanol and gasoline pump prices of approximately 70%, as vehicles running on ethanol on average run 0.7x the miles run with the same volume of gasoline. Gasoline prices may be affected, among other reasons, by measures imposed by the Brazilian government to control fuel prices. Currently there is no legislation or regulation in force giving the Brazilian government the power to set prices for petroleum, petroleum products, ethanol or vehicular natural gas. Given that Petrobras, the major supplier of oil-based fuels in Brazil, is a government-controlled company, prices of petroleum and petroleum products may be subject to government influence, resulting

in potential inconsistencies between international prices and internal oil derivative prices that affect our business and our financial results of operations.

Gasoline prices in Brazil are also influenced by the prices of international gasoline, which in turn are influenced by the prices of international oil. This price formulation chain is also impacted by the exchange rate variation as the prices of international oil and international gasoline are negotiated in U.S. dollars (therefore, the increase or decrease of the U.S. dollar against the *real* also impacts the pump price of gasoline and price of ethanol), and by the international oil and gasoline supply and demand dynamics. Moreover, international oil and international gasoline prices may also be affected by several factors, such as world politics, sanctions imposed by governments and geopolitical conflicts (such as the sanctions currently imposed on Russia due to the conflict with Ukraine, the conflict between Israel and Hamas, trade wars, climate, among others).

A drop in international oil prices may have an adverse effect on our operating results. Conversely, an increase in international oil prices will increase the price of gasoline, which may increase ethanol price as an alternative fuel, positively affecting our operating results.

In addition, the ethanol price is also influenced by the dynamics and seasonality of the sugarcane industry, which in turn is affected by harvests, weather conditions, and the supply and demand of sugar. As a result of the cyclical nature of the sugarcane harvest season and weather conditions, the typical harvesting period in Brazil begins between April and May and ends between November and December. Our ethanol sales are generally concentrated during the off-season of the sugarcane harvest to capture higher seasonal prices.

In addition, sugarcane-based ethanol plants are set up to allow producers to increase or decrease the production mix between sugar and ethanol, according to market conditions in Brazil and globally, which may also affect our results of operations.

Anhydrous ethanol prices are usually negotiated at prices that range from 14.3% to 17.0% higher than the SP Hydrous ESALQ Price. The table below sets forth the SP Hydrous and Anhydrous ESALQ Price (per liter) in the Brazilian market for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in reais per liters, except percentages)</i>				
Hydrous Price ⁽¹⁾	2.443	3.022	2.873	3.110	1.880
Anhydrous Price ⁽¹⁾	2.858	3.531	3.328	3.571	2.148
Anhydrous premium over hydrous (%).....	17.0%	16.9%	15.8%	14.8%	14.3%

Source: CEPEA ESALQ.

(1) Refers to average weekly prices.

Corn

The main reference for the corn price in Brazil and the state of Mato Grosso is the *real* equivalent of the future contracts of corn traded at the CBOT, which in turn is influenced by several factors, including exchange rates, global supply and demand dynamics, logistics costs, climate and crop yields in countries with strong plantation (such as in the U.S. and Brazil), and the prices of correlated commodities such as ethanol prices in the U.S. and oil prices.

We secure most of our future corn needs in advance through forward purchases of the physical corn from local farmers, cooperatives and trading companies. Occasionally we may also enter into spot purchases of corn. According to our corn procurement strategy, we aim to have generally purchased approximately 70% of our corn needs for the upcoming fiscal year by December of the prior year and the 30% balance by end of August, so that by September, when the second crop corn is fully harvested, our needs for the entire fiscal year are already satisfied, with purchase prices and delivery dates already known, also we consider the farmer selling curve to purchase our corn needs. As of January 22, 2024, we had commitments to purchase 100.0%, 93.9% and 32.6% of our estimated corn needs for the corn crops ending May 2023, 2024 and 2025 at average prices of R\$59.71, R\$52.75 and R\$40.96 per sac, respectively (not taking into account storage costs). The price of corn for future delivery in the state of Mato Grosso will typically fluctuate around “export parity,” which is the price of corn at CBOT translated to *reais* and

discounted from the logistic costs required to move the corn from the state of Mato Grosso to export ports. The export parity price is also the price at which trading companies are willing to pay to source corn from the state of Mato Grosso and sell into their clients globally.

In March 2020, we began to operate in the corn marketing sector and since 2021, revenue derived from our corn marketing operations increased as a percentage of our total revenue from segments. In the fiscal year ended March 31, 2023, revenue from corn marketing segment represented 13.8% of the total revenue from segments, compared to 4.6% in the previous fiscal year.

Our corn marketing strategy is to increase our presence in the corn trading market, as well as our Corn Coverage Ratio, and therefore increase our profits. Operations of purchase and sale are carried out through back-to-back transactions, where we purchase corn from a supplier when we have a third-party buyer committed to purchase such corn, not compromising our corn consumption nor bringing additional financial or credit risks. Our corn marketing strategy enables us to be contacted by farmers and suppliers of corn even outside the crop season (when we usually purchase corn to be used in our operations).

Any increase or decrease in international corn prices combined with any increase or decrease in the exchange rates may have an impact on our results of operations. For more information, see “Risk Factors—Our business is highly sensitive to corn prices and we may not be able to pass on increases in corn prices to our customers.” Any devaluation of the *real* in relation to the U.S. dollar may increase our cost of goods sold, mainly consisting of corn.

The table below sets forth the prices of corn (R\$ per sac) for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in R\$ per sac, except percentages)</i>				
FS Corn COGS.....	59.6	56.2	59.4	49.0	27.2
Initial CBOT price ⁽¹⁾	79.0	69.6	81.6	70.6	42.8
Closing CBOT price ⁽¹⁾	56.2	66.7	79.0	94.4	72.1
Low CBOT price ⁽¹⁾	54.0	63.4	72.7	64.3	39.8
Average CBOT price ⁽¹⁾	63.4	72.2	82.7	75.6	52.1
Discount FS Corn COGS vs average CBOT (%).....	6.0%	34.4%	28.2%	35.2%	47.7%

(1) Converted to *reais* by the corresponding average exchange rate of the period.

Animal Nutrition

Corn and soybean prices directly impact our animal nutrition prices. Our animal nutrition products comprise: (i) high-protein DDG, branded as *FS Essential*; (ii) high-fiber DDG, branded as *FS Ouro*; (iii) wetcake, branded as *FS Úmido* and (iv) corn oil, branded as *FS Vital*. Our high-protein DDG is generally used as a substitute for soybean meal, and therefore its pricing is set based on soybean meal prices. Our high-fiber DDG is mostly used as a substitute for corn, and therefore its pricing is set based on corn prices. Wetcake is also used as a substitute for corn and therefore its price follows the corn export parity price. Our corn oil (*FS Vital*) is used as a substitute for soybean oil and therefore its pricing is set based on soybean oil prices.

The increase in the prices of any of these commodities increases the prices of our animal nutrition products, and a decrease in the prices of the commodities decreases the prices of our animal nutrition products. In addition, the devaluation of the *real* in relation to the U.S. dollar also increases our revenues from animal nutrition segment, as these commodities are generally positively affected by exchange rate devaluation.

Biomass

Biomass prices and availability are affected by weather conditions, location, competing demand from other users, reduced harvests and overall economic conditions. Our biomass procurement activities include (i) sourcing of agricultural residues in the spot markets such as *açaí* seedling, cottonseed, sugarcane bagasse and rice husk, limiting this short-term consumption to a volume maximum of 1.5 to 2.0 million m³ of needs; (ii) acquisition of standing timber for cutting in the medium-long term; (iii) acquisition of eucalyptus from local farmers in the medium-long

term; (iv) supply agreements with TIMOs (Timber Investment Management Organizations), which develop and operate eucalyptus farms to supply our plants in the long term; and (v) acquisition of bamboo as an alternative source of biomass in the short- and medium-term.

Our biomass origination strategy considers our need for biomass consumption for the next six years, since forestry development provides cycles of two to three years through bamboo planting, and cycles of four to six years through planting of eucalyptus. In the long term, price and volume are pre-fixed through forestry development and timber fund structures. We believe in promoting reforestation by planting bamboo and eucalyptus, especially on unproductive land. Therefore, growing forests indirectly help in the process of removing carbon from the atmosphere.

Any shortage in the supply of biomass or an increase in biomass prices in the short term may adversely affect our business, results of operations and financial condition. For more information, see “Risk Factors—We may not be able to obtain the necessary supply of biomass for our operations.”

Brazilian Economic Environment

We operate in Brazil and, accordingly, all of our revenues, expenses and assets are denominated in Brazilian *reais*. Consequently, Brazil’s macroeconomic conditions, especially with respect to interest rates, inflation and currency exchange rates affect our results of operations. Our results of operations and financial condition are influenced by these factors and the effect that these factors have on employment rates, the availability of credit, and average wages in Brazil, which impact the demand and prices of our products.

The Brazilian economic environment has historically been characterized by significant volatility in economic growth, inflation and currency exchange rates. The following table sets forth real GDP growth, inflation rates, average interest rates and foreign exchange rate variations (Brazilian *real* to U.S. dollar) as of the dates and for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
Brazil GDP growth	3.2%	3.1%	3.70%	4.70%	(3.80)%
Brazilian inflation (IGP-M) ⁽¹⁾	(5.12)%	1.07%	0.17%	14.77%	31.10%
Brazilian inflation (IPCA) ⁽²⁾	1.38%	0.86%	4.65%	11.30%	6.10%
CDI rate ⁽³⁾	13.46%	12.93%	13.29%	6.48%	2.24%
SELIC ⁽⁴⁾	13.46%	12.93%	13.29%	6.29%	2.19%
Real appreciation/(depreciation) in relation to the U.S. dollar	1.43%	(14.12)%	(7.23)%	20.25%	(8.75)%
Period-end exchange rate (in R\$ per US\$1.00) ⁽⁵⁾	5.008	5.407	5.080	4.738	5.697
Average exchange rate (R\$ per US\$1.00) ⁽⁶⁾	4.914	5.088	5.158	5.334	5.409

Sources: BNDES, Central Bank, FGV, IBGE, Bloomberg and Economática.

- (1) The General Market Price Index (*Índice Geral de Preços – Mercado*), or IGP-M, is measured by FGV.
- (2) The Broad Consumer Price Index (*Índice de Preços ao Consumidor – Amplo*), or IPCA, is measured by IBGE.
- (3) The CDI is the accumulated rate of the interbank deposits in Brazil during each period.
- (4) Annual average interest rate.
- (5) Exchange rate (for sale) of the last day of the period.
- (6) Average of exchange rates (for sale) of the period.

Economic Growth

Any deterioration in Brazil’s economic growth rate, unemployment or price levels generally may limit the availability of credit, income and purchasing power of our customers. Demand for ethanol and gasoline is susceptible to volatility related to the level of economic activity in Brazil and may also fluctuate depending on the performance of specific industries in the Brazilian market. A decrease in economic activity could adversely affect demand for ethanol and other fuels.

Inflation and Interest Rates

Brazil has been experiencing a steep rise in inflation, reaching a five-year high of 12.75% in September 2023, primarily as a result of consumer price and oil price increases and global and domestic political instability. Brazil’s

General Price Index (*Índice Geral de Preços – Mercado*), or IGP-M index, recorded inflation of (5.12)% in the six months ended September 30, 2023, 0.17% in the twelve months ended March 31, 2023, 14.77% in the twelve months ended March 31, 2022 and 31.10% in the twelve months ended March 31, 2021. Interest rates, as measured by SELIC, have also increased, and was recorded at 13.46% in the six months ended September 30, 2023, 13.29% in the twelve months ended March 31, 2023, 6.29% in the twelve months ended March 31, 2022 and 2.19% in the twelve months ended March 31, 2021 (as a result of the COVID-19 pandemic). The increase in inflation levels and in interest rates have adversely affect the overall performance of the Brazilian economy.

Some of our loans and borrowings are indexed to the variation of the Brazilian interbank deposit certificate (*certificado de depósito interbancário*), or CDI rate, which is linked to the SELIC rate. Accordingly, an increase in the CDI rate may increase our finance costs under these loans and adversely affect us. In addition, some components of our cost of goods sold and our operational expenses are directly impacted by Brazilian inflation, particularly employee salaries and related charges and third-party services, which are typically adjusted annually in line with the IPCA or IGP-M inflation indices, as well as the cost of enzymes and chemicals used in our production process.

Exchange Rate Fluctuations

Fluctuations in the exchange rate of the Brazilian *real* in relation to the U.S. dollar may also impact our results of operations and financial condition. Our cost of goods sold consists mainly of the commodity corn, which price is subject to fluctuations in the U.S. dollar/*real* exchange rate. We also have entered into debt instruments denominated in U.S. dollars. In addition, while ethanol prices tend to correlate with the prices of gasoline and, consequently, international oil prices that are denominated in U.S. dollars, we earn revenues in *reais* from our ethanol sales. A depreciation of the *real* in relation to the U.S. dollar may positively affect our revenue from ethanol and animal nutrition products and negatively affect our finance costs related to our outstanding debt instruments denominated in U.S. dollars, while an appreciation of the *real* in relation to the U.S. dollar may have the inverse effect.

For example, our results of operations as of and for the year ended March 31, 2023 were affected by the 7.2% decrease in the *real*-U.S. exchange rate (to R\$5.0804 as of March 31, 2023 from R\$4.7378 as of March 31, 2022). As a result, the comparability of the year ended March 31, 2023 with the year ended March 31, 2022 reflects this impact. For more information on the quantitative impact of foreign exchange rate variations on our income statement, see “—Results of Operations.”

Expansion of Our Production Capacity

We started our operational phase in August 2017, when we completed construction of the LRV Plant and commenced operations with an estimated initial anhydrous ethanol production capacity of 265 MLPY. We completed an expansion of the LRV Plant on schedule in February 2019, which increased our estimated anhydrous ethanol production capacity at the LRV Plant to approximately 550 MLPY. Our LRV Plant was the first in Brazil to produce fully corn-based biofuel, with high technology and on a large scale. By using this sustainable and innovative business model, we started to add value and state-of-the-art technology in the production of biofuels in Brazil, which was until then based on sugarcane.

The LRV Plant, produced 284 and 557 million liters of ethanol in the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023, respectively. The LRV Plant currently has an estimated corn processing capacity of approximately 1.3 million tons per year and estimated anhydrous ethanol production capacity of about 585 MLPY, as well as annual production capacity of up to 417 thousand tons DDG Products and 22 thousand tons of corn oil. In the fiscal year ended March 31, 2023, our energy co-generation capacity in the LRV Plant was a total of 190 thousand megawatt (MW), with 68 thousand MW capacity to sell into the Brazilian energy grid.

In the first quarter of 2020, we launched our second plant, in the city of Sorriso, state of Mato Grosso, totaling the production capacity to 1.1 billion liters of ethanol per year. In this same period, we started the expansion of our SRS Plant, which was completed in February 2021, increasing our annual production capacity to 1.4 billion liters of anhydrous ethanol.

The SRS Plant produced 448 and 879 million liters of ethanol in the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023, respectively. The SRS Plant currently has an estimated corn processing capacity of approximately 2.0 million tons per year and estimated anhydrous ethanol production capacity

of about 931 MLPY, as well as annual production capacity of up to 878 thousand tons of DDG Products and 40 thousand tons of corn oil. In the fiscal year ended March 31, 2023 our energy co-generation capacity in the SRS Plant was a total of 232 thousand MW, with 31 thousand MW capacity to sell into the Brazilian energy grid.

In the second half of 2021, continuing with the expansion plan, we started the construction of our third production unit, the PDL Plant, which began operations in May 2023. The PDL Plant was originally an asset of FS Ltda. and was sold to FS S.A. in June 2022 on an arms' length basis in connection with the corporate reorganization that we carried out in June 2022, that incorporated FS S.A., an affiliated company, with same shareholders and controlling group as FS Ltda. The other three sites acquired by FS Ltda. to develop future corn ethanol projects (Campo Novo do Parecis, Querência and Nova Mutum), have also been sold to FS S.A. on the same basis. For more information on these transactions, see "Related Party Transactions."

The PDL Plant, produced 235 million liters of ethanol in the six-month period ended September 30, 2023. At the end of first year of operation, PDL Plant will achieve an estimated corn processing capacity of approximately 1.3 million tons per year. The estimated anhydrous ethanol production capacity is about 637 MLPY, as well as annual production capacity of up to 529 thousand tons of DDG Products and 24 thousand tons of corn oil. In the six-month period ended September 30, 2023 our energy co-generation capacity in the PDL Plant was a total of 191 thousand MW, with 63 thousand MW capacity to sell into the Brazilian energy grid.

As of September 30, 2023, our total annual production capacity was 1.5 billion of liters of ethanol, taking into account the LRV Plant and the SRS Plant. The operation of the PDL Plant, which opened in May 2023, contributed only one month of production. At the end of the first productive year, the total annual production capacity should reach approximately 2.2 billion liters of ethanol.

COVID-19 Pandemic and Related Developments

The COVID-19 pandemic and governmental responses thereto had a severe impact on global and Brazilian macro-economic and financial conditions, including the disruption of supply chains and the closures or interruptions of many businesses, leading to losses of revenues, increased unemployment and economic stagnation and contraction. The COVID-19 pandemic has also resulted in materially increased volatility in both Brazilian and international financial markets and economic indicators, including exchange rates, interest rates and credit spreads.

Measures taken by governmental authorities worldwide, including Brazil, to stabilize markets and support economic growth were not sufficient to control future volatility or to prevent serious and prolonged reductions in economic activity. For instance, in 2022, China launched a zero-COVID policy through a series of drastic restrictions on mobility, among other strict prevention and containment measures, which caused the closure of Chinese borders and highways and a disruption in China's manufacturing industry. While the Chinese zero-COVID policy has not affected our operations directly, it did affect macroeconomic conditions, including but not limited to, the interest rates in the U.S., which were raised by the Fed to control inflation, and international oil prices. As a result, Petrobras decreased the gasoline prices five times in 2022, following international oil prices, representing a devaluation of 24% the prices of gasoline A (which is highly correlated with ethanol).

These policies and measures have influenced, and may continue to influence, the behavior of the consumer market and the population in general.

We have not experienced any significant interruptions in our supply chain as our suppliers also perform essential activities and continued to operate and provide services as our activity has been considered essential by certain governmental entities. Similarly, our customers have mostly continued to operate during the pandemic. Nevertheless, we cannot assure that our results of operations and financial condition will not be affected in the future by the outbreak of other highly communicable diseases worldwide. We will continue to closely monitor the outbreak of other epidemics or pandemics and evaluate the nature and extent of impacts on our operations, liquidity, financial condition, results of operations and prospects.

Other Factors

Other factors that may impact the results of our operations include:

- The evolving use of ethanol as an alternative to oil derivatives and as a cleaner burning fuel, derived from renewable sources;
- Tariffs on imported ethanol;
- Availability and cost of logistics;
- Corn availability locally and globally;
- Harvest dynamics;
- Entry barriers to sell ethanol in certain markets within Brazil;
- Economic policies of the Brazilian government related to fuel prices;
- Changes in the internal policies of state-owned companies (such as Petrobras) for mitigating any changes in the international price of gasoline on the Brazilian domestic price of gasoline;
- Changes in supply and demand in the Brazilian beef, pork and poultry market, which have a direct impact on our animal nutrition products prices as well as an impact on corn demand; and
- The tax policies adopted by the Brazilian federal and state governments (including tax incentives from which we benefit), and our resulting tax obligation. For more information on our tax incentives, see “Business—Tax Incentives.”

Critical Accounting Policies

The preparation of the financial statements accompanying this offering memorandum requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. For further information on our critical accounting policies, see note 6 to the 2023 audited combined financial statements and note 5 to the 2022 audited financial statements.

Principal Components of Our Statements of Income

Net Revenue

Net revenue derives mainly from sales of anhydrous and hydrous ethanol, sales of our animal nutrition products, energy, and others (including corn and steam); net of (i) sales taxes consisting of state value-added tax (*Imposto sobre Circulação de Mercadorias e Serviços*, or “ICMS”), the Brazilian social integration program (*Programa de Integração Social*, or “PIS”), and the Brazilian social security financing tax (*Contribuição para Financiamento da Seguridade Social*, or “COFINS”); and (ii) other deductions, including return of products.

We benefit from tax incentives from the Industrial and Commercial Development Program of the state of Mato Grosso (“PRODEIC”). This tax incentive program aims to contribute to the expansion, modernization and diversification of economic activity in the state of Mato Grosso. Under the terms of the tax incentive program, we benefit from a reduction in the amount of ICMS due on taxable sales revenue. We record the benefit in our statements of income by deducting the ICMS costs from net revenue. In the six-month period ended September 30, 2023 and in the fiscal years ended March 31, 2023, 2022 and 2021, we recognized tax incentives in the amount of R\$56.3 million, R\$194.4 million, R\$174.3 million and R\$89.8 million, respectively.

Segment Revenue

For managerial reporting purposes and to better understand and evaluate the financial performance by product and segments, we calculate our net revenue, net of logistics and freight expenses. As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties).

Our industrial activities include production and sale of ethanol, animal nutrition and energy derived from our industrial activities, i.e. that are derived from the crushing of corn. Our marketing activities include resale of ethanol, animal nutrition, and energy purchased from third parties. We also calculate the respective breakdown of products within each of these reportable segments.

The result of this calculation is our revenue from segments, which allows us to capture the actual revenue we perceive from each of our segments as certain components, such as taxes and freight costs, may be included in the total price of the product at the time of the sale depending on the delivery method defined in the contract. In the case of CIF sales, we provide the logistics service, and, in the case of FOB sales, the client is responsible for picking up the products at our plants. Adjusting revenue by taxes, freight and logistics-related costs creates a better reference for price and netback comparability of our operations, regardless of the sales incoterms (CIF or FOB), as well as provides better comparison with market reference prices.

The table below sets forth our revenue per segment⁽¹⁾ for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022 ⁽²⁾	2021 ⁽²⁾
	(in millions of R\$)				
Ethanol anhydrous	1,374.0	1,209.2	2,505.0	2,239.0	796.1
Ethanol hydrous	841.8	916.6	1,845.5	2,420.1	1,326.9
Ethanol segment.....	2,215.8	2,125.8	4,350.6	4,659.0	2,123.0
High protein.....	327.8	306.5	623.3	621.1	309.6
High fiber	182.9	181.3	354.2	246.4	128.9
Wet cake.....	117.6	104.9	194.1	93.8	43.2
Corn oil.....	127.6	150.8	296.0	252.3	115.9
Animal nutrition segment.....	755.9	743.5	1,467.6	1,213.6	597.8
Energy	8.4	5.4	42.8	49.7	29.9
Steam ⁽³⁾	2.8	2.1	n/a	n/a	n/a
Total energy segment⁽³⁾.....	11.3	7.5	42.8	49.7	29.9
Others⁽³⁾.....	n/a	n/a	4.0	3.0	4.1
Total revenue from industrial segments	2,983.0	2,876.8	5,865.0	5,925.3	n/a
Corn ⁽⁴⁾	326.5	538.5	935.3	285.6	119.9
Ethanol	1.8	-	n/a	n/a	n/a
Energy ⁽³⁾	11.3	13.1	n/a	n/a	n/a
Total revenue from marketing segments	339.5	551.6	n/a	n/a	n/a
Total revenue from segments⁽¹⁾.....	3,332.6	3,428.4	6,800.2	6,211.0	2,874.7
Freight on sales	502.1	364.9	424.3	233.1	364.9
Net revenue	3,824.7	3,793.3	7,550.5	6,635.3	3,107.7

- (1) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties).
- (2) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (3) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, the energy segment is comprised by sale of energy and steam from our industrial activities. In the 2023 audited combined financial statements, the energy segment was comprised only by sales and resales of energy, and revenue from the sale of steam was recoded under the “Others” segment. In the 2022 audited financial statements, the energy segment was previously referred to as “energy co-generation.”
- (4) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, revenue from resale of corn is recorded under the Marketing segment. Revenue from resale of corn was previously recorded under “Corn marketing” in the 2023 audited combined financial statements and “Corn resale” in the 2022 audited financial statement.

Cost of Goods Sold

The cost of goods sold refers to raw materials, labor and other relevant inputs. Our cost structure is mainly composed of (i) cost of corn and corn marketing, which represent most of our costs; (ii) biomass costs; and (iii) cost of chemicals and enzymes. Other components of our cost of goods sold also include depreciation costs, referring to fixed asset items directly related to the production process, and labor costs, costs related to plant maintenance and other production costs.

Our operating costs such as chemicals and enzymes, labor, maintenance and other production costs are impacted either directly or indirectly by changes in the Brazilian inflation rates. Thus, an increase in inflation rates and the depreciation of the *real* against foreign currencies may cause an increase in our operating costs. In addition, corn and biomass are commodities subject to price variation as stated above.

Operational Expenses

Operational expenses are comprised of (i) selling expenses, (ii) administrative expenses and (iii) other results. Selling expenses mainly consist of expenses with freight, personnel and contracted services, among other expenses. Administrative expenses derive from management and support of our operational activities. Some of these expenses include personnel, contracted services, depreciation and amortization, travel and office expenses. Other results derive from disposal of assets, extemporaneous credits, carbon credits, among others.

Our main operational expenses are impacted either directly or indirectly by changes in the Brazilian inflation rates. As such, an increase in inflation rates in Brazil and the depreciation of the *real* against foreign currencies may cause an increase in our operational expenses.

Net Finance Cost

Finance income comprises mainly income from short-term investments, discounts obtained as well as gains associated with derivative instrument transactions.

Finance costs mainly comprise interest expenses on loans, bank fees and losses associated with derivative instrument transactions, among others. Foreign exchange rate variations on statements of financial position movements are also recognized in net finance costs.

Several of our debt arrangements have variable rate instruments linked to the CDI rate. As such, an increase in the CDI rate in Brazil will result in an increase in our finance cost.

Income Taxes and Social Contribution Taxes (Current and Deferred)

Current and deferred income and social contribution taxes is related to the taxable income or loss during the period, with the statutory rates for our activities being 25% for income tax and 9% for social contribution.

We have benefited from the SUDAM (*Superintendência de Desenvolvimento do Amazonas*) tax program at our LRV Plant since September 20, 2018 and at our SRS Plant since November 18, 2020. This incentive reduces our income tax rate by 75% on our taxable income and, consequently, reduces our tax liability and improves our profit. This incentive is valid for a period of ten years once granted to the relevant plant, as required to comply with the terms of the SUDAM tax program. The benefit amount is recorded in our income statement as a reduction of income tax with the corresponding reserve constituted in the net parent investment (shareholders' equity). These tax savings are reinvested in our business and are not available for distributions of dividends. We intend to have the benefits of the SUDAM tax program for all our future plants.

For more information on our tax incentives, see "Business—Taxes and Tax Incentives."

Results of Operations

Six-Month Period Ended September 30, 2023 compared to Six-Month Period Ended September 30, 2022

The table below sets forth our comparative financial information for the periods indicated.

	For the Six-Month Period ended September 30,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	Variation
	(in millions of R\$)		(%)
Statements of Income Data			
Net revenue	3,824.7	3,793.3	0.8%
Cost of goods sold	(2,785.5)	(2,319.6)	20.1%
Gross profit	1,039.2	1,473.7	(29.5)%
Operational expenses			
Selling expenses	(528.3)	(383.4)	37.8%
Administrative expenses	(93.0)	(67.9)	37.0%
Other results	66.8	294.0	(77.3)%
Profit before net finance costs and taxes	484.6	1,316.4	(63.2)%
Finance income	420.8	813.6	(48.3)%
Finance costs	(1,279.6)	(992.5)	28.9%
Foreign exchange rate variations, net	56.3	(413.7)	n.m.
Net finance costs	(802.5)	(592.6)	35.4%
Profit (loss) before income and social contribution taxes	(317.9)	723.9	n.m.
Current income and social contribution taxes	10.4	(199.9)	n.m.
Deferred income and social contribution taxes	167.4	(5.4)	n.m.
Tax incentives on income tax	(5.7)	23.1	n.m.
Profit (loss) for the period	(145.8)	541.6	n.m.

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.

n.m.: not meaningful.

Net Revenue

The table below sets forth total net revenue and our revenue by segment for the periods indicated:

	For the Six-Month Period ended September 30,		Variation (%)
	2023	2022	
	(in millions of R\$)		
Total revenue from segments⁽¹⁾	3,322.6	3,428.4	(3.1)%
Ethanol anhydrous	1,374.0	1,209.2	13.6%
Ethanol hydrous	841.8	916.6	(8.2)%
Ethanol	2,215.8	2,125.8	4.2%
High protein	327.8	306.5	6.9%
High fiber	182.9	181.3	0.9%
Wet cake	117.6	104.9	12.1%
Corn oil	127.6	150.8	(15.4)%
Animal nutrition	755.9	743.5	1.7%
Energy	8.4	5.4	35.7%
Steam ⁽²⁾	2.8	2.1	25.0%
Total energy segment⁽²⁾	11.3	7.5	33.6%
Others⁽²⁾	n/a	n/a	n/a
Total revenue from industrial segments	2,983.0	2,876.8	3.6%
Corn ⁽³⁾	326.5	538.5	(64.9)%
Ethanol	1.8	-	n/a

	For the Six-Month Period ended September 30,		Variation (%)
	2023	2022	
	<i>(in millions of R\$)</i>		
Energy ⁽²⁾	11.3	13.1	(15.9)%
Total revenue from marketing segments	339.5	551.6	(62.5)%
Total revenue from segments	3,332.6	3,428.4	(2.9)%
Freight on sales	502.1	364.9	(49.4)%
Net revenue	3,824.7	3,793.3	0.8%

- (1) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties).
- (2) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, the energy segment is comprised by sale of energy and steam from our industrial activities. In the 2023 audited combined financial statements, the energy segment was comprised only by sales and resales of energy, and revenue from the sale of steam was recorded under the “Others” segment. In the 2022 audited financial statements, the energy segment was previously referred to as “energy co-generation.”
- (3) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, revenue from resale of corn is recorded under the Marketing segment. Revenue from resale of corn was previously recorded under “Corn marketing” in the 2023 audited combined financial statements and “Corn resale” in the 2022 audited financial statement.

The table below presents a breakdown of price net of taxes and freight per each product for the periods indicated:

	For the Six-Month Period Ended September 30,		Variation (%)
	2023	2022	
	<i>(in reais per liters, tons, reais per sac and mwh)</i>		
Ethanol anhydrous	2.658	3.345	(20.6)%
Ethanol hydrous	2.389	3.074	(22.3)%
Total ethanol	2,549	3,223	(20.9)%
High protein	1,409.1	1,702.5	(17.2)%
High fiber	968.5	1,117.8	(13.4)%
Wet cake	308.4	360.2	(14.4)%
Corn oil	3,810.2	6,598.3	(42.3)%
Energy sold (in thousand mwh)	190.1	197.1	(3.5)%
Corn Marketing	44.6	72.2	(38.2)%

The table below presents a breakdown of our volume sold for the periods indicated:

	For the Six-Month Period Ended September 30,		Variation (%)
	2023	2022	
Ethanol anhydrous (in million liters)	516.9	361.4	43.0%
Ethanol hydrous (in million liters)	352.3	298.2	18.1%
Total ethanol (in million liters)	869.2	659.6	31.8%
High protein (in thousand tons)	232.6	180.1	29.2%
High fiber (in thousand tons)	188.8	162.2	16.4%
Wet cake (in thousand tons)	381.5	291.1	31.0%
Corn oil (in thousand tons)	33.5	22.8	46.6
Total animal nutrition (in thousand tons)	836.5	656.3	27.5%
Energy co-generation (in thousand mwh)	44.4	27.2	63.0%
Energy sales (in thousand mwh)	75.5	75.1	0.6%
Corn marketing (in thousand tons)	487.9	450.0	8.4%

Our net revenue increased by 0.8%, or R\$31.4 million, to R\$3,824.7 million in the six-month period ended September 30, 2023 from R\$3,793.3 million in the six-month period ended September 30, 2022, as a result of increase in sales volume due to increased production capacity from the beginning of operations of the PDL Plant, partially offset by lower ethanol and animal nutrition prices as further described below.

Ethanol. Ethanol segment increased by 4.2%, or R\$90.0 million, to R\$2,215.8 million in the six-month period ended September 30, 2023 from R\$2,125.8 million in the six-month period ended September 30, 2022, as a result of the increase in sales volume due to increased production capacity from the beginning of operations of the PDL Plant, partially offset by lower ethanol sales prices. Ethanol prices per liter decreased 20.9%, to R\$2.549 from R\$3.223, while the SP Hydrous ESALQ Price for the period was R\$2.443 per liter in the six-month period ended September 30, 2023, compared to R\$3.022 per liter in the six-month period ended September 30, 2022.

Revenue from ethanol anhydrous segment increased by 13.6%, or R\$164.8 million, to R\$1,374.0 million in the six-month period ended September 30, 2023 from R\$1,209.2 million in the six-month period ended September 30, 2022. Ethanol anhydrous prices per liter decreased 20.6%, to R\$2.658 from R\$3.345, while the SP Anhydrous ESALQ Price for the period was R\$2.858 per liter in the six-month period ended September 30, 2023, compared to R\$3.531 per liter in the six-month period ended September 30, 2022.

Revenue from ethanol hydrous segment decreased by 8.2%, or R\$74.8 million, to R\$841.8 million in the six-month period ended September 30, 2023 from R\$916.6 million in the six-month period ended September 30, 2022. Ethanol hydrous prices per liter decreased 22.3%, to R\$2.389 from R\$3.074 while the SP Hydrous ESALQ Price for the period was R\$2.443 per liter in the six-month period ended September 30, 2023, compared to R\$3.022 per liter in the six-month period ended September 30, 2022.

Animal nutrition. Revenue from the animal nutrition segment increased by 1.7%, or R\$12.4 million, to R\$755.9 million in the six-month period ended September 30, 2023 from R\$743.5 million in the six-month period ended September 30, 2022, primarily as a result of the increase in sales volume driven by increased production capacity from the beginning of operations of the PDL Plant, partially offset by price decreases driven by lower prices of substitute products (corn or soybean meal).

- High-protein animal nutrition sales volume increased by 29.2%, from 180.1 thousand tons to 232.6 thousand tons. Prices per ton decreased by 17.2% from R\$1,702.5 to R\$1,409.1;
- High-fiber animal nutrition sales volume increased by 16.4%, from 162.2 thousand tons to 188.8 thousand tons. Net prices per ton decreased by 13.4% from R\$1,117.8 to R\$968.5;
- Wetcake sales volume increased by 31.0%, from 291.1 thousand tons to 381.5 thousand tons. Net prices per ton decreased by 14.4% from R\$360.2 to R\$308.4; and
- Corn oil sales volume increased by 46.6%, from 22.8 thousand tons to 33.5 thousand tons. Net prices per ton decreased by 42.3%, from R\$6,598.3 to R\$3,810.2.

Corn marketing. Revenue from corn marketing segment decreased by 39.4%, or R\$212.0 million, to R\$326.5 million in the six-month period ended September 30, 2023 from R\$538.5 million in the six-month period ended September 30, 2022, due to lower corn marketing prices, despite the increase in volume by 8.4% of corn sold. Prices per sac decreased by 38.2% to R\$44.6 in the six-month period ended September 30, 2023 from R\$72.2 in the six-month period ended September 30, 2022. Spread per sac (calculated as Corn Marketing Profit *divided by* total volume of corn marketing invoiced and contracted converted into sacs) increased by 74.7% to R\$5.52 in the six-month period ended September 30, 2023 from R\$3.16 in the six-month period ended September 30, 2022.

Cost of Goods Sold

Our cost of goods sold increased by 20.1%, or R\$465.9 million, to R\$2,785.6 million in the six-month period ended September 30, 2023 from R\$2,319.4 million in the six-month period ended September 30, 2022, due to the increase in corn and biomass prices, as well as the increase in depreciation due the beginning of operations of PDL Plant.

The table below sets forth the composition of our cost of goods sold for the periods indicated:

	For the Six-Month Period ended September 30,		Variation
	2023 ⁽¹⁾	2022 ⁽¹⁾	
	<i>(in millions of R\$)</i>		<i>(%)</i>
Corn	(2,038.1)	(1,449.4)	40.6%
Biomass	(165.0)	(116.8)	41.3%
Labor	(48.3)	(43.8)	10.3%
Enzymes	(40.2)	(32.3)	24.5%
Depreciation	(104.2)	(62.5)	66.7%
Production	(38.6)	(35.6)	8.4%
Chemicals	(49.8)	(29.9)	66.6%
Maintenance	(30.2)	(27.6)	9.4%
Lab	(2.6)	(1.8)	44.4%
Corn marketing costs	(274.2)	(507.0)	(45.9)%
Resale costs energy	(8.1)	(7.2)	12.5%
Resale costs ethanol	(1.7)	—	n.m.
Gain (loss) derivatives	15.4	(5.5)	n.m.
Total	(2,785.6)	(2,319.4)	20.1%

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.

n.m.: not meaningful.

The corn cost of goods sold represented 81.0% and 80.5% of our total cost of goods sold at a cost per sac of R\$59.63 and R\$56.16 for the six-month period ended September 30, 2023 and for the six-month period ended September 30, 2022, respectively.

Gross Profit

Our gross profit decreased by 29.5%, or R\$434.5 million, to R\$1,039.2 million in the six-month period ended September 30, 2023 from R\$1,473.7 million in the six-month period ended September 30, 2022, as described above.

Operational Expenses

Our operational expenses increased by 252.6%, or R\$397.3 million, to R\$554.5 million in the six-month period ended September 30, 2023 from R\$157.3 million in the six-month period ended September 30, 2022, primarily due to an increase in selling expenses, a decrease in income from other results and an increase in administrative expenses, as described below.

Selling Expenses. Our selling expenses increased by 37.8%, or R\$144.9 million, to R\$528.3 million in the six-month period ended September 30, 2023 from R\$383.4 million in the six-month period ended September 30, 2022, mainly due to freight and logistics expenses that increased by 37.6%, or R\$137.2 million, as a result of increase in total volume of ethanol sales and higher diesel costs.

Administrative Expenses. Our administrative expenses increased by 37.0%, or R\$25.1 million, to R\$93.0 million in the six-month period ended September 30, 2023 from R\$67.9 million in the six-month period ended September 30, 2022, mainly due to higher expenses with contracted services and personnel expenses.

Other Results. Our other results decreased by 77.3%, or R\$227.2 million, to an income of R\$66.8 million in the six-month period ended September 30, 2023 from an income of R\$294.0 million in the six-month period ended September 30, 2022, mainly due to (i) a R\$170.2 million gain on the sale of biological assets in the six-month period

ended September 30, 2022 and (ii) R\$57.5 million in revenue from extemporaneous credits in the six-month period ended September 30, 2022.

Net Finance Costs

Our net finance costs increased by 35.4%, or R\$209.9 million, to R\$802.5 million in the six-month period ended September 30, 2023 from R\$592.6 million in the six-month period ended September 30, 2022, due to the factors described below.

Finance Income. Our finance income decreased by 48.3%, or R\$392.8 million, to R\$420.8 million in the six-month period ended September 30, 2023 from R\$813.6 million in the six-month period ended September 30, 2022, due to lower foreign exchange rates, which resulted in lower gains on our derivatives operations and payments of our swaps.

Finance Costs. Our finance costs increased by 28.9%, or R\$287.1 million, to R\$1,279.6 million in the six-month period ended September 30, 2023 from R\$992.5 million in the six-month period ended September 30, 2022, primarily due to higher the increase in interest on loans during the period and higher reverse factoring position.

Foreign Exchange Rate Variations, Net. Our foreign exchange rate variations, net increased by R\$470.0 million, to an income of R\$56.3 million in the six-month period ended September 30, 2023 from an expense of R\$413.7 million in the six-month period ended September 30, 2022. As of September 30, 2023, the exchange rate of the *real* against the U.S. dollar decreased by 7.4% to R\$5.0076 from R\$5.4066 as of September 30, 2022.

Profit before Income Tax and Social Contribution

Our profit before income tax and social contribution decreased by R\$1,041.8 million, to a loss of R\$317.9 million in the six-month period ended September 30, 2023 from a profit of R\$723.9 million in the six-month period ended September 30, 2022, due to the aforementioned factors.

Income Taxes, Social Contribution Taxes and Tax Incentives

Expense with income taxes, social contribution taxes and income tax incentives decreased by R\$354.3 million, to a tax credit of R\$172.1 million in the six-month period ended September 30, 2023 from a tax expense of R\$182.3 million in the six-month period ended September 30, 2022, mainly due to a loss before taxes.

Profit (Loss) for the Period

As a result of the aforementioned factors, our profit (loss) for the period decreased by R\$687.4 million, to a loss of R\$145.8 million in the six-month period ended September 30, 2023 from a profit of R\$541.6 million in the six-month period ended September 30, 2022.

Fiscal Year Ended March 31, 2023 compared to Fiscal Year Ended March 31, 2022

The table below sets forth our comparative financial information for the periods indicated.

	For the Fiscal Year Ended March 31,		Variation (%)
	2023	2022	
	(in millions of R\$)		
Statements of Income Data			
Net revenue	7,550.5	6,635.3	13.8%
Cost of goods sold	(5,021.5)	(3,612.8)	39.0%
Gross profit	2,529.0	3,022.5	(16.3)%
Operational expenses			
Selling expenses	(794.8)	(453.8)	75.1%
Administrative expenses	(164.2)	(111.8)	46.9%
Other results	674.2	35.1	n.m.
Profit before net finance costs and taxes	2,244.2	2,491.9	(9.9)%
Finance income	1,078.3	569.4	89.4%
Finance costs	(2,023.7)	(1,923.7)	5.2%
Foreign exchange rate variations, net	(206.7)	589.1	(135.1)%

	For the Fiscal Year Ended March 31,		
	2023	2022	Variation
	(in millions of R\$)		(%)
Net finance costs	(1,152.1)	(765.3)	50.5%
Profit before income and social contribution taxes	1,092.1	1,726.7	(36.7)%
Current income and social contribution taxes	(285.6)	(454.2)	(37.1)%
Deferred income and social contribution taxes	12.2	(68.4)	n.m.
Income tax incentives	58.7	281.0	(79.1)%
Net profit for the year.....	877.4	1,485.1	(40.9)%

n.m.: not meaningful.

Net Revenue

The table below sets forth total revenue from segments and our revenue by segment for the periods indicated:

	For the Fiscal Year Ended March 31,		
	2023	2022	Variation
	(in millions of R\$)		(%)
Total revenue from segments⁽²⁾	6,800.2	6,211.0	9.5%
Ethanol anhydrous	2,505.0	2,239.0	11.9%
Ethanol hydrous	1,845.5	2,420.1	(23.7)%
Ethanol	4,350.6	4,659.0	(6.6)%
High protein	623.3	621.1	0.4%
High fiber	354.2	246.4	43.8%
Wet cake	194.1	93.8	106.9%
Corn oil	296.0	252.3	17.3%
Animal nutrition	1,467.6	1,213.6	20.9%
Corn marketing	935.3	285.6	227.5%
Energy	42.8	49.7	(13.9)%
Others	4.0	3.0	33.3%
Reclassification – Sales freight ⁽¹⁾	364.9	424.3	76.8%
Net revenue	7,550.5	6,635.3	13.8%

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

n.m.: not meaningful.

The table below presents a breakdown of price net of taxes and freight per each product for the periods indicated:

	For the Fiscal Year Ended March 31,		
	2023	2022	Variation
	(in reais per liters, tons, reais per sac and mwh))		(%)
Ethanol anhydrous	3.103	3.493	(11.2)%
Ethanol hydrous	2.844	3.124	(8.9)%
Total ethanol	2.988	3.291	(9.2)%
High protein	1,721.7	1,644.9	4.7%
High fiber	1,115.6	837.3	33.2%
Wet cake	356.2	178.1	100.0%
Corn oil	5,927.7	5,655.0	4.8%
Energy co-generation	230.7	272.6	(15.4)%
Corn Marketing	70.9	78.0	(9.1)%

The table below presents a breakdown of our volume sold for the periods indicated:

	For the Fiscal year Ended March 31,		Variation (%)
	2023	2022	
Ethanol anhydrous (in million liters)	807.4	641.1	25.9%
Ethanol hydrous (in million liters)	648.8	774.7	(16.2)%
Total ethanol (in million liters)	1,456.2	1,415.8	2.9%
High protein (in thousand tons)	362.0	377.6	(4.1)%
High fiber (in thousand tons)	317.5	294.3	7.9%
Wet cake (in thousand tons)	544.9	526.5	3.5%
Corn oil (in thousand tons)	49.9	44.6	12.0%
Total animal nutrition (in thousand tons)	1,274.4	1,243.0	2.5%
Energy co-generation (in thousand mwh)	69.3	182.4	(62.0)%
Energy sold (in thousand mwh)	172.4	-	n.m.
Corn Marketing (in thousand tons)	786.5	222.6	253.3%

n.m.: not meaningful.

Our total net revenue increased by 13.8%, or R\$915.2 million, to R\$7,550.5 million in the fiscal year ended March 31, 2023 from R\$6,635.3 million in the fiscal year ended March 31, 2022, as a result of an increase in volume of ethanol and animal nutrition sold, partially offset by the decrease of ethanol prices, as further described below.

Ethanol. Ethanol segment decreased by 6.6%, or R\$308.4 million, to R\$4,350.6 million in the fiscal year ended March 31, 2023 from R\$4,659.0 million in the fiscal year ended March 31, 2022. Ethanol prices per liter decreased by 9.2%, to R\$2.988 from R\$3.291, while the SP Hydrous ESALQ Price for the period was R\$2.873 per liter in the fiscal year ended March 31, 2023, compared to R\$3.110 per liter in the fiscal year ended March 31, 2022.

Revenue from ethanol anhydrous segment increased by 11.9%, or R\$266.1 million, to R\$2,505.0 million in the fiscal year ended March 31, 2023 from R\$2,239.0 million in the fiscal year ended March 31, 2022. Ethanol anhydrous prices per liter decreased by 11.2%, to R\$3.103 from R\$3.493, while the SP Hydrous ESALQ Price for the period was R\$3.328 per liter in the fiscal year ended March 31, 2023, compared to R\$3.571 per liter in the fiscal year ended March 31, 2022.

Revenue from ethanol hydrous segment decreased by 23.7%, or R\$574.5 million, to R\$1,845.5 million in the fiscal year ended March 31, 2023 from R\$2,420.1 million in the fiscal year ended March 31, 2022. Ethanol hydrous sales prices per liter decreased 8.9%, to R\$2.844 from R\$3.124, while the SP Hydrous ESALQ Price for the period was R\$2.873 per liter in the fiscal year ended March 31, 2023, compared to R\$3.110 per liter in the fiscal year ended March 31, 2022.

Animal nutrition. Revenue from the animal nutrition segment increased by 20.9%, or R\$254.1 million, to R\$1,467.6 million in the fiscal year ended March 31, 2023 from R\$1,213.6 million in the fiscal year ended March 31, 2022, primarily due to price increases and higher volumes sold. The price appreciation of substitute products (corn or soybean meal), combined with commercial initiatives and better acceptance of our products were the key drivers of price increases.

- High-protein sales volume decreased by 4.1%, from 377.6 thousand tons to 362.0 thousand tons. Prices per ton increased by 4.7%, from R\$1,644.9 to R\$1,721.7;
- High-fiber sales volume increased by 7.9%, from 294.3 thousand tons to 317.5 thousand tons. Prices per ton increased by 33.2%, from R\$837.3 to R\$1,115.6;
- Wetcake sales volume increased by 3.5%, from 526.5 thousand tons to 544.9 thousand tons. Prices per ton increased by 100.0%, from R\$178.1 to R\$356.2; and
- Corn oil sales volume increased by 12.0%, from 44.6 thousand tons to 49.9 thousand tons. Prices per ton increased by 4.8%, from R\$5,654.9 to R\$5,927.7.

Corn marketing. Revenue from corn marketing segment increased by 227.4%, or R\$649.6 million, to R\$935.3 million in the fiscal year ended March 31, 2023 from R\$285.6 million in the fiscal year ended March 31, 2022, result of higher volume invoiced. The volume increased by 253.3% of corn commercialized as a result of the change in our corn marketing strategy (focused on being active in the corn marketing market even outside the crop season) and commercial negotiations with customers. Prices per sac decreased by 9.1% to R\$70.9 in the fiscal year ended March 31, 2023 from R\$78.0 in the fiscal year ended March 31, 2022. Spread per sac (calculated as Corn Marketing Profit divided by total volume of corn marketing invoiced and contracted converted into sacs) decreased by 26.4% to R\$5.22 in the fiscal year ended on March 31, 2023 from R\$7.10 in the fiscal year ended March 31, 2022.

Cost of Goods Sold

Our cost of goods sold increased by 39.0%, or R\$1,408.7 million, to R\$5,021.2 million in the fiscal year ended March 31, 2023 from R\$3,612.8 million in the fiscal year ended March 31, 2022, due to an increase in corn and biomass prices, as set forth below.

The table below sets forth the composition of our cost of goods sold for the periods indicated:

	For the Fiscal Year Ended March 31,		Variation (%)
	2023	2022	
	(in millions of R\$)		
Corn	(3,357.9)	(2,681.9)	25.2%
Biomass	(265.4)	(224.6)	18.2%
Labor	(84.3)	(62.1)	35.7%
Enzymes	(70.3)	(62.7)	12.1%
Depreciation	(137.4)	(125.1)	9.8%
Production	(69.5)	(57.1)	21.7%
Chemicals	(75.8)	(92.5)	(18.1)%
Maintenance	(58.3)	(43.0)	35.6%
Lab	(5.0)	(3.6)	38.9%
Resale costs corn	(859.2)	(264.1)	225.3%
Resale costs energy	(17.7)	(21.0)	(15.7)%
Gain (loss) derivatives	(20.7)	24.8	(183.5)%
Total	(5,021.5)	(3,612.8)	39.0%

Gross Profit

Our gross profit decreased by 16.3%, or R\$493.5 million, to R\$2,529.0 million in the fiscal year ended March 31, 2023 from R\$3,022.5 million in the fiscal year ended March 31, 2022, as described above.

Operational Expenses

Our operational expenses decreased by 46.3%, or R\$245.7 million, to R\$284.8 million in the fiscal year ended March 31, 2023 from R\$530.5 million in the fiscal year ended March 31, 2022, primarily due to the gain as a result of disposal of assets and income from extemporaneous credit in the fiscal year ended March 31, 2023.

Selling Expenses. Our selling expenses increased by 75.1%, or R\$341.0 million, to R\$794.8 million in the fiscal year ended March 31, 2023 from R\$453.8 million in the fiscal year ended March 31, 2022, mainly due to freight and logistics expenses that increased by 77.0%, or R\$326.8 million, as a result of an increase in total volume sold of ethanol and animal nutrition segments using CIF shipping terms, reflecting our strategy to better manage our delivery routes and serve our customers more efficiently, as well as an increase in ethanol sales to Northeast region resulting in longer distances.

Administrative Expenses. Our administrative expenses increased by 46.8%, or R\$52.4 million, to R\$164.2 million in the fiscal year ended March 31, 2023 from R\$111.8 million in the fiscal year ended March 31, 2022, mainly due higher costs of labor due wage increases, higher bonus expense and headcount related to our commercial team structure.

Other Results. Our other results increased by R\$639.0 million, to an income of R\$674.2 million in the fiscal year ended March 31, 2023 from an income of R\$35.1 million in the fiscal year ended March 31, 2022, mainly due

to the revenue of R\$407.4 million from the sale of biological assets and the revenue of R\$131.6 million from the sale of CBIOS.

Net Finance Costs

Our net finance costs increased by 50.5%, or R\$386.8 million, to R\$1,152.1 million in the fiscal year ended March 31, 2023 from R\$765.3 million in the fiscal year ended March 31, 2022, due to the factors described below.

Finance Income. Our finance income increased by 89.4%, or R\$509.0 million, to R\$1,078.3 million in the fiscal year ended March 31, 2023 from R\$569.4 million in the fiscal year ended March 31, 2022, due to higher average cash position and higher interest rates on deposits and a higher foreign exchange, which increased the gain in derivatives.

Finance Costs. Our finance costs increased by 5.2%, or R\$100.0 million, to R\$2,023.7 million in the fiscal year ended March 31, 2023 from R\$1,923.7 million in the fiscal year ended March 31, 2022, primarily due to higher loans and borrowings, increase of the CDI rate compared to the previous period (13.65% per annum as of March 31, 2023 versus 11.65% per annum as of March 31, 2022) and higher reverse factoring position.

Foreign Exchange Rate Variations, Net. Our foreign exchange rate variations, net decrease by 135.1%, or R\$795.8 million, to an expense of R\$206.7 million in the fiscal year ended March 31, 2023 from an income of R\$589.1 million in the fiscal year ended March 31, 2022. For the fiscal year ended March 31, 2023, the exchange rate of the *real* against the U.S. dollar increased by 7.2% to R\$5.0804 as of March 31, 2023 from R\$4.7378 as of March 31, 2022.

Profit before Income Tax and Social Contribution

Our profit before income tax and social contribution decreased by 36.8%, or R\$634.6 million, to a profit of R\$1,092.1 million in the fiscal year ended March 31, 2023 from a profit of R\$1,726.7 million in the fiscal year ended March 31, 2022, due to the aforementioned factors.

Income Taxes, Social Contribution Taxes and Income Tax Incentives

Our expense with income taxes, social contribution taxes and income tax incentives decreased by 11.1%, or R\$26.9 million, to an expense of R\$214.7 million in the fiscal year ended March 31, 2023 from an expense of R\$241.6 million in the fiscal year ended March 31, 2022. The main reasons for the variation were the decrease of profit before income and social contribution taxes, as well as the increase in the SUDAM tax incentive over the taxable profits of the period.

Net Profit for the Year

As a result of the aforementioned factors, our net profit for the year decreased by 40.9%, or R\$607.7 million, to a profit of R\$877.4 million in the fiscal year ended March 31, 2023 from a profit of R\$1,485.1 million in the fiscal year ended March 31, 2022.

Fiscal Year Ended March 31, 2022 compared to Fiscal Year Ended March 31, 2021

The table below sets forth our comparative financial information for the periods indicated.

	For the Fiscal Year Ended March 31,		Variation
	2022	2021	
	<i>(in millions of R\$)</i>		<i>(%)</i>
Statements of Income Data			
Net revenue	6,635.3	3,107.7	113.5%
Cost of goods sold	(3,612.8)	(1,724.5)	109.5%
Gross profit	3,022.5	1,383.2	118.5%
Operational expenses			
Selling expenses	(453.8)	(255.3)	77.8%
Administrative expenses	(111.8)	(62.1)	80.0%
Other results	35.1	14.9	135.6%
Profit before net finance costs and taxes.....	2,491.9	1,080.7	130.6%

	For the Fiscal Year Ended March 31,		
	2022	2021	Variation
	(in millions of R\$)		(%)
Finance income	569.4	268.6	111.9%
Finance costs	(1,923.7)	(600.4)	220.4%
Foreign exchange rate variations, net	589.1	(302.8)	n.m.
Net finance costs	(765.3)	(634.6)	20.6%
Profit before income and social contribution taxes	1,726.7	446.1	287.1%
Current income and social contribution taxes	(454.2)	-	n.m.
Deferred income and social contribution taxes	(68.4)	(125.0)	(45.3)%
Income tax incentives	281.0	-	n.m.
Net profit for the year.....	1,485.1	321.1	362.5%

n.m.: not meaningful.

Net Revenue

The table below sets forth total net revenue and our revenue by segment for the periods indicated:

	For the Fiscal Year Ended March 31,		
	2022	2021	Variation
	(in millions of R\$)		(%)
Ethanol anhydrous	2,239.0	796.1	181.3%
Ethanol hydrous	2,420.1	1,326.9	82.4%
Total ethanol segment	4,659.0	2,123.0	119.5%
High protein	621.1	309.6	100.6%
High fiber	246.4	128.9	91.1%
Wet cake	93.8	43.2	116.8%
Corn oil	252.3	115.9	117.6%
Total animal nutrition segment	1,213.6	597.8	103.0%
Total energy co-generation segment.....	49.7	29.9	66.1%
Corn resale.....	285.6	119.8	138.3%
Others.....	3.0	4.1	(27.1)%
Total revenue from segments	6,211.0	2,874.7	116.1%
Reclassification – Sales freight ⁽¹⁾	424.3	233.1	82.1%
Net revenue	6,635.3	3,107.8	113.5%

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

The table below presents a breakdown of price net of taxes and freight per each product for the periods indicated:

	For the Fiscal Year Ended March 31,		
	2022	2021	Variation
	(in reais per liters, tons, reais per sac and mwh))		(%)
Ethanol anhydrous	3.493	1.985	75.9%
Ethanol hydrous	3.124	1.876	66.5%
Total ethanol	3.291	1.915	71.8%
High protein	1,644.9	1,115.4	47.5%
High fiber	837.3	451.0	85.6%
Wet cake	178.1	121.5	46.6%
Corn oil	5,654.9	3,461.4	63.4%
Energy co-generation	272.6	198.5	37.3%
Corn Marketing	77.0	32.3	138.2%

The table below presents a breakdown of our volume sold for the periods indicated:

	For the Fiscal year Ended March 31,		Variation (%)
	2022	2021	
Ethanol anhydrous (in million liters)	641.1	401.0	59.9%
Ethanol hydrous (in million liters)	774.7	707.5	9.5%
Total ethanol (in million liters)	1,415.8	1,108.4	27.7%
High protein (in thousand tons)	377.6	277.6	36.0%
High fiber (in thousand tons)	294.3	285.9	2.9%
Wet cake (in thousand tons)	526.5	355.9	47.9%
Corn oil (in thousand tons)	44.6	33.5	33.2%
Total animal nutrition (in thousand tons)	1,243.0	952.9	30.4%
Energy co-generation (in thousand mwh)	182.4	150.8	21.0%
Corn Marketing (in thousand tons)	222.6	222.6	–

Our net revenue increased by 113.5%, or R\$3,527.6 million, to R\$6,635.3 million in the fiscal year ended March 31, 2022 from R\$3,107.7 million in the fiscal year ended March 31, 2021, as a result of increased prices of ethanol and animal nutrition products and an increase in sales volume due to increased production capacity from the completion of the SRS Plant expansion in February 2021.

Our total revenue from segments increased by 116.1%, or R\$3,336.3 million, to R\$6,211.0 million in the fiscal year ended March 31, 2022 from R\$2,874.7 million in the fiscal year ended March 31, 2021, primarily due to an increase in sales of ethanol and animal nutrition products, an increase in corn marketing operations and an increase in sales volume as a result of the increased production capacity from the completion of the SRS Plant expansion in February 2021, as described below.

Ethanol. Ethanol sales increased by 119.5%, or R\$2,536.0 million, to R\$4,659.0 million in the fiscal year ended March 31, 2022 from R\$2,123.0 million in the fiscal year ended March 31, 2021, primarily due to the increase in sales volume as a result of the increased production capacity from the completion of the SRS Plant expansion in February 2021. Ethanol prices per liter increased 75.9%, to R\$3.493 from R\$1.985, while the SP Hydrous ESALQ Price for the period was R\$3.128 per liter in the fiscal year ended March 31, 2022, compared to R\$1.895 per liter in the fiscal year ended March 31, 2021.

Revenue from ethanol anhydrous segment increased by 181.3%, or R\$1,442.9 million, to R\$2,239.0 million in the fiscal year ended March 31, 2022 from R\$796.1 million in the fiscal year ended March 31, 2021, primarily due to the increase in sales volume as a result of the increased production capacity from the completion of the SRS Plant expansion in February 2021. Ethanol prices per liter increased 75.9%, to R\$3.493 from R\$1.985, while the SP Hydrous ESALQ Price for the period was R\$3.128 per liter in the fiscal year ended March 31, 2022, compared to R\$1.902 per liter in the fiscal year ended March 31, 2021.

Revenue from ethanol hydrous segment increased by 82.4%, or R\$1,093.1 million, to R\$2,420.1 million in the fiscal year ended March 31, 2022 from R\$1,326.9 million in the fiscal year ended March 31, 2021, primarily due to the increase in sales volume as a result of the increased production capacity from the completion of the SRS Plant expansion in February 2021 and an increase in ethanol hydrous sales prices per liter of 66.5%, to R\$3.124 in the fiscal year ended March 31, 2022 from R\$1.876 in the fiscal year ended March 31, 2021, while the SP Hydrous ESALQ Price for the period was R\$3.128 per liter in the fiscal year ended March 31, 2022, compared to R\$1.902 per liter in the fiscal year ended March 31, 2021.

Animal nutrition. Revenue from the animal nutrition segment increased by 103.0%, or R\$615.8 million, to R\$1,213.6 million in the fiscal year ended March 31, 2022 from R\$597.8 million in the fiscal year ended March 31, 2021, primarily due to:

- High-protein sales volume increased by 36.0%, to 377.6 thousand tons from 277.6 thousand tons, mainly due to the increase in our production capacity with the completion of the SRS Plant expansion in February 2021 and due changes in animal nutrition production mix. Prices per ton increased by 47.5%, to R\$1,644.9 from R\$1,115.4 due to the price appreciation of substitute products (soybean meal), combined with improvement of commercial initiatives, better pricing of our products and expansion of our animal nutrition customer base;

- High-fiber sales volume increased by 2.9%, to 294.3 thousand tons from 285.9 thousand tons, mainly due to the increase in our production capacity with the completion the SRS Plant expansion in February 2021 and due the change in animal nutrition production mix. Net prices per ton increased by 85.6%, to R\$837.3 from R\$451.0, due to the price appreciation of substitute products (corn), combined with improvement of commercial initiatives, better pricing of our products and geographical expansion;
- Wetcake sales volume increased by 47.9%, to 526.5 thousand tons from 355.9 thousand tons, mainly due the increase in our production capacity with the completion of the SRS Plant expansion in February 2021. Net prices per ton increased by 46.6%, to R\$178.1 from R\$121.5, due to the price appreciation of substitute products (corn), combined with improvement of commercial initiatives, better pricing of our products and geographical expansion; and
- Corn oil sales volume increased by 33.2%, to 44.6 thousand tons from 33.5 thousand tons, as a result of the increase in our production capacity with the completion of the SRS Plant expansion in February 2021. Net prices per ton increased by 63.4%, to R\$5,654.9 from R\$3,461.4, due to the price appreciation of substitute products (soybean oil), combined with improvement of commercial initiatives, better pricing of our products and geographical expansion.

Energy co-generation. Energy co-generation increased by 66.1%, or R\$19.8 million, to R\$49.7 million in the fiscal year ended March 31, 2022 from R\$29.9 million in the fiscal year ended March 31, 2021, due to an increase by 37.3% in energy prices, combined with increase by 21.0% in volume sold to 182.4 thousand MWh from 150.8 thousand MWh.

Corn resale. Revenue from corn resale segment increased by 138.3%, or R\$165.8 million, to R\$285.6 million in the fiscal year ended March 31, 2022 from R\$119.8 million in the fiscal year ended March 31, 2021, due to increased price per sac to R\$12.48 from R\$7.11, not impacted by the volume sold which was 222.6 tons in both years.

Others. Other segments decreased by 27.1%, or R\$1.1 million, to R\$3.0 million in the fiscal year ended March 31, 2022 from R\$4.1 million in the fiscal year ended March 31, 2021, due to decrease by 40.0% in the volume of steam sold, reaching 33.2 thousand tons at an average price of R\$90.7.

Cost of Goods Sold

Our cost of goods sold increased by 109.5%, or R\$1,888.3 million, to R\$3,612.8 million in the fiscal year ended March 31, 2022 from R\$1,724.5 million in the fiscal year ended March 31, 2021, due to (i) the increase in sales volume as a result of the increased production capacity from the completion of the SRS Plant expansion in February 2021; (ii) increase in prices of corn, biomass and chemical products in response to a global supply and demand dynamics; and (iii) increase of corn marketing volume and cost per sac, as set forth below.

The table below sets forth the composition of our cost of goods sold for the periods indicated:

	For the Fiscal Year Ended March 31,		Variation (%)
	2022	2021	
	<i>(in millions of R\$)</i>		
Corn	(2,681.9)	(1,160.8)	131.0%
Biomass	(224.6)	(155.4)	44.5%
Labor	(62.1)	(52.2)	18.9%
Enzymes	(62.7)	(46.9)	33.6%
Depreciation	(125.1)	(75.7)	65.1%
Production	(57.1)	(45.6)	25.2%
Chemicals	(92.5)	(48.1)	92.2%
Maintenance	(43.0)	(32.2)	33.5%
Lab	(3.6)	(3.0)	21.0%
Resale costs corn	(264.1)	(104.4)	152.9%
Resale costs energy.....	(21.0)	—	n.m.
Gain (loss) derivatives.....	24.8	—	n.m.
Total	(3,612.8)	(1,724.5)	109.5%

n.m.: not meaningful.

The corn cost of goods sold represents 74.2% and 67.3% of our total cost of goods sold at a cost per sac of R\$48.98 and R\$27.24 for the fiscal year ended March 31, 2022 and for the fiscal year ended March 31, 2021, respectively.

Gross Profit

Our gross profit increased by 118.5%, or R\$1,639.3 million, to R\$3,022.5 million in the fiscal year ended March 31, 2022 from R\$1,383.2 million in the fiscal year ended March 31, 2021, due to the reasons described above.

Operational Expenses

Our operational expenses increased by 75.4%, or R\$228.0 million, to R\$530.5 million in the fiscal year ended March 31, 2022 from R\$302.5 million in the fiscal year ended March 31, 2021, primarily due to the increase in selling expenses and administrative expenses, as described below.

Selling Expenses. Our selling expenses increased by 77.8%, or R\$198.6 million, to R\$453.8 million in the fiscal year ended March 31, 2022 from R\$255.3 million in the fiscal year ended March 31, 2021, mainly due to freight expenses that increased by 82.1%, or R\$191.3 million, as a result of an increase in diesel and fuel prices, as well as an increase in total volume sold using CIF shipping terms, reflecting our strategy to better manage our delivery routes and serve our customers more efficiently.

Administrative Expenses. Our administrative expenses increased by 80.0%, or R\$49.7 million, to R\$111.8 million in the fiscal year ended March 31, 2022 from R\$62.1 million in the fiscal year ended March 31, 2021, mainly due to the 44.5%, or R\$16.6 million increase in labor costs and a 180.3%, or R\$22.5 million increase in administrative costs, as a result of our expansion.

Other Results. Our other results increased by 135.6%, or R\$20.2 million, to an income of R\$35.1 million in the fiscal year ended March 31, 2022 from an income of R\$14.9 million in the fiscal year ended March 31, 2021, mainly due to an income of R\$25.7 million from the sale of CBIOs, compared to R\$2.0 million in the fiscal year ended March 31, 2021.

Net Finance Costs

Our net finance costs increased by 20.6%, or R\$130.7 million, to R\$765.3 million in the fiscal year ended March 31, 2022 from R\$634.6 million in the fiscal year ended March 31, 2021, due to the factors described below.

Finance Income. Our finance income increased by 111.9%, or R\$300.7 million, to R\$569.4 million in the fiscal year ended March 31, 2022 from R\$268.6 million in the fiscal year ended March 31, 2021, due to interests over investments, mainly related of a total return swap as part of the issuance of the 2025 Notes, which increased by 264.4% or R\$299.5 million.

Finance Costs. Our finance costs increased by 220.4%, or R\$1,323.3 million, to R\$1,923.7 million in the fiscal year ended March 31, 2022 from R\$600.4 million in the fiscal year ended March 31, 2021, primarily due to: (i) the interest expense on loans, which increased by 105.7%, or R\$406.4 million, to R\$790.8 million in the fiscal year ended March 31, 2022 from R\$384.4 million in the fiscal year ended March 31, 2021; and (ii) losses with derivative operations, which increased by R\$854.1 million, to R\$928.5 million in the fiscal year ended March 31, 2022 from R\$74.4 million in the fiscal year ended March 31, 2021.

Foreign Exchange Rate Variations, Net. Our foreign exchange rate variations, net increased by R\$891.9 million, to an income of R\$589.1 million in the fiscal year ended March 31, 2022 from an expense of R\$302.8 million in the fiscal year ended March 31, 2021. For the fiscal year ended March 31, 2022, the exchange rate of the *real* against the U.S. dollar decreased by 16.8% to R\$4.7378 as of March 31, 2022 from R\$5.6973 as of March 31, 2021. For the fiscal year ended March 31, 2021, the exchange rate of the *real* against the U.S. dollar increased by 9.6% to R\$5.6973 as of March 31, 2021 from R\$5.1987 as of March 31, 2020. Of the total increase of R\$891.9 million, R\$319.4 million was related to unrealized gains, with no cash effect, while the realized gains, with cash effect, was R\$572.5 million.

Profit before Income Tax and Social Contribution

Our profit before income tax and social contribution increased by 287.1%, or R\$1,280.6 million, to a profit of R\$1,726.7 million in the fiscal year ended March 31, 2022 from a profit of R\$446.1 million in the fiscal year ended March 31, 2021, due to the aforementioned factors.

Income Taxes, Social Contribution Taxes and Income Tax Incentives

Our expense with income taxes, social contribution taxes and income tax incentives increased by 93.3%, or R\$116.6 million, to an expense of R\$241.6 million in the fiscal year ended March 31, 2022 from an expense of R\$125.0 million in the fiscal year ended March 31, 2021, due to the factors described below.

Current Income and Social Contribution Taxes. We recorded current income and social contribution taxes of R\$173.2 million in the fiscal year ended March 31, 2022, net of income tax incentives. We did not record any current income and social contribution taxes in the fiscal year ended March 31, 2021. This change is attributed to positive taxable income for the year ended March 31, 2022, mainly resulting from the increase in profit before net finance costs and taxes and effect of exchange variation.

Deferred Income and Social Contribution Taxes. Our deferred income and social contribution taxes decreased by 45.3%, or R\$56.6 million, to a tax expense of R\$68.4 million in the fiscal year ended March 31, 2022 from a tax expense of R\$125.0 million in the fiscal year ended March 31, 2021. This decrease is mainly attributed to the increase in the taxable derivatives, to R\$232 million in the fiscal year ended March 31, 2022 from R\$11 million in the fiscal year ended March 31, 2021, which resulted in a deferred income tax asset.

Net Profit for the Year

As a result of the aforementioned factors, our net profit for the year increased by 362.5%, or R\$1,163.9 million, to R\$1,485.1 million in the fiscal year ended March 31, 2022 from a profit of R\$321.1 million in the fiscal year ended March 31, 2021.

Liquidity and Capital Resources

Our principal liquidity requirements are to finance current operations, fund Maintenance Capex, fund periodic expansion investments, and service our debt. We expect our ongoing sources of liquidity to include cash generated from operations, and issuances of additional debt and equity securities as appropriate subject to market conditions. We expect that these sources of funds will be adequate to provide for both our short-term and long-term liquidity needs. Our ability to meet our debt service obligations and other capital requirements, including capital expenditures, as well as to make expansions and acquisitions, will depend on our future operating performance which, in turn, will be subject to general economic, financial, market, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. As an ordinary part of our business, depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase or refinance our indebtedness.

Our management believes that, given our debt profile and cash flow, we have sufficient liquidity to cover our short-term costs, operating and finance costs, indebtedness and investments, although we cannot assure that this situation will remain unchanged. If we need to enter into loans or other financing arrangements to fund our operations and investments, we believe we will be able to do so.

Cash Flows

The following table shows our cash flows for the periods indicated.

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$)</i>				
Net cash from operating activities	1,620.3	496.3	320.8	1,449.6	67.3
Net cash from (used in) investing activities	1,092.0	(1,980.4)	(2,032.5)	(1,365.9)	(3,651.5)
Net cash from (used in) financing activities	(2,251.8)	1,340.5	1,349.7	708.6	4,222.7
Foreign currency translation adjustment	(21.4)	14.2	17.7	(21.8)	0.2

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$)</i>				
Increase (decrease) in cash and cash equivalents, net	439.2	(129.3)	(344.3)	770.6	638.6
Cash and cash equivalents at the beginning of the period ...	1,374.9	1,719.2	1,719.2	948.6	310.0
Cash and cash equivalents at the end of the period	1,814.0	1,589.9	1,374.9	1,719.2	948.6

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.

Cash Flow from Operating Activities

Our net cash from operating activities increased by 226.5%, or R\$1,124.0 million, to net cash from operating activities of R\$1,620.3 million in the six-month period ended September 30, 2023 from net cash from operating activities of R\$496.3 million in the six-month period ended September 30, 2022, mainly due to the negotiation with suppliers to increase the payment term, reflecting in higher amount of trade payables, and the increase in revenue with resulted in higher amount of cash from Trade and other receivables.

Our net cash from operating activities decreased by 77.9%, or R\$1,128.8 million, to net cash from operating activities of R\$320.8 million in the fiscal year ended March 31, 2023 from net cash from operating activities of R\$1,449.6 million in the fiscal year ended March 31, 2022, mainly due to a higher balance of recoverable taxes and the decrease in net profit of the company.

Our net cash from operating activities increased by R\$1,382.4 million, to net cash from operating activities of R\$1,449.6 million in the fiscal year ended March 31, 2022 from net cash from operating activities of R\$67.3 million in the fiscal year ended March 31, 2021, mainly due to the increase in cash generation resulting from the increase in profit before net finance costs and taxes related to the completion of the SRS Plant expansion in February 2021, with higher sales volume, as well as increased prices of ethanol and animal nutrition products.

Cash Flow from (Used in) Investing Activities

Our net cash from investing activities increased by 155.1%, or R\$3,072.4 million, to net cash from investing activities of R\$1,092.0 million in the six-month period ended September 30, 2023 from net cash used in investing activities of R\$1,980.4 million in the six-month period ended September 30, 2022, mainly due to proceeds from (financial investments and restricted cash amounting to R\$1,476.1 million for the six-month period ended September 30, 2023 compared to investing in financial investments and restricted cash amounting to R\$1,529.8 million for the six-month period ended September 30, 2022

Our net cash used in investing activities increased by 48.8%, or R\$666.6 million, to net cash used of R\$2,032.5 million in the fiscal year ended March 31, 2023 from net cash used of R\$1,365.9 million in the fiscal year ended March 31, 2022, mainly due to the increase in cash used in financial investments and restricted deposits to R\$1,895.6 million in the fiscal year ended March 31, 2023 from R\$371.6 million in the fiscal year ended March 31, 2022.

Our net cash used in investing activities decreased by 62.6%, or R\$2,285.6 million, to net cash used of R\$1,365.9 million in the fiscal year ended March 31, 2022 from net cash used of R\$3,651.5 million in the fiscal year ended March 31, 2021 due to the decrease of acquisition of financial investments to R\$138.9 million in the fiscal year ended March 31, 2022 from R\$3,090.8 million in the fiscal year ended March 31, 2021.

Cash Flow from (Used in) Financing Activities

Our net cash used in financing activities increased by 268.5%, or R\$3,592.3 million, to net cash used in financing activities of R\$2,251.8 million in the six-month period ended September 30, 2023 from net cash from financing activities of R\$1,340.5 million in the six-month period ended September 30, 2022, primarily due to higher repayment of loans and borrowings in the period, to R\$3,720.2 million in the six-month period ended September 30, 2023 from R\$842.9 million in the six-month period ended September 30, 2022.

Our net cash from financing activities increased by 90.5%, or R\$641.1 million, to net cash from financing activities of R\$1,349.7 million in the fiscal year ended March 31, 2023 from net cash from financing activities of R\$708.6 million in the fiscal year ended March 31, 2022, primarily due to higher proceeds from loans and borrowings in the period, to R\$4,199.3 million in the fiscal year ended March 31, 2023 from R\$2,627.3 million in the fiscal year ended March 31, 2022, and lower dividends paid amounting to R\$712.9 million in the fiscal year ended March 31, 2023, compared to R\$1,143.7 million in the fiscal year ended March 31, 2022.

Our net cash from financing activities decreased by 83.2%, or R\$3,514.1 million, to net cash from financing activities of R\$708.6 million in the fiscal year ended March 31, 2022 from net cash from financing activities of R\$4,222.7 million in the fiscal year ended March 31, 2021, primarily due to lower proceeds from loans and borrowings in the period, to R\$2,627.3 million in the fiscal year ended March 31, 2022 from R\$6,963.8 million in the fiscal year ended March 31, 2021, and dividends paid amounting to R\$1,143.7 million in the fiscal year ended March 31, 2022, compared to zero in the fiscal year ended March 31, 2021.

Indebtedness

Our total outstanding loans and borrowing were R\$10,492.2 million, R\$11,622.3 million, R\$8,195.3 million and R\$7,432.4 million as of September 30, 2023 and March 31, 2023, 2022 and 2021, respectively.

Our total outstanding loans and borrowing classified as current were R\$4,264.5 million, R\$4,271.1 million, R\$955.6 million and R\$751.9 million as of September 30, 2023 and March 31, 2023, 2022 and 2021, respectively.

Our total outstanding loans and borrowing classified as non-current were R\$6,227.8 million, R\$7,351.2 million, R\$7,239.7 million and R\$6,680.5 million as of September 30, 2023 and March 31, 2023, 2022 and 2021, respectively.

As of the date of this offering memorandum, we were in compliance with our existing financing agreements. For the period ended September 30, 2023, our Net Debt/EBITDA Ratio was higher than 3.0x. Therefore, we have restrictions on conducting certain transactions. This increase in our Net Debt/EBITDA Ratio does result in a default or accelerate the maturity of any of our loans.

The following table sets forth the total outstanding balance of our loans as of the dates indicated, with the breakdown of current and non-current loans as well as interest rate and currency denomination for each loan:

	As of September 30, 2023	As of March 31, 2023	As of March 31, 2022	2021
		<i>(in millions of R\$, except percentages)</i>		
Current loans and borrowing.....	4,264.5	4,271.1	955.6	751.9
Non-current loans and borrowing.....	6,227.8	7,351.2	7,239.7	6,680.5
Loans	10,492.2	11,622.3	8,195.3	7,432.4
Denominated in <i>reais</i>	4,765.7	5,272.4	1,935.2	460.8
Interest accrued on debt denominated in <i>reais</i>	CDI+1.33%	CDI+0.5% to CDI+0.8% and CDI+1.79%	CDI+1.5% to CDI+6.2% 8.5% per year and IPCA+6.0% to 12.0%	CDI+3.0% to CDI+12.0%
Denominated in U.S. dollars.....	5,957.3	6,516.5	6,260.1	6,971.6
Interest accrued on debt denominated in U.S. dollars .	6.5% to 10.77% and 8.46%	6.5% to 10.7% and 6.29%	SOFR +4.0% and 4.3% to 10.8% per year	7.5%+Libor and 10.78%

We believe we have sufficient working capital loan facilities to meet our financial obligations. We closely monitor our general and current liquidity and debt ratios, considering our growth and projections. In addition, we believe we have a good relationship with our lenders allowing access to additional credit lines and instruments if needed.

Material Financing Agreements

Senior Secured Notes – Green Bonds

On December 15, 2020, the Issuer completed the issuance of senior secured notes in aggregate principal amount of US\$550.0 million, maturing on December 15, 2025, or the 2025 Notes, guaranteed by us, accruing interest at a rate of 10.0% *per annum*, payable semi-annually. The 2025 Notes are secured by a mortgage on the LRV Plant and SRS Plant.

On January 21, 2021, the Issuer completed the issuance of additional 2025 Notes, in the aggregate principal amount of US\$50.0 million, guaranteed by us, under the same terms of the original issuance. The notes effectively accrue interest at 8.3% per year, compared to 10.0% per year in the original issuance, reflecting a premium of US\$3.3 million.

On October 5, 2021, the Issuer completed the issuance of additional 2025 Notes, in the aggregate principal amount of US\$80.0 million, guaranteed by us, under the same terms of the original issuance. The notes effectively accrue interest at 7.1% per year, compared to 10.0% per year in the original issuance, reflecting a premium of US\$2.4 million.

As of November 28, 2023, we had repurchased in the market and cancelled 2025 Notes in the aggregate amount of US\$197.2 million (or R\$987.5 million using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00). As a result, the outstanding amount of the 2025 Notes, as of November 28, 2023, is US\$446.3 million (or R\$2,234.9 million using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00).

Financial Rural Product Note (Cédula de Produto Rural Financeira – CPRF)

On July 14, 2022, we issued a CPRF, in the amount of R\$1,380.0 million, based on the price per sac of corn under a futures contract traded on the Brasil, Bolsa, Balcão (“B3”), *multiplied by* the volume of negotiated corn, *i.e.*, 1,221.1 thousand tons. Banco BTG Pactual S.A. purchased this CPRF for R\$1,380.0 million, to be amortized by us in a single payment, maturing on July 15, 2024, to be paid in *reais*. This CPRF is guaranteed by fiduciary assignment. As of September 30, 2023, the outstanding balance of this CPRF was R\$1,624.2 million.

On July 22, 2022, we issued another CPRF, in the amount of R\$120.0 million, based on the ethanol price under a futures contract traded on the Brasil, Bolsa, Balcão (“B3”), *multiplied by* the volume negotiated, *i.e.*, 43,636.3 thousand liters. Banco XP S.A. purchased this CPRF for R\$120.0 million, to be amortized by us in a single payment, maturing on July 15, 2024, to be paid in *reais*. This facility has quarterly payments of interest since the issuance. This CPRF is guaranteed by fiduciary assignment. As of September 30, 2023, the outstanding balance of this CPRF was R\$121.5 million.

Surviving Obligations under the Senior Term Loan Credit Facility

On February 29, 2016, we, as borrower, entered into a senior term loan credit facility with Midwest Oilseeds Global, LLC (“Midwest”), which was amended several times to adjust its terms and conditions. We have used proceeds from the facility to finance the acquisition and development of ethanol production facilities in Brazil and for other general corporate purposes permitted by the facility. We repaid in full the amounts that were due and outstanding under the facility on December 28, 2020 with the proceeds from the offering of the 2025 Notes.

In addition, for as long as Summit owns, directly or indirectly, any equity interests in FS Ltda., FS Ltda. has the obligation to make payments to Midwest in amounts equivalent to 2.00% of distributions on capital stock made to Summit and Marino José Franz, Miguel Vaz Ribeiro, Paulo Sérgio Franz and AMERRA Chapada, LLC to the extent in excess of such shareholders’ contributions to capital.

Agribusiness Receivables Certificates – CRA

On August 30, 2021, we issued Agribusiness Receivables Certificates (CRA) in the amount of R\$300.0 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Financial Rural Product Note (CPR-F) issued by us. The interest rate of the CRA is 6.0493% per annum. The CRA is unsecured. As of September 30, 2023, R\$216.2 million with interest accrued was outstanding under the CRA. The CRA is registered with B3. This transaction was certified as a green bond, in accordance with the FS Bioenergia Green Bond Framework, which Sustainalytics confirmed is aligned with the Green Bond Principles and best practices for climate bonds issuance.

On February 1, 2022, we issued unsecured Agribusiness Receivables Certificates (CRA) in the amount of R\$1,016.0 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Financial Rural Product Note (CPR-F) issued by us in two series, one due on February 2026, accruing interest at 100% of the CDI *plus* 1.50% spread, and the other maturing on February 2029 at cost of IPCA *plus* 7.4% per annum. As of September 30, 2023, R\$1,003.4 million with interest accrued was outstanding under the CRA. The CRA is registered with the B3, and this transaction was also certified as a green bond.

On May 4, 2022, we issued Agribusiness Receivables Certificates (CRA) in the amount of R\$750.0 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Financial Rural Product Note (CPR-F) issued by us in two series, one due on May 15, 2026, at cost of CDI *plus* 1.5% per annum and the other maturing on May 15, 2029 at a cost of IPCA *plus* 7.4% per annum. As of September 30, 2023, R\$752.8 million with interest accrued was outstanding under the CRA. The transaction was certified as a green bond.

On March 24, 2023, we issued Agribusiness Receivables Receivables Certificates (CRA) in the amount of R\$750.0 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Financial Rural Product Note (CPR-F) issued by us in two series, both due on October 15, 2029, one at cost of CDI *plus* 2.90% per annum and the other at a cost of IPCA *plus* 8.9555% per annum. As of September 30, 2023, R\$717.0 million with interest accrued was outstanding under the CRA. The transaction was certified as a green bond.

On June 7, 2023, we issued Agribusiness Receivables Receivables Certificates (CRA) in the amount of R\$400.0 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Commercial Papers issued by us in two series, both due on December 17, 2029, one at cost of CDI *plus* 2.90% per annum and the other at a cost of IPCA *plus* 8.90% per annum. As of September 30, 2023, R\$381.7 million with interest accrued was outstanding under the CRA. The transaction was certified as a green bond.

On December 14, 2023, we issued Agribusiness Receivables Receivables Certificates (CRA) in the amount of R\$1,000.0 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Financial Rural Product Note (CPR-F) issued by us in four series, (i) first due on December 15, 2028, at cost of 12.45% per annum; (ii) second due on June 17, 2030, at a cost of CDI *plus* 2.0% per annum; (iii) third due on June 17, 2030, at a cost of 13.20% per annum; and (iv) fourth due on June 17, 2030, at a cost of IPCA *plus* 7.3302%.

On January 22, 2024, we concluded an offering of Agribusiness Receivables Certificates (CRA) in the amount of R\$868 million by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A., a securitization company, backed by Financial Rural Product Note (CPR-F) issued by us in four series, (i) first due on January 15, 2029, at a rate of 12.45% per annum; (ii) second due on July 15, 2030, at a rate of CDI+2.0% per annum; (iii) third due on July 15, 2030, at a rate of 13.20% per annum; and (iv) fourth due on July 15, 2030, at a rate of IPCA+7.3302% per annum. The consummation of this offering is expected to occur on January 29, 2024.

Green Loan

On May 12, 2022, FS Lux, as borrower, FS, as guarantor, and Stichting Andgreen.Fund, as lender, entered into a loan and guarantee agreement in the amount of US\$30.0 million, which was disbursed on June 13, 2022. The loan had the purpose of financing working capital related to a certain environmental and social action plan agreed upon between the lender, the borrower and FS, and a landscape protection plan developed by FS (which includes the acquisition of corn and biomass). This transaction was certified as a green loan, in accordance with the FS

Bioenergia Green Bond Framework, which Sustainability confirmed is aligned with the Green Bond Principles and best practices for climate bonds issuance. Repayment under the loan is due in two equal installments of principal, one due on June 13, 2029 and the other on June 13, 2030, on the final maturity date. Interest under the loan accrues semi-annually at a 6.5% rate and is payable on December 13 and June 13 of each year. As of September 30, 2023, US\$29.8 million, or R\$149.2 million, with interest accrued was outstanding.

General Loans Arrangements

In addition to the contracts described above, we have 234 general loans arrangements, entered into with different institutions such as Banco BTG Pactual S.A., Banco Santander (Brasil) S.A., Caixa Econômica Federal, Banco ABC, Banco Citibank, XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A., Banco do Brasil S.A., Banco Bocom BBM, Banco Itaú BBA, Banco Mizuho, Banco BNDES and Banco Votorantim, mainly for purposes of strengthening our working capital. As of September 30, 2023, R\$3,516.7 million (including accrued and unpaid interest) was outstanding under these loans and borrowings.

Capital Expenditures

Our operations require investments to enhance and expand existing operations and to meet environmental and operational regulations (in addition to the costs related to our plant and equipment that are included in our cost of goods sold). Our capital expenditures have consisted of and are expected to continue to consist of Maintenance Capex and Growth Capex. Maintenance Capex includes expenditures required to maintain equipment reliability and improvement, storage, systems integrity and safety. Growth Capex include expenditures related to the expansion of our production capacity and facilities, which are engineering and construction costs for future expansion projects.

The table below sets forth the calculation of Maintenance Capex and Growth Capex for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Year Ended March 31,		
	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
	<i>(in millions of R\$, except otherwise indicated)</i>				
Land	—	0.8	10.7	0.3	61.4
Construction in progress	412.3	478.4	1,214.7	257.6	676.8
Advance to suppliers	34.1	494.1	668.5	136.3	—
Right of use	199.6	35.6	205.5	117.1	32.5
Growth Capex⁽²⁾	646.0	1,009.0	2,099.4	511.2	749.1
Buildings	3.6	1.4	4.6	1.2	—
Machinery and equipment	7.0	9.9	3.8	12.3	0.3
Furniture and computers	1.1	2.6	4.8	4.4	0.1
Vehicles	—	—	—	1.3	—
Airplane	—	1.0	1.0	28.2	—
Installations	1.5	1.5	3.0	2.0	—
Maintenance Capex⁽³⁾	13.2	16.4	17.3	49.4	0.3
Ethanol sold (million liters)	869.2	659.6	1,456.2	1,415.8	1,108.4
Maintenance Capex per liter (R\$/liter)⁽³⁾	0.02	0.02	0.01	0.03	0.00

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (2) Growth Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items in the note to the financial statements entitled “Property, plant and equipment”: Land, Construction in progress, Advance to suppliers and Right of use. Growth Capex is used by our management as an overall indicator of the amount of cash used in the expansion of our operating activities compared to Maintenance Capex, providing visibility to the market on investments in certain property, plant and equipment. Growth Capex is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies.
- (3) Maintenance Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations. Maintenance

Capex per liter is calculated as Maintenance Capex *divided by* liters of ethanol sold. Maintenance Capex per liter is calculated for the applicable period as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations *divided by* liters of ethanol sold.

For the six-month period ended September 30, 2023 and 2022, we incurred a total of R\$13.2 million and R\$16.4 million, respectively, in Maintenance Capex and R\$646.0 million and R\$1,009.0 million, respectively in Growth Capex. For the years ended March 31, 2023, 2022 and 2021, we incurred a total of R\$17.3 million, R\$49.4 million and R\$0.3 million, respectively, in Maintenance Capex, and spent R\$2,099.4 million, R\$511.2 million and R\$749.1 million, respectively, in Growth Capex. Capital expenditures for the past three fiscal years were funded primarily with cash flow from operations and borrowings.

We expect to fund future Growth Capex through a combination of cash from operations and external source, including issuances of debt and equity securities.

Off Balance Sheet Arrangements

Under our strategic plan related to logistics, forestry development and corn storage, we guaranteed various loan obligations of certain related parties and commercial counterparties. As of September 30, 2023, we had guaranteed a total of R\$1,074.0 million of such related-party and third-party loans and borrowings, corresponding in the aggregate to R\$115.5 million for warehouse construction and logistics program, and R\$958.6 million for forestry development.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks arising from the conduct of our business activities and, in particular, market risks arising from changes in commodity prices, exchange rates or interest rates. As a result, our operations may be affected if there is any variation in commodities prices, interest rates and exchange rates.

Risk Management

Our management has full responsibility for establishing and supervising our risk management structure.

Our risk management policies were established to identify and analyze the risks exposures, to define appropriate limits and controls of risks, and to monitor risks and adherence to the limits established. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities.

Credit Risk

Credit risk is the risk that we incur financial losses due to a client or financial instrument counterparty, resulting from failure to comply with contract obligations. The carrying amounts of financial assets classified as amortized cost represent the maximum credit exposure.

Credit risk is managed through specific rules concerning client acceptance, which require credit rating checks and limits for customer exposure. We do not believe that we are subject to any material credit risk, and we do not anticipate any material credit-related losses. Management believes that any credit risk is covered by expected losses on credit recorded in our statement of financial position.

We keep cash and cash equivalent amounts with top-tier financial institutions to minimize the credit risk arising from these operations. In addition, we enter into derivatives with financial institutions to manage market exchange risk in future receivables from loan operations, as well as to manage the fluctuation of corn and ethanol prices according to the volume necessary for our operations.

In respect of trade and other receivables, our credit department is responsible for setting limits for all sales with deferred payments. The criteria used for credit analyses and limits are publicly available information, analysis of financial condition based on financial information of the client, and guarantees or collateral rights.

For more information on our credit risk exposure, see note 23 to the unaudited condensed combined interim financial information and the audited combined financial statements as of and for the fiscal year ended March 31, 2023, included elsewhere in this offering memorandum.

Liquidity Risk

Liquidity risk arises where we may encounter difficulties in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, to the extent possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

We seek to maintain our cash and cash equivalents with high levels of liquidity and at amounts higher than the cash outflows for settlement of financial liabilities (other than suppliers). We manage our cash inflows and outflows on a daily basis.

For more information on our liquidity risk exposure, see note 23 to our unaudited condensed combined interim financial information and our audited combined financial statements as of and for the fiscal year ended March 31, 2023, included elsewhere in this offering memorandum.

Commodity Price Risk

We secure most of our future corn needs in advance through forward purchases of the physical corn from local farmers, cooperatives and trading companies. Occasionally we may also enter into spot purchases of corn. According to our corn procurement strategy, we start to purchase corn 18 to 24 months before harvest. Accordingly, we typically reach one third (approximately 33.3%) of our corn needs for the Crop Year approximately one year before harvest, and two thirds (approximately 66.6%) up to six months before harvest. In the remaining six months until September, when the second crop corn is fully harvested, our needs for the entire fiscal year are already satisfied with prices and delivery dates already set. As of November, 28, 2023, we had commitments to purchase 100.0%, 93.9% and 32.6% of our corn needs for the Crop Years ending May 31, 2023, May 31, 2024 and May 31, 2025 at average prices of R\$59.71, R\$52.75 and R\$40.96 per sac, respectively.

Foreign Currency Exchange Rate Risk

Exchange rate risks arise from the possibility of fluctuations in the exchange rates used by us for revenues, imports, financing cash flows and other foreign currency assets and liabilities. Certain of our significant costs, mainly the corn prices, are related to imported equipment and certain of our third-party loans are indexed to the U.S. dollar; therefore, any depreciation of the *real* would increase the cost of imported products and the outstanding amount owed by us. In addition, commodities prices are also impacted by exchange rate variation.

Hedging Transactions and Exposures

In an attempt to minimize the effects of the volatility of exchange rates on our cash flows and results of operations, and therefore not for speculation, we engage in hedging transactions involving exchange rate futures. We intend to hedge 50% of the principal amount of the Notes against foreign exchange rate fluctuations.

We also may engage in interest rate-related hedging transactions from time to time. Hedging transactions expose us to the risk of financial loss in situations where there is a change in the expected differential between the underlying price in the hedging agreement and the actual price of commodities or exchange rate.

We may incur significant hedging-related losses in the future. Alternatively, we may choose not to engage in hedging transactions in the future, which could materially adversely affect our financial performance during periods in which foreign exchange rates fluctuate.

INDUSTRY OVERVIEW

Overview of Brazilian Ethanol Market

Brazil is an established and growing market for both ethanol production and consumption, with a large network of existing infrastructure for ethanol processing, transportation, and sale to users at service stations.

There are two types of fuel ethanol, hydrous and anhydrous ethanol. Anhydrous ethanol is used as a fuel additive in gasoline, and hydrous ethanol is used directly by vehicles that run exclusively on ethanol or flex-fuel vehicles, which run on hydrous ethanol, gasoline or a combination of both. Ethanol has been used as a fuel additive in Brazil since the 1930s, and increased in importance in Brazil in the mid-1970s as a result of the international oil crisis and high domestic demand for gasoline. In response to these factors, the Brazilian government implemented the Pro-Ethanol (*Pró-Álcool*) program, mandating the addition of anhydrous ethanol to gasoline to minimize Brazil's vulnerability to oil shortages, trade balance deficits and foreign exchange fluctuations.

In terms of the production, Brazil produced 31.2 billion liters of ethanol in the 2022-2023 harvest season, according to sugar-based ethanol production report periodically published by the Ministry of Agriculture, Livestock and Supply (*Ministério da Agricultura, Pecuária e Abastecimento*) Historically, the production has principally been from sugarcane as a diversification tool for the sugar industry, hence today most of the production still comes from sugarcane, but this has started to change in recent years. Ethanol production today is still concentrated in states with the largest productions of sugarcane, the state of São Paulo being the main one. The following table shows the top producer states and regions in Brazil.

Figure 1: Ethanol Production by State

Ethanol Production States (MM liters)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Market Share
Region Center-South.....	25.6	26.2	28.2	25.7	26.1	31.0	33.3	30.4	23.6	24.6	78.9%
Region Mato Grosso.....	1.1	1.2	1.3	1.2	1.5	1.8	2.4	3.3	4.1	4.3	13.9%
Region North-Northeast.....	1.9	2.2	2.0	1.6	1.8	2.2	2.3	2.1	2.1	2.2	7.2%
São Paulo	13.9	13.7	14.6	13.2	13.2	15.9	16.5	14.4	11.9	12.0	38.4%
Goiás	3.9	4.2	4.7	4.4	4.6	4.9	5.5	5.2	5.0	5.1	16.4%
Minas Gerais	2.7	2.7	3.1	2.6	2.7	3.2	3.6	3.1	2.8	2.9	9.2%
Mato Grosso do Sul.....	2.2	2.5	2.8	2.7	2.6	3.3	3.3	2.9	2.5	3.4	10.8%
Mato Grosso.....	1.1	1.2	1.3	1.2	1.5	1.8	2.4	3.3	4.1	4.3	13.9%
Paraná.....	1.5	1.6	1.6	1.4	1.3	1.6	1.7	1.3	1.2	1.1	3.5%
Alagoas	0.5	0.6	0.4	0.4	0.3	0.5	0.5	0.4	0.4	0.4	1.3%
Pernambuco.....	0.3	0.3	0.4	0.3	0.3	0.4	0.5	0.4	0.4	0.3	1.1%
Paraíba	0.3	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5	1.5%
Bahia	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.3	0.3	0.3	1.0%
Other	0.9	0.9	0.9	0.6	0.7	0.8	0.9	0.9	0.8	0.9	2.8%
Brazil.....	27.5	28.5	30.2	27.3	27.9	33.1	35.6	32.5	29.9	31.2	100.0%

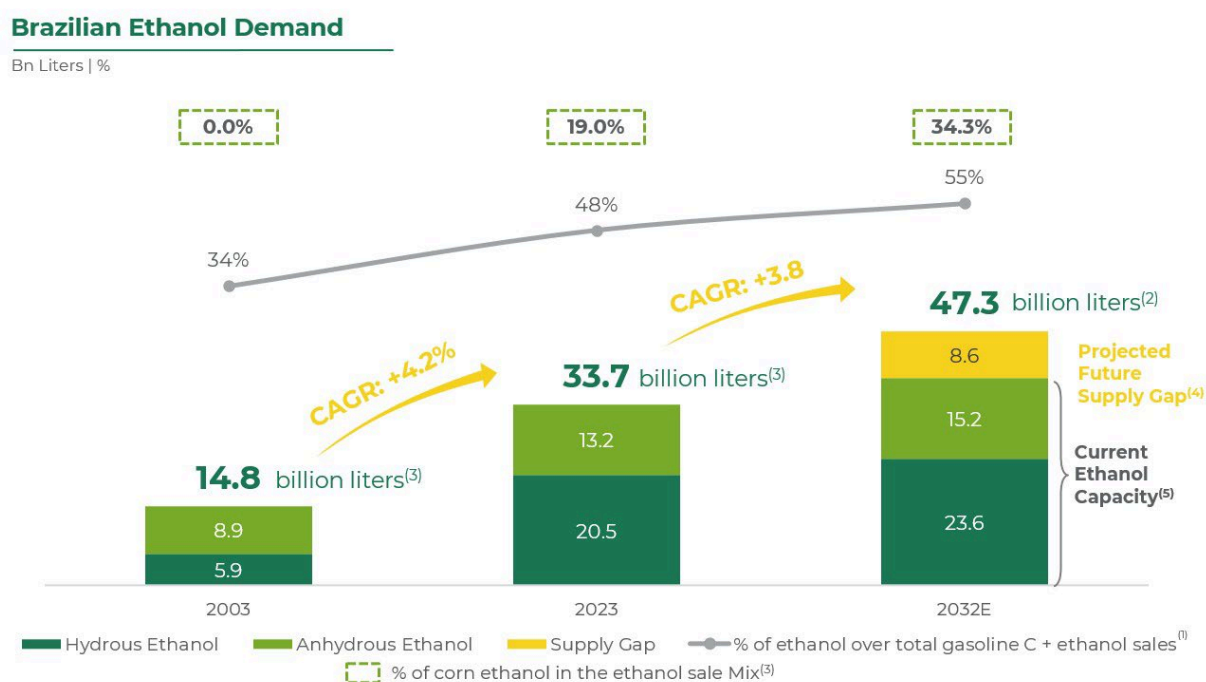
Source: Ministry of Agriculture, Livestock and Supply; and Unica.

The main producers of ethanol, and our competitors, include Raízen, BP Bunge, São Martinho, Cerradinho, among others. Although these firms, along with us, are among the top ten largest producers in Brazil, the market is fragmented, with many smaller producers. In most years, the ten largest producers are responsible for approximately one-third of all production, with the remaining balance coming from smaller operations. Despite the presence of many established players, we have been able to gain relevance and scale after only six years of operation since the beginning of operations of our LRV Plant.

Brazilian ethanol demand has grown significantly in recent years, from 14.8 billion liters in 2003, of which 8.9 billion were anhydrous and 5.9 were hydrous, to 33.7 billion liters in 2023, with 13.2 billion anhydrous and 20.5 billion from hydrous, representing a compounded annual growth rate of approximately 4.2% over this nineteen-year period. The government's official ten-year Energy Plan ("EPE") projects a demand for ethanol of 47.3 billion liters by 2032. As compared with today's current total ethanol production capacity of 38.7 billion liters, this equates to an 8.6-billion-liters future supply gap, or approximately 22.1% of current production capacity, which we believe corn

ethanol is better positioned to take advantage of this growth. Corn ethanol is expected to begin to grow as compared to sugarcane ethanol production in the medium-term, expecting to reach 34.3% of the total production by 2032 up from 23.0% in 2023, according to official forecast from the Brazilian government published on its latest official 10-year Energy Outlook (*Plano Decenal de Energia*).

Figure 2: Brazilian Growing Ethanol Demand



Notes:

1. Ethanol consumption divided by total gasoline and ethanol consumption.
2. Forecast of ethanol supply according to official 10-year 2032 Energy Plan from the Federal Government (elaborated by EPE).
3. Takes into account fiscal years of sugar and ethanol mills.
4. Corresponds to the difference between current supply and future demand.
5. Based on Novacana's assessment of production capacity, as of 2019-2020 harvest and production of anhydrous ethanol as of 2022-2023 harvest.

Source: ANP, Unica, EPE and Novacana.

On the demand side, the driving force for ethanol growth includes the high penetration of flex-fuel vehicles, which can run on either traditional gasoline or ethanol and account for approximately 91.2% of Brazil's fleet as of 2022. During the 1990s, the government promoted the use of anhydrous ethanol as an additive to gasoline. In 2003, when flex fuel vehicles were introduced, the annual sales of ethanol in Brazil were 14.8 billion liters, accounting for 34.5% of all gasoline plus ethanol sales by volume in Brazil. By 2023, this figure had increased to 33.7 billion liters and 48.3% share of all gasoline plus ethanol sales.

Although anhydrous ethanol is primarily used as a blend component in the Brazilian gasoline fuel market (blended at a statutorily determined rate of 27%), hydrous ethanol can be utilized with any mix of gasoline, up to 100% hydrous ethanol. Because many vehicles in Brazil can run both on ethanol or gasoline or any mixture of both, there is no "blend wall" with respect to hydrous ethanol demand, which can serve as a cap on ethanol sales linked to the percentage of ethanol that may be mixed with gasoline.

Drivers of flex-fuel cars in Brazil are free to choose between ethanol or gasoline at the pump, which ultimately leads ethanol prices to float around the energy parity to gasoline. The following table sets forth the number of flex-fuel and pure ethanol vehicles registered in Brazil for the years indicated, according to ANFAVEA data.

Ethanol benefits from the growth of the overall fuel consumption dynamics, as well as from the ability to displace gasoline as fuel sold at the pump.

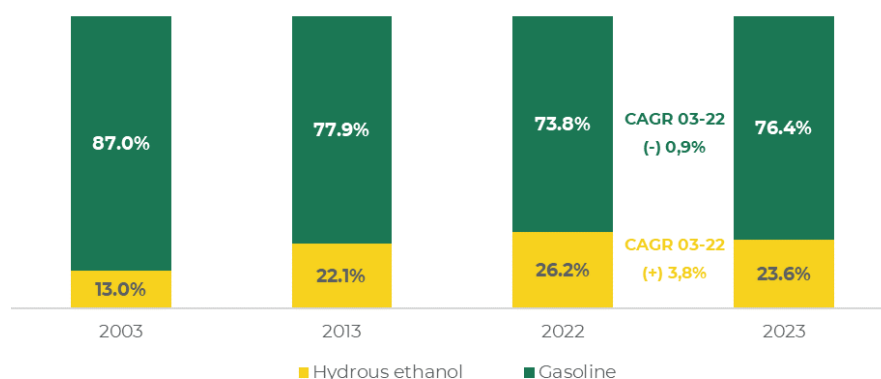
Figure 3: Ethanol and Flex Fuel Growth

Year	Pure Ethanol Vehicles	Flex-fuel vehicles	% of Ethanol Enabled
2002.....	47,366	0	3.9%
2003.....	33,034	39,095	6.4%
2004.....	49,801	278,764	25.4%
2005.....	30,904	752,597	54.4%
2006.....	1,651	1,334,342	81.8%
2007.....	90	1,834,259	87.9%
2008.....	70	2,113,289	90.3%
2009.....	61	2,416,111	91.4%
2010.....	44	2,570,578	90.0%
2011.....	44	2,524,402	87.0%
2012.....	46	2,834,334	91.0%
2013.....	29	2,833,091	93.2%
2014.....	10	2,588,367	92.6%
2015.....	13	1,959,868	92.3%
2016.....	12	1,572,798	93.2%
2017.....	26	1,739,014	93.7%
2018.....	20	1,969,672	93.7%
2019.....	26	2,123,841	93.9%
2020.....	18	1,490,480	92.2%
2021.....	19	1,411,662	90.6%
2022.....	32	1,437,713	91.2%

Source: Anfavea Annual Report.

In addition to the growth of anhydrous ethanol blended with gasoline, we have seen an increasing shift on fuel consumption behavior, moving from gasoline to hydrous ethanol at the pump. Looking at the evolution of sales mix between 2003 and 2022, hydrous ethanol has grown at a compound rate of 3.8% against a negative growth of 0.9% for gasoline, expanding its market share from 13.0% to 26.2%, an increase of 13.2 percentage points.

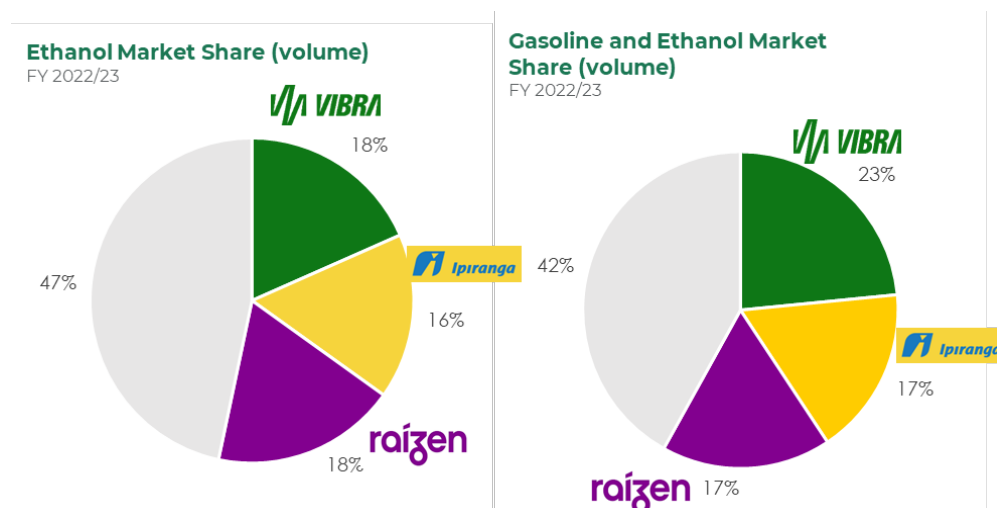
Figure 4: Brazilian Sales Mix at the Pump



Source: ANP.

The main buyers of ethanol from mills are fuel distributors, which may buy both anhydrous ethanol to blend with gasoline, as well as hydrous ethanol for distribution to retail stations. Service stations are not owned by the fuel distributors in Brazil as per current legislations. The main fuel distributors nationwide include publicly traded companies Vibra Energia (formerly BR Distribuidora), Ipiranga (owned by Ultrapar) and Raízen (a JV between Shell and Cosan), which accounted for approximately 53.3% of total gasoline and ethanol sales (by volume) for our fiscal year ended March 31, 2023, according to data from FGV and ANP.

Figure 5: Fuel Distributors Market Share



Source: FGV, ANP.

RenovaBio Program

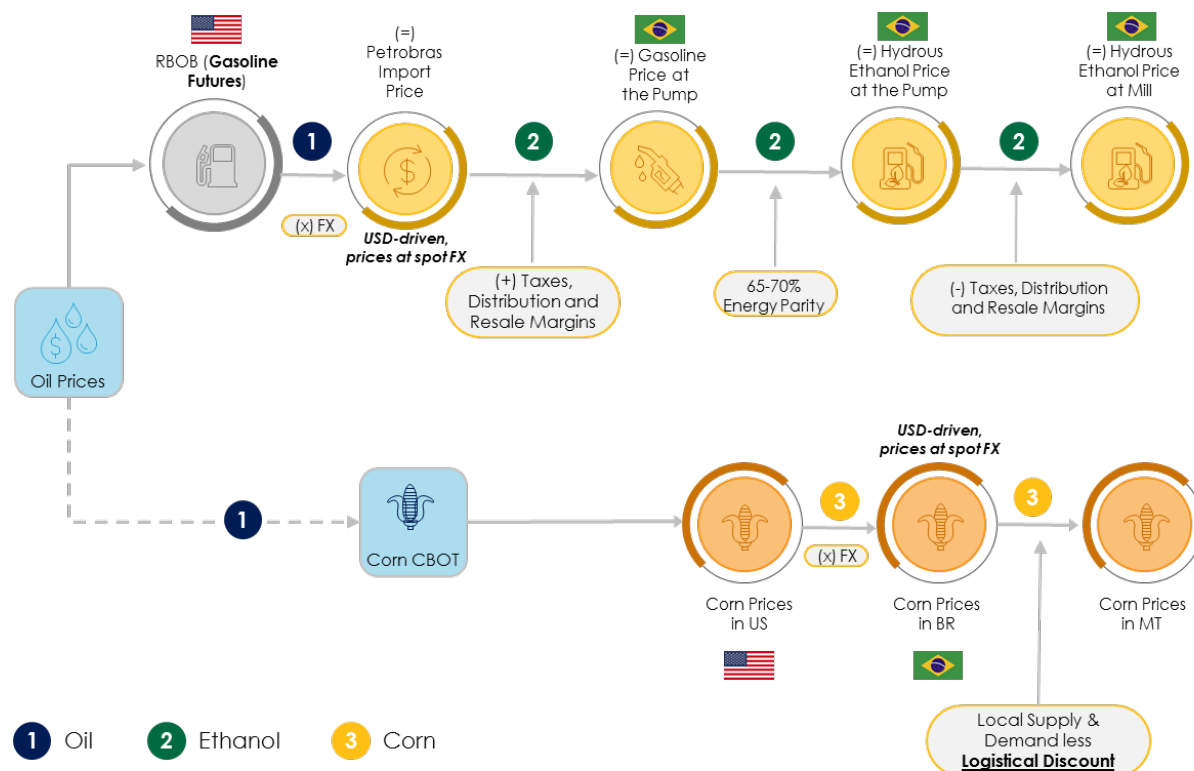
The RenovaBio program is an initiative of the Ministry of Mines and Energy (*Ministério de Minas e Energia*) launched in December 2016 with the purpose of establishing annual targets of decarbonization for the fuel industry, including by incentivizing the increase of biofuel production in Brazil. RenovaBio aims to decarbonize the transport fuel sector by enhancing and encouraging the production and participation of biofuels in the energetic matrix. The program seeks to reduce Carbon emissions from 73.4g of CO₂/MJ in 2020 to 66.1g of CO₂/MJ in 2029. These reductions will be supported by emissions-reduction certificates (“CBIO”), which is a de-carbonization credit issued to the biofuels mills and sold to petroleum distribution companies. To receive CBIOs, each mill—both ethanol and biodiesel producers—must go through a validation and certification process that will determine the quantity of CBIO credits they will be allowed to receive per thousand liters of ethanol produced and sold. The certification process measures the carbon intensity in the production chain, and more CBIOs will be awarded to those mills which are less carbon intensive.

RenovaBio requires fuel distributors to buy CBIOs from the mills, with each distributor obligated to buy CBIOs in proportion to the volume of fossil fuels they commercialize as compared to the corresponding volume of biofuels. The higher this proportion is, the more CBIOs the fuel distributors will be required to buy. In 2022, all distributors had to buy a total of 36.0 million CBIOs, as mandated in the RenovaBio program, and this figure is expected to reach 85.5 million by 2029. Furthermore, it is expected that the three biggest players in Brazil will have to buy approximately 61% of the total program goal, based on their current market share and volume of fossil fuels commercialized.

In January 2024, 246 mills have already been certified and are able to participate in the RenovaBio program. Another 80 mills are currently in the certification process.

Structural Price Drivers for Ethanol

Figure 6: Structural Price Drivers



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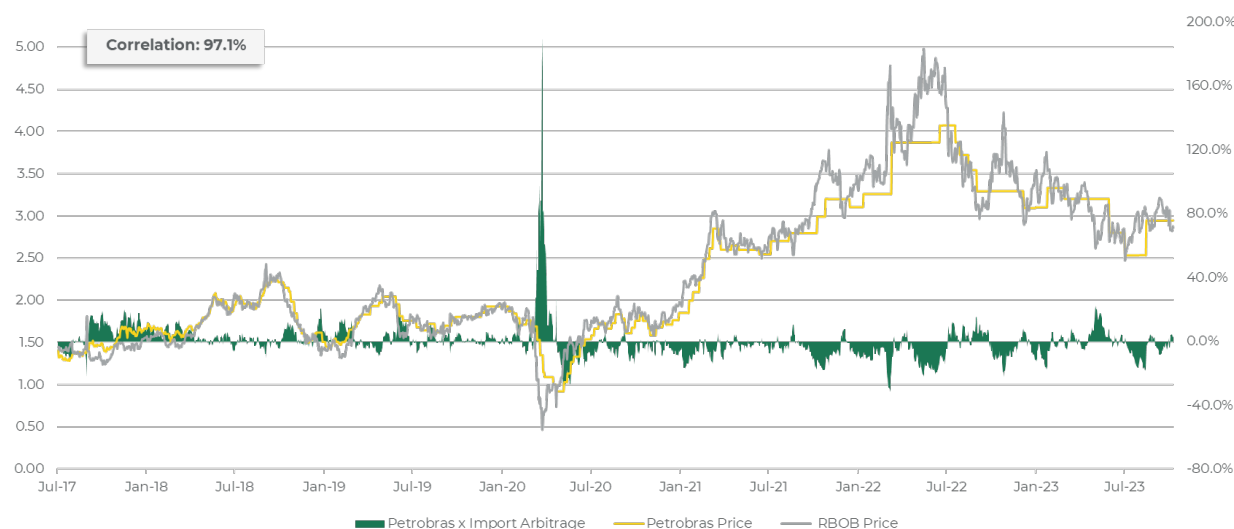
Ethanol pricing in Brazil follows international prices of gasoline, being highly correlated with RBOB, which is an acronym for “Reformulated Gasoline Blendstock for Oxygen Blending.” This type of gasoline is used as the benchmark for gasoline trading on the Chicago Mercantile Exchange. The term “reformulated” describes gasoline that does not have any MTBE “Methyl tert-butyl ether.” RBOB became the benchmark in the United States largely because of legislation banning gasoline with the chemical MTBE, which was found in unleaded gas prior to legislation.

Anhydrous ethanol and hydrous ethanol prices have not been subject to Brazilian government control since 1997 and 1999, respectively, and since July 2017, Petrobras, the Brazilian state-owned company that currently control most of the supply of Gasoline A in the country, has adopted a refinery price strategy for gasoline that largely follows international prices. Therefore, since mid-2017, the price of ethanol in Brazil has somewhat followed the RBOB pricing through a series of indirect relationships.

First, Gasoline A and RBOB expressed in *reais* are strongly correlated, at 97%. Second, Gasoline A is 88% correlated with Gasoline C (sold at the pump), which contains 27% ethanol anhydrous, a direct linkage between gasoline and ethanol pricing. Lastly, Gasoline C is 96% correlated with hydrous ethanol sold at the pump, and hydrous ethanol price at the pump is 96% correlated with ethanol prices at the mill (measured by ESALQ) despite fixed logistics costs and taxes that allow a pass-through of price variations between the two.

Figure 7 below demonstrates the first point. In 2017, Petrobras changed its pricing policy to require local gasoline prices to follow changes in international fuel prices, which caused gasoline C prices at the pump in Brazil to become correlated with international reference prices, mainly represented by RBOB gasoline contracts, plus a premium that accounts for local taxes and logistics/distribution margins. Gasoline C is the blend of gasoline sold at the pump in Brazil, which is a mix of 73% Gasoline A and 27% anhydrous ethanol.

Figure 7: Gasoline A and RBOB

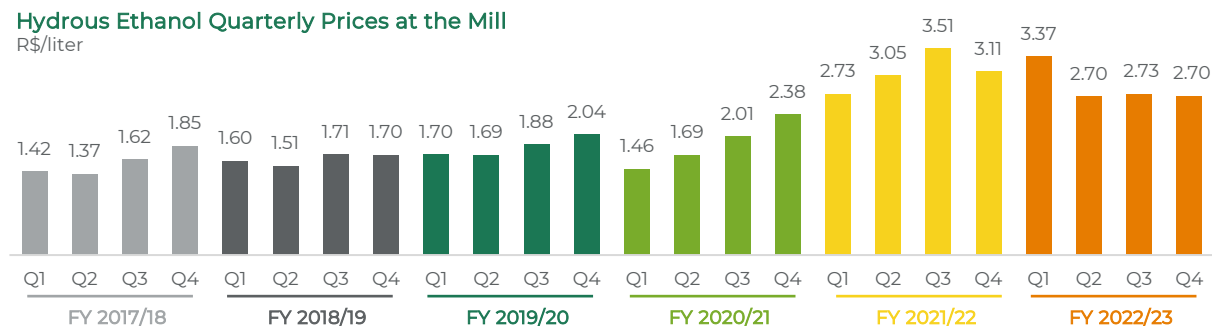


Source: ANP, Bloomberg.

Second, Gasoline A is mixed with anhydrous ethanol at a proportion of 27%, and is thus converted to Gasoline-C, which is the product sold to end consumers at the pump. These also show a high correlation, with variations explained due to fixed costs, logistics and taxes, as demonstrated in Figure 8 below. Additionally, the sugarcane growing cycle in Brazil is seasonal, with sugarcane generally harvested between April and November in the Center-South region. As such, this results in ethanol pricing peaking in the fourth quarter of the calendar year and declining in the first quarter of the calendar year. This seasonal sugarcane harvesting impact can be seen in the price increase of ethanol at the mill during the off-season period.

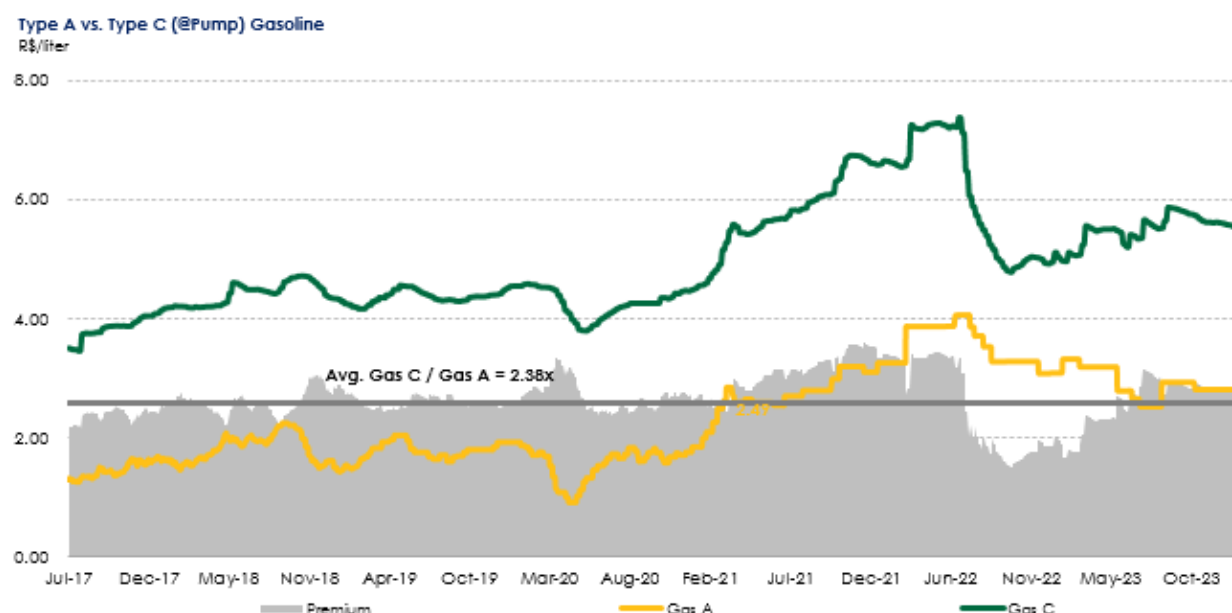
Figure 8: Hydrous Ethanol Quarterly Prices at the Mill

Hydrous Ethanol Quarterly Prices at the Mill
R\$/liter



Source: CEPEA ESALQ.

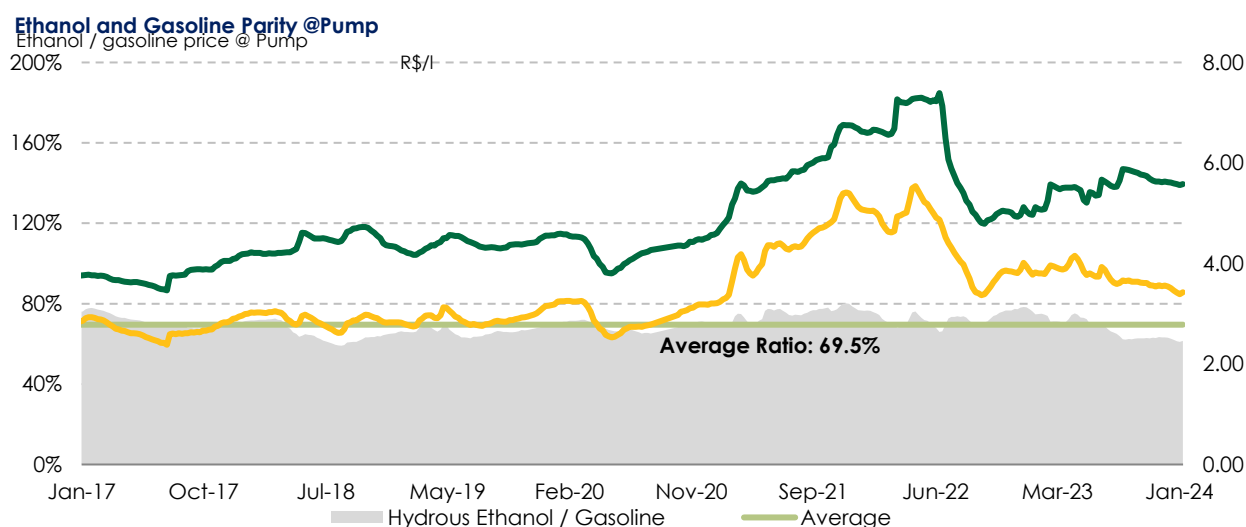
Figure 9: Brazilian Gasoline C and Gasoline A



Source: ANP, Bloomberg. Base date: January 2024.

Within Brazil, ethanol prices behave in sync with gasoline prices, as Figure 10 below demonstrates. Hydrours ethanol prices float around the 70% energy parity mark versus gasoline, demonstrating an average price of ethanol of 69.7% of gasoline C prices at the pump, using data from ANP and ESALQ since 2013. At a more fundamental level, vehicles running on ethanol average 0.7x the miles as compared to gasoline, also known as the energy parity; thus, ethanol is generally sold at the pump at or around 70% of the price of gasoline.

Figure 10: Brazilian Gasoline and Ethanol Pricing

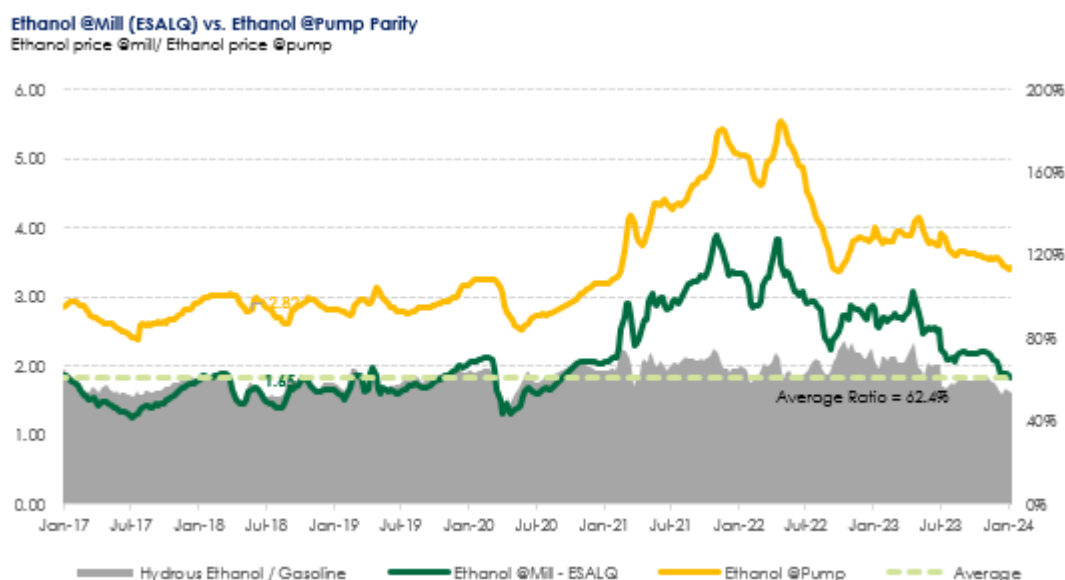


Source: ANP, CEPEA/ESALQ. Base date: January 2024.

Ethanol at the pump, sold to customer, is strongly correlated to ethanol at the mill, despite fixed logistics costs and taxes that allow a full pass-through of price variations between the two. There are well known reference prices

for ethanol at the mill, the most used in the industry as SP Hydrous ESALQ Price, as the main reference price of ethanol price at mill. Figure 11 below demonstrates the correlation between ethanol at the mill and ethanol at the pump.

Figure 11: Ethanol at Pump and Ethanol at Mill



Source: ANP, CEPEA/ESALQ. Base date: January 2024.

The table below sets forth SP Hydrous ESALQ Price for each fiscal year and the past months. Although bottoming in April as the most impacted months of COVID-19, ethanol prices have started to recover since then as a result of the recovery of RBOB, appreciation of the exchange rate, and higher gasoline prices.

Figure 12: Historic Ethanol Prices

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in reais per liters, except percentages)</i>				
Hydrous Price ⁽¹⁾	2.443	3.022	2.873	3.110	1.880
Anhydrous Price ⁽¹⁾	2.858	3.531	3.328	3.571	2.148
Anhydrous premium over hydrous (%).....	17.0%	16.9%	15.8%	14.8%	14.3%

Source: CEPEA ESALQ.

(1) Refers to average weekly prices.

Although the key driver for ethanol prices, as demonstrated above, is the international price of gasoline, given that sugarcane is the primary feedstock for the Brazilian ethanol market and most Brazilian sugar mills can produce either sugar or ethanol, sugar prices effectively serve as a floor for ethanol prices. Anhydrous demand is inelastic at 27% of gasoline due to statutory regulations, therefore swings in production mostly affect hydrous ethanol production, and an increase in sugar supply tends to balance sugar vs ethanol mix and their respective prices.

This tradeoff between sugar and ethanol in Brazil can add/remove more than 10 million tons of sugar (10-20% of global trade) from the market and it drives prices down/up depending on the relative price of sugar as compared to ethanol. While sugar is above the ethanol equivalent price, producers will continue to weigh the mix towards sugar (the Brazilian Cane Association believes this crop will have a max sugar mix of 46.5%). Over time the two

forces tend to cause an equilibrium, as the incremental sugar production usually makes prices fall toward the ethanol equivalent, which results in a more balanced mix.

Sugar prices usually need to be slightly above ethanol to incentivize production given its longer cash cycle. When sugar in production in Brazil is already at maximum sugar levels and there is demand for more sugar, other countries need to be incentivized to expand, meaning that prices have to go above the local production costs. After Brazil, where the production cost is around \$13c/lb, the most efficient producers are Thailand and the EU, with a cost of over \$17c/lb.

Sugarcane Ethanol vs. Corn Ethanol

Although sugarcane has been the traditional source of ethanol in Brazil, corn ethanol provides a significant production cost advantage. Several factors account for this advantage, such as employed capital, liquidity factors, number of operating days, co-products and productivity.

On an employed capital basis, sugarcane ethanol production tends to be more capex intensive than corn ethanol production. Corn ethanol producers generally do not own their own feedstock, but rather procure it from third-party producers and contract for corn storage capacity. Thus, the capital employed in corn ethanol plants is related primarily to industrial assets and operating working capital. In contrast, sugarcane ethanol producers generally own and maintain their own sugarcane plantations, agricultural machinery, harvesting operations, and tankage, factors which result in a more capital-intensive feedstock operation than corn.

Furthermore, their sugarcane feedstock is illiquid; that is, even though sugarcane-based ethanol plants may choose to produce sugar or ethanol, there is no liquid market for selling sugarcane. harvested sugar, since it needs to be processed immediately after harvest, avoiding the loss of energetic properties that begin to occur 7 (seven) days after harvest, therefore, storage for long periods is not viable. In contrast, corn ethanol producers have a liquid inventory, that is producers are able to store corn without losing energetic properties for up to 2 to 3 (two to three) years after harvest, that is, it is a liquid stock that can be traded (buy or sell) as needed and without the investment of plantations. On average, these factors result in a higher sustaining capex cost for sugarcane ethanol producers than corn ethanol producers.

Further, given the ability to use its storage capacity and store its raw materials, corn ethanol plants are able to operate year-round with minimal stoppage for maintenance, while sugarcane ethanol players require operate on a reduced number of days for the opposite reason.

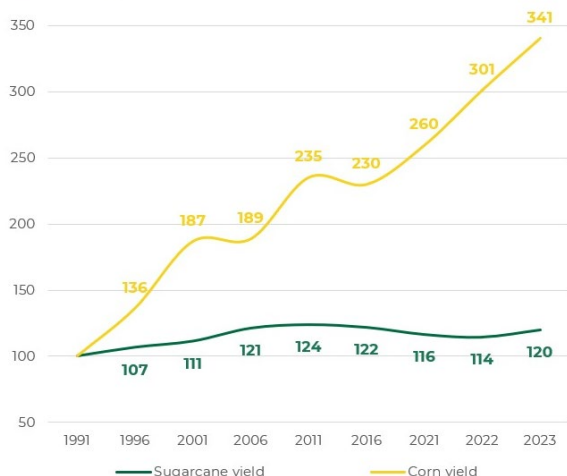
On a yield basis, our operations transform on average one ton of corn into 433 liters of ethanol, whereas one ton of sugarcane produces 64 liters of ethanol. Labor-wise, sugarcane ethanol production requires approximately 9.3 employees per million liters based on the average of publicly available data, whereas our production only requires 1.6 employees per million liters produced on a run-rate basis.

Beyond the capital and operating costs, the corn ethanol production process also produces ancillary animal nutrition products which generate important revenues for the corn ethanol producer. In contrast, sugarcane ethanol producers can elect to produce sugar instead of ethanol depending on market prices rather than producing valuable co-products. The corn-based DDG Products can be both high protein and high in fiber, and compete with soybean meal, cotton seed mill, and other agricultural products as feedstock in the domestic pork, beef, and poultry markets.

Over the years, farmers have made significant investments in soybean and corn crops, including agricultural defensives, seeds and machinery, resulting in a productivity gain. In addition, productivity of corn increased by 98%, compared to sugarcane crushing that decreased by 8% from 2016 to 2023, as set forth in the charts below:

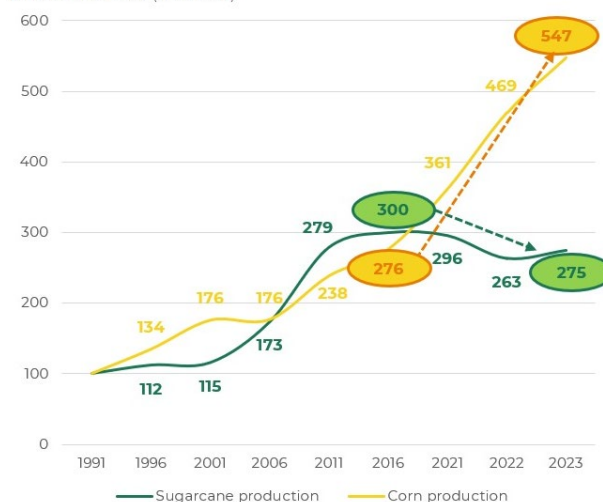
Brazilian Corn vs. Sugarcane Yields

Indexed Yields (Base = 100)



Brazilian Corn Production vs. Sugarcane Crushing

Indexed Production (Base = 100)



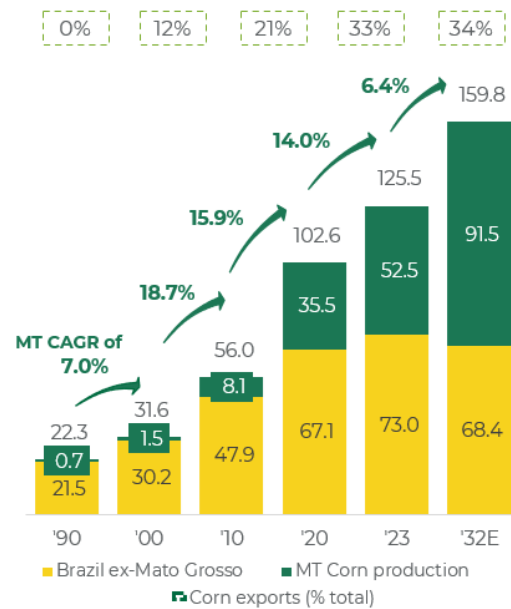
Source: IBGE, CONAB, UNICA.

Domestic Corn Production

Nationally, corn production in Brazil has doubled over the past thirteen years, from 56 million tons in 2010 to 126 million tons in 2023. During this same period, sugarcane production remained relatively flat, decreasing from 717 million tons in 2010 to 611 million tons in 2023.

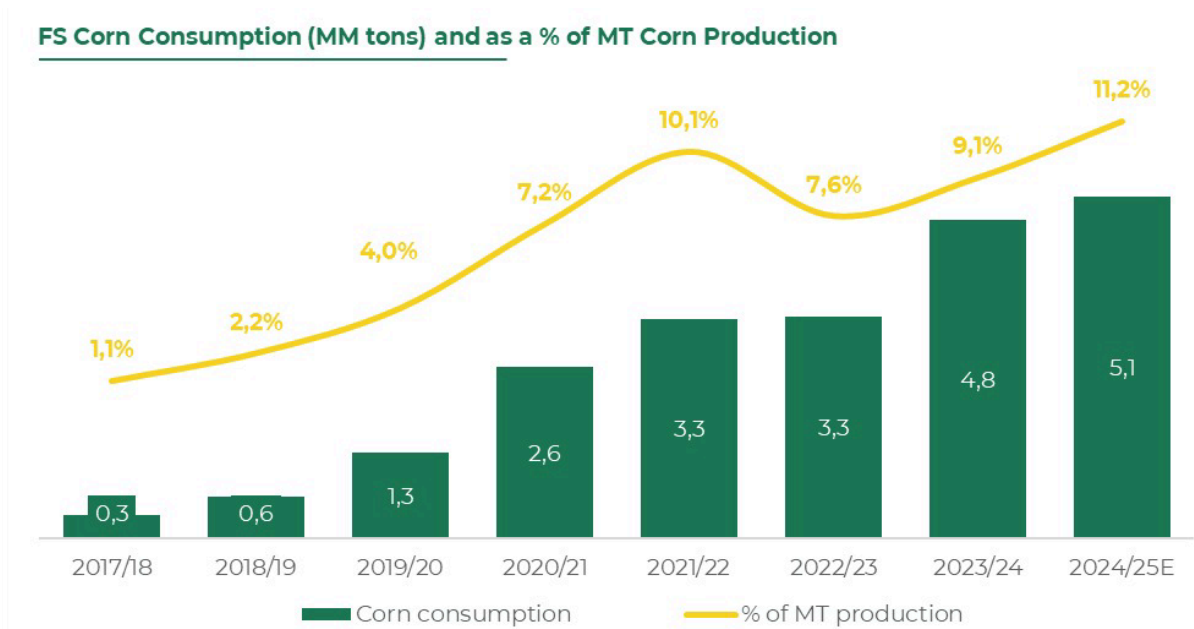
Within the state of Mato Grosso, the 2010 corn production was 8.1 million tons, rising to 52.5 million tons in 2023, representing a CAGR of 15.4% in this period. The state of Mato Grosso is responsible for approximately 42% of Brazil's corn production while all other Brazilian states produce 73.0 million tons collectively. The mid-north region of the state of Mato Grosso, where our plants are located, is particularly prolific, producing the largest volume of corn in the state of Mato Grosso, with 37% of the state's production, or 19.1 million tons.

Figure 13: Brazilian Corn Production



Source: CONAB, USDA, IMEA.

Figure 14: Marginal Buyer of Corn



Note: on 2021/22 happened the worst harvest break of the history of Mato Grosso, an atypical and unusual situation.

Source: IMEA, Company.

As national corn production increased in the past 30 years, the state of Mato Grosso saw an outsized portion of this growth, with corn production increasing at a faster rate than the national one. We believe, for three reasons that will be discussed in more detail – increases in corn yield, double cropping, and a lower cost basis – that the state of

Mato Grosso produces the world’s cheapest corn, with a historic delta of 29% between the state of Mato Grosso farm price and CBOT. In 2023, the state of Mato Grosso prices averaged R\$44.1/sac, as compared with Iowa production costs of R\$62.4/sac².

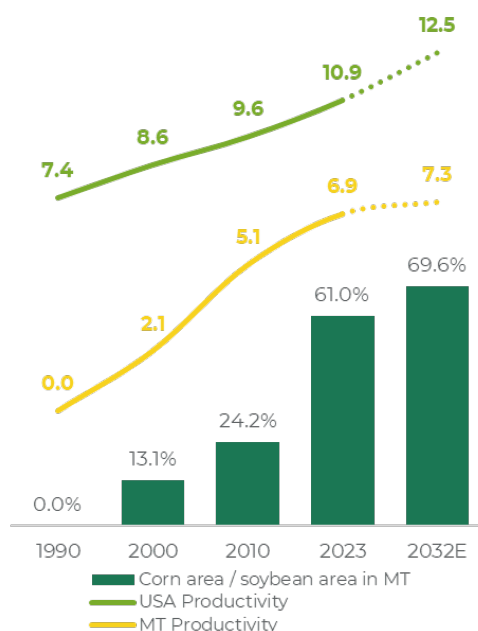
Despite the low cost of corn, the Brazilian ethanol market remains predominantly sugarcane-based and has been historically supplied by generally older, higher-cost sugarcane mills. These mills are often financially unable to increase production, and when combined with the lower yields and cost disadvantages, these inefficient sugarcane production facilities work to sustain the high ethanol production cost in Brazil. For this reason, the historic cost of ethanol in Brazil has been higher than the corn ethanol production cost.

The state of Mato Grosso: Corn Cost Competitiveness

The increases in production in Figure 15 are driven by increases in corn yield, double cropping, and the lower cost basis for corn in the state of Mato Grosso as compared to other markets.

From 2000 to 2023, corn productivity increased by 227.9%, from 2.1 tons/hectare to 6.9 tons/hectare. Although Brazil has narrowed the gap in productivity as compared to the United States to 63%, there are still significant gains to be made.

Figure 15: Comparative Corn Productivity Gains



Source: CONAB, USDA, IMEA.

The second driver of corn cost competitiveness is double cropping. Biotechnology advancements in the early 2000s allowed corn to be planted on the same acre within the same year as soybeans. Soybeans, the “first crop,” are generally planted between September and December and harvested between January and May. Corn, as the “second crop,” is planted just after the soybean harvest, normally between January and March, and is harvested between May and August, which is timed to occur immediately prior to the soybean planting in September. This practice has historically been common in other markets but has been adopted in Brazil only more recently. Double-cropping has

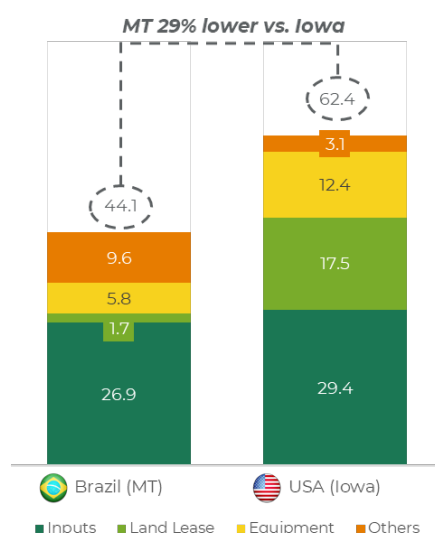
² Considers farmer costs in Iowa and Mato Grosso in the 2023/2024 harvest, July 2023. All foreign exchange conversions assume a rate of R\$4.8002 to US\$1.00.

increased dramatically in Brazil over the last 12 years with production from second crop increasing from 7.7 million tons in 2010 to 50.7 million tons in 2023.

The second corn crop allows the farmer to spread out their fixed cost (land, labor, machinery) over two different revenue streams throughout an entire calendar year, and it is key to their profitability. Beyond the financial impacts of increasing revenues and extending the basis for amortizing fixed costs, the two crops also have a “symbiotic” relationship. Soybeans are a nitrogen fixing crop, and thus after they are harvested, they leave nitrogen in the soil which is then utilized by the following corn crop. This reduces the need for traditional commercial fertilizer for the corn crops. In turn, the corn crop leaves behind residue rich in organic matter improving overall soil fertility. Beyond the soil improvements, the double-cropping also breaks up the pest cycle. Overall, rotating corn and soybeans allows farmers to use less nitrogen fertilizer when growing corn, which reduces farmers input costs for fertilizer and contributes to profitability, along with providing environmental benefits via reduced chemical fertilizer use.

According to data published by IMEA and Iowa State University, the farmer cost of production for corn following soybean is 29% lower in MT (Brazil) than Iowa (USA), considering estimates for 2022-2023 harvest.³

Figure 16: Farmer Corn Production Cost
R\$/sac



Source: IMEA, Iowa State University

The third driver of corn cost competitiveness is the arbitrage between corn production costs in the state of Mato Grosso and corn prices in international and domestic markets, which creates a sustained financial incentive for farmers to grow more corn. The global price indicator for corn is CBOT, and the domestic corn prices in Brazil in Campinas (which is the reference index for corn in Brazil) are 79% correlated with CBOT price movements. Corn pricing in the state of Mato Grosso is essentially the Campinas price less the Basis differential to transport the corn to the port. For reasons of the increased yields and double cropping, combined with the superior environment for corn and better logistics and infrastructure, corn production prices in the state of Mato Grosso are lower than in

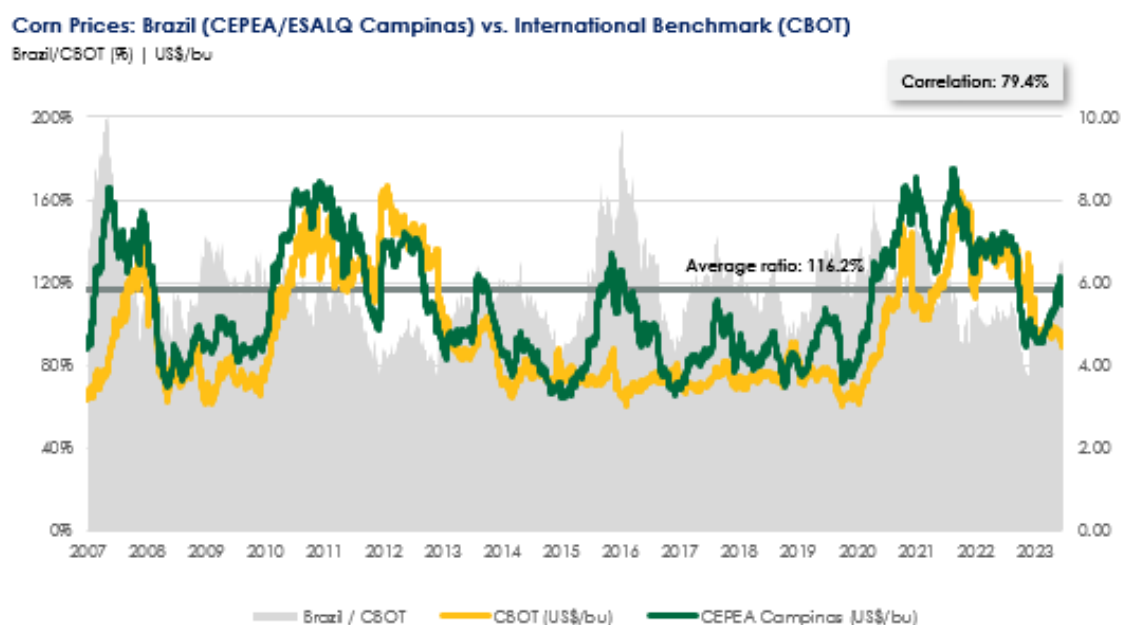
³ This calculation considers estimates for 2022-2023 harvests in the U.S. (typically occurring from early July to early December) and second corn crop in MT, Brazil (typically occurring from early May through August). Estimates consider an average productivity of 185 bushels per acre in Iowa and 113 sacs/ha in MT and an exchange rate of R\$4.8002 per US\$1.00 for the conversion of the Iowa figure (average foreign exchange rate from July 1st to present). Both are pre-transport, interest, administrative and storage costs.

other regions in Brazil. Also, the state of Mato Grosso produces a large oversupply of corn which outstrips local demand. Given the high prices and demand outside the region, a corn farmer in the state of Mato Grosso can nearly always export corn at a high and stable price, with no local price deterioration when corn supply increases. The price in Campinas is strongly correlated with CBOT, this effectively means that corn in the state of Mato Grosso is a price-taker in a dollarized corn market.

Structural Price Drivers for Corn

As Figure 18 demonstrates, in the United States, corn prices are correlated with oil prices in the long-term. In Brazil, given the high correlation between CBOT pricing and the corn price at Campinas, there is a strong correlation between CBOT and FX variations, as set forth in Figure 17. Given how closely the Campinas corn price tracks CBOT, corn in Brazil – similar to ethanol – tracks a dollarized index.

Figure 17: Corn Prices in Brazil vs. CBOT



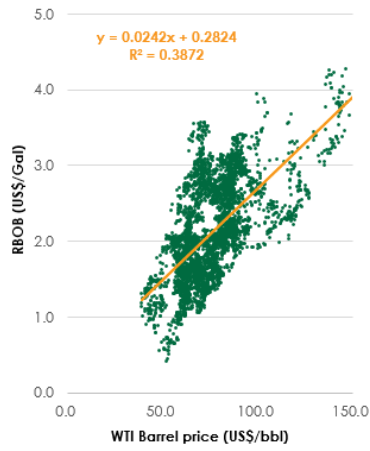
Source: Capital IQ, ESALQ. Base date: January 2024

In the state of Mato Grosso, corn is traditionally contracted in advance. In the past two harvests, by the time of actual harvesting, approximately 80-90% of the corn had already been contracted, and the small spot market for corn post-harvest reflects the remaining volumes which have not already been contracted prior to harvest.

Figure 18: Gasoline to Corn Price Correlation

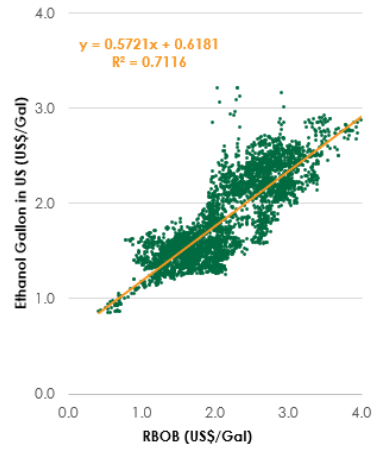
Gasoline follows WTI prices...

WTI barrel price vs. RBOB (since 2007)



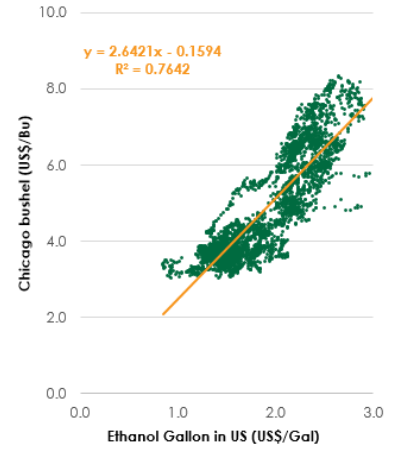
... gasoline and US Ethanol also correlate...

RBOB contracts vs. ethanol gallon in US (since 2007)



... and ethanol prices impact corn prices

Ethanol gallon in US vs. Chicago bushel (since 2007)



Source: Bloomberg. Base date: January 2024.

BUSINESS

Overview

We are one of the largest corn-based ethanol producers in Brazil according to ANP, and one of the largest low-cost, low-carbon producers of biofuels, animal nutrition products and renewable energy in Brazil. We have three operating facilities, which are located in the state of Mato Grosso in the cities of Lucas do Rio Verde (the “LRV Plant”), Sorriso (the “SRS Plant”) and Primavera do Leste (the “PDL Plant”), with an estimated aggregate production capacity of 2.2 billion liters of anhydrous ethanol per year. We were the first Brazilian company to produce ethanol exclusively from corn according and currently we are the fourth largest ethanol producer in Brazil according to ANP. The LRV Plant has a production capacity of 585 MLPY, the SRS Plant has a production capacity of 931 MLPY and the PDL Plant, which began operations in May 2023, has a production capacity of 637 MLPY. We believe we are amongst the largest producers of animal nutrition products derived from corn in Brazil, with an annual production capacity of approximately 1.8 million tons per year. For the six-month period ended September 30, 2023, our total net revenue was R\$3,824.7 million, our net loss was R\$145.8 million, our EBITDA was R\$595.9 million and our EBITDA Margin was 15.6%. For the fiscal year ended March 31, 2023, our total net revenue was R\$7,550.5 million, our net profit was R\$877.4 million, our EBITDA was R\$2,392.1 million and our EBITDA Margin was 31.7%.

Corn has become a much more competitive feedstock for ethanol production in Brazil, with lower cost and a smaller carbon footprint when compared to sugarcane. This is mainly a result of the continued productivity gains achieved through increasingly more advanced corn seeds developed by global biotechnology companies, combined with the adoption of improved agronomical practices and technology used by farmers in Brazil, which has driven the recent exponential increase in corn yields and production in the country.

We are strategically located in one of the world’s fastest-growing and most productive corn-producing regions, the state of Mato Grosso, Brazil, which was responsible for 41.8% of Brazil’s 125.5 million tons of total corn production in the 2022-2023 Crop Year.⁴ According to IMEA (*Instituto Matogrossense de Economia Agropecuária*), corn production in the state of Mato Grosso has grown significantly over the past decade—from approximately 8.1 million tons in the 2009-2010 Crop Year to 52.5 million tons in the 2022-2023 Crop Year. Such growth has allowed us to take advantage of the continuously increasing over-supply of corn in that region and, therefore, procure corn at competitive costs. The state of Mato Grosso is also home to one of the largest beef cattle herds in Brazil as well as significant swine and poultry production, which are important markets for our animal nutrition products.

Our strategic location enables us to efficiently supply a number of inadequately supplied ethanol markets, such as the Northern states of Brazil, as well as the ability to competitively access the Center-South region – the largest ethanol market in Brazil. We serve our clients at multiple locations across the country through the use of a variety of logistics modalities such as roadways, railway, pipelines and riverways. Our strategic location in the state of Mato Grosso enables us to: (i) access abundant and low-cost corn; (ii) source 100% of our energy needs from renewable biomass; (iii) access a thriving livestock market for our animal nutrition products; and (iv) access multi-modal logistics to serve premium ethanol markets.

We combine these geographic synergies with our state-of-the-art, world-class scale facilities, and experienced management and technical teams to produce what we believe is a liquid biofuel with one of the lowest carbon footprints at-scale globally, with an overall cost profile that we believe to be significantly advantageous compared to the average sugarcane-based producers of ethanol in Brazil. During our fiscal year ended March 31, 2023, our Corn Ethanol Production Cost, which was R\$1.43 per liter, was 45.7% lower than our Sugarcane Ethanol Production Cost of R\$2.63 per liter of ethanol. This cost advantage has been greater than 28% over the past years, being 28.8% lower in the March 31, 2022 fiscal year (R\$1.49 per liter compared to R\$2.10 per liter), 41.7% lower in the March 31, 2021 fiscal year (R\$0.90 per liter compared to R\$1.54 per liter) and 32.0% lower in the March 31, 2020 fiscal year (R\$0.98 per liter compared to R\$1.44 per liter).

The key drivers of our low-cost profile are: (i) low-cost feedstock; (ii) no capital employed in the production of agricultural raw material, (iii) state-of-the-art processing technology; (iv) high operational efficiency with lower

⁴ With respect to the Company and Mato Grosso, the period from June 1 to May 31 of the following year.

labor intensity; (v) minimal Maintenance Capex (approximately R\$0.01 per liter for the fiscal year ended March 31, 2023, compared to the comparable average maintenance capital expenditures of R\$0.95 per liter of the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost) for the fiscal year ended March 31, 2023; and (vi) high value from our animal nutrition products.

We believe some of our key competitive strengths are: (1) lowest cost of production in the industry; (2) strong financial performance; (3) large-scale production upholding the highest operational efficiency standards; (4) wide-ranging and diverse commercial optionality; and (5) one of the lowest carbon intensity in the industry.

Our plants typically operate 360 days per year with greater than 99.5% uptime, which allows us to consistently serve our clients and capture higher seasonal pricing without having to employ and finance significant working capital to carry ethanol inventories. We believe that our large-scale production with the highest operational efficiency standards is a significant advantage compared to sugarcane-based producing plants, which average only 240 days per year of production.

Our animal nutrition products are dried distillers' grains ("DDG"), wet distillers' grains ("wetcake" and, collectively with DDG, "DDG Products") and corn oil. We have established the market in Brazil for specialty DDG Products with our diversified range of high-protein, high-fiber and wetcake products, through which we believe we add significant value to our clients by increasing productivity and reducing costs for growing their livestock. We work to continuously educate potential new end-users in the animal nutrition market about the benefits and value that our products can offer, thereby consistently expanding our geographic and customer reach. Our Corn Coverage Ratio (which we calculate as revenue from animal nutrition segment *plus* Corn Marketing Profit *divided by* corn cost of goods sold) was equivalent to 40.4%, 45.4% 47.0% and 51.5%, for the six-month period ended September 30, 2023 and the fiscal years ended March 31, 2023, 2022 and 2021, respectively. We believe the revenue from our animal nutrition products will continue to cover approximately 45% of our corn cost of goods sold and, therefore, is a key driver for our low production cost per liter of ethanol and a key instrument to manage risk.

In addition to the natural hedge from our animal nutrition products, and to further protect from short-term price volatility, we secure most of our future corn needs in advance through forward purchases of the physical corn at fixed prices in *reais* from local farmers, farmer co-ops, corn resellers and trading companies. We also have storage capacity for approximately 52.9% of our annual corn needs, which allows us to receive most of our corn during the harvest season.

We have invested in building a world-class institutional management team, composed of executives with deep experience in the industry and with multi-national companies. This has been a key component of our growth, reliability of operations, sustainability practices and overall marketing and financial performance. With the support of our shareholders, we have implemented a culture of meritocracy, high accountability and streamlined execution.

Some of the sustainability attributes of our business model include zero use of fossil fuels in our production process (compared to U.S. corn-ethanol producers that utilize natural gas and fossil fuel-based energy) and no stillage discharge (compared to sugarcane-based producers that generate 13 liters of stillage vinasse for every liter of ethanol produced). Stillage discharge refers to the wastewater generated and discharged from the distillation process during ethanol production. In May 2022 and June 2022, ANP renewed the Certificate of Production of Biofuels for our operation in Lucas do Rio Verde and Sorriso, respectively, recognizing the high environmental energy efficiency of our anhydrous ethanol production. This certificate is valid for three years and the conditions for its eligibility must be monitored on a yearly basis.

While the PDL Plant has a certificate of authorization for ethanol production since April 2023, the application for energy efficiency certification can only be sought after six months counted from the beginning of the plant's operations. In January 2024, we hired an auditing firm to advise us on the application for the energy efficiency certification and we expect to apply and receive such certification by the end of 2024. According to a list publicly disclosed by ANP on October 11, 2023, the anhydrous and hydrous ethanol we produce at our LRV Plant unit have the third lowest carbon footprint, under the RenovaBio program, which is a Brazilian biofuels program similar to California's LCFS. Our strategic goals are to use our competitive strengths and favorable industry fundamentals to take advantage of the growing demand for ethanol and animal nutrition products in Brazil and globally, generating strong results with managed risk, and to position ourselves amongst the leading companies in the industry.

Key Financial and Operational Data

The following table sets forth certain financial and operating information for each of the periods indicated:

		For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	Unit	2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
Key operating data:						
Installed anhydrous ethanol production capacity.....	MLPY	2,153.3	1,493.4	1,502.5	1,428.5	1,369.8
Corn crushed	thousand tons	2,246.9	1,588.2	3,315.5	3,276.6	2,566.5
Ethanol produced	million liters	452.6	320.0	1,455.2	1,425.5	1,110.6
DDG Products produced	thousand tons	976.7	701.5	1,224.9	1,221.5	934.1
Corn Oil produced.....	thousand tons	36.8	23.1	50.0	44.6	33.5
Ethanol sold	million liters	869.2	659.6	1,456.2	1,415.8	1,108.4
DDG Products sold	thousand tons	803.0	633.4	1,224.4	1,198.4	919.4
Corn Oil sold.....	thousand tons	33.5	22.8	49.9	44.6	33.5
Corn marketing	thousand tons	734.1	493.1	636.1	391.4	222.6
Energy sold	thousand MWh	44.4	27.2	236.8	182.4	150.8
Key financial data:						
Total revenue from segments ⁽²⁾	R\$ million	3,322.6	3,428.4	6,800.2	6,211.0	2,874.7
Ethanol anhydrous	R\$ million	1,374.0	1,209.2	2,505.0	2,239.0	796.1
Ethanol hydrous	R\$ million	841.8	916.6	1,845.5	2,420.1	1,326.9
Ethanol segment	R\$ million	2,215.8	2,125.8	4,350.6	4,659.0	2,123.0
High protein	R\$ million	327.8	306.5	623.3	621.1	309.6
High fiber	R\$ million	182.9	181.3	354.2	246.4	128.9
Wet cake.....	R\$ million	117.6	104.9	194.1	93.8	43.2
Corn oil	R\$ million	127.6	150.8	296.0	252.3	115.9
Animal nutrition segment	R\$ million	755.9	743.5	1,467.6	1,213.6	597.8
Energy.....	R\$ million	8.4	5.4	42.8	49.7	29.9
Steam ⁽³⁾	R\$ million	2.8	2.1	n/a	n/a	n/a
Total energy segment ⁽³⁾	R\$ million	11.3	7.5	42.8	49.7	29.9
Others ⁽³⁾	R\$ million	n/a	n/a	4.0	3.0	4.1
Total revenue from industrial segments	R\$ million	2,983.0	2,876.8	5,865.0	5,925.3	n/a
Corn ⁽⁴⁾	R\$ million	326.5	538.5	935.3	285.6	119.9
Ethanol	R\$ million	1.8	-	n/a	n/a	n/a
Energy ⁽³⁾	R\$ million	11.3	13.1	n/a	n/a	n/a
Total revenue from marketing segments	R\$ million	339.5	551.6	n/a	n/a	n/a
Total revenue from segments	R\$ million	3,332.6	3,428.4	6,800.2	6,211.0	2,874.7
Freight on sales	R\$ million	502.1	364.9	424.3	233.1	364.9
Net revenue	R\$ million	3,824.7	3,793.3	7,550.5	6,635.3	3,107.7
Profit before net finance costs and taxes	R\$ million	484.6	1,316.4	2,244.2	2,491.9	1,080.7
Net cash generated by (used in):						
Operating activities.....	R\$ million	1,620.3	496.3	320.8	1,449.6	67.3
Investing activities.....	R\$ million	1,092.0	(1,980.4)	(2,032.5)	(1,365.9)	(3,651.5)
Financing activities.....	R\$ million	(2,251.8)	1,340.5	1,349.7	708.6	4,222.7
Key non-GAAP/non-IFRS measures:						
Corn Ethanol Production Cost per liter ⁽⁵⁾	R\$/liter	2.04	1.30	1.43	1.49	0.89
Maintenance Capex per liter ⁽⁶⁾	R\$/liter	0.01	0.02	0.01	0.03	0.00
EBITDA ⁽⁷⁾	R\$ million	595.9	1,383.4	2,392.1	2,621.8	1,160.1
EBITDA Margin ⁽⁷⁾	%	15.6	36.5	31.7	39.5	37.3
EBITDA per liter ⁽⁸⁾	R\$/liter	0.69	2.10	1.64	1.85	1.05
Net Debt ⁽⁹⁾	R\$ million	4,945.8	4,615.2	4,842.1	3,041.6	2,972.1
EBITDA LTM ⁽⁷⁾⁽¹⁰⁾	R\$ million	1,604.7	2,861.8	2,392.1	2,621.8	1,160.1
Net Debt/EBITDA Ratio ⁽⁹⁾		3.08x	1.61x	2.02x	1.16x	2.56x
Net Debt/EBITDA LTM Ratio ⁽⁹⁾		3.08x	1.61x	n.a	n.a	n.a
EBIT ⁽¹¹⁾	R\$ million	484.6	1,316.4	2,244.2	2,491.9	1,080.7
EBIT Margin ⁽¹¹⁾	%	12.7	34.7	29.7	37.6	34.8
Maintenance Capex ⁽¹²⁾	R\$ million	13.2	16.4	17.3	49.4	0.3

	Unit	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
		2023 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
EBITDA <i>Minus</i> Maintenance						
Capex ⁽⁷⁾⁽¹²⁾	R\$ million	582.7	1,367.0	2,374.8	2,572.4	1,159.7
EBITDA <i>Minus</i> Maintenance Capex per liter ⁽¹²⁾	R\$/liter	1.56	1.92	1.56	1.80	1.02
Growth Capex ⁽¹³⁾	R\$ million	646.0	1,009.0	2,099.4	511.2	749.1
Changes in Working Capital ⁽¹⁴⁾	R\$ million	1,129.0	(688.9)	(1,162.9)	(881.9)	(453.3)

- (1) As from the Corporate Reorganization that occurred on June 13, 2022, (a) the amounts presented in our condensed combined statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2022 consist of the sum of: (i) the consolidated results of FS Ltda. from April 1, 2022 to September 30, 2022; and (ii) the 109 days results of FS S.A. from June 13, 2022 to September 30, 2022; (b) the amounts presented in the 2023 audited combined financial statements with respect to the fiscal year ended March 31, 2023 consist of the sum of: (i) the combined results of FS Ltda. from April 1, 2022 to March 31, 2023; and (ii) the results of FS S.A. from June 13, 2022 to March 31, 2023; and (c) the amounts presented for the fiscal year ended March 31, 2022 and 2021 are those of FS Ltda. and its subsidiary on a consolidated basis. For more information on the Corporate Reorganization and the basis for the preparation of our audited combined financial information, see “Presentation of Financial and Certain Other Information—Financial Statements and Combined Interim Financial Statements” and “Presentation of Financial and Certain Other Information—Corporate Reorganization” and note 2 to our unaudited combined interim financial information.
- (2) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties).
- (3) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, the energy segment is comprised by sale of energy and steam from our industrial activities. In the 2023 audited combined financial statements, the energy segment was comprised only by sales and resales of energy, and revenue from the sale of steam was recorded under the “Others” segment. In the 2022 audited financial statements, the energy segment was previously referred to as “energy co-generation.”
- (4) As from April 1, 2023 and for the six-month period ended September 30 2023 and 2022, revenue from resale of corn is recorded under the Marketing segment. Revenue from resale of corn was previously recorded under “Corn marketing” in the 2023 audited combined financial statements and “Corn resale” in the 2022 audited financial statement.
- (5) “Corn Ethanol Production Cost” per liter is calculated as (i) the sum of (x) our cost of goods sold, selling and administrative costs and expenses for the applicable period *plus* (y) Maintenance Capex *minus* (z) Co-Products Revenue, *divided by* (ii) liters of ethanol sold for such period. We calculate our Corn Ethanol Production Cost to provide information that we believe is useful to compare us with our competitors and certain sugarcane ethanol producers.
- (6) Maintenance Capex per liter is calculated for the applicable period as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations *divided by* liters of ethanol sold.
- (7) EBITDA (earnings before interest, taxes, depreciation, and amortization) is a non-GAAP and non-IFRS measure prepared by us in accordance with CVM Resolution No. 156, dated June 23, 2022, as amended, or CVM Resolution No. 156. We calculate EBITDA as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives), and depreciation and amortization. We calculate EBITDA Margin as EBITDA *divided by* net revenue. For further information on EBITDA and EBITDA Margin, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—EBITDA and EBITDA Margin” and for a reconciliation of EBITDA and EBITDA Margin to profit (loss), see “Selected Financial and Operating Information.”
- (8) EBITDA per liter is calculated as EBITDA *divided by* liters of ethanol sold.
- (9) Net Debt is a non-GAAP and non-IFRS measure calculated as (i) debt, which is calculated as the sum of current and non-current loans and borrowings, which does not include loans with related parties, less (ii) cash and cash equivalents, restricted cash, and financial investments (current and non-current), in each case as set forth in the financial statements. Net Debt/EBITDA Ratio as of March 31, 2023, 2022 and 2021 is calculated by dividing (1) Net Debt at the end of the applicable year by (2) EBITDA for the corresponding fiscal year. Net Debt/EBITDA LTM Ratio is calculated as Net Debt as of September 30, 2023 and 2022 divided by EBITDA LTM for the twelve-month period ended September 30, 2023 and 2022, respectively. We use Net Debt, in conjunction with EBITDA, as a financial indicator to assess our solvency and ability to meet our obligations, including certain covenants under our debt instruments. Net Debt is not a recognized measure under IFRS and Brazilian GAAP, does not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. For further information on Net Debt, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—Net Debt and Net Debt/EBITDA Ratio” and for the calculation of our Net Debt, see “Selected Financial and Operating Information.”
- (10) We calculate EBITDA LTM for the twelve-month period ended September 30, 2023 as EBITDA for the year ended March 31, 2023 *plus* EBITDA for the six-month period ended September 30, 2023 *minus* EBITDA for the six-month period ended September 30, 2022. We calculate EBITDA LTM for the twelve-month period ended September 30, 2022 as EBITDA for the year ended March 31, 2022 *plus* EBITDA for the six-month period ended September 30, 2022 *minus* EBITDA for the six-month period ended September 30, 2021. For a reconciliation of EBITDA LTM to profit (loss), see “Selected Financial and Operating Information.”
- (11) We calculate EBIT as net profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives). We calculate EBIT Margin as EBIT *divided by* net revenue. For further information on EBIT and EBIT Margin, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures—EBIT and EBIT Margin” and for a reconciliation of our EBIT and EBIT Margin to profit (loss), see “Selected Financial and Operating Information.”
- (12) We calculate Maintenance Capex as the sum of additions for the following line items of “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, Airplane and Installations. EBITDA *Minus* Maintenance Capex is a non-GAAP and non-IFRS measure calculated as net profit (loss) *adding back* net finance costs, income tax and social contribution (including

income tax incentives), and depreciation and amortization minus Maintenance Capex. EBITDA *Minus* Maintenance Capex is used by our management as an overall business performance indicator that is not affected by changes in interest rates, income tax and social contribution, depreciation and amortization and certain investments in the business. Certain financial analysts, investors and rating agencies use our EBITDA *Minus* Maintenance Capex as an indicator of our operating performance and cash flow generation. EBITDA *Minus* Maintenance Capex per liter is calculated as EBITDA *Minus* Maintenance Capex *divided by* liters of ethanol sold. For further information on Maintenance Capex, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures— Maintenance Capex, Maintenance Capex per liter, EBITDA *Minus* Maintenance Capex and EBITDA *Minus* Maintenance Capex per liter” and for a reconciliation of our EBITDA *Minus* Maintenance Capex to profit (loss), see “Selected Financial and Operating Information.”

- (13) Growth Capex is a non-GAAP and non-IFRS measure calculated as the sum of additions for the following line items in the note to the financial statements entitled “Property, plant and equipment”: Land, Construction in progress, Advance to suppliers and Right of use. For further information on Growth Capex, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures— Growth Capex” and for the calculation of our Growth Capex, see “Selected Financial and Operating Information.”
- (14) We define Changes in Working Capital for the applicable period as (i) net cash (used in) from operating activities less (ii) net profit (loss) for the year adjusted by (iii) depreciation and amortization, (iv) current and deferred income tax, net of tax incentives, (v) adjustment to present value, (vi) income from financial investments, (vii) provision for interest on loans and borrowings, (viii) adjustment to fair value, including adjustment to fair value related to derivative financial instruments and adjustment to fair value related to biological assets (bamboo), (ix) expected losses on credits / Reversal losses on credits, (x) gain on sale of assets, and (xi) foreign exchange rate (gains) or losses. For further information on Changes in Working Capital, see “Presentation of Financial and Certain Other Information—Special Notes Regarding Non-GAAP and Non-IFRS Financial Measures— Changes in Working Capital” and for a reconciliation of Changes of Working Capital to net cash (used in) from operating activities, see “Selected Financial and Operating Information.”

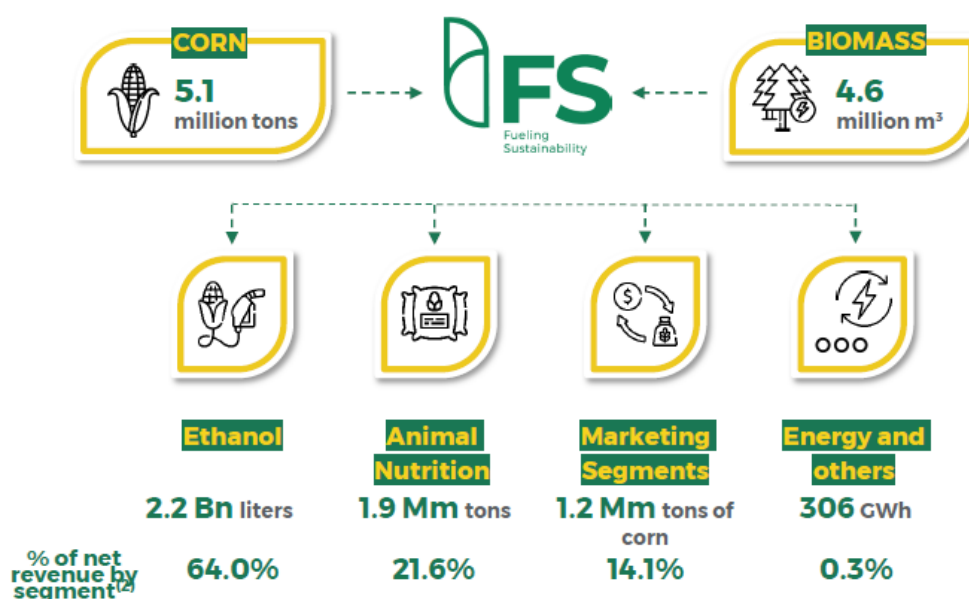
n/a: not applicable.

Our Operations

Our operations begin with grain procurement, receiving and storage operations, continuing through our ethanol and animal nutrition production operations and co-generated energy, and ending downstream with marketing, storage and distribution of ethanol and animal nutrition products.

The state of Mato Grosso is our key market, representing 27.1% of total gross revenue in the six-month period ended September 30, 2023. In the same period, gross revenues derived from clients in the Center-South, North and Northeast regions represented 53.2%, 13.0% and 6.3% of our gross revenues, respectively, and exports represented 0.3% of our gross revenues in the same period.

The image below illustrates our operational flow for the twelve months ended September 30, 2023:



Source: Company data.

The following are the main areas of activity in which we are engaged:

- *Ethanol production and commercialization:* We believe we rank as one of the industry's lowest cost producers and have one of the lowest carbon footprints globally. Our plants have full flexibility to produce 100% of hydrous or 100% anhydrous ethanol, which we sell to fuel distributors in all regions of Brazil, utilizing our access to multiple logistics modalities.
- *Animal nutrition products:* We believe we are amongst the largest producers of animal nutrition products derived from corn in Brazil, with estimated annual production capacity of approximately 1.8 billion tons per year of high-protein DDG, high-fiber DDG and wetcake, besides the 85.2 million tons per year of corn oil. Our production of corn oil is primarily utilized as an animal nutrition product, but we also sell corn oil to biodiesel producers and other industrial end-users.
- *Biomass procurement:* We utilize 100% renewable biomass as feedstock for co-generation of steam and energy required to operate our plants, and additional energy to sell into the national energy grid. We procure biomass from a variety of sources, including agricultural residues, eucalyptus and bamboo, which can be used interchangeably in our flexible co-generation equipment.
- *Energy co-generation:* Our three production facilities are energy self-sufficient through the co-generation of steam and energy, with a production capacity of approximately 613.3 MW per year, which also allows us to sell surplus energy to the national energy grid.
- *Corn procurement:* We actively procure corn from local farmers, farmer co-ops, corn resellers and trading companies, as feedstock for our production of ethanol and animal nutrition products. By the end of the 2023-2024 Crop Year, we estimate we will have procured 4.8 million tons of corn for such crop year, which represents 9.1% of the estimated corn production in the state of Mato Grosso in the same year.
- *Corn marketing:* Since 2021, we started to increase our presence in the corn marketing sector, by purchasing and selling corn in back-to-back transactions, where we purchase corn from a supplier when we have a third-party buyer committed to purchase such corn. Our corn marketing strategy enables us to be contacted by farmers and suppliers of corn even outside the crop season (when we usually purchase corn to be used in our operations). In the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023 we traded 487.9 and 786.5 thousand tons of corn, respectively.

In the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023, we produced 284 and 557 million liters of ethanol at the LRV Plant, respectively. The LRV Plant currently has an estimated corn processing capacity of approximately 1.3 million tons per year and estimated anhydrous ethanol production capacity of about 585 MLPY, as well as annual production capacity of up to 417 thousand tons of DDG Products and 22 thousand tons of corn oil. In the fiscal year ended March 31, 2023, our energy co-generation capacity in the LRV Plant was a total of 189 thousand megawatt (MW), with 66 thousand MW capacity to sell into the Brazilian energy grid.

The SRS Plant, which began operating in February 2020, produced 448 and 879 million liters of ethanol in the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023, respectively. The SRS Plant currently has an estimated corn processing capacity of approximately 2.2 million tons per year and estimated anhydrous ethanol production capacity of about 931 MLPY, as well as annual production capacity of up to 878 thousand tons of DDG Products and 40 thousand tons of corn oil. In the fiscal year ended March 31, 2023 our energy co-generation capacity in the SRS Plant was a total of 236 thousand MW, with 37 thousand MW capacity to sell into the Brazilian energy grid.

The PDL Plant, which began operations in May 2023, produced 235 million liters of ethanol in the six-month period ended September 30, 2023. At the end of first year of operation, the PDL Plant will achieve an estimated corn processing capacity of approximately 1.3 million tons per year. The PLD Plant has an estimated anhydrous ethanol production capacity about 637 MLPY, as well as an annual production capacity of up to 529 thousand tons of DDG Products and 24 thousand tons of corn oil. In the six-month period ended September 30, 2023, our energy co-generation capacity in the PDL Plant was 191 thousand MW, with a 63 thousand MW capacity to sell into the Brazilian energy grid.

Each of our production facilities utilizes modern process technologies provided by ICM, a market leader in ethanol plant process technology that has designed and engineered over 100 corn-based ethanol plants in North America. We have ten-year exclusivity agreements with ICM for plants within a 50-mile radius of each of our three current production facility sites (as well as within a 50-mile radius of four other sites that we have secured for possible future development), which serve as barriers to entry for potential competitors in terms of access to what we believe to be the market's most efficient process technology.

Our plants were specifically designed for the requirements of our operations, with enhanced productivity features such as Fiber Separation Technology™, or FST, and Selective Milling Technology™, or SMT. We have also developed projects to improve productivity, such as incremental improvements to our fermenters and the introduction of genetically modified organism, or GMO yeast. In the 2017/2018 fiscal year, which was our first fiscal year of production, our industrial yield (i.e., ethanol production capacity per one ton of corn crushed) was 346.5 liters of ethanol per ton of corn crushed. In the 2022/2023 fiscal year, we reached 433.1 liters of ethanol per ton of corn crushed and in the six-month period ended September 30, 2023, we reached 430.0 liters of ethanol per ton of corn crushed.

Our Ethanol Operations

We produce corn-based ethanol (anhydrous and hydrous) from the starch extracted from corn. Because we are able to produce 100% of anhydrous ethanol from the corn we crush, we can shift the production from anhydrous to hydrous ethanol by adding water in the anhydrous ethanol we produce, being able to have complete control over our production mix. On the other hand, sugarcane-based ethanol producers have a limitation of the mix between anhydrous and hydrous ethanol, due to their production being essentially hydrous ethanol, requiring a dehydration process to obtain anhydrous ethanol. Anhydrous ethanol is primarily used as a blend component in the Brazilian gasoline fuel market, pursuant to applicable regulations, for common C gasoline. Hydrous ethanol is primarily used in flex-fuel vehicles as it is utilized with any mix of gasoline (up to 100% ethanol). Drivers of pure ethanol and flex-fuel vehicles, which represented in 2022 (calendar year) approximately 91% of all passenger vehicles in Brazil, are free to choose between ethanol or gasoline at the pump. Hydrous ethanol is generally sold at the pump at or around 70% of the price of gasoline (as vehicles running on ethanol on average run 0.7x the miles run by the same volume of gasoline). Our annual production of ethanol has significantly increased over the last years, to 1,455 million liters in the fiscal year ended March 31, 2023 from 139 million liters in the fiscal year ended March 31, 2018.

We sell our ethanol (anhydrous and hydrous) to a varied client base, comprised mainly of fuel distributors in Brazil. In the six-month period ended September 30, 2023, we sold to more than 49 different clients, and sales to Brazil's three main fuel distribution companies (Raízen, VIBRA and Paranapanema) corresponded to 74.6% of our ethanol gross operating revenues. As part of our strategy to increase our revenues, we seek to diversify our sales and improve productivity gains.

We are continually diversifying our sales of ethanol over the country and our key markets are the states of Mato Grosso and the states located in the Center-South and North regions of Brazil, where our sales of ethanol by gross revenue corresponded to 18.6%, 53.4% and 18.2% of our total ethanol sales, respectively, for the six-month period ended September 30, 2023. One of our goals is to increase our sales of ethanol in regions where we are less representative, such as the Northeast region of Brazil, where our sales of ethanol by gross revenue corresponded to 9.8% of our total sales of ethanol for the six-month period ended September 30, 2023.

We have developed marketing and logistics capabilities to serve multiple regions of Brazil, allowing for a sales strategy focused on capturing the best net price compared to the SP Hydrous ESALQ Price. We refer to the difference between our net price per liter, after deducting taxes, freight, and tankage expenses, compared to the SP Hydrous ESALQ Price, as our ethanol "Basis."

Over the last years we have steadily increased our access to logistics assets in order to reach multiple final markets. In August 2022, we entered into a 20-year logistics services agreement with Rumo, a logistic company focused on the operation of railroads in Brazil, tied to a lease and option to purchase agreement of 80 transportation wagons, with the purpose of increasing our ethanol transportation capacity. Besides the additional outflow capacity, representing an increase from 50 million to 75 million liters per month, the agreement with Rumo has improved our operations by reducing logistical costs to FS and decreasing carbon emissions arising from our operations, in that the cost of railway transportation is lower than that of highway transportation and FS will replace the use of 15,000 trucks per year with transportation wagons.

In addition, by having more logistical options (trucks, pipelines, railroads, barges and sea vessels), we are able to capture better costs for transportation and be positioned as a trustworthy and reliable supplier to our clients. Our focus and investment in logistics have allowed us to actively adjust our ethanol sales mix, between anhydrous and hydrous, and geographic destination, to achieve better pricing than the market reference. In the six-month period ended September 30, 2023 and in the fiscal year ended March 31, 2023 we sold 869.2 million and 1,456.2 million liters of ethanol, respectively, representing R\$0.11 per liter higher than the average SP Hydrous ESALQ Price, in each period, according to ESALQ.

We also evaluate opportunities to export ethanol from time to time to certain international markets, such as Europe, and we are currently working towards a carbon footprint certification in California, which is expected to allow sales into that market for a premium netback price. Approximately 90% of our anhydrous ethanol is sold under year-long contracts with fuel distributors (which is a Brazilian regulatory requirement), while most sales of our hydrous ethanol are on a spot basis, often for same-week or next-week delivery.

For the six-month period ended September 30, 2023, we recorded a segment revenue from ethanol of R\$2,215.8 million, representing 66.7% of our total revenue from segments for such period.

The table below sets forth the composition of our segment revenue from ethanol for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in millions of R\$, except percentages)</i>				
Anhydrous ethanol	1,374.0	1,209.2	2,505.0	2,239.0	796.1
Hydrous ethanol	841.8	916.6	1,845.5	2,420.1	1,326.9
Total ethanol segment.....	2,215.8	2,125.8	4,350.6	4,659.0	2,123.0
Anhydrous ethanol mix volume sold (%)	59.5%	54.8%	55.4%	45.3%	36.2%

Our Animal Nutrition Operations

We produce animal nutrition products in the form of high-fiber DDG, high-protein DDG, wetcake and corn oil, mostly for livestock farmers to use as animal feedstock. In our production process, we use FST, which allows us to separate the components of corn and produce three highly differentiated specialty DDG Products, as compared to the more conventional DDG Products offered by other corn-ethanol producers. Our DDG Products are branded as *FS Ouro*, *FS Essencial* and *FS Úmido*. In addition, we also produce corn oil, which is marketed under the brand *FS Vital*. Together, these animal nutrition products provide our clients with a local source of highly nutritious feed for their livestock.

The main characteristics and pricing dynamics of our animal nutrition products are:

- *FS Ouro*: high in fiber and best suited for beef and dairy cattle diets. This product has fiber content equivalent to corn, resulting in a pricing dynamic that follows the export parity price of corn, revised according to supply and demand of the price of other substitute products.
- *FS Essencial*: high in protein and typically sold into the swine and poultry markets. This product has protein content similar to soybean meal, resulting in a pricing dynamic that follows the price of soybean meal on a per ton basis.
- *FS Úmido*: wetcake product similar to *FS Ouro* with higher moisture content, in high demand among producers with cattle in confinement systems. This product also has fiber content equivalent to corn, resulting in a pricing dynamic that follows the export parity price of corn, revised according to supply and demand of the price of other substitute products.
- *FS Vital*: corn oil product that has value in many end-uses, with most of our production sold to animal nutrition markets and, alternatively, to biodiesel production and other industrial users. The SMT process technology results in a 15.0% higher corn oil yield when compared to the average US corn-ethanol plants. This product is a substitute for soybean oil, resulting in a pricing dynamic that follows the price of soybean oil.

Over the last fiscal year, we significantly expanded our sales and ended the 2022/2023 fiscal year serving over 600 clients across 15 states of Brazil. The state of Mato Grosso remains our key market, representing a share of 47.8% of our total volume sold from animal nutrition products in the six-month period ended September 30, 2023, with the Center-South, North and Northeast regions representing 48.3%, 2.1% and 0.3% of volume sold from animal nutrition for such period, respectively. We significantly increased our client portfolio of animal nutrition segment, with our top five clients accounting in the aggregate for 37.3% and 38.4% of our gross operating revenues in the fiscal year ended March 31, 2023 and in the six-month period ended September 30, 2023, respectively.

We believe our animal nutrition revenues provide us with a natural hedge against our corn cost of goods sold, which is the largest component of our cost of goods sold. We seek to maintain the ratio between the animal nutrition segment revenue and corn cost of goods sold at least at 45%. We refer to this ratio as our Corn Coverage Ratio, which represents the percentage of corn cost of goods sold that is offset by the sale of byproducts of ethanol production based on corn. Our Corn Coverage Ratio was 40.4%, 45.4%, 47.0% and 51.5% for the six-month period ended September 30, 2023 and the fiscal years ended March 31, 2023, 2022 and 2021, respectively.

The table below sets forth the composition of our segment revenue from animal nutrition products for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in millions of R\$, except percentages)</i>				
FS Essencial (High protein)	327.8	306.5	623.3	621.1	309.6
FS Ouro (High fiber)	182.9	181.3	354.2	246.4	128.9
FS Úmido (Wetcake)	117.6	104.9	194.1	93.8	43.2
FS Vital (Corn Oil)	127.6	150.8	296.0	252.3	115.9
Total animal nutrition segment	755.9	743.5	1,467.6	1,213.6	597.8
Total revenue from corn marketing ⁽¹⁾	326.5	538.5	935.3	285.6	119.8
Corn Marketing Profit ⁽²⁾	67.6	26.0	55.4	46.3	26.4
Corn cost of goods sold	2,038.1	1,449.4	3,357.9	2,681.9	1,160.8
Corn Coverage Ratio ⁽³⁾	40.4%	53.1%	45.4%	47.0%	51.5%

- (1) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties). Revenue resale of corn was previously recorded as “Corn marketing” in the 2022 audited financial statements and “Corn resale” in the 2022 audited financial statements. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Principal Components of our Statements of Income—Net Revenue.”
- (2) We calculate Corn Marketing Profit as a sum of revenue from marketing segments (corn) *minus* the corn marketing costs of goods sold *plus* gain (losses) on derivatives.
- (3) We calculate Corn Coverage Ratio as revenue from animal nutrition segment *plus* Corn Marketing Profit *divided by* corn cost of goods sold. Corn Coverage Ratio operates as a natural hedge, as the price of animal nutrition has been historically correlated to the price of corn.

Our Energy Operations

Our energy needs are met through co-generation systems integrated into our plants that utilize renewable biomass, such as bamboo, eucalyptus chips and agricultural residues such as *açai* seedling, cottonseed, sugarcane bagasse and rice husk, as a fuel that is burned in boilers to generate steam, promoting the rotation of turbines and generating energy used in our production process. The excess co-generated energy is sold into the Brazilian energy grid.

The LRV Plant has an annual estimated energy production capacity of 190 GW, out of which 68 GW are expected to be sold into the Brazilian energy grid. The SRS Plant has an annual estimated energy production capacity of 232 GW, out of which 31 GW are expected to be sold into the Brazilian energy grid. The PDL Plant has an annual estimated energy production capacity of 191 GW, out of which 63 GW are expected to be sold into the Brazilian energy grid.

On an annual basis, we have the capacity to produce approximately 613 GW of energy, of which nearly 162 GW is expected to be sold into the Brazilian energy grid. This energy is 100% renewable and therefore enjoys incentives of up to a 50% discount on energy transmission tariffs. We have certain flexibility to increase our energy production by burning additional biomass, taking advantage of market opportunities, when applicable.

Our Biomass Operations

The energy source for each of our production facilities is steam and energy that are generated by burning sustainably sourced biomass in co-generation systems integrated in our plants. Several different types of biomasses are readily available in the state of Mato Grosso and we have successfully used several of these feedstocks as fuel in our boilers to produce steam and energy.

Biomass prices and availability are affected by weather conditions, location, competing demand from other users, reduced harvests and overall economic conditions. Our biomass procurement activities include (i) sourcing of agricultural residues in the spot markets such as *açaí* seedling, cottonseed, sugarcane bagasse and rice husk, limiting this short-term consumption to a volume maximum of 1.5 to 2.0 million m³ of needs; (ii) acquisition of standing timber for cutting in the medium-long term; (iii) acquisition of eucalyptus from local farmers in the medium-long term; (iv) supply agreements with TIMOs (Timber Investment Management Organizations), which develop and operate eucalyptus farms to supply our plants in the long term; and (v) acquisition of bamboo as an alternative source of biomass in the short- and medium-term.

Our biomass origination strategy considers our need for biomass consumption for the next six years, since forestry development provides cycles of two to three years through bamboo planting, and cycles of four to six years through planting of eucalyptus. In the long term, price and volume are pre-fixed through forestry development and timber fund structures. We believe in promoting reforestation by planting bamboo and eucalyptus, especially on unproductive land. Therefore, growing forests indirectly helps in the process of removing carbon from the atmosphere.

Our Corn Operations

Corn Procurement

Each year, corn is grown in the state of Mato Grosso from mid-January to mid-March and the harvest period extends from the end of May until the beginning of August. As part our strategy of corn procurement, we usually start purchasing corn 18 to 24 months prior to the harvest, which depends on the availability of corn and willingness of our suppliers to sell corn to us, or the farmer selling curve. In the beginning of the harvest period, we start to receive the corn that will be crushed during that Crop Year. The corn is delivered almost in its entirety immediately after harvest, and, as the crushing program takes place from the end of the harvest (August and September) until May of the following year, we typically store a significant part of our volume needs.

Some of the key elements of our corn procurement strategy are:

- *Diversified supplier base.* We purchase our corn from over 800 corn suppliers. Our strategy is to increase and diversify our sources of corn, which for the 2021/2022 Crop Year were distributed among farmer cooperatives and conglomerates (42.4%), farmers (46.0%), corn resellers (11.4%) and trading companies and other suppliers (21.6%). In the 2022/2023 Crop Year, our sources were distributed among farmer cooperatives and conglomerates (48.3%), farmers (46.0%), corn resellers (3.4%) and trading companies and other suppliers (2.3%).
- *Advance purchases.* To protect ourselves against input shortfalls and short-term price volatility, we acquire corn through future contracts for physical delivery at fixed prices and volumes. Because of our advance purchasing strategy, we have very limited exposure to spot market pricing dynamics. Corn purchases are made up to 18 to 24 months in advance, following the producers' sales curve ("farmer selling").

	Estimated Corn Requirements	Contracted	Percentage Contracted	Average price per sac
Corn Forward Purchasing Summary	(million tons) ⁽¹⁾		(%)	(R\$/sac)
Crop Year				
2021-2022.....	3.3	3.3	100.0%	52.09
2022-2023.....	3.3	3.3	100.0%	59.71
2023-2024.....	4.8	4.5	93.9%	52.75
2024-2025.....	5.1	1.7	32.6%	40.96

(1) As of January 2024.

- *Storage capacity.* As of March 31, 2023, we had storage capacity for 2.64 million tons of corn, which represents approximately 52.9% of our annual corn needs, taking into account all of our plants. This capacity allows us to receive most of our corn for delivery during the harvest season.
- *Extended payment terms.* The payment term of our corn purchases is usually 90 days after full delivery of each corn contract, eliminating credit risk on corn purchases. Because many farmers view us as their preferred partner to sell corn to in the domestic market, we have experienced no material losses in the fulfillment of our corn contracts since the beginning of our operations. Because our corn requirements represent a relatively small proportion of the total available amount of corn in the state of Mato Grosso (approximately 9%), most of which is exported, we believe that our corn purchases do not drive the market price of corn in the state of Mato Grosso, which is generally linked to the “export parity price” (the price such corn would receive on the export market, net of the transportation costs required to reach export markets).

Corn Marketing

In March 2020, we began to operate in the corn marketing sector and since 2021, our revenue derived from our corn marketing operations increased as a percentage of our total revenue from segments. In the fiscal year ended March 31, 2023, revenue from corn marketing segment represented 13.8% of the total revenue from segments, compared to 4.6% in the previous fiscal year.

Our corn marketing strategy is to increase our presence in the corn trading market, as well as our Corn Coverage Ratio, and therefore increase our profits. Operations of purchase and sale are carried out through back-to-back transactions, where we purchase corn from a supplier when we have a third-party buyer committed to purchase such corn, not compromising our corn consumption nor bringing additional financial or credit risks. Our corn marketing strategy enables us to be contacted by farmers and suppliers of corn even outside the crop season (when we usually purchase corn to be used in our operations).

The table below sets forth selected financial and operating information from our corn marketing operations for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(in millions of R\$, except percentages)</i>				
Total revenue from corn ⁽¹⁾	326.5	538.5	935.2	285.6	119.8
Cost of goods resold corn marketing	(258.9)	(512.5)	(879.9)	(239.3)	(93.5)
Corn Marketing Profit⁽²⁾	67.6	26.0	55.4	46.3	26.4
Volume of corn marketing ⁽³⁾ (tons)	734.1	493.1	636.1	391.4	222.6
Spread (BRL/sac)⁽⁴⁾	5.52	3.16	5.22	7.10	7.11

- (1) As from April 1, 2023, we changed the classification of our segment revenue and started to present them in four reportable segments: (a) ethanol segment, (b) animal nutrition segment, (c) energy segment and (d) marketing segment (comprising resale of grains, ethanol and energy purchased from third parties). Revenue resale of corn was previously recorded as “Corn marketing” in the 2022 audited financial statements and “Corn resale” in the 2022 audited financial statements. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Principal Components of our Statements of Income—Net Revenue.”
- (2) We calculate Corn Marketing Profit as a sum of revenue from marketing segments (corn) *minus* the corn marketing costs of goods sold *plus* gain (losses) on derivatives.
- (3) Volume of corn marketing is comprised of the volume of corn marketing invoiced *plus* the volume of corn marketing contracted.
- (4) Spread per sac is calculated by Corn Marketing Profit *divided by* total volume of corn marketing invoiced and contracted converted into sacs.

Our Competitive Strengths

We believe our competitive strengths have been tested and proven by our results during the past years, when we operated at a high-performance level despite challenging market conditions, such as the COVID-19 pandemic and the conflict between Russia and Ukraine. We believe these are structural competitive strengths that will allow us to continue to deliver strong operational and financial performance in a wide variety of market conditions.

Low-Cost Producer

We have a significantly lower cost of production when compared to other ethanol producers in Brazil that rely on sugarcane as a feedstock (as detailed below). In addition to harvesting and processing expenses, sugarcane demands significant agricultural investments from sugarcane mills (as most mills are integrated into sugarcane farming). Sugarcane-based ethanol plants also require significantly higher industrial maintenance capital expenditures when compared to corn-based ethanol plants.

Our Corn Ethanol Production Cost was R\$1.43 per liter in the fiscal year ended March 31, 2023 and R\$1.49 per liter in the fiscal year ended March 31, 2022, while the Sugarcane Ethanol Production Cost was R\$2.63 and R\$2.10 during the same respective periods. This is due mostly to the costs required for sugarcane-based producers to maintain their mills and sugarcane plantations, as well as the much lower contribution of Co-Products Revenue to offset costs. In this analysis, we have considered public results for the years 2022 and 2023 from a sample of three Brazilian sugar and ethanol producers (Raízen, São Martinho and Coruripe).

We believe our low Corn Ethanol Production Cost is a result of:

- *Access to Abundant Supply of Corn at Competitive Cost.* We were the first ethanol producer in Brazil to use 100% corn in the production process. Each of our current and future production facilities is located near abundant, low-cost corn supplies. We believe the state of Mato Grosso, where our production facilities are located, produces one of the world's cheapest corn when compared to other large producing regions. We have located our production facilities in the mid-north region of the state of Mato Grosso, the most productive region in the state of Mato Grosso, thereby locking in a first mover advantage. In the last two decades, farmers in the state of Mato Grosso have used advanced corn genetics, technology, and equipment to improve production efficiency. Moreover, relatively high structural logistics costs to transport corn from the state of Mato Grosso to export ports limit the price that grain trading companies are able to offer farmers, which depresses local prices, while still allowing farmers to make significant profits with corn, given that corn is produced in the state of Mato Grosso mostly as a "second crop," following the production of soybeans on the same land. As a result, we expect additional productivity increases in corn to support this structural price advantage, as well as additional corn availability going forward.
- *State-of-the-Art Technology.* We use the latest and state-of-the-art production technology, under an exclusivity agreement, resulting in lower operating costs and more efficient conversion of corn to ethanol than in older plants that use less efficient technology. In our production, which takes place in three facilities designed by ICM, we use SMT, a value-added process under which the corn slurry is filtered prior to fermentation to maximize starch availability for ethanol conversion. According to ICM's studies, the use of SMT results in higher energy efficiency and up to 14% increase in ethanol yield compared to traditional plant designs. Our production is further enhanced through the use of FST (Fiber Separation Technology), a value-added platform technology that removes fiber before the fermentation process, allowing for the production of specialty DDG Products and unlocking throughput and efficiency for each liter of ethanol produced. Our efficient energy systems and heat recovery technology require less energy than older dry-mill ethanol plants, and our energy is entirely sourced from 100% sustainable biomass. In addition, we believe that our advanced computer control systems and process automation increase our production facilities' operating rate, energy efficiency and product quality. The exclusivity agreement with ICM covers a 50-mile radius around each of our three facility sites (LRV Plant, SRS Plant and PDL Plant), as well as the three additional sites that we have acquired for possible future expansion (Campo Novo do Parecis, Querência e Nova Mutum). This exclusivity serves as an entry barrier in terms of what we believe to be the most efficient process technology being unavailable to potential competitors in the regions in which we operate.
- *Large Scale, Highly Efficient and Reliable Operations.* Data from ANP indicates that the average Brazilian ethanol plant capacity in October 2023 was 99 MLPY. By comparison, our facilities are designed to have capacities of between 585 MLPY and 931 MLPY. Our production facilities typically run on a 24-7, 360 day-per-year schedule, with one extended maintenance shutdown per year for a maximum period of 5 days. For the six-month period ended September 30, 2023, our plants had an average combined uptime of 99.32%. Because of the modern technology and efficient performance of our state-of-the-art corn ethanol production facilities and our business model not requiring agricultural

operations (as opposed to traditional sugarcane-based ethanol producers), we require only 1.6 employees per million liters produced, approximately six times fewer employees per liter than the average employee intensity of the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost. For purposes of the calculation of the average employee intensity of sugarcane-based ethanol producers, we used publicly available information from São Martinho, Coruripe, Adecoagro and Atvos.

- *Efficient Deployment of Capital Employed.* The capital employed in corn ethanol plants is related primarily to industrial assets and operating working capital, while in sugarcane-based ethanol plants, it is also necessary to invest in land (e.g., own or lease), sugarcane plantations, agricultural machinery for handling the sugarcane crop and labor for processing, in addition to larger tankage facilities to carry inventories between harvests. This allows us to have very low Maintenance Capex (R\$0.01 per liter for the fiscal year ended March 31, 2023, compared to estimated average comparable maintenance capital expenditures of R\$0.95 per liter for the sugarcane-based ethanol producers for the fiscal year ended March 31, 2023). It is important to highlight that, as a result, the operations of the FS Group convert a high percentage of EBITDA into cash flow, as measured by our EBITDA *minus* Maintenance Capex.
- *Lower Feedstock Risk.* Our feedstock corn provides us with competitive advantages, and we carry a lower feedstock risk as compared to sugarcane-based ethanol producers. Corn is a liquid commodity, which means it can be easily resold for cash in the short term. Meanwhile, sugarcane is illiquid in the short term, as the useful life of sugarcane fields is around five to six years and it is not profitable to close down activities beforehand, so sugarcane ethanol plants carry a raw material risk during this period. Furthermore, corn is less perishable and can be stored for two to three years without losing its energy properties. In comparison, a week after harvesting, sugarcane begins to lose its energy capacity.
- *Value-added co-products.* Ethanol production using corn allows us to produce value-added animal nutrition products, such as DDG Products and corn oil, which resulted in a total revenue of animal nutrition segment for the fiscal year ended March 31, 2023 that accounted for, in aggregate, 21.6% of our total revenue from segments, equal to 45.4% of our corn cost of goods sold for the same period, and further lowering our Corn Ethanol Production Cost. In previous years, the sale of value-added animal nutrition products made it possible to cover our corn cost of goods sold by 47.0% and 51.5% for the fiscal year ended on March 31, 2022 and 2021, respectively.

Strong Financial Performance

Despite the decrease in margins in September 2023, we have had strong operational results since commencing operations, including through the COVID-19 pandemic and the conflict between Russia and Ukraine. Although we are a relatively new market player, our financial performance allows us to serve our clients and suppliers reliably and in a stable manner. Furthermore, in a commodity-based business with natural price fluctuations, we believe the combination of our low-cost position and strong operational performance make our results more resilient than those of competitors (particularly with respect to sugarcane), which is illustrated by our strong performance in the fiscal year ended March 31, 2023, despite the difficult economic scenario after the 2021-2022 fiscal year, while the world economy was recovering from COVID-19 and facing the impacts of the conflict between Russia and Ukraine.

For the six-month period ended September 30, 2023, we had profit before net finance costs and taxes of R\$484.6 million, a decrease of R\$831.8 million, compared to R\$1,316.4 million for the six-month period ended September 30, 2022. For the fiscal year ended March 31, 2023, we had a profit before net finance costs and taxes of R\$2,244.2 million, a decrease of R\$247.7 million, compared to R\$2,491.9 million for the fiscal year ended March 31, 2022.

- *Attractive Margins.* Our low-cost advantage allows us to achieve higher EBITDA Margins and stronger EBITDA *Minus* Maintenance Capex generation compared to our competitors. For the six-month period ended on September 30, 2023 we had an EBITDA Margin of 15.6%, compared to 36.5% for the same period ended on September 30, 2022. For the fiscal year ended March 31, 2023, we had an EBITDA Margin of 31.7%, compared to 39.5% for the fiscal year ended March 31, 2022.
- *Strong Cash Flow Conversion.* The absence of a material Maintenance Capex allows us to convert most of our EBITDA into the generation of cash. For the fiscal year ended March 31, 2023, we generated

EBITDA Minus Maintenance Capex of R\$1.56 per liter of ethanol sold, while the average for sugarcane ethanol producers was R\$0.63 per liter of ethanol sold.

- *Managed Exposure to Corn Prices and Currency.* Our Corn Coverage Ratio results in a natural hedge, which we aim to maintain at 45% of our corn cost of goods sold. Our Corn Coverage Ratio amounted to 40.4%, 45.4%, 47.0% and 51.5% of our corn cost of goods sold for the six-month period ended September 30, 2023 and the fiscal years ended March 31, 2023, 2022 and 2021, respectively. We actively manage the balance of our corn cost of goods sold by entering into advance purchase contracts with our corn suppliers to secure our future corn requirements, thereby managing the short-term volatility of the price we pay for corn. The revenue from our corn marketing operations is also taken into account in the calculation of our Corn Coverage Ratio, which we aim at maintaining at 45%. Our corn requirements for the Crop Year ended May 31, 2023 (Crop Year 2022-2023) was 100% secured at an average cost of R\$59.71 per sac, out of an estimated corn requirement of 3.3 million tons. Our corn requirements for the Crop Year ending in May 31, 2024 (Crop Year 2023-2024) are 93.9% secured at an average cost of R\$52.75 per sac, out of an estimated corn requirement of 4.8 million tons (taking into account the production needs of all of our plants). Our corn requirements for the Crop Year ending in May 31, 2025 (Crop Year 2024-2025) are 32.6% secured at an average cost of R\$40.96 per sac, out of an estimated corn requirement of 5.1 million tons. With respect to currency exposure, both local corn and ethanol prices are indirectly influenced by the Brazilian exchange rate compared to the U.S. dollar. In the case of corn, local prices tend to mirror international corn prices, adjusted for the exchange rate and export logistics costs. In the case of ethanol, local prices typically maintain around 70% parity with gasoline prices at the pump, with gasoline prices being highly correlated to the dollar-based international price of gasoline.

Wide-ranging and Flexible Commercial Optionality

Our diversified product base, operational flexibility and layered, multi-modal logistics allow us to quickly pivot our production, sales and target markets in the event of changes in market conditions. Some of our key flexibilities are:

- *Ethanol Production.* Because our ethanol production process results in 100% anhydrous ethanol, all of which can be converted into hydrous ethanol through the simple addition of water, we can choose to produce whichever type of ethanol will result in higher margins under any market condition, the opposite of sugarcane-based producers, which need to go through additional dehydration processes to produce anhydrous ethanol based on hydrous ethanol production.
- *Animal Nutrition Products.* Our plants have operational flexibility to vary the production mix between our DDG Products, which allows us to adjust production and marketing strategy to capture better seasonal prices for each product.
- *Biomass and Energy Production.* Our co-generation plants are designed to allow flexibility to use a wide variety of biomass sources as a sustainable fuel. We also have excess steam production capacity, which allows us to increase our production of excess energy to be sold in the grid by simply burning more biomass. This flexibility allows us to capture energy trading and seasonal pricing opportunities.
- *Multi-modal Logistics.* Our efficient logistics — in part due to our 20-year railway transportation contract but also due to our multi-modal transportation options, which allow us the flexibility to choose the right mode for the right location at any time — allows us to gain access to the largest markets in Brazil, and also enables us to sell ethanol at premium prices outside of São Paulo (in the North and Northeast regions of Brazil) with higher margins due to our efficient logistics cost structure. We have also developed the ability to serve our clients on a CIF basis, taking responsibility for negotiating costs of all freight and logistic expenses to deliver the product to the client, which increases our margins while adding value to the clients.
- *Storage capacity.* As of March 31, 2023, we had a corn storage capacity of 1.23 million tons at our operational plants in addition to contracted corn storage from third parties comprising 1.42 million tons, therefore totaling 2.64 million tons, allowing us to receive corn on a large scale during the harvest and store it during the year. Our storage capacity allows us to purchase most of our corn for delivery during the harvest season when prices are typically lower.

Commitment to Environmental, Social and Corporate Governance (“ESG”)

We believe that our products are essential to the well-functioning of society. Through our value chain, we provide people on a daily basis with transportation (as vehicles are fueled with our ethanol), food (as beef, pork and poultry are fed with our animal nutrition products) and energy for homes and businesses (from our energy sales into the national grid).

“Fueling Sustainability” is not only our brand name but also our purpose, and being conscientious of our essential responsibility before society, we seek to develop a number of practices focused on environmental and social concerns, all anchored in high standards of governance. We also seek to invest a substantial amount of management time and material costs (such as databases, compliance procedures, geo-satellite tracing, etc.) to ensure we achieve our ESG goals.

We offer full transparency of our ESG practices through our annual sustainability reports that are certified by the GRI. GRI is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. The GRI framework features a modular, interrelated structure, and represents the global best practices for reporting on a range of economic, environmental and social impacts. Participating in this initiative shows our commitment to transparency with respect to our ESG practices. In September 2023, we published our last annual sustainability report with the GRI stamp. In 2023, we joined the Carbon Disclosure Project (“CDP”) for the third time. In the first two years of participation (2021 and 2022) we obtained a B score, the second highest in a six-level score scale, and our score for 2023 is pending publication as of the date of this offering memorandum. Our sustainability report contains a limited assurance report over non-financial information available at www.fs.agr.br/ri. The information found on our website is not incorporated by reference in, and shall not be considered a part of, this offering memorandum. The main pillars of our ESG strategy are set forth below:

- *Low carbon footprint.* We believe we have one of the lowest carbon scores of any commercially scaled liquid fuel in the world. We believe we can leverage our business model to contribute to a cleaner environment and replace higher carbon fuels, including fossil fuels, with those generated with a lower carbon footprint. In May 2022 and June 2022, our anhydrous ethanol for the SRS and LRV Plants were certified in the Brazilian RenovaBio Program and classified as 3rd and 4th best scores, with a carbon footprint score of 69.54 gCO₂eq/MJ and 70.53 gCO₂eq/MJ, respectively. There are 327 companies certified at the RenovaBio Program and the scores range from 40.43g CO₂eq/MJ (lowest score) and 72.62g CO₂eq/MJ (highest score). We must monitor the conditions presented to obtain the certificate periodically to maintain certificate eligibility. These scores imply that we avoided the emission of more than 2.3 million tons of carbon dioxide in the fiscal year ended March 31, 2023. In September 2023, when the last monitoring was carried out, we maintained the eligibility of the LRV and SRS Plants. While the PDL Plant has a certificate of authorization for ethanol production since April 2023, the application for energy efficiency certification can only be sought after six months counted from the beginning of the plant’s operations. In January 2024, we hired an auditing firm to advise us on the application for the energy efficiency certification and we expect to apply and receive such certification by the end of 2024.
- We are also developing a carbon capture and storage project (“CCS”) that could further reduce our operations’ carbon footprint, making it possible for us to become the first company in the world to produce carbon negative fuel. We have carried out all preliminary and detailed technical and economic feasibility studies. The geological potential has already been confirmed and seismic studies have been carried out for the LRV Plant and, as a subsequent step, we began drilling and injectivity tests. Once our CCS project is fully implemented, we further expect to reduce the carbon score of our ethanol, achieving a negative grade, and, as a result, we expect to export to California at better margins as compared to those we have in the local market, due to high carbon credit pricing in California.
- *Social-environmental practice.* We devote substantial resources to ensure that our partners and suppliers comply with our strict standards for social and environmental compliance. For instance, we have hired Agrottools’ Terramix platform, a digital platform designed to promote Brazilian agriculture by using state-of-the-art geomonitoring, competitive intelligence and strategic tools. We created a social-environmental and responsibility policy in the supply and sales chain, enabling a more rigorous tracking system than existing Brazilian legislation. Through this policy, we seek to audit and ensure that, through

the Terramix platform, all suppliers and direct customers pass through a decision matrix prior to approval, ensuring that we do not procure corn or biomass from suppliers, or sell to customers, connected to deforestation, protected lands, any type of embargo, slavery or child labor.

- *Green bonds and loan.* In February 2020, June 2020, August 2021, February 2022, May 2022, September 2022, March 2023, December 2023, and January 2024, we issued Agribusiness Receivables Certificates (CRA), and such transactions were classified as *green bonds* in accordance with the FS Bioenergia Green Bond Framework, which Sustainalytics confirmed is aligned with the Green Bond Principles and best practices for climate bonds issuances.

In December 2020, January 2021 and October 2021, the Issuer completed the issuance of senior secured notes in the international capital markets in the aggregate amount of US\$680.0 million (approximately R\$3,405.2 million, at a rate of R\$5.0076 to US\$1.00, the U.S. dollar selling rate as of September 30, 2023, as reported by the Central Bank) due in 2025 (the “2025 Notes”), also classified as *green bonds*.

On May 12, 2022, FS Lux, as borrower and FS, as guarantor, entered into a loan and guarantee agreement with Stichting Andgreen.Fund, as lender, in the amount of US\$30.0 million, which was disbursed on June 13, 2022. The use of proceeds was to finance working capital related to an environmental and social action plan agreed upon between the lender, the borrower and FS, and a landscape protection plan developed by FS, which includes the acquisition of corn and biomass. The use of proceeds indicated in the green bond issuances and green loan, based on the Green Bond Framework, are expected to positively contribute to sustainable development and the transition to a low carbon economy.

- *Safety practices at work.* We offer a safe and adequate work environment for our employees and service providers.
- *Zero fossil fuels.* Our plants utilize 100% renewable biomass as their energy source.
- *Zero stillage discharge.* Our plants are designed to be a closed-cycle with respect to stillage discharge, and under normal operating conditions there is zero discharge of stillage (compared to sugarcane-based ethanol producers, which produce an average of ten to 13 liters of stillage vinasse per liter of ethanol produced). Non-recurrent operational issues may cause the plant to produce stillage that, in such cases, would be discharged in accordance with our permits and appropriate regulations.

Proven Management Team and Strong Shareholder Sponsorship

We have invested in building a world-class corporate team with highly competent, experienced and engaged executives and managers. For example, Henrique Ubrig, Chairman of the Advisory Board, was a former CEO of DuPont South America, and Rafael Abud, our CEO, who has been with the Company since inception, has extensive experience in developing projects in the biofuels and renewable energy industries.

Our senior management team averages approximately 21 years of relevant industry experience, with specific expertise across all aspects of the ethanol and animal nutrition products supply, production and distribution chain, from agribusiness, to plant operations and management, to commodity markets, to ethanol marketing and distribution. In addition, Summit Agricultural Group, our controlling shareholder, brings extensive experience from the U.S. corn ethanol industry, where they developed and operated similar businesses successfully from 2003 until 2006. Summit Agricultural Group’s previous relationships and experience allowed us to construct each of our production facilities within budget and on schedule. We believe the level of operational and financial expertise of our management team will allow us to successfully execute our business strategies going forward.

Our Strategy

We plan to take advantage of the expected increase in Brazilian domestic demand for ethanol. We believe domestic demand for ethanol, as a proportion of total demand for transportation fuels, will continue to increase due to an ongoing focus on reducing reliance on petroleum-based transportation fuels, Brazil’s strong existing ethanol infrastructure (in terms of logistics and service stations) and its growing fleet of flex-fuel based vehicles (which currently comprise 91% of Brazil’s vehicles).

In addition, RenovaBio, which just came into effect in late 2019, is expected to further support growth in domestic demand and potential revenues to the Company with sale of emissions-reduction certificates (“Cbios”). We have one of the best carbon footprint scores under the RenovaBio framework and are well poised to capitalize on this government-mandated demand increase. By 2032, ANP expects an 8.6 billion liter-differential between domestic demand and current installed supply capacity of ethanol in Brazil, representing a CAGR of 3.8% as compared to the fiscal year ended March 31, 2023.

The main elements of our strategy are:

- *Continued development and growth of our markets to enhance optionality.* We are working to grow our ethanol markets in the North and Northeastern regions of Brazil, both of which can offer premium pricing for our ethanol products. We are also currently working on gaining access to the California ethanol market. The average ethanol price in California as of March 31, 2023 represents a price basis that can be significantly higher than in the state of Mato Grosso considering the premium for our low-carbon score. We believe entry into California and other similar markets could represent a potentially significant increase in our ethanol export volumes. We are also continually working to develop and grow new markets for our animal nutrition products, including exploring the potential for export markets.
- *Focus on improving and maximizing our operational efficiency.* We are constantly striving to increase our productivity and efficiency by improving our operational performance, through training of employees, optimization of our technology systems, optimization of process control and design improvements. In the 2017-2018 fiscal year, which was our first fiscal year of production, our industrial yield was 346.5 liters of ethanol per ton of corn crushed, as compared to 426.2 liters of ethanol per ton of corn crushed in the 2021-2022 fiscal year and 433.1 liters of ethanol per ton of corn crushed in the 2022-2023 fiscal year. In the six-month period ended September 30, 2023 our industrial yield was 430.0 million liters of ethanol per ton of corn crushed.
- *Prudently grow production capacity while maintaining financial discipline.* We intend to profit from growing Brazilian demand for ethanol by expanding our production capacity over the next several years, while maintaining a balanced capital structure and adequate level of financial leverage. We have completed the expansion of our SRS Plant and the construction of our PDL Plant, and we intend to prudently expand through one or more sites we have acquired in the state of Mato Grosso. Considering new expansions or new constructions, we may consider raising additional capital for such organic growth.
- *Realize economic value from our focus on environmental and social practices.* We are committed to acting as an environmentally and socially conscious company. For example, we continue to improve and develop new training programs for our employees, as well as programs to reduce workforce accidents. In addition, we continuously seek to implement environmental best practices, benchmark technologies and clean operations to sustain our best-in-class results and strengthen our relationships and cooperation with relevant environmental authorities and social agencies. We also invest in research and development into additional technologies, such as CCS. We expect to realize significant economic value from programs that value the low-carbon attribute of our ethanol, such as RenovaBio and LCFS in California. We believe these types of programs will be increasingly developed in other regions of the world, offering positive economic opportunities for our products.

History

We were established in 2014 as a joint venture between Summit Agricultural Group and Tapajós Participações S.A., or Tapajós. Summit Agricultural Group, headquartered in Alden, Iowa, in the United States, is our controlling shareholder. Summit Agricultural Group has extensive experience in the U.S. corn ethanol industry, where it developed and operated similar businesses successfully from 2003 until 2006. Tapajós, founded in 1989, by Brazilian entrepreneurs with strong operations in agriculture and AMERRA Chapada LLC, or AMERRA, a U.S investment fund focused on agribusiness, started its activities in procurement, distribution and trading of grains, and became an important player in the Brazilian agribusiness industry, currently holding investments in waterway transportation of grains, production of seeds and vegetal nutrition, which provided us with important connections to local farmers.

We started our operational phase in August 2017, when we completed construction of the LRV Plant and commenced operations with an estimated initial anhydrous ethanol production capacity of 265 MLPY. We completed an expansion of the LRV Plant on schedule in February 2019, which increased our estimated anhydrous ethanol production capacity at the LRV Plant to approximately 550 MLPY. Our LRV Plant was the first in Brazil to produce fully corn-based biofuel, with high technology and on a large scale. By using this sustainable and innovative business model, we started to add value and state-of-the-art technology in the production of biofuels in Brazil, which was until then based on sugarcane.

In the first quarter of 2020, we launched our second plant, in the city of Sorriso, state of Mato Grosso, increasing our production capacity to 1.1 billion liters of ethanol per year. In this same period, we started the expansion of our SRS Plant, which was completed in February 2021, increasing our annual production capacity to 1.4 billion liters of anhydrous ethanol.

In the second half of 2021, continuing with the expansion plan, we started the construction of the PDL Plant. In June 2022, we carried out a corporate reorganization involving FS Ltda. and FS S.A. and, as a result, their earnings, operating results and financial statements are prepared on a combined basis. The PDL Plant was originally an asset of FS Ltda. and was acquired by FS S.A. in June 2022 on an arms' length basis. For more information on these transactions, see "Related Party Transactions."

In May 2023, we began operations at the PDL Plant, and as of September 30, 2023, our total annual production capacity was 2.2 billion of liters of ethanol, taking into account the LRV Plant, SRS Plant and PDL Plant.

Corporate Structure

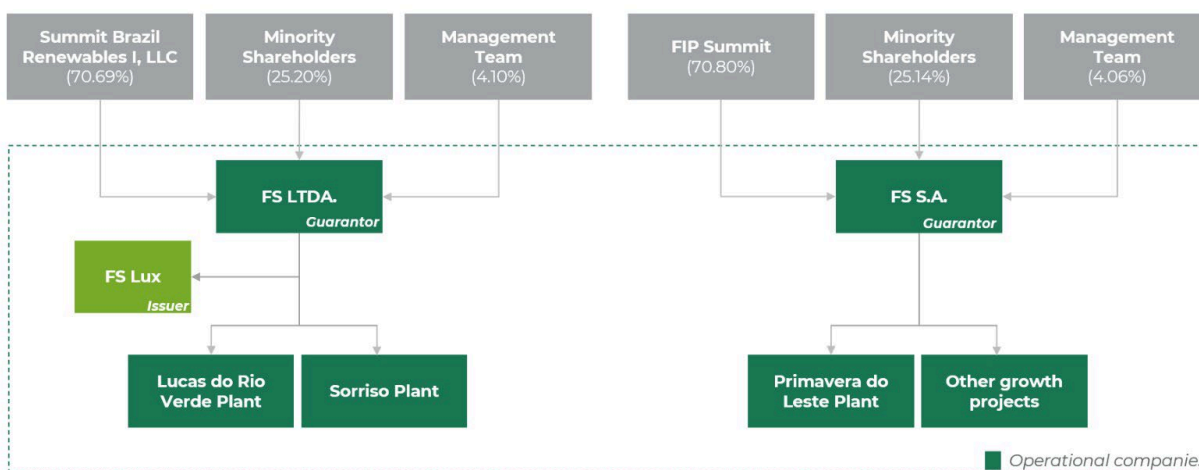
FS Ltda.'s equityholders are Summit, which holds an equity interest of 70.7%, minority shareholders who hold 25.2% and FS Ltda.'s members of management who hold 4.1%.

FS S.A.'s shareholders are Summit directly and indirectly through FS Fundo de Investimento em Participações Multiestratégia Investimento no Exterior ("FIP Summit"), holding 70.8% of the capital stock of FS S.A., minority shareholders holding 25.1% and FS S.A.'s members of management holding 4.1%.

Both FS Ltda. and FS S.A. have the same shareholders and controlling group.

The issuer of the Notes offered hereby is a wholly owned subsidiary of FS Ltda., which was established on September 8, 2020 with the main purpose of issuing international debt securities.

Set forth below is our corporate structure chart as of the date of this offering memorandum:

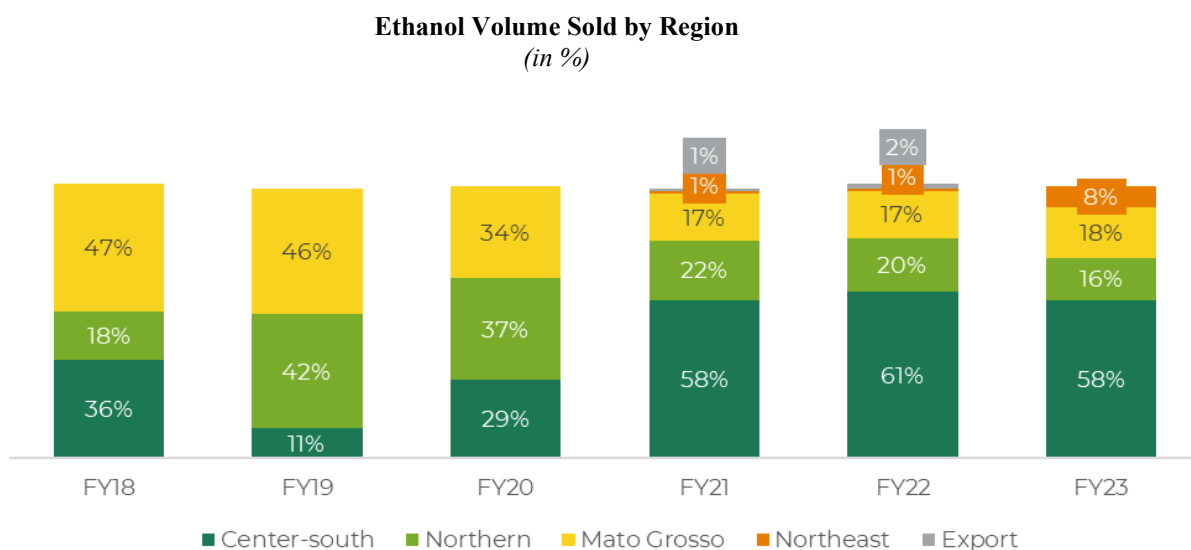


Products and Sales

Ethanol

We sell two types of ethanol, anhydrous and hydrous ethanol, directly to our clients using our own sales force. While many of our customers pick up our ethanol on site, we also have long- and short-term contracts or relationships with third parties in respect of the multimodal logistics—such as trucks, railcars, ships and pipelines—necessary to transport our products to our customers and to other strategic locations to ensure efficient delivery of our finished ethanol and other products. Our ethanol production is linear throughout the year, and we have flexibility to completely switch our anhydrous ethanol production to hydrous ethanol and vice-versa.

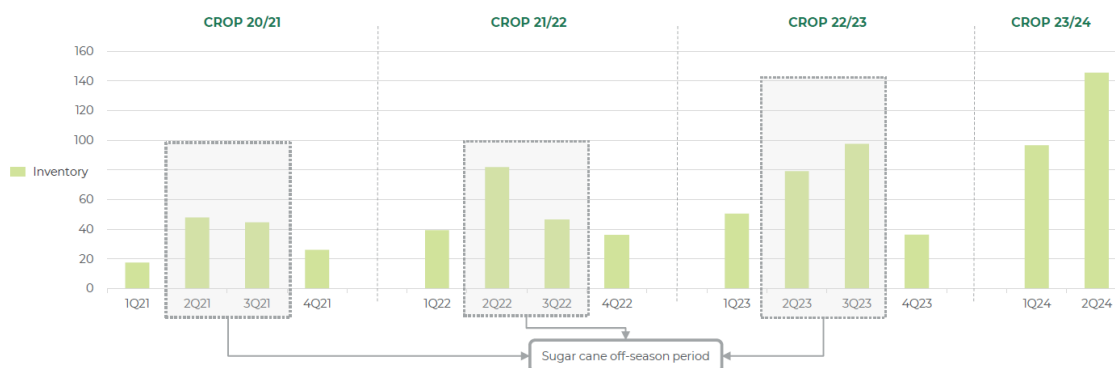
As part of our strategy to increase our revenues, we seek options to diversify the markets to which we sell and improve productivity gains. The chart below breaks down our ethanol volume sold by region for the periods indicated:



For the fiscal year ended March 31, 2023, our sales of anhydrous ethanol measured by the volume sold as CIF sales stood at 20.8% and 42.8% of our total sales of anhydrous ethanol measured by the volume sold as CIF sales in the state of Mato Grosso in the Center-south region of Brazil, respectively.

Our ethanol production is relatively constant throughout the year, and we produce approximately 25% of our total yearly production during each quarter. In addition, as part of our sale strategy, we do a carryover of inventories at the first and second quarters, holding approximately 45% of the ethanol produced in inventory in order to have 55% available to sell approximately 55% in the third and fourth quarters of such fiscal year, taking advantage of the supply and demand dynamics during the off-season period for sugarcane ethanol.

Ethanol Inventory Dynamics (in '000 m³)

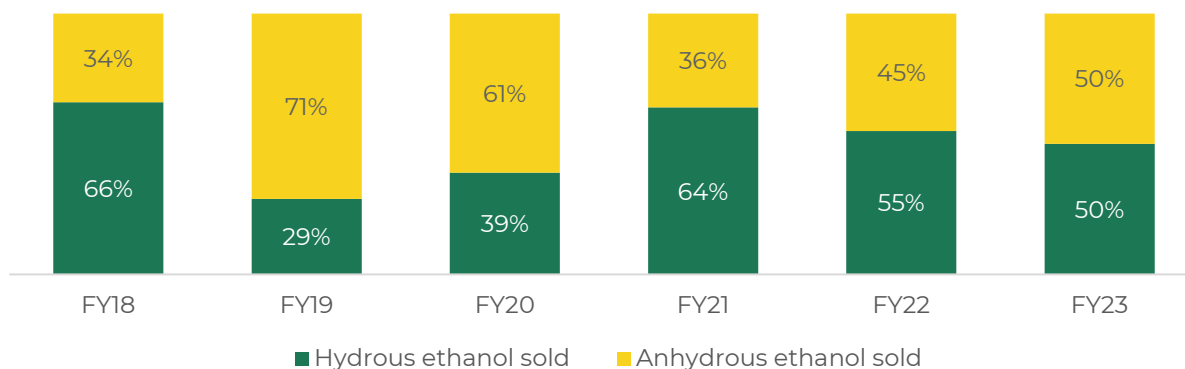


'000 m ³	CROP 20/21	1Q21	2Q21	3Q21	4Q21	CROP 21/22	1Q22	2Q22	3Q22	4Q22	CROP 22/23	1Q23	2Q23	3Q23	4Q23	CROP 23/24	1Q24	2Q24
Production	1,111	24%	25%	26%	25%	1,426	23%	26%	26%	25%	1,455	21%	26%	26%	26%	2,087	21%	25%
Sales	1,108	24%	22%	26%	28%	1,416	22%	23%	29%	26%	1,456	21%	24%	25%	30%	2,069	19%	23%

Anhydrous Ethanol

With respect to anhydrous ethanol, our strategy is to sell as much as possible to the North region and the state of Mato Grosso due to the highest net price we believe we can obtain over the SP Hydrous ESALQ Price (gross sales, deducting taxes and freight costs).

Volume of Anhydrous and Hydrous Ethanol Sold (in %)

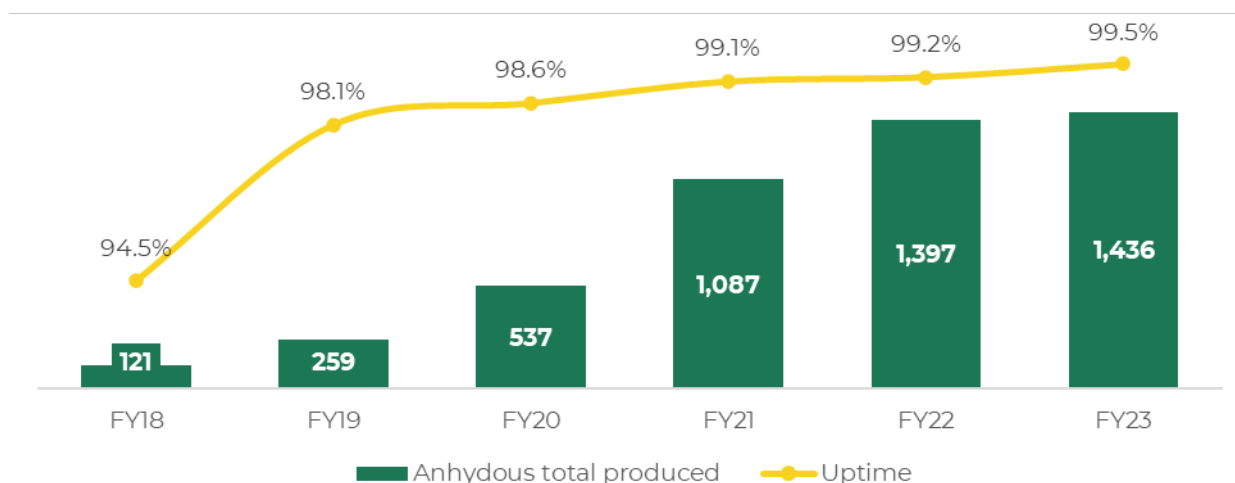


Over the years, we have improved the operation of ethanol plants, which includes achieving greater efficiency with regard to enzymes and chemicals and the optimization of production processes, among other factors, as set forth in the chart below. Our average industrial production increased from 346.5 liters of ethanol per ton of crushed

corn in the fiscal year 2018 to 433.1 liters of ethanol per ton of crushed corn in the fiscal year 2022/2023, representing a 25.0% increase.

The chart below sets forth our total anhydrous ethanol production and uptime for the periods indicated:

Total Anhydrous Ethanol Production and Uptime
(in million liters and %)



Hydrous Ethanol

With respect to hydrous ethanol, our strategy is to supply the Center-South region, to develop a market in the North region of Brazil, and to avoid competition in the state of Mato Grosso through limited supply.

We also plan to implement the same sales strategy to capture the highest possible Basis price over the SP Hydrous ESALQ Price (as defined herein).

Animal Nutrition

With respect to our animal nutrition operations, our strategy is:

- *Geographic expansion* – We are focusing on our geographical expansion so we are able to reach new markets and consequently new customers.
- *Increase in customers* – Reaching customers to increase our portfolio, through geographical expansion and also reaching more customers in the areas we already operate so we are able to diversify and increase our customer base.
- *Increase in participation of animal nutrition in the animals' diet* – Side-by-side work together with the customer to increase the percentage of animal nutrition products in the animals' diet, so we are able to increase our price margins.

We sell our animal nutrition products both nationally and locally directly to clients through our own sales force, having served more than 600 customers in 15 states of Brazil. Our animal nutrition is mainly sold to livestock farmers for use as animal feedstock and, in the case of corn oil, it is used in the production of biodiesel. These sales are made in advance, through contracts for future delivery and payment or spot sales. Our animal nutrition products accounted for 22.8%, 21.6%, 19.5% and 20.8% of total revenue from segments for the six-month period ended September 30, 2023 and for the fiscal years ended March 31, 2023, 2022 and 2021, respectively.

FS Ouro, our high-fiber DDG (with approximately 16.5% protein content), is a highly digestible fiber corn product primarily marketed to livestock farmers of animals such as beef cattle and dairy cattle. It can be used to

substitute of corn or cotton seed hulls in livestock diet. Its direct competitors include corn, cotton seed hulls, cotton seed meal, sunflower meal, conventional DDG and soybean hulls.

FS Essencial, our high-protein DDG (with approximately 45.5% protein content), is primarily marketed to livestock farmers of monogastric animals such as swine and poultry. Its direct competitors include soybean meal. This product is our highest value-added product in our animal nutrition line and, therefore, it is marketed over a wider geographic area.

FS Úmido, our wetcake (with approximately 18.7% protein content), is a high energy, highly fermentable, cost-efficient fiber corn product primarily marketed to livestock farmers that keep their cattle confined in enclosures. Its direct competitors include corn, cotton seed hulls, cotton seed meal, sunflower meal, conventional DDG and soybean hulls.

FS Vital, our corn oil, is a substitute for soybean oil and used essentially for animal nutrition and production of biodiesel.

Pricing and Backlog Orders

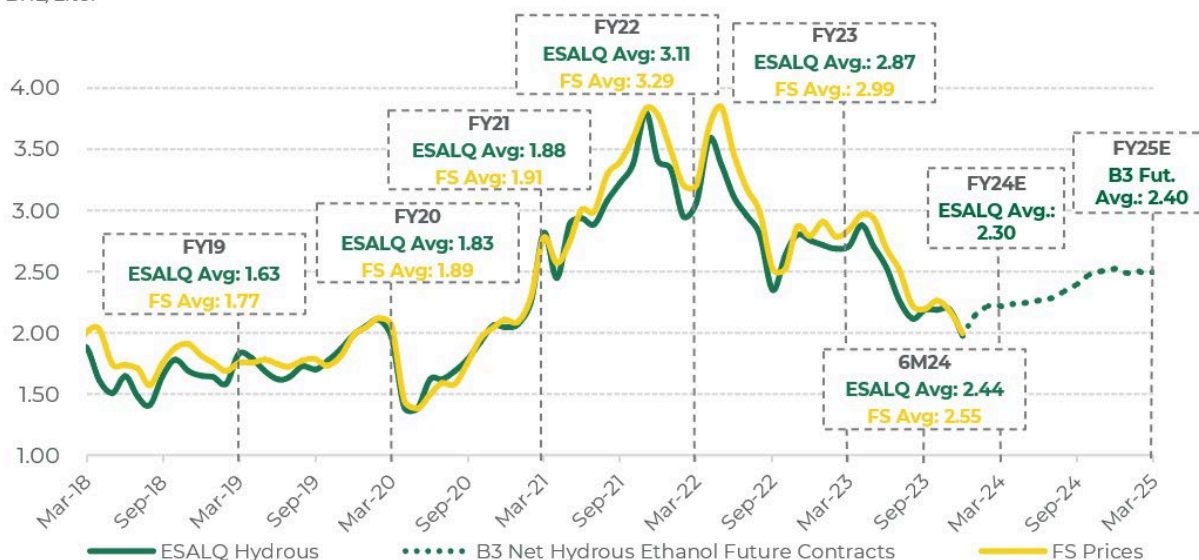
Ethanol Pricing

Generally, ethanol sold to customers is priced in accordance with one of the following methods: (i) a “spot” price, for delivery in the same week or next, which may either be at a fixed price per liter or based on the applicable index price in Brazil, generally the SP Hydrous ESALQ Price, adjusted for logistics costs; or (ii) contracts for a set length of time, generally for the “crop year” but in some cases for as long as five years, which are priced in connection with the applicable index price, generally SP Hydrous ESALQ Price, plus a set premium of 9-12% in the case of anhydrous ethanol, adjusted for logistics costs. Most sales for hydrous ethanol are under spot contracts, while most sales for anhydrous ethanol are contracted (ANP, the regulatory agency of the fuels market, requires fuel distributors to be 90% contracted before the beginning of the crop year). Generally, anhydrous ethanol trades at a slight premium compared to hydrous ethanol.

We price our ethanol using SP Hydrous ESALQ Price as a reference, *plus* a premium (or in some cases a slight discount) for each region based on distance/logistics, supply-demand dynamic, anhydrous/hydrous, and other factors. The chart below sets forth our ethanol prices from the 2019 through the 2023 fiscal years, as compared to SP Hydrous ESALQ Price, as of January 19, 2024:

FS Net Prices vs. ESALQ Net Hydrous Ribeirão Preto Prices

BRL/Liter



We follow a “carry” strategy for our sales, taking into account the supply and demand dynamics related to the off-season of sugarcane. As we are able to store the corn for more than two years without losing its energetic properties, our production of ethanol is relatively constant throughout the year. Accordingly, we can choose to sell less and to increase our stockpiles during the sugarcane harvest season (from November to March each year), when the price of ethanol generally falls due to the increase in supply from the sugarcane ethanol glut in the market. Then, when prices have risen again due to the cessation of the supply glut, we increase our sales into the market, which can generally absorb as much as we can sell at current production and inventory levels without any material effect on the price we receive.

In addition, the ethanol price is also influenced by the dynamics and seasonality of the sugarcane industry, which in turn is affected by harvests, weather conditions, and the supply and demand of sugar. As a result of the cyclical nature of the sugarcane harvest season and weather conditions, the typical harvesting period in Brazil begins between April and May and ends between November and December. Our ethanol sales are generally concentrated during the off-season of the sugarcane harvest to capture higher seasonal prices.

Animal Nutrition Pricing

We sell our animal nutrition products both nationally and locally directly to clients through our own sales force. Our animal nutrition is mostly sold to livestock farmers for use as animal feedstock and, in the case of corn oil, it is used in the production of biodiesel. These sales are made in advance, through contracts for future delivery and payment or spot sales, in each case with pre-fixed prices and volumes.

We price our animal nutrition products against certain benchmarks related to substitute or competing products.

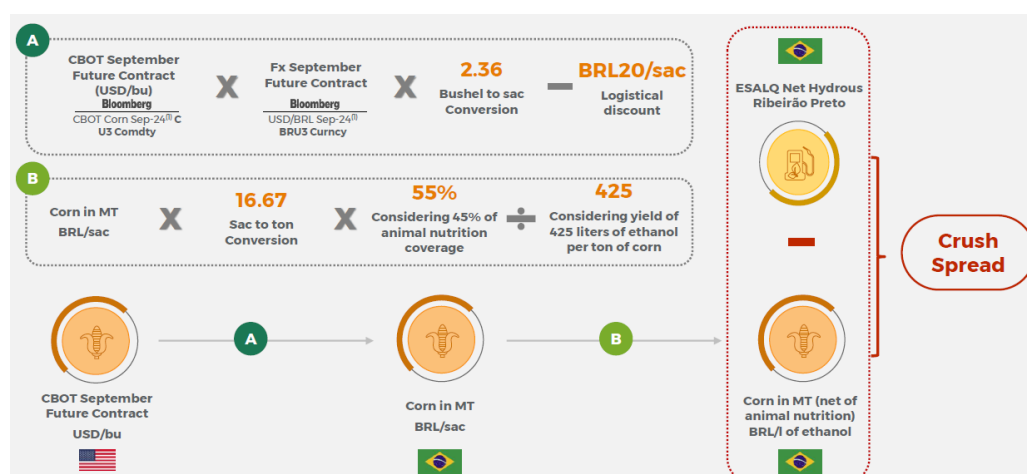
- *FS Ouro*: has fiber content equivalent to corn, resulting in a pricing dynamic that follows the export parity price of corn, revised according to supply and demand of the price of other substitute products.
- *FS Essencial*: has protein content similar to soybean meal, resulting in a pricing dynamic that follows the price for soybean meal on a per ton basis.
- *FS Úmido*: wetcake product similar to FS Ouro with higher moisture content, in high demand among producers with cattle in confinement systems. This product also has fiber content equivalent to corn, resulting in a pricing dynamic that follows the export parity price of corn, revised according to supply and demand of the price of other substitute products.
- *FS Vital*: is a substitute for soybean oil, resulting in a pricing dynamic that follows the price for soybean oil.

We sold animal nutrition products totaling 836.5 and 1,274.4 thousand tons for the six-month period ended September 30, 2023 and for the fiscal year ending March 31, 2023, respectively.

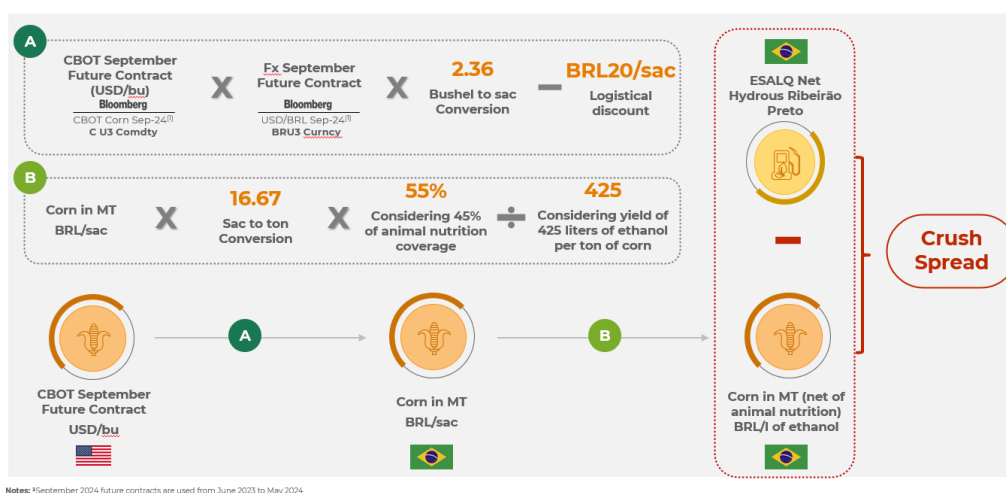
Crush Spread Dynamics

We calculate our Crush Spread as the difference between ethanol prices (measured by SP Hydrous ESALQ Price) and corn cost of goods sold, *adjusted by* animal nutrition revenues (which usually covers approximately 45% of our corn cost of goods sold), expressed in a per liter basis. We believe that the Crush Spread is an important metric to understand margin dynamics of the corn ethanol industry. The Crush Spread dynamics have been significantly beneficial for corn ethanol margins, both based in historical performance, as well as future expected prices, based on future contracts traded in the market.

The following chart sets forth the calculation of the Crush Spread in *reais* per liter:



The following chart sets forth the calculation of the Crush Spread in U.S. dollars per gallon:

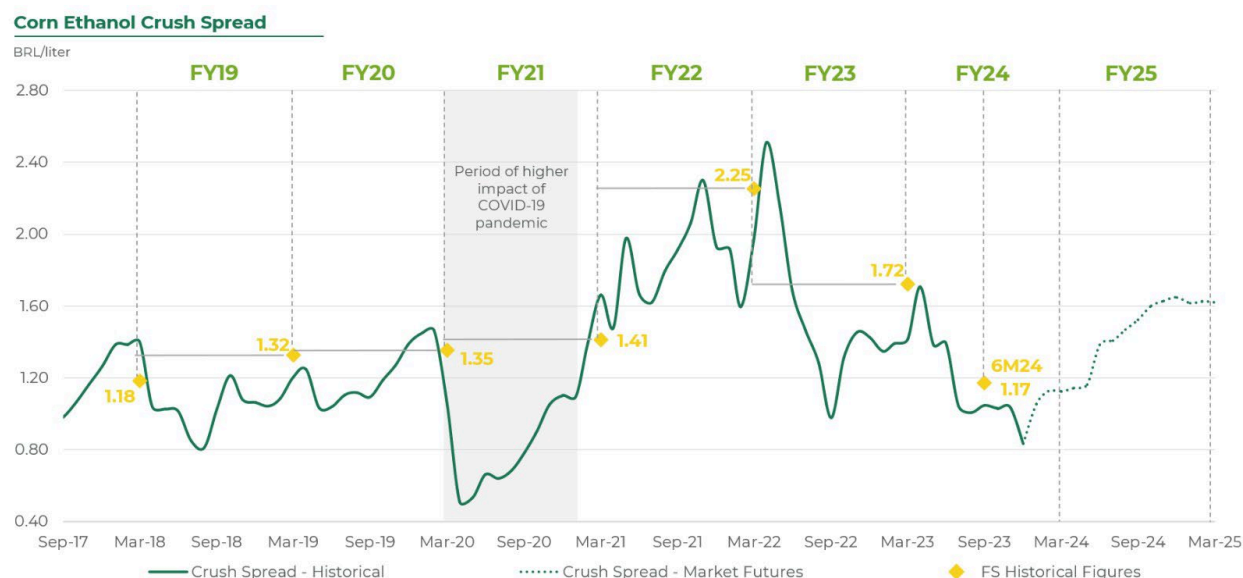


The following table illustrates our Crush Spread and its evolution compared with EBITDA per liter performance:

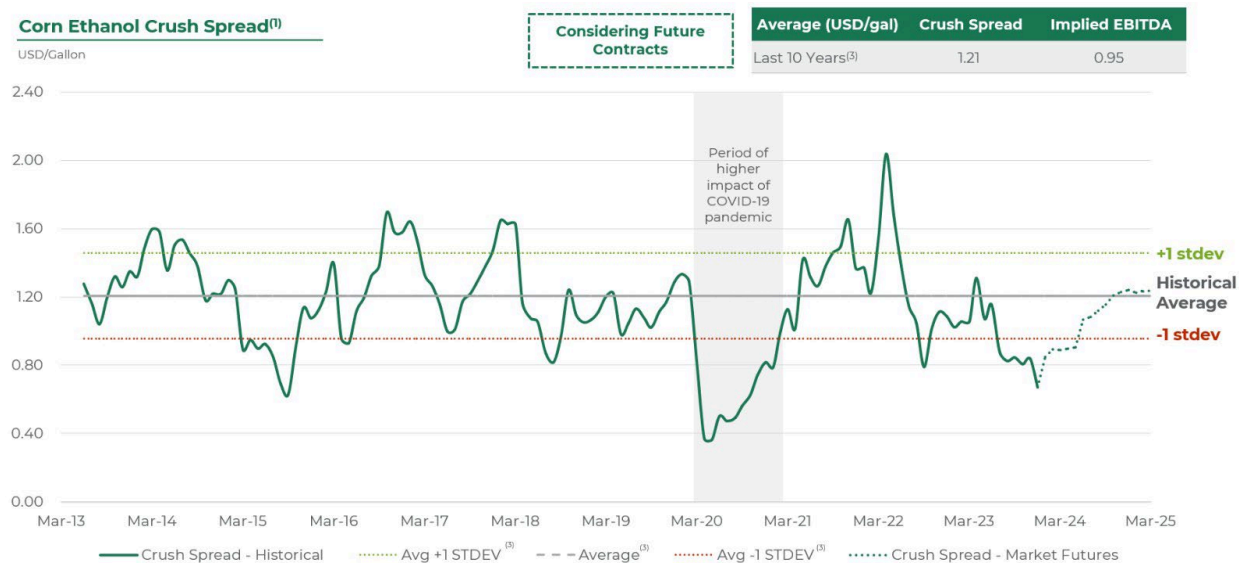
	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(R\$ per liter)</i>				
Ethanol sold.....	2.549	3.223	2.988	3.291	1.910
Crush Spread	1.172	2.214	1.722	2.253	1.411
Delta EBITDA per liter (R\$/liter) vs					
Crush Spread	(0.486)	(0.117)	(0.079)	(0.401)	(0.365)
EBITDA per liter (R\$/liter) ⁽¹⁾	0.685	2.097	1.643	1.852	1.047

(1) EBITDA per liter is calculated as EBITDA *divided by* liters of ethanol sold.

The chart below sets forth our crush spread from the 2017 fiscal year through the six-month period ended September 30, 2023, as compared to the market performance, as of January 19, 2024:



The chart below sets forth the market crush spread from March 2013 through January 19, 2024, in US\$/gallon:



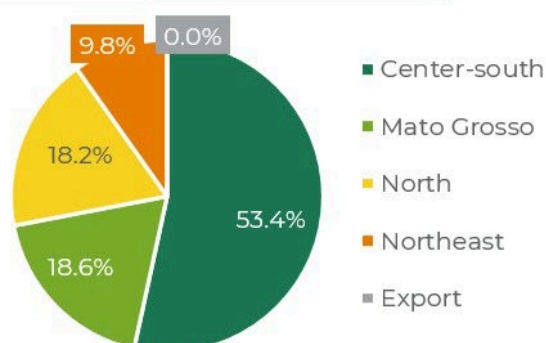
Customers

Because the ethanol distribution market is relatively concentrated, we have very few clients, and most of our ethanol sales are made to only a few customers. For the six-month period ended September 30, 2023, our five largest customers accounted for 84.3% of ethanol gross revenues. For the fiscal years ended March 31, 2023, 2022 and 2021, our five largest customers accounted for 80.1%, 77.1% and 76.5%, respectively, of ethanol gross revenues. If

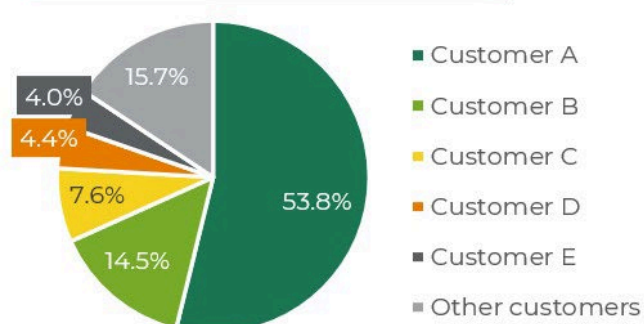
we were to lose any of our relationships with these customers, our revenue, and results of operations and financial condition could be materially and adversely affected.

The following chart shows the geographic distribution of the number of customers for ethanol, as of September 30, 2023 (2Q24):

Geographic distribution, 6M24



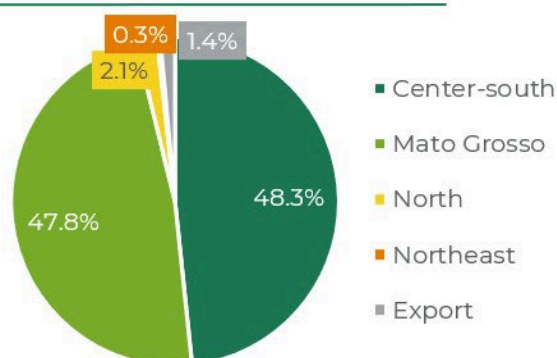
Distribution by customers, 6M24



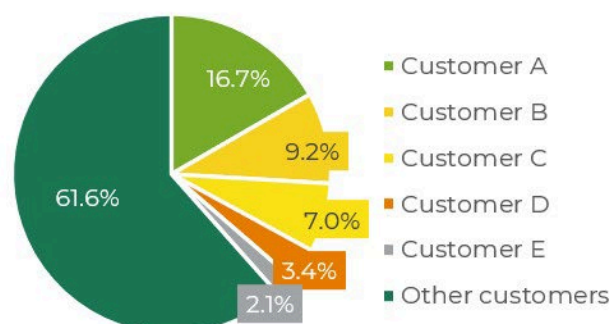
With respect to animal nutrition, we have a diversified customer base with more than 600 clients, in 15 Brazilian states. For the six-month period ended September 30, 2023, our five main clients represented 38.4% of the total revenues from our animal nutrition segment. As of March 31, 2023, 2022 and 2021, our five main clients represented 37.3%, 23.2% and 36.2%, respectively, of the total revenues from our animal nutrition segment.

The following chart shows the geographic distribution of the number of customers for animal nutrition products, as of September 30, 2023 (2Q24):

Geographic distribution⁽¹⁾, 6M24



Distribution by customers⁽¹⁾, 6M24



Raw Materials

We seek to mitigate our exposure to commodity price fluctuations by purchasing in advance the majority of our corn and biomass requirements on a fixed price basis using futures contracts. We believe our strategy of managing exposure to commodity price fluctuations will reduce the uncertainty of our corn supply requirements and, thereby, reduce the volatility of our results.

Corn Procurement

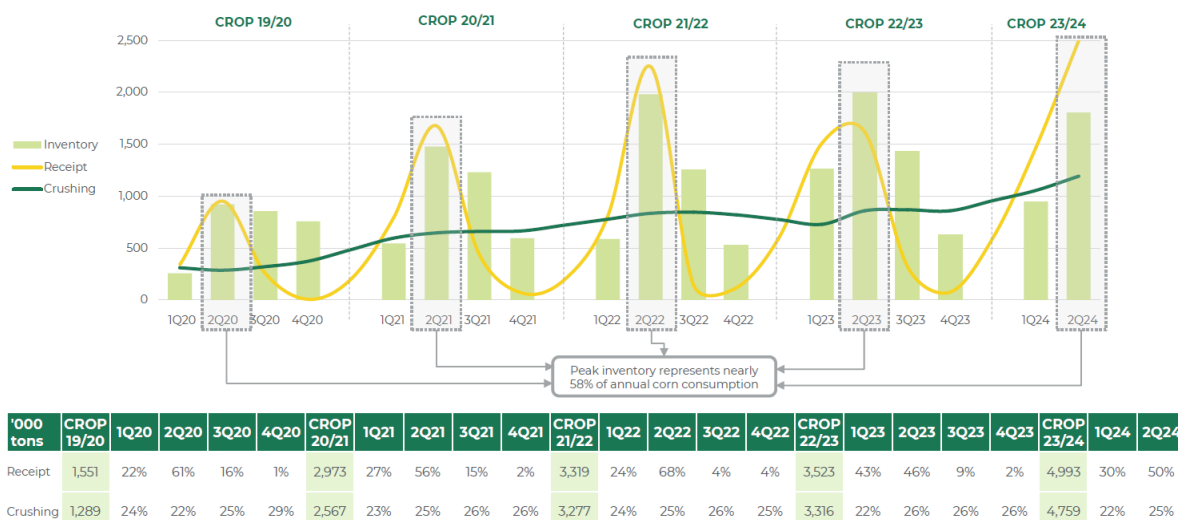
Our principal raw material is second-crop corn, which is harvested between June and August of each year. We purchase corn throughout the year using fixed-price futures contracts, and generally seek to acquire corn 18 to 24 months ahead of our crushing needs. The parameters of these futures contracts are based on the local supply and demand situation and the seasonality of the price. In the fiscal years ended March 31, 2023, 2022 and 2021, we consumed approximately 3,315.5, 3,276.6 and 2,566.5 thousand tons of corn, respectively. Due to our production facilities being located in the state of Mato Grosso, we believe that we have ample access to various corn markets and suppliers. For the 2022/2023 Crop Year, we have transacted with over 800 suppliers, among associations, farmers, corn resellers and trading and other suppliers, and 100% of our corn is purchased in the state of Mato Grosso (representing approximately 9% of the state's total corn production). Historically, we have successfully secured corn purchases below the average market price, often by purchasing during the peak of the harvest when the price is at its lowest.

The international reference corn prices ("CBOT") have generally been higher than corn prices in the state of Mato Grosso, mainly due to the logistical discounts often applied to corn in that region (for instance, because of the distance to main export hubs).

Our facilities have corn storage capacity. To help protect against potential supply disruptions, we generally maintain inventories of corn at each of our facilities. This corn inventory ranges generally from 10 to 205 days of consumption, depending on the time of year, the current market price for corn and other factors. Rather than on-site storage, we rely on our highly developed logistics system, as we generally have a contracted supply for the entire season in advance. We also contract with third parties for storage capacity, particularly from January to May, when the parties holding our corn need to clear space for the new soybean harvest. As of September 30, 2023, we had 1,805.1 thousand tons of corn representing 131 days of supply stored either on-site or at third-party storage facilities.

As part of our corn origination strategy, we crush corn constantly throughout the year and commit to purchase corn 18 to 24 months before each harvest, reaching approximately 33% of our inventory needs in the 12 months before the harvest, approximately 66% in the six months before the harvest and approximately 100% during the harvest. As a result, the prices and volume of the corn we purchase are pre-fixed, with financial settlement taking place generally 90 days after the delivery of the corn. During harvest months, we receive physical delivery of over 80% of the corn purchased for the entire crop, and we carry this inventory until May of the following year, when the stored corn begins to be used.

Corn Inventory Dynamics
(in '000 tons)



We purchase corn from over 800 suppliers. The LRV Plant, SRS Plant and PDL Plant are located in the Mid-North region of the state of Mato Grosso which, pursuant to the IMEA report for the 2022-2023 fiscal year, is responsible for 36.3% of the state of Mato Grosso's production of corn, with a total of 19.1 million tons.

Our corn for the fiscal year 2022/2023 was purchased at an average price of R\$59.71 per sac, compared to R\$52.09 per sac for our corn for the year 2021/2022. We track farm selling to determine what prices have been negotiated on the market, and we aim to secure corn below that price.

The table below sets forth the prices for corn (R\$ per sac) in Brazil for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2023	2022	2023	2022	2021
	<i>(R\$ per sac, except percentages)</i>				
FS Corn COGS.....	59.6	56.2	59.4	49.0	27.2
Average quote	65.5	86.3	84.2	83.0	52.2
Discount (%) ⁽¹⁾	(9.0)%	(34.9)%	(29.5)%	(41.0)%	(47.8)%

Source: Bloomberg.

(1) Considers the discount of average quote and the FS Corn COGS in the period.

Biomass Procurement

The principal sources for our biomass procurement are currently standing timber stock, eucalyptus developed by local farmers, bamboo as an alternative source, biomass acquired pursuant to agreements with TIMOs and agricultural residues purchased in the spot market such as wood slash, eucalyptus chips, cotton pie, soybean hull, sawmill waste, *açaí* seedling, sugarcane bagasse and rice rusk.

The spot market offers a more efficient cost structure at the moment, but there is less certainty in terms of supply and price. Biomass prices and availability are affected by weather conditions, location, competing demand from other customers, reduced harvests and overall economic conditions.

We have an established biomass procurement plan for the medium- and short-term to secure the supply of biomass for our steam and energy cogeneration process and to guarantee its costs in the coming years. As a medium- and long-term strategy, we have already secured approximately 100% of our biomass needs for the next six years of our three existing plants.

While we have taken steps to secure our medium and long-term supply of biomass, we are subject to market risk with respect to our supply of biomass that is consumed in the ethanol production process and has historically been subject to volatile market conditions.

Property, Plant and Equipment

We own and operate the LRV Plant, the SRS Plant, the PDL Plant and their related equipment.

Competition

The market in which we sell our ethanol is highly competitive. According to the RFA, world fuel ethanol production rose to 28.2 billion gallons (106.8 billion liters) in 2022. The U.S. and Brazil are the world's largest producers of ethanol. As of 2023, industry capacity in Brazil was estimated by the USDA Foreign Agricultural Service at approximately 60.1 billion liters per year. The ethanol industry in Brazil consists of more than 353 production facilities and is primarily sugarcane based.

We compete primarily with sugarcane-based ethanol producers. Due to the expectation of a continued demand for sugar on the Brazilian market for the fiscal year ended March 31, 2024, in part as a result of the decrease in ethanol prices, we believe that Brazilian sugar markets will remain attractive, resulting in producers diverting a significant percentage of the current sugarcane crop to the production of sugar.

Our main competitors include Raízen, BP Bunge, São Martinho and Cerradinho, which have approximately 20% of the Brazilian ethanol production as of October 6, 2023 according to ANP. The industry is otherwise highly

fragmented, with many small, independent firms and farmer-owned cooperatives constituting the rest of the market. We compete with our competitors on a local, regional and national basis.

We believe that our ability to compete successfully in the ethanol production industry depends on many factors, including (i) cost structure; (ii) reliability of our production processes and delivery schedule; and (iii) volume of ethanol produced and sold.

With respect to animal nutrition, we compete with other suppliers (i.e., other ethanol producers) as well as a number of large and smaller suppliers of competing animal feed. There is a wide range of traditional animal food products that compete with our animal nutrition products, such as soybean grains, corn, cottonseed and barley. We believe the principal competitive factors are price, proximity to purchasers and product quality.

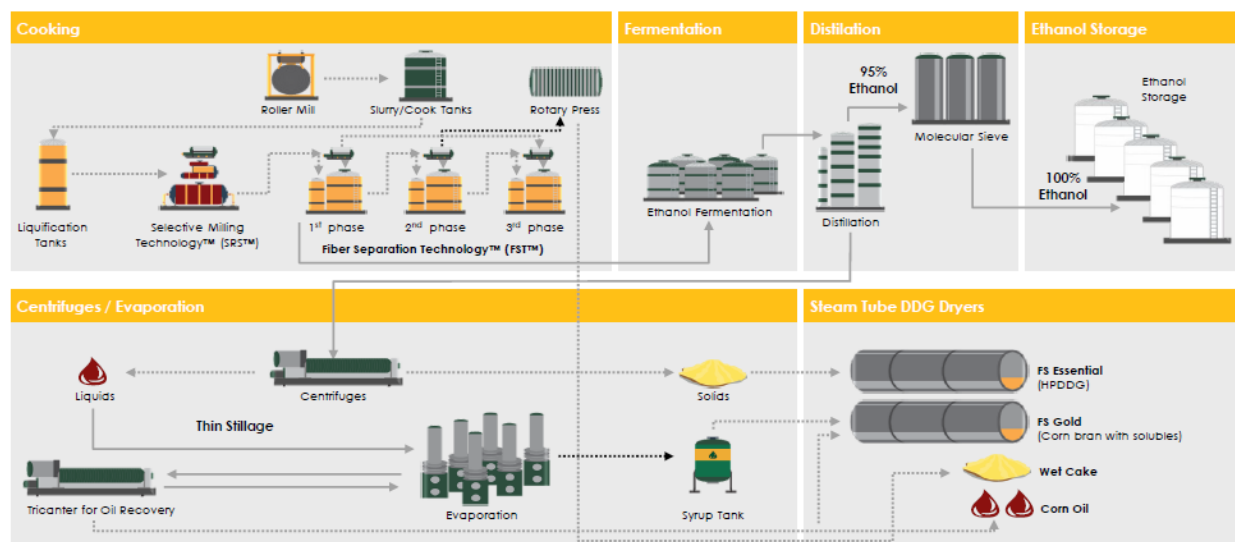
Seasonality

Crop yields depend primarily on weather conditions such as rainfall and temperature, which vary and may be influenced by global climate change. Weather conditions have historically caused volatility in the ethanol industries and, consequently, in our results of operations by causing crop failures or reduced harvests. Flood or drought, which may be influenced by global climate change, can adversely affect the supply and pricing of the agricultural commodities that we sell and use in our business. Corn supply is seasonal in that corn is not available year-round on the spot market in sufficient quantities for industrial production and must be contractually secured in advance of need. Ethanol supply is seasonal in that ethanol in Brazil is largely produced from sugarcane, which is a raw material that cannot be stored and must be processed during and directly following the sugarcane harvest; this means that during that period of time, there is typically a glut of ethanol supply on the market, which can commensurately cause downward price pressure.

Operational Process

In the dry-mill process of converting corn into ethanol, inputs (on a daily basis, assuming a “Phase I” project) of 2,025 tons of corn, 1,811 m3 of biomass yield approximately 873,436 liters of ethanol, 746 tons of high-fiber DDG with flexibility to produce wetcake on demand.

Process Flow Diagram



1. In our process, the whole kernel corn is first introduced into roller mills, each of which have pairs of rollers that crush the corn, destroying the hull of the kernel and exposing the inner starch.
2. In the slurry/cooking tanks, the starch is combined with water and an enzyme (alpha-amylase) and then heated between 85 to 90 degrees Celsius while being mixed inside the slurry tank. Next, the resulting slurry

is pumped forward into a series of liquefaction tanks, in which the mixture is held for some hours to allow the enzyme time to break down the starch chains into dextrins (short chains).

3. During the liquefaction process the slurry is pumped forward to the SMT system. This system consists of a dewatering screen that separates the solids and water. The solids are sent through a disc mill that further wet mills the slurry solids, thereby exposing more starch for the liquefaction process. After passing through the disc mill, the solids and water are recombined in the mix tank and sent to other liquefaction tanks for the final hours of liquefaction processing.
4. Following the liquefaction process the slurry is pumped forward to the FST system. This system includes three machines that have a dewatering screen and a rotary press. In the first step the dewatering screen separates the water with starch (dextrin) from the fiber solids. The water with starch is sent forward to fermentation and the fiber solids are further processed in steps 2 and 3 of the FST system, whereby the fiber solids are washed to remove any remaining starch present in the fiber. This water with the remaining starch is sent back to the first pass. After washing in steps 2 and 3, the fiber is then pumped to the rotary press where the water is removed, and this water is also sent back to the first step. All the water in the FST system is sent back to the first step because it contains starch, so the goal is recovering all the starch present in the system. The fiber is then conveyed out of the cook system and combined with syrup to be dried (resulting in high-fiber DDG) or left as-is to make wet cake.
5. Following the liquefaction, which includes the SMT system, and the FST stages, all the water with starch (dextrin) being sent to fermentation is cooled down to around 33 degrees Celsius. In the fermenter, water is added with mash, yeast, other enzyme (glucoamylase), sulfuric acid, urea and other chemicals. When all these products are added, the fermentation process begins and takes around 60 to 75 hours. During this process, the yeast converts the sugars into ethanol and produce carbon dioxide.
6. After fermentation the “beer” is sent to distillation for further concentration and then (to achieve the maximum concentration) is sent to the dehydration process, whereby the ethanol is pumped into molecular sieves, resulting in concentrated ethanol of 99.5%. This ethanol can then be further processed into anhydrous or hydrous ethanol, as required.
7. The vinasse (the by-product of the distillation process) is then sent to centrifuges (decanter) to separate the liquid (most part water) from the solids. The liquid portion is split, maximum 46% being returned to the cooking system and 54% is sent to the evaporators to concentrate the solids and make the syrup, which is then added back to the high-fiber DDG and to the wet cake.
8. During the evaporation process some of the liquid that is being concentrated are processed in a “tricanter” centrifuge to produce corn oil, which may be sent to storage while the water and solids that are separated in this process and returned to the evaporation system and mixed with the syrup that is obtained in the final stage of concentration.

Regulatory Matters

The ANP is a federal agency responsible for the control, supervision and implementation of the government’s oil, gas and biofuel regulations. The ANP regulates all aspects of the production, distribution and sale of oil, natural gas, and biofuels products in Brazil. With respect to regulation relating to gasoline and biofuels, the ANP determines the product quality standards and minimum storage capacities required to be maintained by distributors and is also responsible for establishing the limits of oil-based fuel volume purchased by distributors based on their storage capacity.

Environmental Regulation

The Brazilian Federal Constitution grants each of the Brazilian federal government, state governments and municipalities the power to enact environmental protection laws, issue regulations under such laws and inspect those pollutant activities that are not fulfilling with such regulations. Since 2011, Federal Supplementary Law No. 140 defines the authority responsible for granting the relevant environmental permits. Before that, the regulation on such matter was established by Resolution No. 237/1997 issued by the National Environmental Council (*Conselho*

Nacional do Meio Ambiente, or “CONAMA”). While the Brazilian government has the power to establish environmental regulations setting forth general standards of environmental protection and broad public environmental policies, state governments have the power to enact more stringent environmental regulations empowered within its own territory. Municipalities may only issue regulations with respect to matters of local interest or that cause local impact. Each activity undertaken in Brazil that may result in pollutants must obtain the proper environmental license. In general terms, those activities must be submitted to a 3-phase environmental licensing proceeding. Applications for the renewal of operating licenses are reviewed periodically. We are subject to Brazilian federal, state and local laws and regulations governing our activities along with the technical requirements related to discharge of effluents and gas emissions into the environment, handling and disposal of industrial waste, preservation of wildlife in protected areas, and the use of water and other natural resources or otherwise relating to protection of the environment.

Depending on the extent of the potential environmental impact, fuel distributors are subject to Brazilian federal, state and municipal laws and regulations relating to environmental protection, along with occupational health and safety, licensing by fire departments, environment and transport authorities, and based on the extent of their activities must obtain authorizations and/or licenses from federal, state and/or municipal environmental agencies and fire departments to implement and operate their facilities. They are required to develop programs to control air, soil and water pollution, including the management of hazardous waste.

In terms of the most relevant federal regulations, CONAMA and the Federal Environment and Natural Resources Agency (“IBAMA”) are the most important government bodies responsible for issuing environmental standards and regulations at the federal level. Environmental state agencies and municipal departments are also responsible for establishing and supervising complementary laws and regulations within their areas of operation.

We are also subject to several Brazilian federal, state and municipal environmental protection and health and safety laws and regulations governing, among other things, the generation, storage, handling, use, transportation and discharge of hazardous materials into the ground, air and water as well as regulation concerning energy co-generation.

Permits

Environmental laws regulating certain of our activities require us to obtain from governmental authorities permits, licenses and authorizations to install and operate our mills, to burn eucalyptus and to perform other activities that are considered polluting or capable of polluting.

Environmental Licensing

We are also required to have environmental licenses for installation, expansion and operation of enterprises and activities that use environmental resources or are potentially or effectively pollutant, as well as those enterprises and activities that could, in any way, cause environmental degradation, classified as such by environmental regulation.

In general terms, there are three types of licenses, each corresponding to one phase of a project and valid for a specific term: (i) Preliminary License (*Licença Prévia*, or “LP”), is granted for the preliminary planning phase of any project. It requires basic conditions to be met in relation to the location, installation and operational phases of the project, in addition to compliance with federal, state or municipal plans for use of the land/area; (ii) Installation License (*Licença de Instalação*, or “LI”), authorizes the construction, installation and implementation of a project in accordance with the specifications set out in the preliminary planning phase; and (iii) Operation License (*Licença de Operação*, or “LO”), which, after necessary verifications and compliance with prior requirements established by the other licenses, authorizes the operation of the activity for which the license is sought and also the operation of the project’s pollution control equipment and measures.

In most cases, facilities and activities are subject to this three-phase process, so we must obtain all licenses and implement all the technical requirements established therein. In certain less complex and less material activities, simplified licensing procedures may be available, but this depends on the proper regulation, the specification of the project and discussions with the competent environmental authority. Assessment of the competent agency for the licensing of an enterprise/activity also relies on the specifics of the project. In addition to the nature of the activity/enterprise, the location and the extent of the environmental impacts are decisive to determine whether the federal, state or municipal environmental authority is responsible for granting the relevant licenses.

In addition, Law No. 9,985/2000 regulates the National System of Conservation Units (*Sistema Nacional de Unidades de Conservação*, or SNUC). According to such law and Federal Decrees 4,340/2002 and 6,848/2009, certain activities deemed to cause an actual or potential significant environmental impact must pay a certain amount to implement and/or maintain conservation units as compensation. This amount is proportionate to the impact caused by such activity, based on information provided in the EIA/RIMA – which is the complex technical study that is the basis for a request to a LP. The licensing environmental agency will calculate the compensation and its amount will vary up to 0.5% of the total cost of the investment made for the installation of the project, not including the amount related to implementation and adoption of environmental programs and plans necessary to mitigate environmental damage.

Renewal requests must be filed with the competent authorities, as a rule, 120 days prior to the expiry date of the environmental license. This guarantees the license remains in force even past its expiry date, until the authority issues the renewed license or a final technical opinion on the matter. In addition, environmental licenses set forth technical requirements established by the environmental authority that must be fulfilled. Failure to comply with these technical requirements may compromise the validity of the license and the issuance/renewal request, as well as subject the wrongdoers to environmental liabilities.

Environmental Liabilities

Environmental liability in Brazil is governed by three independent court systems – civil, administrative and criminal – which means that a person could be subject to administrative and criminal sanctions in addition to (or in the absence of) an obligation to redress the environmental damages caused.

With respect to environmental civil liability, Federal Law No. 6,938/81 establishes strict liability for the recovery of environmental damages or, if not possible, compensation or indemnity for such damages, with joint and several liability established among all those who directly or indirectly contributed to environmental degradation, regardless of the degree of participation in the damage. Each of those involved may be held liable for the full amount of the damages. In other words, the environmental civil liability regime is based on strict liability, which means that one may be held liable irrespective of negligence, intention or fault. The elements that must be identified to impute liability is the causal link (or chain of causation) between the damage that has been caused and the activity or the acts (or omissions) that have occurred. The party that is involved or alleged to have caused the damage may be held liable to repair all damage caused. However, such party has a right of resource against the party who was directly responsible for the damage, in order to recover any amounts, they paid out to effect the remediation. There is no limit to the amount that Brazilian courts may award to cover the costs of repairing the damage or, if the damage cannot be repaired, the payment of an indemnity.

According to recent court precedents in Brazil, there is no statute of limitations for claims seeking compensation for environmental damages under environmental civil liability.

Law No. 9,605/1998, which defines environmental criminal liability, but also sets forth rules regarding administrative and civil liabilities, provides for the possibility of piercing the corporate veil when the corporate form is an obstacle to recovering damages caused to the environment. In this situation, shareholders and officers may become personally liable for damages caused to the environment.

Federal Decree No. 6,514/2008 sets forth the infractions and administrative sanctions regarding environmental matters and the federal administrative procedure to investigate these infractions. Administrative sanctions include: warnings; (ii) simple fines (up to R\$50 million, depending on the severity of the infraction and the environmental impacts, as well as the offender's background and economic capacity); (iii) daily fines; (iv) seizure of the animals, products and sub-products of fauna and flora; (v) product destruction; (vi) product sales and manufacturing suspension; (vii) closure of the plant or construction; (viii) construction demolition; (ix) full or partial suspension of the activities; and (ix) restriction of rights. Each state and municipality are also empowered to establish its own laws and regulations regarding administrative sanctions.

Criminal liability may arise depending on whether there was willful misconduct or gross negligence in the unlawful conduct of the agent. Pursuant to Brazilian law, legal entities – among or not an individual person – may be subject to criminal liability originated from environmental crimes. When environmental crimes liability accrues to legal persons, the individuals responsible for the decision that resulted in the criminal conduct (such as directors, officers, administrators, board members, members of technical committees, auditors, managers, agents or

representatives) may also be penalized to the extent of their culpability. Criminal sanctions encompass fines, certain restrictions on rights and/or imprisonment in the case of individuals, as well as dissolution, fines and/or certain restrictions of rights in the case of legal persons. Subject to the consent of the applicable environmental authority, fines may be replaced by an undertaking to take specific steps to redress the environmental damage. Enforcement of fines may be suspended upon a remediation of damages and settlement with environmental authorities.

Ethanol Regulation

The Brazilian ethanol industry is also regulated by ANP which is a federal agency linked to MME. The main rules and regulations which apply to the ethanol industry in Brazil are the following:

ANP's Resolution No. 734/2018

ANP's Resolution No. 734/2018 ("RANP 734/18"), which revoked ANP's Resolution No. 26/2012, regulates the authorization for the activity of biofuel production (encompassing ethanol production) ("AP") as well as the authorization for the operation of biofuel production facilities ("AO") in Brazil. It also regulates the provision of biofuels storage and biofuels production services, and the periodic report of operational data to ANP.

The AO is required in the following cases: (i) new production facility; (ii) modification of an authorized facility's production capacity; (iii) expansion of the production capacity due to process improvements; or (iv) transfer of the AO. The producer shall request one AO for each of its biofuels production facilities, the first of which shall be granted jointly with the AP.

RANP 734/2018 covers both 'anhydrous ethanol', which purpose is to be mixed with gasoline to produce type C gasoline, and 'hydrous ethanol', which is meant to be fed directly into the vehicles without the need of a mixture with other fuels.

In addition, RANP 734/18 contains provisions regarding ethanol trade, setting out the specific agents from which the producer can buy ethanol and to which the producer can sell it, as the case may be, depending on the type of ethanol (anhydrous or hydrous).

ANP's Resolutions No. 43/2009 and No. 944/2023

Former ANP's Resolution no. 43/2009 ("RANP 43/09") provided for the requirements for an agent to be registered as an ethanol supplier (which encompasses ethanol traders, ethanol stock market operators, importers and cooperatives formed by ethanol producers, all of which are prevented from acting as fuel distributors or retail resellers). It also regulated ethanol commercialization carried out by such agents (for which the supplier registration is required) and the periodic report of commercialization data to ANP.

Even though RANP 43/09 referred to the ethanol producer as being a supplier and therefore one of the agents subject to the provisions therein (what ultimately could cause an overlap of regulations between RANP 43/09 and RANP 734/2018 for the producer), the aforementioned RANP 734/18 expressly carved out the producer from the regime established by RANP 43/09.

However, the recently issued ANP's Resolution no. 944/2023 ("RANP 944/23") replaced RANP 43/09 by fully revoking it and simultaneously regulating the same issues that were governed by it. Such Resolution will come into effect as of April 10, 2024. During this transition period, RANP 43/09 and the interpretation presented above shall still be applicable.

Once RANP 944/23 comes into force, it is important to note that it kept the express inclusion of the ethanol producer among the agents encompassed in the definition of suppliers. This means that some obligations provided for in RANP 944/23 are formally applicable to producers.

As such, RANP 944/23 provides for the producers' obligation to monthly send to ANP the data concerning ethanol handling, by means of the procedure set forth in RANP 729/11, and, also, to be registered before the Ministry of Agriculture, Livestock and Supply. In addition, given that the producer could once again be considered a supplier for the purposes of RAN 944/23, it is reasonable to conclude that it should apply for and obtain an ethanol supplier registration with the ANP in order to be able to sell ethanol.

ANP's Resolution No. 907/2022

ANP's Resolution No. 907/2022 ("RANP 907/22") provides for the quality specifications of both anhydrous ethanol and hydrous ethanol, including the issuance of quality certificates, maintenance of sample quantities of the certified ethanol and, specifically in relation to anhydrous ethanol, the mandatory addition of dye, as a general rule. The definition of the agents deemed responsible for guaranteeing the quality standard of the ethanol in each case also vary according to the type of ethanol.

ANP's Resolution No. 790/2019

ANP's Resolution No. 790/2019 creates the Fuel Quality Monitoring Program, which also encompasses both hydrous ethanol and type C gasoline (which is produced from anhydrous ethanol) and involves the collection of product quality data by surveyors registered with ANP for the purposes of defining quality indicators. Only retail fuel resellers, carrier-retailer-resellers and fuel distributors are subject to the program.

ANP's Resolution No. 41/2013

ANP's Resolution No. 41/2013 governs the activity of retail fuel resellers, including the resale of hydrous ethanol and type C gasoline.

Energy Regulation

The Brazilian power industry is regulated by ANEEL, a federal regulatory agency, in accordance with the general guidelines set forth by the Ministry of Mines and Energy.

In order to perform power generation activities, the power agent must obtain authorizations granted by ANEEL or execute concession and permission agreements with the Brazilian government through ANEEL. The activities related to generation and commercialization of energy are subject to ANEEL's supervision. Pursuant to Law No. 9,427 dated December 26, 1996 and ANEEL's Resolution No. 846/2019, within the scope of its powers of inspection of electrical energy plants and services, ANEEL may impose penalties (including warnings, fines, temporary suspension of the right to participate in bidding procedures for new concessions, licenses or authorizations and forfeiture) on power industry participants based on the nature of its relation with the agency (concessionaires or agents who hold permission or authorization) and the materiality of the infraction. In case of fines, the limit of 2.0% of the revenue of the concessionaire in the 12-month period preceding any assessment notice must be respected or, for independent producers or self-producers (authorized agents), 2.0% of the estimated amount of energy produced in the same period. In addition, pursuant to ANEEL's Resolution No. 846/2019 some infractions may result in fines related to the failure of the agent in requesting ANEEL's prior approval to certain conduct, including the following:

- entering into certain related party transactions, pursuant to ANEEL's Resolution No. 948/2021;
- sale or assignment of the assets related to services rendered as well as the imposition of any encumbrance (including any security, bond, guarantee, pledge and mortgage) on them or any other assets related to the concession or permission, or the revenues of the energy services;
- changes in corporate control of the holder of the authorization, permission or concession, as per terms of ANEEL's Resolution No. 948/2021;
- as applicable, not submitting to ANEEL projects of electric works and plants and their modifications, as well as proceeding with its execution in disagreement with the project approved and with the established scheduled.
- With regards to the authorizations granted by ANEEL, there is no guarantee that they will be renewed, nor can we predict how the terms of any renewed authorizations may differ from the terms of authorizations currently in force. In addition, authorizations may be terminated prior to their stated termination date, among others, in the following situations:
 - in the event that energy is generated in conditions which are contrary to either the authorization or to the applicable regulatory provisions;
 - if there is noncompliance with the obligations and schedules provided under the authorization;

- in the event of transfer of the generation activities, assets and facilities to third parties without the prior and express consent of ANEEL;
- by request of the power agent; or
- in the event that the power plant is deactivated.

In the event that the fuel suppliers of the power generators are either unable or unavailable to comply with their respective contractual obligations, in whole or in part, the power generator may be subjected to any of the following: (i) default of its regulatory duties; (ii) temporary reduction of the available amounts of energy generated or capacity to generate energy; or (iii) difficulty in maintaining assets or projects. Furthermore, if this were to occur, it may be subject to fines under ANEEL Resolution No. 1,029/2022 and ANEEL Resolution No. 846/2019.

Brazil has historically suffered from an energy supply crisis, due to its heavy dependence on hydroelectric energy and its prolonged periods of poor rainfalls. Poor rainfall scenarios may, at first, contribute to the expansion of thermal power production, with positive impacts for thermal power plants. However, under scenarios that are more adverse, the Brazilian federal government may impose energy rationing, thereby leading to a reduction in consumption by all consumers, which would have an adverse effect on the revenues of power plants.

Thus, to compensate for the low level of the reservoirs with the lack of rain, all thermoelectric generation, which is more expensive than hydroelectric power, can be used at its maximum capacity.

Controlled Substances

Certain laws and regulations require us to obtain from governmental authorities permits, licenses and certificates to use controlled substances in our activities. Decree No. 10,030, dated September 30, 2019, as amended by Decree No. 10,627, dated February 12, 2021, establishes Brazilian Army control over explosive substances and establishes that those who manufacture, store or sell any of the substances listed in Ordinance No. 118/COLOG, dated October 4, 2019 are required to obtain a registration certificate, which must be periodically renewed. Law No. 10,357, dated December 27, 2001, sets forth that those who manufacture, store, handle, use and distribute chemical substances that could be employed in the manufacture of narcotics or psychotropic substances are subject to control by the Federal Police Department and shall obtain the required certificates, which must be periodically renewed. Ordinance No. 240, dated March 12, 2019 sets forth the list of substances regulated by the Federal Police. In parallel, state legislation empowers each state's respective Civil Police to grant licenses for use, storage, marketing, importation and exportation of certain chemical products, usually consisting of an inspection certificate and an operating license. The sanctions that can be imposed in case of noncompliance with the applicable regulations concerning controlled substances include warnings, fines, pre-interdiction fines, interdiction, apprehension of products, suspension, cancellation or forfeiture of the corresponding certificates and licenses.

Sanitation Regulation

Animal Nutrition. The animal nutrition industry is regulated by the Ministry of Agriculture, Livestock and Supply, or MAPA. According to the Federal Law No. 6,198, of December 26, 1974 and to Decree No. 6,296, of December 11, 2007 ("Decree No. 6,296/07"), receipt of the Certificate of Operating License (*Registro de Estabelecimento*) with MAPA is mandatory for businesses that manufacture, handle and/or import products of animal nutrition. Furthermore, the product shall also be registered with MAPA (except if the product is exempted from registration, as provided in MAPA's Normative Ruling No. 51/2020). Law No 14,515 of December 29, 2022 governs the imposition of a range of sanctions against companies performing activities related to animal nutrition, which include: (i) warnings; (ii) fines (with the amount depending on the gravity of the infraction); (iii) seizures of raw materials and/or finished products; (iv) suspension; and (v) temporary or definitive prohibitions on operation or cancellation of registration.

Professional Councils. According to Law No. 6,839 of October 10, 1980, registration with the applicable Professional Council is mandatory depending on the activities of a company. Companies that manufacture or handle products for animal nutrition are normally required to be registered with the Regional Professional Council of Veterinary Medicine ("CRMV") of the State where it is located. In addition, companies that perform activities with controlled substances are normally registered before the Regional Council of Chemistry ("CRQ"). As a rule, if a company is not duly registered with the competent Professional Council, depending on the gravity of the misconduct, the following penalties may be imposed: warnings; fines (to be defined pursuant to the severity of the offense); and

cancellation of registration.

Local VISA. At the State and Municipal level, all establishments (*i.e.*, headquarters and branches) that perform activities with products subject to sanitary control must obtain a sanitary permit (*Alvará Sanitário*) from Local VISA, according to Resolution No. 153 of April 26, 2017 and Normative Ruling No. 66 of September 1, 2020. If the requirements established by Local VISA (*e.g.*, performance of activities without the sanitary permit or with an expired sanitary permit) are not met, the breaching entity may be subject, after an administrative proceeding, to the following penalties, according to Law No. 6,437 of August 20, 1977: (i) warning; (ii) seizure of the product; (iii) destruction of the product; (iv) partial or total interdiction of the facility; (v) cancellation of registration; and (vi) fines ranging from BRL 2,000.00 to BRL 1,500,000.00, applied in duplicity if the establishment repeats the violation.

Taxes and Tax Incentives

We benefit from tax incentives from the Industrial and Commercial Development Program of Mato Grosso (“PRODEIC”). This tax incentive program aims to contribute to the expansion, modernization and diversification of economic activity in the state of Mato Grosso. Under the terms of the tax incentive program, we benefit from a reduction in the amount of ICMS due on taxable sales revenue. We record the benefit in our statements of income by deducting the ICMS costs from net revenue, which consequently increases our net revenue and profit (or reduces our loss). In 2021, we incurred a fiscal loss, leading to the absence of any incentive accrual for that year. In the fiscal years ended March 31, 2023 and 2022, tax incentives recorded in the statements of income amounted to R\$58.7 million and R\$280.9 million, respectively. As of September 30, 2023, there was a reversal of previously accrued incentives of R\$5.7 million.

We have benefited from the SUDAM (Superintendência de Desenvolvimento da Amazônia) tax program at our LRV Plant since September 20, 2018 and at our SRS Plant since November 18, 2020. On December 30, 2022, we secured an extension of the benefit until 2031 for our SRS Plant, considering the increase in its capacity. This incentive reduces our income tax rate by 75% on the taxable income and, consequently, reduces our tax liability and improves our profit (or reduces our loss). This incentive is valid for a period of ten years once granted to the relevant plant. As required to comply with the terms of the SUDAM tax program, we disregarded the effect of the tax incentive from our retained earnings recorded in statements of changes in equity and allocated this effect to our tax incentive reserve. Pursuant to the terms of the SUDAM tax program, we reinvest the amount related to tax savings in our business and operations; these amounts are not available for dividend payments. We intend to have the same tax incentive for all of our future plants.

Further, the cities of Lucas do Rio Verde and Sorriso, where our LVR and SRS Plants are located, granted tax incentives to us under the Economic Development Program of the City of Lucas de Rio Verde (*Programa de Desenvolvimento Econômico de Lucas de Rio Verde – PRODEL*) and the Economic Development Program of the City of Sorriso (*Programa de Desenvolvimento Econômico de Sorriso – PRODES*), respectively, which provide an exemption and/or reduction of up to 60% of the tax levied on services and/or a reduction of up to 100% of other municipal taxes for a period of ten years as from August 2018 in Lucas do Rio Verde (and from the sixth year onwards, a reduction of 50%) and for a period of ten years as from November 2019 in Sorriso.

In the city of Primavera do Leste, where our PDL Plant is located, we benefit from a tax incentive under the Economic Development Program of the Municipality of Primavera do Leste (*Programa de Desenvolvimento Econômico do Município de Primavera do Leste – PRODEPDL*), that provides an exemption and/or reduction of real property tax (*Imposto Predial e Territorial Urbano – IPTU*), tax levied on services and/or other municipal taxes for a period of five years, and also, exemption of 100% of the Location Permit Fee (*Taxa de Alvará de Localização*) in the first five years, with a reduction of 50% from the sixth until tenth year from September 2022.

Lastly, considering possible locations of further plant developments: (i) in the city of Querência, we benefit from a tax incentive under the Economic Development Program of the City of Querencia (*Programa de Desenvolvimento Econômico de Querência – PRODEQ*), that provides an exemption and/or reduction of real property tax, tax levied on services and/or municipal taxes for a period of ten years with a reduction of 50% from the sixth year, effective from December 2022; and (ii) in the city of Campo Novo dos Parecis, we benefit from a tax incentive under the Economic Development Program of the City of Campo Novo dos Parecis (*Programa de Desenvolvimento Econômico de Campo Novo dos Parecis – PRODECAMPO*), that provides an exemption and/or reduction of the real property tax, tax levied on services and/or other municipal taxes for a period of ten years with a reduction of 50% from the sixth year, effective from November 2022.

Insurance

Our assets may be physically damaged as a result of an accident or natural disaster. These hazards can also cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage, and suspension of operations. Our insurance policies do not cover every potential risk associated with our operating facilities. We cannot assure that our insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage, or that these levels of insurance will be available in the future at commercially reasonable prices.

Intellectual Property

Law No. 9,279/1996 regulates intellectual property rights and the Brazilian Patent and Trademark Office (*Instituto Nacional da Propriedade Industrial*), or INPI, is the governmental authority responsible for registration of such rights and for stimulating and promoting competitiveness and technology and economic development in the country. By means of registration with the INPI, one becomes a proprietor of intellectual property, such as trademarks, geographical indications, patents, utility models and industrial designs.

In Brazil, trademarks are visually perceptible distinctive signs that identify and distinguish products and/or services and, therefore, sound, taste and/or olfactory signs cannot be registered with the INPI as trademarks. In some cases, trademarks may also have the function of certifying the conformity of products and/or services with certain standards and/or technical specifications. Regarding trademark registration, it is important to highlight that, during the registration process (e.g., when the trademark application is under INPI's analysis), the registration applicant has only an expectation of his/her rights of ownership over the trademark, and the right to ensure material integrity or reputation of the required distinctive signal. In addition, we are not aware of any judicial and administrative dispute involving our intellectual property assets and we monitor such assets to guarantee their validity in accordance with our business strategy. Failures to protect our intellectual property may subject us to disputes and losses.

We own trademarks related to our animal nutrition products and the domain name of our website.

Data Protection

Several Brazilian laws govern the processing of personal data, each applying in specific circumstances, (e.g., consumer relationship, data processed online and data processed by the government). In September 2020, the Brazilian Data Protection Law (Law No. 13,709/2018) came into effect, whereas its administrative sanctions became enforceable as of August 1, 2021. The Brazilian Data Protection Law is a comprehensive data protection law establishing the general principles and obligations that apply across multiple economic sectors and contractual relationships.

The Brazilian Data Protection Law establishes detailed rules for the processing of personal data in all economic sectors, regardless of whether data is processed in a digital or physical environment. We are in the process of becoming compliant with the Brazilian Data Protection Law. In order to do so, we are making changes in our policies and internal processes. Furthermore, we are not aware of any dispute involving data protection and cybersecurity, nor any data breach or attempt to invade our systems.

In the event of a violation of the Brazilian Data Protection Law, we may be subject to the following administrative sanctions: (1) legal notices and the required adoption of corrective measures, (2) fines of up to 2% of the our or our economic group's revenues up to a limit of R\$50.0 million per infraction, (3) publication of the infraction following confirmation of its occurrence, (4) the blocking and erasing of personal data involved in the infraction, (5) partial or complete suspension of the infringing processing activities for up to one year and (6) partial or complete prohibition to engage in processing activities. Such administrative sanctions may be enforced by the National Data Protection Authority, a government body in charge of fiscalizing the Brazilian Data Protection Law and regulating its provisions.

Moreover, we may be liable for economic, moral, individual or collective damages caused by us, including by third party providers that process personal data on our behalf, and jointly liable for economic, moral, individual or collective damages caused by our subsidiaries, due to non-compliance with the obligations established by the Brazilian Data Protection Law and other sparse and sector-specific laws and regulations on data protection that remain in force. If we are unable to rely on sufficient measures to protect the personal data we process or to maintain

compliance with the Brazilian Data Protection Law, we may incur material costs which could have an adverse effect in our reputation and results of operations.

Legal and Administrative Proceedings

We are party to civil, tax, environmental, and labor legal and administrative proceedings arising from the ordinary course of our business. We record provisions for proceedings in which our risk of loss is probable, based on the opinion of our management and taking into consideration the information provided by our external legal advisors.

The following table summarizes the total amount involved in our legal proceedings on a combined basis for the proceedings to which we were party as of September 30, 2023, and for which our risk of loss is possible. As of the date of this offering memorandum, we have no provision recorded for legal and administrative proceedings.

	As of September 30, 2023
	(in millions of R\$)
Civil	84.4
Labor	1.4
Tax	32.4
Total	118.2

In December 2018, a contractor filed an arbitration procedure against us alleging default of an engineering, procurement and construction, or EPC agreement entered into by the parties which substantially increased the amount of time for the contractor to fulfill the works and the costs incurred by the contractor. The claims include (i) payment of contractual penalties related to breach of contract by us; (ii) indemnification for damages related to the breach of contract; (iii) payment for the renting of some equipment supplied by the contractor to us; and (iv) payment of costs related to the arbitration procedure. This arbitration procedure involves an aggregate amount of approximately R\$36.8 million. We filed a counterclaim against the contractor related to the same agreement, claiming for indemnifications and contractual penalties due to the contractor's default of the agreement. This counterclaim procedure involves an aggregate amount of R\$31.6 million. Based on the management's opinion supported by external legal counsel's opinion, management classified our risk of loss as possible.

Employees

As of March 31, 2023, 2022 and 2021, we had a total of 931, 728 and 600, full-time employees, respectively. We believe that we maintain good relationships with our employees.

Our employees are mostly represented by the *Federação dos Trabalhadores na Indústria do Estado de Mato Grosso*, or FETIEMT. We maintain a harmonious relationship with the unions. As of the date of this offering memorandum, our activities were not subject to disruption due to any strikes or other manifestations.

MANAGEMENT

While Brazilian public corporations are required by applicable law to have a board of directors, Brazilian limited liability companies and privately-held companies, such as FS Ltda. and FS S.A., are not required to have such specific governing body. FS Ltda. and FS S.A. each has an advisory board, comprised of the same individuals. The advisory board, together with our board of executive officers, is responsible for the operation of our business. For information on the management of the Issuer, see “The Issuer.”

Advisory Board

The advisory board of FS Ltda. and FS S.A. comprises seven members and meets on an ordinary monthly basis and extraordinarily when necessary.

The role of the advisory board is to provide guidance to our shareholders in all matters relating to our business. The members of the advisory board have significant experience in areas such as politics, economics, business, accounting, research, and development.

The names of the members of the advisory board are set forth in the following table.

Name	Position
Henrique Herbert Ubrig	Chairman and Member
Bruce Rastetter	Member
Justin Lynn Kirchhoff	Member
Emil Henry Jr.	Member
William Laverack Jr.	Member
Craig Tashjian	Member
Paulo Franz	Member

Following is a summary of the business experience of the members of the advisory board:

Henrique Herbert Ubrig. Mr. Ubrig is an international executive with expertise in a number of industries including large scale agribusiness and renewable energy production. He graduated from FGV and holds an MBA from Ohio University. He spent 27 years with DuPont holding several positions, including 5 years in their North American Operation and 2 years as General Manager in the Argentinian operation. In 1996, he was nominated President of the South American operation, which he held for 7 years. In 2004, he moved to South Asia operations as a CEO and spent 2 years in that position. He is currently the CEO of Terasol Energy and served as board member for several commercial and non-profit organizations, such as UNEM (President of the Board of the National Corn Ethanol Association), Coruripe, LWART, and Arteccla. He is currently the Chairman of our advisory board.

Bruce Rastetter. Mr. Rastetter is the founder and CEO of Summit Agricultural Group, a leading agribusiness and renewable energy firm with operations in North and South America. Rastetter’s hands-on experience in global agricultural and renewable energy sectors, matched with his strong focus on strategic business development, has been key to building successful companies and advising government leaders on policy matters. Growing up on a 300-acre family farm near Alden, Iowa, Rastetter started his career with his own feed management business. He managed additional start-up companies that merged into Heartland Pork, a Midwestern pork production company acquired by Christensen Farms that has since become one of the largest pork producers in America. He also founded Hawkeye Renewables, which became one of the country’s largest pure-play corn-based ethanol producers, and FS. Today, Summit Agricultural Group is an agriculture and renewable energy business with farmland holdings across North and South America. The company supports capital investments with strategic private equity partnerships and manages agricultural assets, including extensive beef, pork and grain production facilities. Rastetter is an active philanthropist and has served as an advisor and member of several boards, including the American Agriculture and Energy Council, AltEnergy, Cultivation Corridor, Iowa Premium Beef, FS, Iowa Renewable Fuels Association, Iowa State University’s College of Agriculture and Rural American Fund. He previously served as president of the Iowa Board of Regents, working on initiatives across the Regents system, which consists of more than 27,000 employees, 80,000 students and an annual budget of \$5.6 billion. A graduate of the University of Iowa, Rastetter holds a bachelor’s degree in political science.

Justin Lynn Kirchhoff. Mr. Kirchhoff is the President of Summit Ag Investors. In this capacity, he is primarily focused on overall strategic direction, investment formation, execution and management related to various funds and portfolio investments in both the United States and Brazil. Summit Ag Investors primarily deploys traditional buyout and growth equity capital across the agriculture and renewable energy industries. In addition to serving on our Board of Advisors, he currently serves on the board of GMT Corporation, an Iowa-based manufacturing company, and previously served on the board of Iowa Premium, LLC, an Iowa-based beef processing company. In 2019, he was appointed by Governor Reynolds to the IPERS Investment Board, which is responsible for investment and oversight of Iowa state pension assets. Prior to joining Summit in 2012, he was an investment analyst with Aviva Investors North America. He grew up in Southwest Iowa and graduated with a bachelor's degree in finance from Iowa State University, where he is a member of the Ivy College of Business Finance and Executive MBA Advisory Councils. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Iowa.

Emil Henry Jr. Emil W. Henry, Jr. is the Founder, CEO and a Managing Director at Tiger Infrastructure Partners. Emil previously served as Global Head of Lehman Brothers' infrastructure private equity business. From 1990-2005, he was a Partner and Managing Director with Gleacher Partners, where he served as Chairman of Asset Management and led the firm's investment activities. In 2005, Emil was appointed by the President and confirmed by the United States Senate, unanimously, as Assistant Secretary of the Treasury. In this role, he served as attaché to the President's Working Group on Financial Markets, oversaw the Office of Critical Infrastructure Protection, led the Treasury's efforts to establish emergency response protocols in the event of a financial crisis and was key advisor to two Treasury secretaries. Emil is recognized as one of the first U.S. senior public officials to outline publicly and prior to the financial crisis how a systemic crisis might unfold driven by Fannie Mae's and Freddie Mac's concentrated holdings of sub-prime mortgages. Emil was awarded the Alexander Hamilton Award, the highest honor the Treasury can bestow upon a public official. Earlier in his career, he was a member of Morgan Stanley's private equity group. Emil currently serves on the boards of American Natural, Sunlight Financial, SmartSky Networks, Zenobe Energy, Danskammer, Modern Aviation, Strategic Venue Partners, Granite Comfort, Easterly Government Properties, StoneCastle Financial, Colonnade Acquisition Corp and is a member of the Investment Advisory Committee of Summit. Emil has represented the U.S. Treasury on the boards of the Securities Investor Protection Corporation (SIPC), and the National Gallery of Art and is a member of the Council on Foreign Relations. He is a frequent public speaker and author and has been published in leading periodicals including the Wall St. Journal, the Financial Times, National Review, Politico and the Washington Post. He holds an MBA from Harvard Business School and a BA in Economics, cum laude, from Yale University.

William Laverack Jr. Mr. Laverack is the Chairman and Chief Executive Officer of Laverack Capital Partners, a private investment firm. Previously, Mr. Laverack was a Managing Partner of J.H. Whitney & Co., a Managing Director of Gleacher & Co., a Principal and original member of the private equity group at Morgan Stanley, and an officer at Morgan Guaranty Trust Company. Mr. Laverack has served on the boards of directors of numerous private and public companies. Mr. Laverack previously served on the Board of Trustees of Choate Rosemary Hall, St. Paul's School, and New Canaan Country School where he was Board President. Mr. Laverack holds an MBA from Harvard Business School and an A.B., cum laude, from Harvard College.

Craig Tashjian. Mr. Tashjian is a Managing Partner and Chief Investment Officer for AMERRA. Craig's technical leadership is rooted in insights he developed investing in the agribusiness and natural resources markets for over 30 years, with expertise covering global agriculture and aquaculture, natural resources and trade finance markets. Craig also leverages his experience in previous roles where he managed Société Générale's Natural Resources business line in the Americas and served as Global Head of Commodities at Standard Chartered Bank, managing multinational commodities finance teams. Craig holds an MBA from Rutgers University and a BS in Finance and Accounting from Lehigh University along with Series 7, 24 and 63 securities licenses. In addition to serving on our advisory board, he currently sits on the boards of ACP Cocoa, LLC (USA), Andromeda S.A. (Greece), Aquaship AS (Norway), Biomega AS (Norway), Ciclon Trading Corp. (USA), Pipeline Foods (USA), and Rio Amambai Agroenergia S.A. (Brazil).

Paulo Franz. Paulo Franz is a local entrepreneur from the state of Mato Grosso. He graduated with a degree in Rural Administration with extension in Iowa State. He was previously president and shareholder of Cooagril, a local swine company sold to BRF; founder and CEO of Ema Alimentos, which was also sold to BRF; and co-founder of Mano Julio, which has cotton, soy, corn, forestry, poultry and cattle operations and currently has more than 1,000 employees. Mano Julio also sells more than 700,000 pigs on an annual basis and is currently responsible for 40% of BRF's swine input. Paulo was one of the creators of FS (together with Summit). He is currently owner and CEO of

Kodyak Animal Nutrition, which sells to several states in the Brazilian market. Mr. Franz is also a permanent board member of Universidade La Salle.

Our Management

Our management team (which is the same for FS Ltda. and FS S.A.) serves as our executive management body. It is responsible for our internal organization and day-to-day operations and for the implementation of the general policies and guidelines established from time to time by our shareholders under the advisory board's guidance.

The following table sets forth certain information related to the current members of our management team:

Name	Position
Rafael Davidsohn Abud	Chief Executive Officer
José Alexandre Borges	Executive Vice President - Commercial and Finance
	Executive Vice President - Sustainability and New Business Development
Daniel Costa Lopes	Executive Vice President - Industrial Operations
Everson Estevão Medeiros	Chief Financial Officer and IRO
Daniel Nozaki Gushi	Institutional Relations Director
Eduardo Mota	Supply Chain Director
Marcelo Fernandez.....	Chief Operations Officer
Matthew Joseph Horsch	Ethanol Commercial Director
Paulo Trucco	Chief Human Resources Officer
Venâncio Guimarães	

Following is a summary of the business experience of our management.

Rafael Abud. Rafael Abud is FS's chief executive officer (CEO) and has been with the company since the inception, having led all stages of development from startup through growth to become one of the largest ethanol companies in Brazil. He has over 20 years of experience in management and project development in the renewable energy industry. Rafael was previously responsible for development and management of all ventures under the management of Summit Agricultural Group in Brazil, primarily related to the operation of farmland holdings and renewable energy ventures. Rafael currently serves on the board of UNEM — the Brazilian Corn Ethanol Association, which he co-founded, and on the board of UNICA – Brazilian Sugarcane Industry and Bioenergy Association —the largest representative body of the sugar, ethanol and bioenergy industries in Brazil. A graduate from FAAP, he holds a bachelor's degree in business administration.

José Alexandre Borges. Alex Borges is FS's executive vice-president of commercial and finance and has been with the company since 2019. Mr. Borges has over 24 years of experience in general management, finance, investment banking and private equity positions in Latin America at Exxon Mobil, Goldman Sachs, Morgan Stanley, Tarpon Investimentos, Cremer and BRF. At BRF, Alex led the Latin America operations as regional CEO, and served as global CFO, leading the creation of OneFoods, the largest Muslim halal company, and Banvit acquisition, the leading poultry player in Turkey. At FS since the beginning of 2019 in the position of Executive VP, Alex leads the commercial and financial areas. Alex holds a BA in economics from the Federal University of Rio de Janeiro (UFRJ) and an MBA from Columbia Business School, NY-USA.

Daniel Lopes. Daniel Lopes is FS's executive vice-president of sustainability and new business development and has been with the company since 2019. Daniel is also responsible for the utilities business, which includes biomass procurement, energy generation and commercialization. Mr. Lopes also holds the position of president of the Sustainability Committee. Prior to joining FS, Daniel worked in private equity portfolio companies such as Omega Energia (Tarpon), as CFO & Investments, and Magnesita (GP). Daniel also spent 10 years in Votorantim Cement, holding the position of general manager of business development, having worked in the companies' three clusters (São Paulo, Toronto and Madrid). Mr. Lopes has both a master's and a bachelor's degree in economics from UFRGS and holds an MBA from INSEAD (2011).

Everson Medeiros. Everson Medeiros is FS's industrial officer and has been with the company since 2018. Everson is responsible for the ethanol and DDG production and operations department, which also includes maintenance, quality, improvement site logistics and EH&S activities. In addition, he is also responsible for the construction of new plants. Prior to joining FS, Everson spent 23 years in an executive career developed in a large

American multinational organization, The Dow Chemical Company, performing in the following positions: operations officer, large chemical plant leader, EH&S site leader, site and plant leader, Six Sigma Black Belt, supply chain planner and several operations roles with international exposure and experience. During his career, he had opportunities to run leadership positions at the sectors of agribusiness, automotive, chemical, basic chemical, special chemicals, mining and environmental, health and safety business. Mr. Medeiros holds an MBA in business administration from the University of São Paulo (USP), a bachelor's degree in chemical engineering from the University of Paraná (UFPR) and Black Belt certification from PWC (Zurich, Switzerland).

Daniel Nozaki Gushi. Daniel Gushi has been FS's CFO and IRO since April 2022, when he joined FS. Prior to FS, Mr. Gushi was part of the private equity team at Patria Investimentos from 2019 to 2022, first to develop new thesis in food & beverage and later as the CFO and IRO at Athena Saude, a semi-verticalized healthcare operator. He initiated his career in 2004 at the international treasury at Banco Votorantim and between 2007 and 2018 served at Cremer where he held various positions in finance until he became CFO in 2013. Cremer was a public traded company on the B3 and a Tarpon Investimentos portfolio company. Mr. Gushi is a Naval Engineer (POLI/USP), with an Advanced Management Program (AMP) from the Kellogg School of Management in Chicago.

Eduardo Mota. Eduardo Mota is FS's Institutional Relations Manager and has been with the company since the start of FS's operations. Eduardo is responsible for all of the Company's institutional interactions with the public sector, including the regulatory agenda at the municipal, state and federal levels. He also represents the Company with the UNEM and SINDALCOOL associations. He has lived in the state of Mato Grosso for almost ten years, and, before FS, he worked in the public sector at the State Department for Economic Development as deputy secretary for industry and commerce. Mr. Mota has a bachelor's degree in economics from the Catholic University of Pernambuco, and an extension course in business administration from Insper in São Paulo.

Marcelo Fernandez. Marcelo Fernandez is FS's Chief Supply Chain Officer and Chief Information Officer (CIO) and has been with the company since 2020. He started his career as a systems analyst at Cremer S.A, developing business systems in 1989. In 2001 he migrated to IT management, accumulating logistics and commercial experience. In 2012, as a COO, he took over Cremer S.A operations, integrating the industrial, logistics, supplies, engineering, quality, product development, export sales and IT areas. In 2020, he joined FS as CIO and subsequently as supply chain officer and CIO, working in the areas of logistics, sales and operations planning (S&OP), information technology (IT) and procurement. He holds a bachelor's degree in computer science, a postgraduate degree in systems development technologies, a master's degree in business administration from the Regional University of Blumenau and a PhD in business administration from the *Universidad Nacional de Misiones* in Argentina.

Matthew Horsch. Matthew Horsch is FS's chief operating officer and has been with the company since the inception. Matthew is responsible for managing the company's day-to-day operations. His experience and leadership have been focused on plant operations, new construction, and development of future projects, ensuring that all of the systems, resources, and people are in place to achieve the goals of the company. He brings nearly 12 years of experience from ICM where he worked as a project manager on the development, design, and construction of both greenfield and brownfield ethanol plants, bringing nearly 400 million gallons online, including a number of projects in the United States along with international projects in Argentina and Brazil.

Paulo Trucco. Paulo Trucco is FS's ethanol commercial manager and has been with the company since 2017. Paulo has more than 20 years of experience in the Agribusiness sector and is currently in charge of the company's ethanol and energy sales and strategy. Before joining FS, he was a commercial manager of sugar and ethanol at Bioagência and international commercial coordinator at CJ Foods for commodities. He also occupied a commercial position at Coopersucar between 2006 and 2007. His many years of experience in the commercial area have allowed him to develop alternative and outstanding solutions for the companies he has worked for. Paulo graduated with a degree in International Relations from the Pontifical Catholic University of Goiás (PUC-GO) and has a masters' degree in business in FIA (*Fundação Instituto de Administração*) in São Paulo. He also holds an MBA from the University of São Paulo (USP) and a management specialization from the Getulio Vargas Foundation (FGV).

Venâncio Guimarães. Venâncio Guimarães is FS's chief human resources officer and has been with the company since September 2023. Venâncio is responsible for culture, people development, employee services & payroll. Prior to FS, Venâncio worked almost 7 years in a large Brazilian health company called Dasa. Venancio also spent 3.5 years at Safra Bank, holding the position of Superintendent of Training and Organizational Development. Before Safra, Venâncio worked for almost 8 years at Itau Unibanco as Human Resources Manager.

Venâncio has a bachelor's degree in business administration from Insper, an Executive MBA also from Insper and postgraduate degree in market intelligence from FIA-USP. Venancio recently graduated from IBGC (Instituto Brasileiro de Governança Corporativa) as Board Member.

Compensation

In the fiscal years ended March 31, 2023, 2022 and 2021, we paid an aggregate of R\$17.3 million, R\$14.6 million and R\$19.5 million, respectively, to our key management personnel.

Under our articles of association, our shareholders are responsible for establishing the aggregate amount of compensation and benefits that may be paid to our executive officers.

Directors' and Officers' Insurance

We maintain directors' and officers' insurance with Liberty Seguros, Starr and Ezze Companies, effective until March 31 of each year. The insurance premium totals approximately R\$0.31 million per year and the maximum coverage under this policy totals R\$150.0 million (40% with Liberty Seguros, 27% with Starr and 33% with Ezze Companies). This policy covers the payment of expenses for damages attributed to our directors and officers in the exercise of their respective positions. The coverage extends to damages, environmental damages, irregular labor practices, crisis management, civil and administrative fines and penalties, tax liability, damage to property and bodily injury, among others.

We have not entered into indemnification agreements with members of our management regarding the exercise of their positions.

PRINCIPAL SHAREHOLDERS

Issuer

FS Luxembourg S.à r.l. is a wholly-owned subsidiary of FS Ltda. For further information on the Issuer, see “The Issuer.”

FS Ltda.

As of September 30, 2023, FS Ltda.’s issued and outstanding capital was R\$88.1 million, fully issued and paid-in comprising 88.1 million quotas, all nominative and without nominal value. There has been no change in FS Ltda.’s share capital since September 30, 2023.

The following table sets forth FS Ltda.’s shareholding structure:

	As of September 30, 2023	
	(number of shares)	(% of total shares)
Shareholders (quotaholders)		
Summit Brazil Renewables I, LLC ⁽¹⁾	62,265,413	70.6892%
Marino José Franz ⁽¹⁾	8,710,756	9.8892%
AMERRA Chapada, LLC ⁽¹⁾	7,667,337	8.7046%
Miguel Vaz Ribeiro ⁽¹⁾	3,918,864	4.4490%%
Paulo Sérgio Franz ⁽¹⁾	818,558	0.9293%%
Others ⁽²⁾	4,702,511	5.3387%
Total	88,083,439	100.0%

(1) Holder of common shares.

(2) Refers to preferred shares held by certain members of our management, certain other employees and by OMH Brazil, LLC, an entity owned by our employee Brian Mike and certain of our previous managers. The preferred shares confer upon their holders a priority in the reimbursement of our corporate capital, without premium.

FS S.A.

As of September 30, 2023, FS S.A.’s issued and outstanding capital was R\$4.5 million, fully issued and paid-in comprising 4,500,000 shares, all nominative and without nominal value. There has been no change in FS S.A.’s share capital since September 30, 2023.

The following table sets forth FS S.A.’s shareholding structure:

	As of September 30, 2023	
	(number of shares)	(% of total shares)
Shareholders (quotaholders)		
Summit Brazil Renewables IV, LLC ⁽¹⁾	12,678	0.2817%
SBR FS Fundo de Investimento em Participações Multiestratégia – Investimento no Exterior	3,173,374	70.5194%
Marino José Franz ⁽¹⁾	445,719	9.9049%
AMERRA Chapada, LLC ⁽¹⁾	392,329	8.7184%
Miguel Vaz Ribeiro ⁽¹⁾	200,523	4.4561%
Paulo Sérgio Franz ⁽¹⁾	41,885	0.9308%
Others ⁽²⁾	233,492	5.1887%
Total	4,500,000	100.0%

(1) Holder of common shares.

(2) Refers to preferred shares held by certain members of our management, certain other employees and by OMH Brazil, LLC, an entity owned by our employee Brian Mike and certain of our previous managers. The preferred shares confer upon their holders a priority in the reimbursement of our corporate capital, without premium.

Quotaholders' Agreement of FS Ltda.

On September 19, 2022, to govern their rights and obligations as quotaholders in FS Ltda., Summit Brazil Renewables I LLC, FS Ltda.'s direct quotaholder and an entity controlled by Summit, and the minority quotaholders' group entered into a quotaholders' agreement.

The quotaholders' agreement determines that the quotaholders shall meet at least once a year within four months following the end of each fiscal year. In addition, special quotaholders' meeting may be called at any time for any legitimate corporate purposes.

The following matters, among others, shall require the approval of at least 75% of the corporate interest in a quotaholders' meeting:

(a) the annual budget or any other form of medium- or long-term financial planning of FS Ltda. and any material changes thereof on a quarterly basis;

(b) establishment of the annual compensation, including benefits, to the officers and key employees of FS Ltda. that earn an annual base salary in excess of R\$1.0 million, as well as any purchase plan or arrangement, option plan or other incentive plan, when not previously approved in the annual budget;

(c) borrowing money from any quotaholder or any of their affiliates;

(d) capital increase of FS Ltda. with or without the issuance of new equity interests (subject to any preemptive rights and the fairness requirements set forth in the agreement); and

(e) creation of a new subsidiary of FS Ltda.

Certain matters shall require the approval of at least 90% of the corporate interest in a quotaholders' meeting, for example:

(a) approve any change in the nature of the business of FS Ltda. that would differ from the origination of (i) manufacture of alcohols; (ii) trade, import and export of alcohol and its derivatives, obtained by processing vegetables, their derivatives and by-products; (iii) generation of thermoelectric energy (renewable fuels); (iv) wholesale trade in electricity, including import and export; (v) manufacture of crude corn oil; (vi) trading of bran and other corn residues; (vi) production and distribution of steam, hot water and air conditioning; (vii) exploitation of the logistics, storage and distribution of alcohol in Brazil and abroad, including the construction and operation of pipelines and inland maritime terminals; (viii) provision of grain storage and storage services for third parties; (ix) wholesale trade of agricultural raw materials in particular, but not limited to corn, including import and export; (x) timber extraction in planted forests; (xi) wholesale trade of wood and derived products; (xii) representation, intermediation and agency of any nature, including commercial; (xiii) commercialization of agricultural products, without any limitation, the commercialization of processed soybeans, cotton, cereals and pulses; and (xiv) combined office and administrative support services;

(b) authorize the dissolution or liquidation of FS Ltda., any appointment or removal of liquidators or approval of their accounts, or any interruption of proceedings for the dissolution or liquidation of FS Ltda.;

(c) authorize any of the officers to declare bankruptcy or to request judicial or extrajudicial reorganization, or the respective suspension of the procedures of reorganization, bankruptcy or any other voluntary acts of financial reorganization, if referred acts were not expressly recommended by an independent auditing company;

(d) approve the change of FS Ltda.'s corporate name, except as may be permitted under the agreement;

(e) approve (x) the financial statements of FS Ltda. referring to each fiscal year; *provided, however*, that such approval shall only be required in cases where FS Ltda.'s external auditor refuses to issue an opinion on the financial statements for that fiscal year, and, *provided further*, that the foregoing shall not limit the rights of any quotaholder under applicable law and (y) any disproportionate distribution of profits of FS Ltda. (except as otherwise provided for in the agreement);

(f) approve the issuance of equity interests for a value that is not fair to FS Ltda. and its quotaholders from a financial point of view (*provided* that any such issuance shall be deemed to be fair to FS Ltda. and its quotaholders unless otherwise determined pursuant to the agreement);

(g) approve the merger, amalgamation or spin-off of FS Ltda. or any other form of corporate reorganization involving FS Ltda. or its subsidiaries, exclusively in case such transactions cause a change of the percentage held by (i) our former shareholder Tapajós (or, indirectly, the aggregate of its individual shareholders) in FS Ltda. or in the entities resulting from the reorganization in question or (ii) FS Ltda. in any of its direct or indirect subsidiaries;

(h) approve modification, assignment or execution of any purchase plan or arrangement, option plan or other incentive plan to officers and key employees in the event that the plan provides for the issuance of equity interests in FS Ltda. or any subsidiary of FS Ltda.;

(i) approve the pledge, encumbrance, mortgage or otherwise placing any lien or other security interest on any or all of the fixed assets of FS Ltda. or any of its subsidiaries on behalf of the quotaholders or their affiliates;

(j) approve the sale of ethanol plants or any equity interests of any of FS Ltda.'s subsidiaries or investments to the quotaholders or their affiliates, other than FS Ltda. or its affiliates;

(k) approve the issuance of equity interests for a value that is not fair to FS Ltda. and its quotaholders from a financial point of view (*provided* that any such issuance shall be deemed to be fair to FS Ltda. and its quotaholders unless otherwise determined pursuant to the agreement);

(l) approve the execution of agreements or the performance of any acts in individual values exceeding the amount of R\$200.0 million;

(m) waiver by FS Ltda. or its subsidiaries of any material rights with respect to the quotaholders or their affiliates in individual values exceeding the amount of R\$50.0 million;

(n) except with respect to any convertible debt comprising an equity interest issued with approval pursuant to the agreement, approve any conversion of debt into equity of FS Ltda.; and

(o) issuance of any non-convertible debt securities, bonds, notes or other debt financing.

Shareholders' Agreement of FS Ltda.

On September 19, 2022, to govern their rights and obligations as shareholders in FS S.A., Summit Brazil Renewables V LLC and SBR FSFundo de Investimento em Participações Multiestratégia – Investimento no Exterior, FS SA.'s direct shareholders and entities controlled by Summit, and our former shareholder Tapajós entered into a shareholders' agreement.

The shareholders' agreement determines that the shareholders shall meet at least once a year within four months following the end of each fiscal year. In addition, special shareholders' meetings may be called at any time for any legitimate corporate purposes.

According to the shareholders' agreement, a capital increase of FS S.A. with or without the issuance of new equity interests (subject to any preemptive rights and the fairness requirements under the agreement) shall require the approval of at least 75% of the corporate interest in a shareholders' meeting.

Additionally, certain matters shall require the approval of at least 90% of the corporate interest in a quotaholders' meeting, for example:

(a) approve any change in the nature of the business of FS S.A. that would differ from the origination of (i) manufacture of alcohols; (ii) trade, import and export of alcohol and its derivatives, obtained by processing vegetables, their derivatives and by-products; (iii) generation of thermoelectric energy (renewable fuels); (iv) wholesale trade in electricity, including import and export; (v) manufacture of crude corn oil; (vi) trading of bran and other corn residues; (vi) production and distribution of steam, hot water and air conditioning; (vii) exploitation of the logistics, storage and distribution of alcohol in Brazil and abroad, including the construction and operation of pipelines and inland maritime terminals; (viii) provision of grain storage and storage services for third parties;

(ix) wholesale trade of agricultural raw materials in particular, but not limited to corn, including import and export; (x) timber extraction in planted forests; (xi) wholesale trade of wood and derived products; (xii) representation, intermediation and agency of any nature, including commercial; (xiii) commercialization of agricultural products, without any limitation, the commercialization of processed soybeans, cotton, cereals and pulses; and (xiv) combined office and administrative support services;

(b) authorize the dissolution or liquidation of FS S.A., any appointment or removal of liquidators or approval of their accounts, or any interruption of proceedings for the dissolution or liquidation of FS S.A.;

(c) authorize any of the officers to declare bankruptcy or to request judicial or extrajudicial reorganization, or the respective suspension of the procedures of reorganization, bankruptcy or any other voluntary acts of financial reorganization, if referred acts were not expressly recommended by an independent auditing company;

(d) approve the change of FS S.A.'s corporate name;

(e) approve the financial statements of FS S.A. referring to each fiscal year; *provided, however*, that such approval shall only be required in cases where FS S.A.'s external auditor refuses to issue an opinion on the financial statements for that fiscal year, and *provided further*, that the foregoing shall not limit the rights of any shareholder under applicable law;

(f) approve the issuance of equity interests for a value that is not fair to FS S.A. and its shareholders from a financial point of view (*provided* that any such issuance shall be deemed to be fair to FS S.A. and its shareholders unless otherwise determined pursuant to the agreement);

(g) approve the merger, amalgamation or spin-off of FS S.A. or any other form of corporate reorganization involving FS S.A. or its subsidiaries, exclusively in case such transaction causes a change of the percentage held by (i) the minority original shareholders (or, indirectly, the aggregate of its individual shareholders) in FS S.A. or in the entities resulting from the reorganization in question or (ii) FS S.A. in any of its direct or indirect subsidiaries; and

(h) except with respect to any convertible debt comprising an equity interest issued with approval pursuant to the agreement, approve any conversion of debt into equity of FS S.A.

THE ISSUER

General

FS Luxembourg S.à r.l. is a wholly-owned subsidiary of FS Ltda. The Issuer was incorporated in Luxembourg as a private limited liability company (*société à responsabilité limitée*) on September 8, 2020, for an unlimited period. The registered office of the Issuer is located at 9, rue de Bitbourg, L-1273, Luxembourg.

FS Luxembourg S.à r.l. is governed under the laws of Luxembourg and registered with the Luxembourg *Registre de Commerce et des Sociétés* under number B247075, and its articles of association are dated September 8, 2020. According to the laws of Luxembourg, in a company limited by shares such as the Issuer, the liability of each member in respect of the shares it holds in FS Luxembourg S.à r.l. is limited to the amount from time to time unpaid on such member's shares.

The Issuer is a subsidiary operated for certain limited purposes such as issuing securities such as the Notes and will not engage in any business or activity other than as described in "Description of the Notes—Limitations with Respect to the Issuer."

The Issuer's share capital, as of the date of its incorporation, was €12,000 divided into 12,000 shares with a nominal value of €1.00 each, each of which is fully paid.

The Issuer does not have subsidiaries or equity participation in any entities.

The Issuer is managed by its board of managers, who are appointed by the shareholders.

The Issuer's financial year begins on April 1 and ends on March 31 of each year.

RELATED PARTY TRANSACTIONS

From time to time, in the ordinary course of business, we have entered into, and expect to continue to enter into, a number of transactions with our related parties on an arm's length basis, including with our controlling shareholder and with companies that are owned or controlled by our controlling shareholder and other related parties.

Our organizational documents provide that holders representing at least 90% of the equity interest of the Company in a shareholders' meeting must approve any debt forgiveness in relation to any Summit loan due and owing as of the date of the shareholders' agreement to the benefit of the Company, except in cases where Summit assumes the binding obligation to reimburse the Company for all taxes that the Company may incur deriving from such debt forgiveness.

FS Ltda.'s shareholders' agreement establishes that the Company shall not enter into any agreements, contracts, transactions or other agreements with any shareholder or an affiliate thereof without the written consent of the other shareholder if such transaction is not entered into on an arm's length basis or on market terms.

Also, our Code of Conduct determines that certain actions, such as use of the Company's resources for its own benefit or for the benefit of others and use the prestige of the position and privileged information of the Company for their own benefit or that of others, are strictly forbidden and may cause the dismissal of the manager of its position.

According to Brazilian Corporate Law, which is also applicable to some limited liability companies (including FS Ltda.) shareholders or members of management, as applicable, at shareholders' meetings or meetings of the board of directors, respectively, must abstain from voting resolutions related to: (i) the appraisal report of the assets with which they contributed to form our capital stock; (ii) the approval of management's accounts; and (iii) any matters that may personally benefit them (or any related party) or represent a conflict of interest with us.

Pursuant to Brazilian Corporate Law, directors and executive officers cannot: (i) conduct any gratuitous act with our assets, to our detriment; (ii) receive, due to their titles, any type of direct or indirect personal advantage from third parties, without the authorization set forth in our bylaws or granted by our shareholders' meeting; and (iii) intervene in any corporate transaction in which they have a conflict of interest with us or in the resolutions taken by our other directors regarding such transactions.

We believe that the standards of conduct set forth in our Code of Conduct and pursuant to Brazilian Corporate Law concerning related-party transactions ensure that these transactions are conducted on an arm's length basis, at market prices and conditions.

Our related party transactions principally include the sale of animal nutrition and biomass to companies owned and/or controlled by certain of our shareholders, purchase of corn and biomass from certain of our indirect individual shareholders, rental of a warehouse for inventory of corn from certain of our indirect individual shareholders and lease of transportation wagons from FS Infraestrutura. In addition, we have also entered into loans with certain of our related parties, including our controlling shareholder.

Below is a brief description of our principal related party transactions:

Agreements for the Sale of Animal Nutrition, Steam and Sale of Corn

We have entered into four agreements for the sale of animal nutrition, steam and corn with companies controlled by Paulo Franz and Marino Franz, who are controlling shareholders of Tapajós, one of our principal direct minority shareholders. These agreements were executed on a spot basis and priced according to market conditions. In the fiscal years ended March 31, 2023, 2022 and 2021, we received R\$9.8 million, R\$51.5 million and R\$17.8 million, respectively, under these agreements. In the six-month period ended September 30, 2023, we received R\$7.5 million under these agreements.

Agreements for Purchase of Corn and Biomass

From February 2016 through March 31, 2023, we entered into four agreements for the purchase of corn and biomass with some of our indirect minority shareholders, including Paulo Franz, Marino Franz, Mano Julio and Miguel Ribeiro, or with companies controlled by them. These agreements were executed on a spot basis and priced

according to market conditions. In the fiscal years ended March 31, 2023, 2022 and 2021, we made payments of R\$18.8 million, R\$26.7 million and R\$95.0 million, respectively, under these agreements. In the six-month period ended September 30, 2023, we made payment of R\$104.8 million under these agreements.

As of September 30, 2023, the aggregate outstanding balance under these agreements was R\$130.4 million.

Warehouse Rental

In April 2023, we have entered a contract for the storage of corn grains with Agroindustrial PSF Ltda. These contracts were executed upfront and priced according to market conditions. The total value of the contract is R\$181.4 million. As of September 30, 2023, the aggregate outstanding balance of this contract amounted to R\$94.6 million.

Wagons Lease

We have entered a lease and option to purchase agreement with FS Infraestrutura S.A., which is a company controlled by our controlling shareholders, pursuant to which FS Ltda. agreed to lease certain transportation wagons. The agreement has a total amount of R\$127.7 million and FS Ltda. has the option to purchase wagons on the maturity date of the agreement, which is scheduled for April 2033. As of September 30, 2023, the aggregate outstanding balance under this agreement was R\$98.9 million.

Aircraft Purchase and Sale

We have entered into an aircraft purchase and sale agreement between FS Infraestrutura S.A. and FS Ltda, aiming to centralize the structural assets within FS Infraestrutura S.A. The agreement has a total value of R\$32.0 million. As of September 30, 2023, the aggregate outstanding balance of these contracts amounted to R\$13.3 million. For more information on our related party transactions, see note 32 to our unaudited combined interim financial information, included elsewhere in this offering memorandum.

Loans and Guarantees

On October 8, 2021, the Issuer, as obligee, executed promissory notes with Summit Brazil Renewables I, LLC (as amended on September 25, 2023) and Tapajós Participações S.A. (our former shareholder), as obligors, in the amount of US\$37.5 million, and US\$12.5 million, respectively, both of which will mature in October 2028. On September 29, 2023, we amended the promissory note entered into with Tapajós Participações S.A. to reflect, among other amendments, the assignment of its rights and obligations to our current shareholders Marino José Franz, Miguel Vaz Ribeiro, Paulo Sérgio Franz and AMERRA Chapada, LLC. As of September 30, 2023, we had an outstanding amount of US\$53.2 million under these loans.

We have also provided guarantees to certain of our related parties in the amount of R\$1,070.0 million.

DESCRIPTION OF THE NOTES

The following summary describes certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the provisions of the Indenture and the Notes. Copies of the Indenture are available for inspection upon reasonable request during normal business hours at our principal office and at the Corporate Trust Office of the Trustee in New York City, New York. The holders of the Notes are entitled to the benefits of, are bound by, and are deemed to have notice of, all the provisions of the Indenture.

The notes (the “Notes”) are to be issued under and governed by an indenture (the “Indenture”), among FS Luxembourg S.à r.l. (the “Issuer”), a private limited liability company (*société à responsabilité limitée*), organized under the laws of Luxembourg, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg and registered with the Luxembourg *Registre de Commerce et des Sociétés* under number B247075, as issuer, FS Indústria de Biocombustíveis Ltda. (the “Company”), as guarantor, FS I Indústria de Etanol S.A., as guarantor (“FS S.A.”), each of the Affiliate Guarantors (as defined below) and The Bank of New York Mellon, as trustee (the “Trustee”), registrar, transfer agent and paying agent. Definitions of capitalized terms used in this section can be found under “—Certain Definitions.” For purposes of this “Description of the Notes,” unless the context indicates otherwise, (i) the term “Company” means FS Indústria de Biocombustíveis Ltda. on a stand-alone basis and its successors under the Indenture, in each case excluding its Subsidiaries, (ii) the term “Affiliate Guarantors” means each of the Affiliates of the Company or FS S.A. that are from time to time guarantors of the Notes pursuant to the provisions described below under “—Note Guarantees,” (iii) the term “Obligor” means each of the Company, FS S.A. and any future Affiliate Guarantor, and (iv) the term “Subsidiary Guarantors” means each of the Obligors’ future Significant Subsidiaries that are from time to time guarantors of the Notes pursuant to the provisions described below under “—Note Guarantees,” (each of the Company, FS S.A., the Affiliate Guarantors and the Subsidiary Guarantors, the “Guarantors”).

General

The Notes will:

- be senior unsecured obligations of the Issuer;
- rank equally in right of payment with all other existing and future unsecured and unsubordinated Senior Indebtedness of the Issuer;
- rank senior in right of payment to all existing and future Subordinated Obligations of the Issuer;
- be effectively subordinated to all existing and future secured Indebtedness of the Issuer that is secured by Liens on its assets, to the extent of the value of such assets securing such secured Indebtedness;
- be fully and unconditionally Guaranteed by the Guarantors; and
- be structurally subordinated to all existing and future Indebtedness of each Subsidiary of the Issuer that is not a Subsidiary Guarantor.

The Note Guarantee of each Guarantor will:

- be a senior unsecured obligation of such Guarantor;
- rank equally in right of payment with all other existing and future unsecured and unsubordinated Senior Indebtedness of such Guarantor and will be subordinated to liabilities preferred by statute under Brazilian Bankruptcy Law in any liquidation proceeding, if any;
- rank senior in right of payment to all existing and future Subordinated Obligations of such Guarantor;
- be effectively subordinated to all existing and future secured Indebtedness of such Guarantor that is secured by Liens on its assets, to the extent of the value of such assets securing such secured Indebtedness; and
- be structurally subordinated to all existing and future Indebtedness of such Guarantor’s Subsidiaries (other than the Issuer in the case of the Company) that are not Subsidiary Guarantors.

As of September 30, 2023, as adjusted to reflect receipt by us of the net proceeds from the offering of the Notes (after the deduction of estimated expenses and commissions payable by us) estimated to be US\$487.9 million (which amounts to R\$2,443.3 million, using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2023 of R\$5.0076 per US\$1.00), without considering the intended use of the proceeds as described in “Use of Proceeds,” the total outstanding combined Indebtedness of the Obligor would have amounted to R\$14,808.4 (US\$2,957.2 million, using the U.S. dollar selling rate of R\$5.0076 to US\$1.00 as of September 30, 2023, as reported by the Central Bank), of which R\$5,464.9 million (US\$1,091.3 million, using the U.S. dollar selling rate of R\$5.0076 to US\$1.00 as of September 30, 2023, as reported by the Central Bank) was secured (see “—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness”).

Principal, Maturity and Interest

The initial outstanding principal amount of the Notes will be US\$500.0 million. The Indenture does not limit the aggregate principal amount of the debt securities that may be issued under the Indenture. The Issuer may, from time to time and without the consent of holders of the Notes, issue an unlimited principal amount of additional notes having identical terms and conditions as the Notes (the “Additional Notes”), except that the issue price, issue date and date from which interest accrues may differ. The issuance of such Additional Notes will be subject to the covenant described under “—Restrictive Covenants— Limitation on Indebtedness.” Such Additional Notes may be issued in one or more series and with the same or different CUSIP numbers; *provided, however*, that unless such Additional Notes are issued under separate CUSIP numbers, such Additional Notes must be fungible with the Notes for U.S. federal income tax purposes. The Notes and the Additional Notes, if any, will be treated as a single class for all purposes under the Indenture (other than tax purposes, in the case the Additional Notes are not fungible with the Notes), including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for all purposes of the Indenture and this “Description of the Notes,” references to the Notes include any Additional Notes actually issued.

The Notes will be issued in fully registered form in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be issued as one or more Global Notes. Principal is to be payable, and the Notes will be transferable and exchangeable, at the office or agency maintained for such purposes in New York City, New York, which initially will be the Corporate Trust Office of the Trustee; *provided* that the Global Notes will be exchangeable only in the manner and to the extent set forth under “Form of the Notes—Global Notes.” No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer and the Trustee may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge in connection therewith.

The Notes will mature on February 12, 2031 (the “Maturity Date”), and the aggregate principal amount of Notes outstanding at such time will become due and payable. On such date, the Issuer will pay the registered holder(s) of the Notes principal in an amount equal to the outstanding principal amount of the Notes. The Notes will bear interest at the rate of 8.875% *per annum* from the Issue Date, or from the most recent Interest Payment Date to which interest has been paid or provided for. Interest on the Notes will be payable semi-annually on February 12 and August 12 of each year, commencing on August 12, 2024, to the person in whose name a Note is registered at the close of business on the preceding February 10 or August 10 (each, a “Record Date”), as the case may be. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months. The Notes will bear interest on overdue principal, and pay interest on overdue interest, at 1.00% *per annum* higher than the *per annum* rate set forth on the cover of this offering memorandum.

If any payment date or redemption date falls on a day which is not a Business Day, any payment of interest and principal with respect to the Notes will be made on the next succeeding Business Day with the same force and effect as if made on the due date, and no interest on such payment will accrue from and after such due date. The principal of and interest on the Notes will be payable in U.S. dollars or in such other coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

Additional Amounts

All payments by the Issuer in respect of the Notes or the Guarantors in respect of the Note Guarantees will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments, or other governmental charges of whatever nature (and any fines, penalties or interest related thereto) imposed or levied by or on behalf of any jurisdiction in which the Issuer or Guarantors are organized or are resident for tax purposes, or any other jurisdiction through which any payments under the Notes or the Note Guarantees are made by or on behalf

of the Issuer or the Guarantors, or in each case any political subdivision thereof or authority therein or thereof having power to tax (each, a “Relevant Jurisdiction”), unless the Issuer or the Guarantors are required by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer or the Guarantors will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and pay such additional amounts as may be necessary to ensure that the net amounts receivable by holders of Notes after such withholding or deduction shall equal the respective amounts which would have been received in respect of the Notes or the Note Guarantees in the absence of such withholding or deduction (“Additional Amounts”). However, no such Additional Amounts shall be payable:

- to, or to a third party on behalf of, a holder or beneficial owner who is liable for any present or future taxes, duties, assessments or governmental charges in respect of a Note or Note Guarantee by reason of the existence of any present or former connection between such holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder or beneficial owner, if such holder or beneficial owner is an estate, a trust, a partnership, a limited liability company or a corporation) and the Relevant Jurisdiction, including, without limitation, such holder or beneficial owner (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged or deemed to be engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, other than the mere holding of the Note or enforcement of rights and the receipt of payments with respect to the Note (or the Note Guarantees, if applicable);
- in respect of Notes presented (if presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of such Note would have been entitled to such Additional Amounts, on surrender of such Note for payment on the last day of such period of 30 days;
- in respect of any tax, duty, assessment or other governmental charge imposed on a Note presented for payment by or on behalf of a holder or beneficial owner who would have been able to avoid that withholding or deduction by presenting the relevant Note to another paying agent in a member state of the European Union;
- in respect of any tax, duty, assessment or other governmental charge imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), as of the date of the Indenture (or any amended or successor version that is substantially comparable and not materially more onerous to comply with), current or future U.S. Treasury Regulations issued thereunder or any official interpretation thereof, any agreement entered into pursuant to Section 1471(b) of the Code, any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code or any fiscal or governmental regulations, rules or practices adopted pursuant to such intergovernmental agreement;
- to, or to a third party on behalf of, a holder or beneficial owner who is liable for any present or future taxes, duties, assessments or other governmental charges by reason of such holder’s or beneficial owner’s failure to comply with any reasonable certification, identification or other reporting requirement concerning such holder’s or beneficial owner’s nationality, residence, identity or connection with the Relevant Jurisdiction, if (1) compliance is required by the Relevant Jurisdiction as a precondition to exemption from, or reduction in the rate of, the tax, duty, assessment or other governmental charge, and (2) the Issuer has given at least 30 days’ notice that holders or beneficial owners will be required to comply with such certification, identification or other reporting requirement;
- in respect of any estate, inheritance, gift, sales, transfer, excise or personal property or similar tax, duty, assessment or governmental charge;
- in respect of any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal, premium, if any, or interest on or in respect of the Notes or the Note Guarantees; or
- in respect of any combination of the above.

In addition, no Additional Amounts shall be paid with respect to any payment on a Note or Note Guarantee to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of the Relevant Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of the partnership, an

interest holder in the limited liability company or the beneficial owner of that payment who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member, interest holder or beneficial owner been the holder of the Note.

“Relevant Date” means, with respect to any payment on a Note or Note Guarantee, whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the Trustee on or prior to such due date, the date on which notice is given to the holders that the full amount has been received by the Trustee. The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation. Except as specifically provided above, neither the Issuer nor the Guarantors shall be required to make a payment with respect to any tax, duty, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

In the event that Additional Amounts actually paid with respect to the Notes or the Note Guarantees described above are based on rates of deduction or withholding of taxes in excess of the appropriate rate applicable to the holder or a beneficial owner of such Notes, and, as a result thereof such holder or beneficial owner is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder or beneficial owner shall, by accepting such Notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Issuer or, as the case may be, the Guarantors. However, by making such assignment, the holder or beneficial owner makes no representation or warranty that the Issuer or the Guarantors will be entitled to receive such claim for refund or credit and incurs no other obligation (including, for the avoidance of doubt, any filing or other action) with respect thereto.

Any reference in this offering memorandum, the Indenture or the Notes to principal, interest or any other amount payable in respect of the Notes by the Issuer or the Note Guarantees by the Guarantors will be deemed also to refer to any Additional Amount, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The Issuer or the relevant Guarantor, as the case may be, shall use reasonable efforts to furnish to the Trustee the official receipts (or a certified copy of the official receipts or other documentation) evidencing payment of any taxes imposed by a Relevant Jurisdiction that are withheld or deducted from payments in respect of the Notes or the Note Guarantees, as the case may be. Copies of such receipts or other documentation shall be made available to holders of the Notes by the Trustee upon reasonable request.

The Issuer and each Guarantor shall promptly pay when due any present or future stamp, issue, court or documentary taxes or any other excise or property taxes, charges or similar levies, and any penalties, additions to tax or interest due with respect thereto, that may be imposed in any jurisdiction from the execution, issue, delivery or registration of the Notes, the Indenture or any other document or instrument referred to herein or therein, or in connection with any enforcement action, excluding (i) any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Jurisdiction other than those resulting from, or required to be paid in connection with, the enforcement of the Notes following the occurrence of any Default or Event of Default, and (ii) any Luxembourg registration duties (*droits d'enregistrement*) payable in case of voluntary registration with respect to the Notes, the Indenture or any other related document or instrument referred to herein or therein with the Administration de l'Enregistrement, des Domaines et de la TVA in Luxembourg where such registration is not required to maintain, preserve, or enforce the rights of holders of Notes.

The foregoing obligations will survive termination or discharge of the Indenture, payment of the Notes and/or the resignation or removal of the Trustee or any agent under the Indenture.

Note Guarantees

Each Guarantor will, subject to applicable legal limitations, fully and unconditionally Guarantee the due and punctual payment of the principal of, and interest and Additional Amounts on, the Notes, as well as any other amounts whatsoever owed under the Indenture.

The Issuer may, at its sole cost and expense and at any time, cause any Affiliate of the Company or FS S.A. to become an Affiliate Guarantor by causing such Affiliate to:

- (A) execute and deliver to the Trustee a supplemental indenture pursuant to which such Affiliate Guarantor shall, subject to applicable limitations under existing contractual obligations, such Affiliate Guarantor's organizational documents or applicable law, unconditionally Guarantee all of the Issuer's obligations under the Notes and the Indenture; and
- (B) deliver to the Trustee one or more Opinions of Counsel that (a) such supplemental indenture has been duly authorized, executed and delivered by such Affiliate Guarantor, (b) such supplemental indenture constitutes a valid and legally binding obligation of such Affiliate Guarantor in accordance with its terms and (c) such supplemental indenture is authorized or permitted by the Indenture and all conditions precedent to the execution of such supplemental indenture have been satisfied.

If, after the Issue Date, any Obligor (or any Subsidiary of such Obligor) acquires or creates a Significant Subsidiary (including, without limitation, by virtue of creation of an Affiliate Guarantor) or if, as of the end of any fiscal year after the Issue Date, any Person (other than a Subsidiary Guarantor) is a Significant Subsidiary (based on the most recent audited financial statements of such Obligor pursuant to the covenant described under "—Reports"), within 15 Business Days of such acquisition, creation or date of such financial statements, as applicable, such Obligor will cause such Significant Subsidiary to:

- (A) execute and deliver to the Trustee a supplemental indenture in the form attached as an exhibit to the Indenture pursuant to which such Significant Subsidiary shall, subject to applicable limitations under existing contractual obligations, such Significant Subsidiary's organizational documents or applicable law, unconditionally Guarantee all of the Issuer's obligations under the Notes and the Indenture; and
- (B) deliver to the Trustee one or more opinions of counsel that (a) such supplemental indenture has been duly authorized, executed and delivered by such Significant Subsidiary, (b) such supplemental indenture constitutes a valid and legally binding obligation of such Significant Subsidiary in accordance with its terms and (c) all conditions precedent to the execution of such supplemental indenture have been satisfied.

Notwithstanding the foregoing,

- (1) such Significant Subsidiary will not be required to Guarantee the Issuer's obligations under the Notes and the Indenture if such Obligor and the other Guarantors at the time of determination would directly (i)(a) hold at least 80% of Total Assets, and (b) generate revenues of at least 80% of the Total Net Revenues; or (ii) such Significant Subsidiary is not permitted to do so under applicable local law or due to contractual restrictions or because of the existence of minority shareholders; and
- (2) any such Significant Subsidiary's Guarantee of the Issuer's obligations under the Notes and the Indenture will be limited to the maximum amount that (i) would not render such Significant Subsidiary's obligations subject to avoidance under applicable law, including applicable fraudulent conveyance laws, or (ii) would not result in a breach or violation by such Significant Subsidiary of its organizational documents or any then-existing agreement to which it is party.

By virtue of these limitations, a Subsidiary Guarantor's obligation under its Note Guarantee of the Notes could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may effectively have no obligation under its Note Guarantee of the Notes.

The Note Guarantee of a Subsidiary Guarantor will be terminated upon:

- (i) a sale or disposition (including by way of consolidation or merger) of all or a portion of the Capital Stock of such Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a Subsidiary of such Obligor;
- (ii) a sale or disposition (including by way of consolidation or merger) of all or substantially all of the assets of such Subsidiary Guarantor to a Person that is not an Obligor or a Restricted Subsidiary;

- (iii) defeasance or discharge of the Notes, as described in “—Satisfaction and Discharge” and “— Defeasance”;
- (iv) the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary; or
- (v) such Subsidiary Guarantor ceasing to be a Significant Subsidiary, *provided* that such Obligor and the other Guarantors at the time of determination would directly (i) hold at least 80% of Total Assets, and (ii) generate revenues of at least 80% of the Total Net Revenues,

provided that any such transaction is carried out pursuant to, and in accordance with, all other applicable provisions of the Indenture.

None of the Obligors’ Unrestricted Subsidiaries will Guarantee the Notes. The Notes and the Note Guarantees will be effectively subordinated to claims of creditors (including trade creditors and preferred stockholders, if any) of each of the Obligors’ Unrestricted Subsidiaries.

As of the date hereof, the Obligors had no Unrestricted Subsidiaries, and the Issuer is the sole Subsidiary of the Company.

Optional Redemption

Optional Redemption with a Make-Whole Premium

Prior to February 12, 2027, the Issuer may, at its option, redeem all of the Notes at any time or part of the Notes from time to time at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest to, but excluding, the redemption date (subject to the right of holders of the Notes on the relevant Record Date to receive interest due on the relevant Interest Payment Date).

“Applicable Premium” means with respect to a Note at any redemption date, the greater of (1) 1.0% of the principal amount of such Note on such redemption date and (2) the excess, if any, of (A) an amount equal to the present value at such redemption date of (i) the redemption price of such Note on February 12, 2027, (such redemption price being described in the “—Optional Redemption without a Make-Whole Premium” section exclusive of any accrued interest) *plus* (ii) all required remaining scheduled interest payments due on such Note (assuming that the interest rate per annum on the Notes applicable on the date on which the notice of redemption was given was in effect for the entire period) through and including February 12, 2027 (but excluding accrued and unpaid interest to the redemption date), in each case, computed by the Issuer using a discount rate equal to the Adjusted Treasury Rate *plus* 0.500%, over (B) the principal amount of such Note on such redemption date.

“Adjusted Treasury Rate” means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Comparable Treasury Issue” means, with respect to any redemption date, the United States Treasury security selected by the Quotation Agent as having a maturity comparable to February 12, 2027, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity comparable to February 12, 2027.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (2) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Quotation Agent, Reference Treasury Dealer Quotations for such redemption date.

“Quotation Agent” means the Reference Treasury Dealer selected by the Issuer.

“Reference Treasury Dealer” means Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Santander US Capital Markets LLC, J.P. Morgan Securities LLC and UBS Securities LLC and their respective successors and assigns, and any other nationally recognized investment banking firms selected by the Issuer that are primary U.S. Government securities dealers.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as calculated by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day immediately preceding such redemption date.

Optional Redemption without a Make-Whole Premium

On and after February 12, 2027, the Issuer may, at its option, redeem all of the Notes at any time or part of the Notes from time to time at the following redemption prices (expressed as a percentage of principal amount of the Notes to be redeemed), *plus* accrued and unpaid interest on the Notes, if any, to, but excluding, the redemption date (subject to the right of holders of the Notes on the relevant Record Date to receive interest due on the relevant Interest Payment Date), if redeemed during the twelve-month period commencing on February 12 of the years set forth below:

	Redemption Price
Period	
2027	104.438%
2028	102.219%
2029	101.109%
2030 and thereafter	100.000%

Optional Redemption upon Eligible Equity Offering

At any time prior to February 12, 2027 the Issuer may at its option on one or more occasions redeem Notes in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the outstanding Notes (including any Additional Notes) at a redemption price (expressed as a percentage of principal amount) of 108.875%, plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of holders of the Notes on the relevant Record Date to receive interest due on the relevant Interest Payment Date), using cash in an amount up to the amount of Net Cash Proceeds received from one or more Eligible Equity Offerings; *provided, however, that:*

- (1) after giving effect to any such redemption at least 65% of the aggregate principal amount of the Notes (including any Additional Notes) remains outstanding immediately after the occurrence of each such redemption; and
- (2) the Issuer gives notice of such redemption not more than 120 days after the consummation of the related Eligible Equity Offering.

Optional Clean-up Redemption

In connection with any tender offer for Notes (including any Change of Control Offer or Asset Sale Offer made in accordance with the terms of the Indenture), if holders of not less than 85% in aggregate principal amount of the

outstanding Notes validly tender and do not withdraw Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, the Issuer will have the right upon not less than three Business Days nor more than 60 days' prior notice to the holders (with a copy to the Trustee), given not more than 30 days following such purchase date, to redeem all the Notes that remain outstanding following such purchase at a price equal to the price paid to the Holders in such tender offer *plus*, to the extent not included in the purchase price, accrued and unpaid interest on the Notes and Additional Amounts, if any, that remain outstanding to, but not including, the date of redemption. The Issuer will calculate the redemption price in connection with any redemption, and the Trustee will have no duty to calculate or verify any such calculation.

Optional Tax Redemption

If as a result of any change in or amendment to the laws or treaties (or any rules or regulations thereunder) of a Relevant Jurisdiction, or any amendment to or change in an official interpretation, administration or application of such laws, treaties, rules, or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the later of the Issue Date and the date a Relevant Jurisdiction becomes a Relevant Jurisdiction, (i) the Issuer, any Guarantor (other than a Brazilian Guarantor) or any successor has or will become obligated to pay any Additional Amounts as described above under “—Additional Amounts” or (ii) any Brazilian Guarantor or any successor has or will become obligated to pay Additional Amounts as described above under “—Additional Amounts” in excess of the Additional Amounts such Brazilian Guarantor or any such successor would be obligated to pay if payments were subject to withholding or deduction at a rate of 15% (or a rate of 25% if the holder of the Notes is resident in a “Favorable Tax Jurisdiction” as defined under “Taxation—Brazilian Taxation”) (“excess Additional Amounts”), the Issuer, such Guarantor or any such successor may, at its option, redeem all, but not less than all, of the Notes, at a redemption price equal to 100% of their principal amount, together with interest accrued to, but excluding, the date fixed for redemption, upon publication of irrevocable notice of redemption not fewer than 30 days nor more than 90 days prior to the date fixed for redemption. No notice of such redemption may be given earlier than 90 days prior to the earliest date on which such Additional Amounts or excess Additional Amounts would first be paid were a payment then due. Notwithstanding the foregoing, the Issuer, a Guarantor or any successor shall not have the right to so redeem the Notes unless: (i) it or the applicable Guarantor, as the case may be, determines that any such party cannot avoid the obligation to pay such Additional Amounts or excess Additional Amounts by taking reasonable measures, including the Issuer's appointment of a new paying agent (*provided, however*, that for this purpose reasonable measures shall not include the Issuer, any Guarantor or any successor of any of the foregoing moving or changing jurisdiction); and (ii) it or such Guarantor, as the case may be, has complied with all necessary regulations to legally effect such redemption.

In the event that the Issuer, a Guarantor or any successor of any of the foregoing elects to so redeem the Notes, such entity will deliver to the Trustee:

- (1) an Officer's Certificate stating that such entity is entitled to redeem the Notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of such entity to so redeem have occurred or been satisfied; and
- (2) an Opinion of Counsel, that is reasonably acceptable to the Trustee, to the effect that (x) the Issuer, a Guarantor or any successor of any of the foregoing, as the case may be, has or will become obligated to pay Additional Amounts or excess Additional Amounts as a result of any change or amendment described above, (y) such entity cannot avoid payment of such Additional Amounts or excess Additional Amounts by taking reasonable measures available to it and (z) all governmental requirements necessary for such entity to effect the redemption have been complied with.

Notice of Redemption

Notice of any redemption will be sent to the holders of the Notes at least 10 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed. Notice of any redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Eligible Equity Offering and/or satisfaction of a financing or change of control. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice will state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions will be satisfied, or such redemption

may not occur and such notice may be rescinded in the event that any or all such conditions will not have been satisfied by the redemption date, or by the redemption date so delayed.

Notes called for redemption will become due on the date fixed for redemption. The Issuer will pay the redemption price for any Note together with accrued and unpaid interest thereon through, but excluding, the redemption date. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption as long as the Issuer has deposited with the paying agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any Notes by the Issuer, such redeemed Notes will be cancelled or remain outstanding as instructed in each case by the Issuer.

If the Issuer is redeeming less than all the Notes at any time, the notes to be redeemed shall be selected in accordance with applicable procedures of DTC. If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount thereof to be redeemed.

The Trustee shall not be responsible for calculating the redemption price.

Ranking

The Notes and the Note Guarantees will respectively be senior unsecured obligations of the Issuer and each Guarantor and will rank equally in right of payment with all other existing and future unsecured Senior Indebtedness of the Issuer and each Guarantor respectively. The obligations of the Issuer under the Notes and the obligations of the Guarantors under the Note Guarantees will respectively be effectively subordinated to all existing and future secured Indebtedness of the Issuer and each Guarantor that is secured by liens on its respective assets, to the extent of the value of the assets securing such secured Indebtedness, and will respectively be structurally subordinated to all existing and future Indebtedness of each Subsidiary of the Issuer and each Guarantor that is not a Subsidiary Guarantor. The obligations of the Issuer under the Notes and the obligations of the Guarantors under the Note Guarantees will respectively rank senior in right of payment to all existing and future Subordinated Obligations of the Issuer and each Guarantor and be subordinated to liabilities preferred by statute.

Although the Indenture contains limits on the ability of the Issuer and the Obligors to Incur Indebtedness, the limitation is subject to a number of significant exceptions. If any Obligor becomes insolvent or is liquidated, or defaults in the payment of obligations, other creditors will be entitled to exercise the remedies available to them under the law. Secured creditors will have a prior claim on such Obligor's Property and assets covered by their liens. See "—Certain Covenants—Limitation on Liens."

Repurchases at the Option of the Holders of the Notes upon Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs, each holder of Notes will have the right to require the Issuer or an Obligor to repurchase all or any part (in integral multiples of US\$1,000) of that holder's Notes pursuant to a Change of Control Offer (as defined below) on the terms set forth in the Indenture. No such purchase in part shall reduce the outstanding principal amount of the Notes held by any holder to below US\$200,000. In the Change of Control Offer, the Issuer or such Obligor will offer a "Change of Control" payment in U.S. dollars equal to 101% of the aggregate principal amount of Notes repurchased *plus* accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to, but excluding, the date of purchase (subject to the right of the holders of record on the relevant Record Date to receive interest and Additional Amounts, if any, on the relevant Interest Payment Date).

No later than 30 days following a Change of Control Repurchase Event (unless the Issuer has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes in accordance with the provisions described under "—Optional Redemption"), the Issuer or such Obligor will make a "Change of Control Offer" by notice to each holder of Notes by transmitting such notice in accordance with the provision set out under "—Notices" below (a copy of which will be delivered to the Trustee), describing the transaction or transactions that constitute the Change of Control Repurchase Event and offering to repurchase Notes on the date specified in the notice (the "Change of Control Payment Date"), which date will be no earlier than 30 days and no later than 60 days from the date such notice is sent, pursuant to the procedures required by the Indenture and described in such notice.

The Issuer or such Obligor, as applicable, will comply, to the extent applicable, with the requirements of Section 14(e)-1 of the Exchange Act and any other applicable securities laws or regulations in connection with the

repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, the Issuer or such Obligor, as applicable, will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with such securities laws or regulations.

The provisions described above that require the Issuer or such Obligor to make a Change of Control Offer following a Change of Control Repurchase Event will be applicable whether or not any other provisions of the Indenture are applicable (other than as set forth below). Except as described above with respect to a Change of Control Repurchase Event, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer or such Obligor repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Neither the Issuer nor any Obligor will be required to make a Change of Control Offer upon a Change of Control Repurchase Event if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements, set forth in the Indenture, that are applicable to a Change of Control Offer made by the Issuer or any Obligor, as applicable, and such third party purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (ii) notice of redemption for all outstanding Notes has been given pursuant to the Indenture as described above, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, the Issuer or any Obligor may make a Change of Control Offer in advance of a Change of Control and conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the offer to purchase is made.

Future debt of the Issuer or such Obligor may provide that a Change of Control is a default or require repurchase upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Issuer or such Obligor to purchase the Notes could cause a default under other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer or such Obligor. The Issuer's and such Obligor's ability to pay cash to the holders of the Notes following the occurrence of a Change of Control may be limited by the Issuer's or such Obligor's, as applicable, then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors—Risks Relating to the Notes and the Note Guarantees—We may be unable to make a change of control offer required by the Indenture, which would cause a default under the Indenture."

The phrase "all or substantially all," as used with respect to the assets of the Issuer in the definition of "Change of Control," is subject to interpretation under applicable law, and its applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Issuer has occurred in a particular instance, in which case a holder's ability to obtain the benefit of these provisions could be unclear.

In addition, pursuant to the terms of the Indenture, the Issuer is only required to offer to repurchase the Notes in the event that a Change of Control results in a Rating Decline. Consequently, if a Change of Control were to occur which does not result in a Rating Decline, the Issuer would not be required to offer to repurchase the Notes.

Open Market Purchases

The Issuer or any of its Affiliates may purchase Notes in the market or in negotiated transactions at any time (in any manner and at any price); *provided* that any such purchased Notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws. Any Notes redeemed or repurchased by the Issuer or any Affiliate may, at the option of the Issuer, continue to be outstanding or be cancelled.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Restrictive Covenants

The Indenture contains covenants that impose limitations and restrictions on the Issuer and also sets forth covenants that will be applicable to the Obligor and their Restricted Subsidiaries, including, among others, the following:

Limitations and Restrictions on the Issuer

The Issuer will not, except as otherwise specifically permitted by the Indenture, so long as any Notes are outstanding:

- (a) engage in any business or enter into, or be a party to, any transaction or agreement except for:
 - (1) the issuance, sale, redemption, repurchase, exchange or defeasance of the Notes, Additional Notes, if any, and any other Indebtedness permitted to be incurred pursuant to the Indenture and activities incidentally related thereto;
 - (2) the entering into of affiliate loans and cash management transactions, including import and export financing and/or trading transactions, including with regards to proceeds from the Notes (including any Additional Notes), and any activities reasonably related thereto;
 - (3) the entering into of Hedging Obligations not for speculative purposes;
 - (4) actions reasonably required to maintain its existence as a private limited liability company (*société à responsabilité limitée*);
 - (5) any financing transaction structured as a “back-to-back” financing or similar transaction, directly or indirectly, with respect to the proceeds from any financing;
 - (6) other activities required by law; and
 - (7) as otherwise required by the Indenture;
- (b) acquire or own any Subsidiaries or other assets or properties, except (i) an interest in Hedging Obligations relating to its Indebtedness and instruments evidencing interests in the foregoing; (ii) cash, Restricted Cash and Temporary Cash Investments; (iii) any assets related to intercompany loans, including Indebtedness and any import and export financing transactions; (iv) the Notes and other Indebtedness; and (v) other non-material assets and properties;
- (c) Incur any additional Indebtedness, except for additional Indebtedness that is permitted to be Incurred under “—Limitation on Indebtedness”;
- (d) create, assume, incur or suffer to exist any Lien upon any properties or assets whatsoever, except for Permitted Liens; and
- (e) enter into any consolidation, merger, amalgamation, joint venture, or other form of combination with any person, or sell, lease, convey or otherwise dispose of any of its assets or receivables, except to the extent that it complies with the conditions set forth in “—Consolidation, Merger, Conveyance, Sale or Lease” (substituting “Issuer” for “Obligor” therein).

In addition, the Company will covenant that the Issuer will continue to be Controlled by an Obligor.

Limitation on Restricted Payments

- (1) No Obligor will, nor will permit any Restricted Subsidiary, directly or indirectly, to:

(a) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Obligor or any Restricted Subsidiary) except dividends or distributions payable solely in the form of its Capital Stock (other than Disqualified Stock) and except dividends or distributions payable to such Obligor or any Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than such Obligor or any other Restricted Subsidiary, to its other shareholders on a *pro rata* basis);

(b) purchase, redeem, retire or otherwise acquire for value any Capital Stock of such Obligor held by Persons other than such Obligor or another Restricted Subsidiary (other than a purchase, redemption, retirement or other acquisition for value that would constitute a Permitted Investment);

(c) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than a payment of interest or the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Obligations made in anticipation of satisfying a sinking fund obligation, a principal installment or a final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition); or

(d) make any Investment (other than a Permitted Investment) in any Person;

(the actions described in clauses (a) through (d) above being herein referred to as “Restricted Payments” and each, a “Restricted Payment”), if at the time such Obligor or such Restricted Subsidiary makes such Restricted Payment:

(i) an Event of Default will have occurred and be continuing;

(ii) such Obligor is not able to Incur at least US\$1.00 of additional Indebtedness pursuant to clause (1) of “—Limitation on Indebtedness”; or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date would exceed the sum of, without duplication:

(A) 50% of the sum of the Consolidated Adjusted Net Income (Loss) for each Obligor accrued on a cumulative basis during the period (treated as one accounting period) beginning on April 1, 2020, and ending on the last day of the most recent fiscal quarter for which financial statements are required to be provided to the Trustee prior to the date of such Restricted Payment; *plus*

(B) the aggregate Net Cash Proceeds, and the Fair Market Value of any property, received by an Obligor from (i) an Eligible Equity Offering (for the avoidance of doubt, only to the extent that the proceeds of such Eligible Equity Offering have been received by an Obligor), (ii) the issue or sale of its Capital Stock (other than Disqualified Stock, unless such Disqualified Stock has been converted into Capital Stock of such Obligor that is not Disqualified Stock) or (iii) other capital contributions subsequent to the Issue Date (other than Net Cash Proceeds received from an issuance or sale of such Capital Stock to a Restricted Subsidiary of such Obligor); *plus*

(C) (1) the amount of a Guarantee of an Obligor or any Restricted Subsidiary upon the unconditional release in full of such Obligor or such Restricted Subsidiary from such Guarantee if such Guarantee was previously treated as a Restricted Payment; and

(2) in the event that an Obligor or any Restricted Subsidiary makes an Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to such Obligor’s or such Restricted Subsidiary’s existing Investment in such Person;

provided that any amount added pursuant to clauses (1) and (2) of this clause (C) shall not exceed the amount of such Guarantee or Investment, respectively, previously made and treated as a Restricted Payment; *provided, however*, that no amount will be included under this clause (C) to the extent it is already included in Total Net Income; *plus*

- (D) the amount by which Indebtedness of an Obligor or any Restricted Subsidiary is reduced on such Obligor's balance sheet or the balance sheet of any Restricted Subsidiary, in each case, upon the conversion or exchange (other than for Indebtedness held by such Obligor or any Restricted Subsidiary) subsequent to the Issue Date of any such Indebtedness for Capital Stock (other than Disqualified Stock) of such Obligor (less the amount of any cash or the Fair Market Value of other property distributed by such Obligor or any Restricted Subsidiary upon such conversion or exchange); *plus*
- (E) the amount equal to the cash return, or net reduction, of Investments (other than Permitted Investments) (including Investments in an Unrestricted Subsidiary) made by such Obligor or any Restricted Subsidiary in any Person resulting from repurchases or redemptions of such Investment by such Person, proceeds realized upon the sale of such Investment, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to such Obligor or any Restricted Subsidiary; *provided that* any amount added pursuant to this clause (E) shall not exceed the amount of such Investment previously made and treated as a Restricted Payment; *provided, further,* that no amount will be included under this clause (E) to the extent it is already included in the Total Net Income; *plus*
- (F) 100% of any dividends received by an Obligor or any of its Restricted Subsidiaries from an Unrestricted Subsidiary; *provided, however,* that no amount will be included under this clause (F) to the extent it is already included in the Total Net Income.

(2) The provisions of clause (1) above will not prohibit:

- (a) any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent issuance or sale of, Capital Stock of an Obligor (other than Disqualified Stock and other than Capital Stock issued or sold to a Restricted Subsidiary of such Obligor); *provided, however,* that (x) such Restricted Payment will be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above and (y) the Net Cash Proceeds from such sale of Capital Stock, to the extent such Net Cash Proceeds are used for such Restricted Payment, will be excluded from clause (1)(d)(iii)(B) of this covenant;
- (b) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations made in exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations that is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness"; *provided, however,* that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value will be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (c) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations owed to an Obligor or any of its Restricted Subsidiaries, the Incurrence of which was permitted under clause (2)(a) of the covenant described under "—Limitation on Indebtedness"; *provided, however,* that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value will be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (d) so long as no Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations at a purchase price of up to 101% of the principal amount thereof (together with accrued and unpaid interest) in the event of the occurrence of a Change of Control; *provided, however,* that prior to such purchase or redemption, an Obligor (or a third party to the extent permitted by the Indenture) has made the Change of Control Offer described under "—Repurchases at the Option of the Holders of the Notes Upon Change of Control" and has purchased all Notes validly tendered and not withdrawn pursuant thereto; and *provided further* that any such purchase shall not be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (e) dividends paid or distributions made after the date of declaration thereof if at such date of declaration such dividend or distribution would have complied with this covenant; *provided, however,* that the

payment or declaration, but not both the payment and the declaration, of such dividend will be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

- (f) so long as no Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations from Net Available Cash; *provided* that such Obligor has complied with the covenant described under “—Limitation on Sale of Assets”; *provided, further*, that such purchase or redemption shall be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (g) the declaration and payment by an Obligor of its respective Allowed Distribution, which shall be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (h) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof and cash payments in lieu of the issuance of fractional shares; *provided, however*, that such repurchases shall be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (i) payments of dividends on Disqualified Stock issued pursuant to the covenant described under “—Limitation on Indebtedness”; *provided, however*, that such payments shall be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (j) dividends or other distributions of, and any Restricted Payments made with, Capital Stock of an Unrestricted Subsidiary (or from the proceeds of a sale thereof); *provided, however*, that such payments shall be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (k) Restricted Payments that are made with Excluded Contributions, *provided however*, that such payments shall be excluded from the calculation of the amount of Restricted Payments pursuant to (1)(d)(iii) above;
- (l) dividends, loans, advances or distributions to any Parent Entity or other payments by an Obligor or any Restricted Subsidiary in amounts equal to (without duplication) the amounts required for any Parent Entity to pay any Parent Entity Expenses *provided* that any Restricted Payments made by an Obligor to a Parent Entity pursuant to this clause (k) may also be made proportionately to the other equity holders of the Company, FS S.A. or Affiliate Guarantor, as applicable, in accordance with applicable laws or regulations, *provided, further*, that such payments shall be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;
- (n) the distribution or dividend of assets or Capital Stock of any Person in connection with any full or partial “spin-off” of a Subsidiary or similar transactions; *provided* that (a) in connection with any full or partial “spin-off” or similar transactions of the Subsidiary that is an Obligor, such Obligor would, on the date of such distribution after giving *pro forma* effect thereto as if the same had occurred at the beginning of the applicable period of four consecutive fiscal quarters for which financial statements are available and delivered to the Trustee, (x) be permitted to incur at least US\$1.00 of Indebtedness pursuant to “—Limitation on Indebtedness” or (y) the Net Debt to EBITDA Ratio for the Obligors and their Restricted Subsidiaries would be equal to or less than such ratio for the Obligors and their Restricted Subsidiaries immediately prior to such transaction, and (b) for any full or partial “spin-off” or similar transactions of a Subsidiary that is not an Obligor, no Default has occurred and is continuing; and
- (o) other Restricted Payments in an aggregate amount not to exceed the greater of US\$35.0 million or 2.5% of Total Assets since the Issue Date; *provided, however*, that such payments shall be excluded from the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above.

For purposes of determining compliance with this covenant, in the event that a proposed Restricted Payment (or a portion thereof) meets the criteria of items (a) through (o) above and/or one or more of the clauses contained in the definition of “Permitted Investments,” or is entitled to be made pursuant to the first paragraph of this covenant, the applicable Obligor or Restricted Subsidiary will be entitled to divide or classify or later divide or reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment (or a portion thereof)

between such items (a) through (o) and such first paragraph and/or one or more of the clauses contained in the definition of “Permitted Investments,” in any manner that otherwise complies with this covenant.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred, issued, purchased, repurchased, redeemed, retired, defeased or otherwise acquired by an Obligor or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Unrestricted Subsidiaries may use value transferred from an Obligor or any Restricted Subsidiary in a Permitted Investment to purchase or otherwise acquire Indebtedness or Capital Stock of an Obligor, any parent entity or any Restricted Subsidiary, and to transfer value to the holders of the Capital Stock of such Obligor or Restricted Subsidiary or any parent entity and to Affiliates thereof, and such purchase, acquisition, or transfer will not be deemed to be a “direct or indirect” action by such Obligor or Restricted Subsidiary.

Limitation on Indebtedness

- (1) No Obligor will, nor will permit any of its respective Restricted Subsidiaries to, Incur any Indebtedness; *provided, however*, that an Obligor or any of its respective Restricted Subsidiaries may Incur Indebtedness if, on the date of such Incurrence and after giving effect thereto and the application of the proceeds therefrom, the Net Debt to EBITDA Ratio would be no greater than 3.0 to 1.0.
- (2) Notwithstanding clause (1) above, an Obligor or any of its respective Restricted Subsidiaries may Incur the following Indebtedness (“Permitted Indebtedness”):
 - (a) intercompany Indebtedness between or among an Obligor and any Restricted Subsidiary or between or among Restricted Subsidiaries; *provided, however*, that:
 - (i) if an Obligor or any Subsidiary Guarantor is the obligor on such Indebtedness Incurred and the obligee is a Person other than such Obligor or a Subsidiary Guarantor, such Indebtedness must be expressly subordinated in right of payment to the Notes; and
 - (ii) any subsequent issuance or transfer of Capital Stock or any other event that results in any such Indebtedness being held by a Person other than such Obligor or any of its Restricted Subsidiaries and any sale or other transfer of any such Indebtedness to a Person that is neither an Obligor nor a Restricted Subsidiary will be deemed, in each case, to constitute an Incurrence of such Indebtedness by such Obligor or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (a) at the time such event occurs;
 - (b) Indebtedness:
 - (i) represented by the Notes (other than any Additional Notes) and the Note Guarantees (including in respect of any Additional Notes);
 - (ii) outstanding on the Issue Date;
 - (iii) arising in connection with cash management transactions related to the proceeds of the Notes within 30 days of the Issue Date;
 - (iv) consisting of intercompany Indebtedness Incurred in connection with an Eligible Equity Offering; *provided* that (i) such Indebtedness must be expressly subordinated in right of payment to the Notes and have a Stated Maturity no earlier than the 91st day after the Maturity Date of the Notes, and (ii) any interest on such Indebtedness must be paid entirely by capitalizing accrued and unpaid interest and adding the same to the principal amount of such Indebtedness then outstanding (such Indebtedness, including any additional Indebtedness resulting from the payment of interest as described in clause (ii) above, the “Eligible Equity Offering Indebtedness”);

- (v) consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (b) or the foregoing clause (1); or
- (vi) consisting of Guarantees of any Indebtedness permitted under the Indenture;
- (c) (i) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by an Obligor (other than Indebtedness Incurred as consideration for, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary of, or was otherwise acquired by, such Obligor); *provided, however*, that on the date that such Restricted Subsidiary is acquired by such Obligor, (A) such Obligor, or Obligors, as the case may be, would have been able to Incur US\$1.00 of additional Indebtedness pursuant to clause (1) above or (B) such Obligor, or Obligors, as the case may be, would have a Net Debt to EBITDA Ratio not greater than the Net Debt to EBITDA Ratio prior to such Incurrence, in each case after giving effect to the Incurrence of such Indebtedness pursuant to this subclause (i); and
- (ii) Refinancing Indebtedness Incurred by an Obligor or a Restricted Subsidiary in respect of Indebtedness Incurred pursuant to this clause (c);
- (d) Indebtedness in respect of bankers' acceptances, deposits, promissory notes, letters of credit, self-insurance obligations, completion guarantees, performance, surety, appeal or similar bonds and Guarantees provided an Obligor or any Restricted Subsidiary in the ordinary course of its business securing the performance of contractual or license obligations of such Obligor or any Restricted Subsidiary or Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims or payment obligations with self-insurance or similar requirements in the ordinary course of business;
- (e) Purchase Money Indebtedness (including Capital Stock) and Capitalized Lease Obligations in an aggregate principal amount not to exceed at one time outstanding the greater of (i) US\$20.0 million and (ii) 5.0% of Total Assets, and Refinancing Indebtedness Incurred in respect of Indebtedness Incurred pursuant to this clause (e);
- (f) Hedging Obligations of an Obligor or any Restricted Subsidiary (entered into for non-speculative purposes) in the ordinary course of business or directly related to Indebtedness permitted to be Incurred by such Obligor or any Restricted Subsidiary pursuant to the Indenture and Refinancing Indebtedness Incurred by such Obligor or a Restricted Subsidiary in respect of Indebtedness Incurred pursuant to this clause (f);
- (g) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of an Obligor or any Restricted Subsidiary pursuant to such agreements, in any case Incurred in connection with the disposition of any business, assets or Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition), so long as the amount does not exceed the gross proceeds (including non-cash proceeds) actually received by such Obligor or any Restricted Subsidiary in connection with such disposition, *provided* that such Indebtedness is not reflected on the balance sheet of such Obligor or any Restricted Subsidiary;
- (h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of its Incurrence;
- (i) Indebtedness to the extent that the net proceeds thereof are promptly (i) deposited to defease or to satisfy and discharge or (ii) used to redeem in full the Notes or to purchase Notes tendered in a Change of Control Offer made as a result of a Change of Control Repurchase Event, in each case in accordance with the Indenture;

- (j) Indebtedness consisting of (i) the financing of insurance premiums, (ii) take or pay obligations contained in supply agreements in the ordinary course of business, or (iii) any advance, loan or extension of credit arising in connection with or to support the purchase of inventory, equipment, vehicles, supplies, inputs or activities and operations in the ordinary course of business;
 - (k) Indebtedness under one or more lines of credit or working capital facilities in an amount not to exceed the greater of US\$80.0 million and (ii) 10% of Total Assets;
 - (l) Indebtedness of an Obligor or any Restricted Subsidiary for taxes levied, assessments due, settlements and other governmental charges required to be paid as a matter of law or regulation in the ordinary course of business;
 - (m) Project Finance Indebtedness, which is not Guaranteed by any Restricted Subsidiaries at any time, and Refinancing Indebtedness Incurred by an Obligor or a Restricted Subsidiary in respect of Indebtedness Incurred pursuant to this clause (m); and
 - (n) Indebtedness in an aggregate principal amount at any time outstanding not to exceed the greater of (i) US\$20.0 million and (ii) 2.5% of Total Assets (or the equivalent amount thereof at the time of determination).
- (3) For purposes of determining compliance with this covenant:
- (a) in the event that an item of Indebtedness (or portion thereof) meets the criteria of more than one of the categories of Permitted Indebtedness or is entitled to be Incurred pursuant to clause (1) above, each Obligor, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness (or any portion thereof) at the time of Incurrence and will only be required to include the amount and type of such Indebtedness in one of such categories of Permitted Indebtedness or pursuant to clause (1) above; and
 - (b) each Obligor will be entitled to divide and classify, and from time to time may reclassify, an item of Indebtedness in more than one of the types of Indebtedness described above, including clause (1) above.

Notwithstanding any other provision of this covenant, no Obligor nor any Restricted Subsidiary shall, with respect to any outstanding Indebtedness Incurred, be deemed to be in violation of this covenant solely as a result of fluctuations in the exchange rates of currencies.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate determined on the date of Incurrence, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness, provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to Refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being Refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated calculated based on the relevant currency exchange rates as calculated in the first sentence of this paragraph.

The accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; *provided* that any such outstanding additional Indebtedness in respect of Indebtedness Incurred pursuant to any provision of clause (2) above will be counted as Indebtedness outstanding for purposes of any future Incurrence of Indebtedness pursuant to clause (1) above.

Limitation on Liens

No Obligor will, nor will permit any Restricted Subsidiary to, directly or indirectly, issue or assume any Indebtedness secured by a Lien (the “Initial Lien”) upon any property or assets of such Obligor or any Restricted Subsidiary (other than the Capital Stock of any Unrestricted Subsidiary) without effectively providing that the Notes (together with, if such Obligor so determines, any other Indebtedness or obligations then existing or thereafter created) shall be secured equally and ratably with (or prior to) such Indebtedness so long as such Indebtedness shall be so secured; *provided, however*, that any Lien created for the benefit of the holders of the Notes (and, if applicable, holders of such other Indebtedness or obligations) pursuant to the foregoing shall provide by its terms that such Lien will be automatically and unconditionally released and discharged upon release and discharge of the Initial Lien; except that the foregoing provisions shall not apply to (without duplication) any Permitted Lien.

Limitation on Sale of Assets

- (1) No Obligor will, nor will permit any Restricted Subsidiary to, make any Asset Sale unless the following conditions are met:
 - (a) The Asset Sale is for Fair Market Value;
 - (b) At least 75% of the consideration consists of (i) cash or Temporary Cash Investments or (ii) Productive Assets and/or (iii) Marketable Securities, in each case received at closing (for purposes of this clause (b), the assumption by the purchasers of Indebtedness or other obligations (other than Subordinated Obligations) of an Obligor or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received by an Obligor or any of its Restricted Subsidiaries from the purchasers that are converted into cash or Temporary Cash Investments within 180 days of the closing shall be considered to be cash received at closing);
 - (c) Within 365 days after the receipt of any Net Available Cash from an Asset Sale, the Net Available Cash may be used:
 - (i) to permanently repay Indebtedness, other than Subordinated Obligations, of an Obligor or any Restricted Subsidiary (and in the case of a revolving credit, permanently reduce the commitment thereunder by such amount), in each case owing to a Person other than an Obligor or any Restricted Subsidiary;
 - (ii) to acquire (or within such 365-day period, such Obligor shall have made a good faith determination to acquire or make capital expenditures, which acquisition shall be consummated, or capital expenditure shall be made prior to the second anniversary of such Asset Sale) (i) all or substantially all of the assets of a Related Business, or a majority of the Voting Stock of another Person that thereupon becomes a Restricted Subsidiary engaged in a Related Business, or to make capital expenditures or otherwise acquire long-term assets that are to be used in a Related Business; or (ii) Productive Assets for such Obligor, or any other Obligor, or any of their respective Restricted Subsidiaries;
 - (iii) to acquire Productive Assets for such Obligor, or any other Obligor, or any Restricted Subsidiary; or
 - (iv) any combination of (i), (ii) and (iii), *provided* that pending the final application of any such Net Available Cash in accordance with this clause (c), such Obligor, or such Restricted Subsidiary may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture; and
 - (d) The Net Available Cash of an Asset Sale not applied (or determined by such Obligor, or Obligors, as the case may be, to be applied) pursuant to paragraph (c) above within 365 days of the Asset Sale shall constitute “Excess Proceeds.” Excess Proceeds of less than US\$25.0 million (or the equivalent thereof at the time of determination) will be carried forward and accumulated. When accumulated Excess Proceeds

equals or exceeds US\$25.0 million, an Obligor shall, within 30 days, make an Asset Sale Offer (as defined in clause (2) below) to purchase Notes having a principal amount equal to:

- the accumulated Excess Proceeds, *multiplied by*
- a fraction (x) the numerator of which is equal to the then outstanding principal amount of the Notes and (y) the denominator of which is equal to the then outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

Upon completion of the Asset Sale Offer, Excess Proceeds will be reset at zero and such Obligor or Restricted Subsidiary shall be entitled to use any remaining proceeds for any corporate purposes to the extent permitted under the Indenture.

- (2) (a) In the event of an Asset Sale that requires the purchase of Notes pursuant to clause (1)(d) above, an Obligor will make an offer (an “Asset Sale Offer”) to purchase Notes (and any other *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale), at a purchase price, in U.S. dollars, of 100% of their principal amount (or such lesser amount required in the case of any other Senior Indebtedness) plus accrued and unpaid interest (including Additional Amounts, if any) thereon, to, but excluding, the date of purchase, and (b) if the aggregate purchase price of the Notes (and any other such Indebtedness) tendered pursuant to the Asset Sale Offer exceeds the Net Available Cash allotted to their purchase, such Obligor shall select the Notes and other Senior Indebtedness to be purchased on a *pro rata* basis but in round denominations, which in the case of the Notes will be denominations of US\$1,000 or multiples thereof; *provided* that after a purchase from a holder in part, such holder shall hold US\$200,000 in principal amount of Notes or a multiple of US\$1,000 in excess thereof.
- (3) Such Obligor will comply, to the extent applicable, with the requirements of Section 14(e)-1 of the Exchange Act and any other applicable securities laws or regulations in connection with any repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, such Obligor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Limitation on Transactions with Affiliates

No Obligor will, nor will permit any Restricted Subsidiary to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each, an “Affiliate Transaction”), unless:

- (a) the Affiliate Transaction is on terms that are no less favorable to such Obligor or the relevant Restricted Subsidiary, taken as a whole, than those that would have been obtained in a comparable arm’s-length transaction by such Obligor or such Restricted Subsidiary with a Person that is not an Affiliate; and
- (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions in excess of US\$10.0 million (or the equivalent thereof at the time of determination), such Obligor delivers to the Trustee prior to it or the Restricted Subsidiary entering into such Affiliate Transaction an Officer’s Certificate stating that such Affiliate Transaction complies with this covenant.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (i) transactions (x) between or among an Obligor and any Restricted Subsidiary or any other Obligor, or (y) between or among two or more Restricted Subsidiaries;
- (ii) the payment of reasonable and customary regular fees to directors of an Obligor who are not employees of such Obligor or its Restricted Subsidiaries;

- (iii) transactions or payments (including loans and advances) pursuant to an employee, officer or director compensation or benefit plan, customary indemnifications or arrangements or reimbursement of expenses entered into in the ordinary course of business, on market terms and consistent with past practice or industry norms;
- (iv) any agreement in effect as of the Issue Date or any amendment, supplement, restatement, replacement, renewal, extension, refinancing thereof or thereto (so long as the renewed or replaced agreement, when taken as a whole, is not materially more disadvantageous to the Holders than such original agreement in effect on the Issue Date) or any transaction contemplated thereby;
- (v) any issuance or sale of Capital Stock of an Obligor (other than Disqualified Stock);
- (vi) Permitted Investments and Restricted Payments that are permitted by the provisions of the covenant described under “—Limitation on Restricted Payments”;
- (vii) the provision of administrative services to any joint venture or Unrestricted Subsidiary on substantially the same terms provided to or by Restricted Subsidiaries;
- (viii) payments to or from, and transactions with, any joint venture or Unrestricted Subsidiary in the ordinary course of business or consistent with past practice or industry norm (including, without limitation, any intercompany cash management arrangements and activities related thereto);
- (ix) any Sale and Leaseback Transaction otherwise permitted under the caption “—Limitation on Sale and Leaseback Transactions” if such transaction is on market terms; and
- (x) (A) transactions with customers, clients, distributors, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and on market terms, or (B) transactions with joint ventures or other similar arrangements entered into in the ordinary course of business, on market terms and consistent with past practice or industry norms.

Limitation on Sale and Leaseback Transactions

No Obligor will, nor will permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless:

- (a) either such Obligor or such Restricted Subsidiary would be entitled:
 - (i) pursuant to the provisions of the covenant described under “— Limitation on Indebtedness” above, to Incur Indebtedness in a principal amount equal to or exceeding the Attributable Debt in respect of such Sale and Leaseback Transaction; and
 - (ii) pursuant to the provisions of the covenant described under “— Limitation on Liens” above, to Incur a Lien to secure such Indebtedness;
- (b) the net proceeds received by such Obligor or such Restricted Subsidiary in connection with such Sale and Leaseback Transaction are at least equal to the Fair Market Value of such property; and
- (c) such Obligor or such Restricted Subsidiary applies the proceeds of such Sale and Leaseback Transaction in compliance with the covenant described under “— Limitation on Sales of Assets.”

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

No Obligor will, nor will permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on the Capital Stock of the Restricted Subsidiary owned by an Obligor or any other Restricted Subsidiary to such Obligor or any Restricted Subsidiary;

- (2) pay any Indebtedness owed to such Obligor or any Restricted Subsidiary;
- (3) make loans or advances to such Obligor or any Restricted Subsidiary; or
- (4) transfer any of its properties or assets to such Obligor or any Restricted Subsidiary.

However, the preceding restrictions will not apply to encumbrances or restrictions:

- (i) existing under or by reason of applicable law or governmental rule, regulation or order;
- (ii) existing with respect to any Person, or on any property or assets acquired from a Person which is acquired by or merged with or into an Obligor or any Restricted Subsidiary, or by reason of any Liens on the property or assets, or relating to the Indebtedness, of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary, or restriction relating to Indebtedness of any such Person and, in any such case, is not created as a result of or in connection with or in anticipation of any such transaction; *provided* that such Liens and any extensions, renewals, replacements or refinancing thereof may not extend to any other property owned by such Obligor or any Restricted Subsidiary; *provided further* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the holders of the Notes than the encumbrances or restrictions being extended, renewed, replaced or refinanced;
- (iii) existing under or by reason of Liens permitted to be incurred under the provisions of the covenant described under “—Limitation on Liens” and associated agreements that limit the right of the debtor to dispose of the assets subject to such Liens;
- (iv) on any property or assets existing at the time of acquisition thereof and which are not created as a result of or in connection with or in anticipation of such acquisition; *provided* that such encumbrances and restrictions and any extensions, renewals, replacements or refinancing thereof may not extend to any other property owned by such Obligor or any Restricted Subsidiary; *provided further* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the holders of the Notes than the encumbrances or restrictions being extended, renewed, replaced or refinanced;
- (v) in the case of clause (4) above, arising or agreed to in the ordinary course of business:
 - (a) that exist by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of an Obligor or any Restricted Subsidiary not otherwise prohibited by the Indenture;
 - (b) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract or contractual right; or
 - (c) imposed by Purchase Money Indebtedness for property acquired in the ordinary course of business or by Capitalized Lease Obligations permitted under the Indenture on the property so acquired, but only to the extent that such encumbrances or restrictions restrict the transfer of the property;
- (vi) imposed by the standard loan documentation in connection with loans from (i) *Banco Nacional de Desenvolvimento Econômico e Social—BNDES* (including loans from *Financiadora de Estudos e Projetos—FINEP*) or any other Brazilian governmental development bank (including, without limitation, *Fundo de Desenvolvimento do Centro Oeste—FDCO*), credit agency or other entity, or (ii) the International Finance Corporation or any other international or multilateral development bank, government sponsored agency, export-import bank or official export-import credit insurer to any Restricted Subsidiary;

- (vii) imposed with respect to a Restricted Subsidiary pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary that is permitted by the covenant described under the heading “—Limitation on Sales of Assets,” whether or not pending the closing of such sale or disposition;
- (viii) with respect to a Restricted Subsidiary and imposed pursuant to a customary provision in a joint venture or other similar agreement with respect to such Restricted Subsidiary that was entered into in the ordinary course of business;
- (ix) required pursuant to the Indenture; or
- (x) existing on the Issue Date and any amendments, extensions, renewals, replacements or refinancing thereof; provided that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the holders of the Notes than the encumbrances or restrictions being extended, renewed, replaced or refinanced.

Consolidation, Merger, Conveyance, Sale or Lease

No Obligor will consolidate with or merge into another Person or sell, convey, transfer, or otherwise dispose of or lease all or substantially all of its assets (determined on a consolidated basis) to any Person, or permit any Person to merge with or into such Obligor, unless:

- (a) (i) such Obligor is the continuing Person or (ii) the resulting, surviving or transferee Person (the “Successor Company”) is organized and existing under the laws of Brazil, the United States of America, any state thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD) and expressly assumes by supplemental indenture, executed and delivered to the Trustee, in form as set forth in the Indenture or as otherwise satisfactory to the Trustee, all of the obligations of such Obligor under the Indenture and the Note Guarantees;
- (b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;
- (c) immediately after giving effect to such transaction, on a *pro forma* basis, such Obligor or the Successor Company, or such Obligors, as the case may be, (i) could Incur at least US\$1.00 of Indebtedness under clause (1) of the covenant described under “—Limitation on Indebtedness” above or (ii) would have a Net Debt to EBITDA Ratio less than or equal to that of such Obligor immediately prior to such transaction;
- (d) such Obligor (unless it is the other party to the transactions above, in which case clause (a) above shall apply) shall have by supplemental indenture confirmed that its Note Guarantee shall apply to such Person’s obligations in respect of the Indenture and the Notes unless such Guarantor’s then existing Note Guarantee remains in full force and effect; and
- (e) such Obligor has delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the Indenture and that all conditions precedent therein relating to such transaction have been complied with;

provided that clauses (b) and (c) shall not apply to (1) the consolidation or merger of (x) such Obligor with or into a Restricted Subsidiary, (y) a Restricted Subsidiary with or into such Obligor, or (z) an Obligor with or into another Obligor; or (2) the sale, conveyance, transfer, disposition or lease of all or substantially all assets of (x) an Obligor to a Restricted Subsidiary, (y) a Restricted Subsidiary to an Obligor, or (z) an Obligor to another Obligor.

None of the Subsidiary Guarantors shall, and each Obligor will not cause or permit any Subsidiary Guarantor to, consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person (other than an Obligor or any Restricted Subsidiary) unless:

- (1) (x) the resulting, surviving or transferee Person (if not such Subsidiary Guarantor) shall be a Person organized and existing under the laws of the jurisdiction under which such Subsidiary Guarantor was organized or under the laws of Brazil, or any political subdivision thereof, the United States of America or any state thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD), and (y) such Person shall expressly assume, by supplemental indenture, all the obligations of such Subsidiary Guarantor, if any, under such Note Guarantee;
- (2) immediately after giving effect to such transaction or transactions on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and
- (3) such Obligor delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such guarantee agreement, if any, and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with the Indenture;

provided, however, that the provisions of this paragraph shall not apply if such Subsidiary Guarantor is released from its Note Guarantee pursuant to clause (i) or (ii) of the last paragraph set forth under the caption "—Note Guarantees" as a result of such sale, disposition, consolidation, amalgamation or merger.

Notwithstanding the restriction described in clause (b) and (c) of the first paragraph of this covenant or clause (2) of the second paragraph of this covenant, any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to an Obligor, an Obligor may merge into a Restricted Subsidiary so long as the resulting entity remains or becomes an Obligor, and any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to another Restricted Subsidiary, in which case such clauses, and only these clauses, will not apply.

Other Covenants

In addition, the Indenture will (subject to exceptions, qualifications and materiality thresholds, where appropriate) contain covenants regarding permitted lines of business, the performance of the Obligors' obligations under the Notes, maintenance of corporate existence, maintenance of properties, compliance with applicable laws, payment of taxes and other claims, maintenance of books and records, notices of certain events and further actions.

Substitution of the Issuer

The Issuer may, without the consent of any holder of the Notes, be substituted by (a) an Obligor or (b) any Wholly-Owned Subsidiary of an Obligor as principal debtor in respect of the Notes (in that capacity, the "Substituted Issuer"), *provided that* the following conditions are satisfied:

- (1) such documents will be executed by the Substituted Issuer, the Issuer, the Company and the Trustee as may be necessary to give full effect to the substitution, including a supplemental indenture under which the Substituted Issuer assumes all of the Issuer's obligations under the Indenture and the Notes, and, unless the Guarantors' then existing guarantees remain in full force and effect, substitute guarantees issued by the Guarantors in respect of the Notes (collectively, the "Issuer Substitution Documents");
- (2) the Issuer Substitution Documents will contain covenants (i) to ensure that each holder and beneficial owner of the Notes has the benefit of a covenant in terms corresponding to the obligations of the Issuer in respect of the payment of Additional Amounts (but, if relevant, replacing references to the jurisdiction in which the Issuer is organized or resident for tax purposes with references to the jurisdiction in which the Substituted Issuer is organized or resident for tax purposes), and (ii) to indemnify each holder and beneficial owner of the Notes against all taxes and duties that (a) arise by reason of a law or regulation in effect or in reasonable contemplation thereof on the effective date of the substitution that are incurred or levied against such holder or beneficial owner of the Notes as a result of the substitution and that would not have been so incurred or levied had the substitution not been made, and (b) are imposed on such

holder or beneficial owner of the Notes by any political subdivision or taxing authority of any country in which such holder or beneficial owner resides or is subject to any such tax or duty and that would not have been so imposed had the substitution not been made;

- (3) the Issuer will deliver, or cause the delivery, subject to any applicable legal reservation, to the Trustee of an Opinion of Counsel in the jurisdiction of organization of the Substituted Issuer, Luxembourg and the United States as to the validity, legally binding effect and enforceability of the Issuer Substitution Documents and specified other legal matters, as well as an Officer's Certificate as to compliance with the provisions described under this section;
- (4) no Event of Default has occurred or is continuing;
- (5) the substitution will comply with all applicable requirements under the laws of the jurisdiction of organization of the Substituted Issuer, Luxembourg and Brazil; and
- (6) the Substituted Issuer shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Issuer Substitution Documents.

Upon the execution of the Issuer Substitution Documents, any substitute guarantees and compliance with the other conditions set forth above, the Substituted Issuer will be deemed to be named in the Indenture and the Notes as the principal debtor in place of the Issuer and the Issuer will be released from all of its obligations under the Notes and the Indenture.

Not later than 10 (ten) Business Days after the execution of the Issuer Substitution Documents, the Substituted Issuer will give notice thereof to the holders of the Notes.

Notwithstanding any other provision of the Indenture, the Company will (unless it is the Substituted Issuer) do or cause to be done all acts and things and promptly execute and deliver any documents or instruments, including any substitute guarantees and a legal opinion of internationally recognized Brazilian or Luxembourg counsel, that may be required, or that the Trustee may reasonably request, to ensure that the Guarantors' guarantees are in full force and effect for the benefit of the holders and beneficial owners of the Notes following the substitution.

Reports

The Company shall furnish to the Trustee and the holders of Notes:

- (1) within 75 days after the end of the first, second and third quarters of the Company's fiscal year, quarterly unaudited financial statements for such period of each of the Obligors and their respective consolidated Subsidiaries prepared in English on a combined basis in accordance with Accounting Principles.
- (2) within 120 days after the end of the fiscal year of the Company, annual audited consolidated financial statements for such fiscal year of each of the Obligors and their respective consolidated Subsidiaries prepared in English on a combined basis in accordance with Accounting Principles.

If the Company makes available the reports described above on its website and notifies the Trustee in writing thereof, the Company will be deemed to have satisfied this reporting requirement. If, at any time, the Obligors no longer prepare and present their financial results through combined financial statements, all references to "combined" shall be replaced with references to "consolidated."

In addition, the Issuer, the Company and each other Obligor, as the case may be, will make the information and reports available to securities analysts and prospective investors upon request. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports shall not constitute constructive or actual notice or knowledge of any information contained therein or determinable from information contained therein, including the Issuer's, the Obligors' or any other Person's compliance with any of its covenants under the Indenture or the Notes (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Issuer's, the Obligor's or any other Person's compliance with the covenants described above or with respect to any reports or other documents filed under the Indenture. Without limiting the foregoing, delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Suspension of Covenants

If on any date following the Issue Date:

(1) the Notes have been assigned an Investment Grade Rating by any two Rating Agencies; and

(2) no Default shall have occurred and be continuing (the occurrence of each of (1) and (2) under this "—Suspension of Covenants" section, a "Covenant Suspension Event"),

then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions will automatically, without any notice of any kind, be suspended (and the Issuer, the Obligor and their Subsidiaries will have no obligation or liability whatsoever with respect to such covenants):

- (a) "—Limitation on Restricted Payments";
- (b) "—Limitation on Indebtedness";
- (c) "—Limitation on Transactions with Affiliates";
- (d) "—Limitation on Sales of Assets";
- (e) "—Limitation on Sale and Leaseback Transactions";
- (f) "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries"; and
- (g) clause (3) of the first paragraph of "—Consolidation, Merger, Conveyance, Sale or Lease."

Clauses (a) through (g) above are collectively referred to as the "Suspended Covenants."

If, during any period in which the Suspended Covenants are suspended (the "Suspension Period"), the Notes cease to have an Investment Grade Rating by two Rating Agencies (the "Reversion Date"), the Suspended Covenants will thereafter be reinstated and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain an Investment Grade Rating by any two Rating Agencies (in which event the Suspended Covenants will again be suspended for such time that the Notes maintain an Investment Grade Rating by any two Rating Agencies); *provided, however*, that no Default or breach or violation of any kind will be deemed to exist under the Indenture, the Notes or any Note Guarantee with respect to the Suspended Covenants (whether during the period when the Suspended Covenants were suspended or thereafter) based on, and none of the Issuer, the Obligor or any of its Restricted Subsidiaries will bear any liability (whether during the period when the Suspended Covenants were suspended or thereafter) for, any actions taken or events occurring after the Notes attain an Investment Grade Rating by any two Rating Agencies and before any reinstatement of the Suspended Covenants as provided above, or any actions taken at any time (whether during the period when the Suspended Covenants were suspended or thereafter) pursuant to any contractual obligation arising prior to the reinstatement, regardless of whether those actions or events would have been permitted if the applicable Suspended Covenant had remained in effect during such period.

On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be classified to have been Incurred pursuant to paragraph (1) of "—Limitation on Indebtedness" or one of the clauses set forth in paragraph (b) thereto (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and

after giving effect to the Indebtedness Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be permitted to be Incurred pursuant to “—Limitation on Indebtedness,” such Indebtedness be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (2)(b)(ii) of “—Limitation on Indebtedness.”

The Issuer shall give the Trustee written notice of any Covenant Suspension Event and in any event not later than five Business Days after such Covenant Suspension Event has occurred. In the absence of such notice, the Trustee shall assume the Suspended Covenants apply and are in full force and effect. The Issuer shall give the Trustee written notice of any occurrence of a Reversion Date not later than five Business Days after such Reversion Date. After any such notice of the occurrence of a Reversion Date, the Trustee shall assume the Suspended Covenants apply and are in full force and effect. In no event shall the Trustee be responsible for monitoring the investment rating of the Notes.

Events of Default

An Event of Default with respect to the Notes is defined in the Indenture as being a:

- (1) default for 30 days in payment of any interest or Additional Amounts on the Notes when the same becomes due and payable;
- (2) default in payment of principal of or premium, if any, on the Notes when the same becomes due and payable, at maturity, upon optional redemption, upon required purchase, upon declaration of acceleration or otherwise;
- (3) failure by an Obligor or the Issuer to comply with the provisions described under “—Restrictive Covenants— Consolidation, Merger, Conveyance, Sale or Lease”;
- (4) default in the performance, or breach, of (a) the provisions described under “—Reports”, which failure is continuing for a period of 90 days (and may be cured by filing, furnishing or making available, as applicable, the delinquent report within such 90-day period), or (b) any other covenant or obligation in the Indenture and continuance of such default or breach for a period of 60 consecutive days after written notice specifying such default or breach is given to the Issuer and/or such Obligor by the Trustee or to the Issuer and/or such Obligor and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes;
- (5) failure by an Obligor or the Issuer, as the case may be, to either (x) issue an irrevocable notice to holders of the 2025 Notes of the redemption in full of the 2025 Notes (the “2025 Notes Redemption Notice”) or (y) eliminate the Collateral Package, in each case, by no later than December 31, 2024, being understood that in the event that the 2025 Notes Redemption Notice is delivered within the deadline set forth above, an Event of Default will only be deemed to have occurred if such 2025 Notes are not redeemed in full on or prior to March 1, 2025;
- (6) default (including non-payment at maturity) by an Obligor or any Significant Subsidiary under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by an Obligor or any Significant Subsidiary (or the payment of which is Guaranteed by such Obligor or any Significant Subsidiary) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:
 - (A) is caused by a failure to pay principal of or interest or premium (or Additional Amounts) on such Indebtedness within any applicable grace period (a “Payment Default”); or
 - (B) results in the acceleration of such Indebtedness prior to its Stated Maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US\$30.0 million (or its equivalent in other currencies at the time of determination) or more;

- (7) any final judgment or order for the payment of money in excess of US\$30.0 million (or its equivalent in other currencies at the time of determination) is rendered against the Issuer, any Obligor or any Significant Subsidiary and such judgment or order is not paid (whether in full or if there is a failure to pay installments in accordance with the terms of the judgment aggregating in excess of US\$30.0 million) or otherwise discharged and remains unstayed for a period of 60 days after such judgment becomes final and non-appealable;
- (8) any involuntary case or other proceeding is commenced against any the Issuer, any Obligor or any Significant Subsidiary with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, *administrador judicial*, liquidator, custodian or other similar official of it or any substantial part of its assets, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or a non-appealable final order for relief is entered against any the Issuer any Obligor or any Significant Subsidiary under relevant bankruptcy laws as now or hereafter in effect;
- (9) the Issuer, any Obligor or any Significant Subsidiary (i) commences a voluntary case or other proceeding seeking liquidation, dissolution, reorganization, *recuperação judicial* or *extrajudicial* or other relief with respect to itself or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, *administrador judicial*, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, any Obligor or any Significant Subsidiary or for all or substantially all of the assets of the Issuer, any Obligor or any such Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors;
- (10) any event occurs that under the laws of Luxembourg or Brazil or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of clause (9) or (10);
- (11) any Note Guarantee ceases to be valid or in full force and effect, other than in accordance with the terms of the Indenture, or any of the Obligors or any other Guarantor denies or disaffirms its obligations under the Notes; or
- (12) all or substantially all of the assets and revenues of an Obligor or any of its Significant Subsidiaries, taken as a whole, is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or such Obligor or any Significant Subsidiary is prevented by any such Person for a period of 60 consecutive days or longer from exercising normal control over all or substantially all of the assets and revenues of such Obligor or any of its Restricted Subsidiaries, taken as a whole.

Within ten Business Days after the Issuer or any Obligor obtaining actual knowledge of any Default or Event of Default that has occurred and is still continuing, the Issuer or such Obligor will deliver to the Trustee written notice of such Default or Event of Default, its status and what action the Issuer or such Obligor, as the case may be, is taking or proposing to take in respect thereof. The Indenture provides that the Trustee may withhold notice to the holders of the Notes of any Default or Event of Default (except in payment of principal of, or interest or premium (and Additional Amounts), if any, on the Notes) if the Trustee in good faith determines that it is in the interest of the holders of the Notes to do so. The Indenture provides that, if an Event of Default (other than an Event of Default involving a bankruptcy, insolvency or similar event in respect of the Issuer or any Obligor) with respect to the Notes specified therein shall have happened and be continuing, either the Trustee or the holders of at least 25% in aggregate principal amount of the Notes, by written notice to the Issuer (and to the Trustee if notice is given by the holders), may declare the principal amount of (and interest on) all the Notes to be due and payable immediately. The Indenture provides that if an Event of Default involving a bankruptcy, insolvency or other similar event in respect of the Issuer or any Obligor shall have happened, the principal amount of all the Notes will be immediately due and payable without notice or any other act on the part of the Trustee or any holder of the Notes. However, if the Issuer or any Obligor, as applicable, cures all Defaults (except the nonpayment of principal of and accrued interest or premium (and Additional Amounts) on Notes at maturity or which shall become due by acceleration) and certain other conditions are met, including the deposit with the Trustee of a sum sufficient to pay all sums paid or advanced

by the Trustee and the reasonable fees, expenses, disbursements and advances of the Trustee, its agents and counsel incurred in connection with such Event of Default, such declaration may be rescinded and annulled by the holders of not less than a majority in aggregate principal amount of the Notes. In addition, past Defaults with respect to the Notes may be waived by the holders of not less than a majority in aggregate principal amount of the Notes except (i) a Default in the payment of principal of (or premium, if any) or interest or premium (and Additional Amounts), if any, on any Note or (ii) in respect of a provision of the Indenture which cannot be amended without the consent of the holder of each outstanding Note affected thereby.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will not be under any obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of the Notes, unless such holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee. Subject to such provision for indemnification, the holders of a majority in principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Notes, *provided* that the Trustee is offered indemnity or security satisfactory to it; *provided*, further that the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine that the action so directed conflicts with any law or the provisions of the Indenture, if the Trustee shall determine that such action would be prejudicial to holders of the Notes not taking part in such direction or if the Trustee determines in good faith that such action would involve the Trustee in personal liability.

No holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

- (1) such holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes;
- (2) the holders of not less than 25% in principal amount of the outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee thereunder;
- (3) such holder or holders have offered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;
- (4) the Trustee within 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the outstanding Notes,

it being understood and intended that no one or more of such holders shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such holders, or to obtain or to seek to obtain priority or preference over any other of such holders or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all such holders.

Notwithstanding any of the foregoing, a notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default or notice of acceleration with respect the Notes can only be given by the holders of the Notes (or any other action taken on the assertion of any Default) within two years after any action taken, and reported publicly or to holders of the Notes, that would cause such notice to be sent. In no event shall the foregoing derogate or impair the right of the Trustee to rely on instructions from the holders in accordance with the provisions of the Indenture. For the avoidance of doubt, the Trustee shall not have any responsibility for determining compliance with any such two year limitation or enforcing such two year limitation.

Notwithstanding any other provision of the Indenture, the holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and interest (and Additional Amounts), if any, on such Note and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such holder.

The Trustee shall not be deemed to have notice of any Default or Event of Default unless written notice of any event which is in fact such a default is received by a responsible officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and the Indenture.

Modification of the Indenture

The Indenture contains provisions permitting the Issuer and the Trustee, with the consent of the holders of a majority in aggregate in principal amount of the outstanding Notes, to modify the Indenture or any supplemental indenture or the rights of the holders of the Notes; *provided* that without the consent of the holder of each outstanding Note affected thereby (with respect to any Notes held by a non-consenting holder) no such modification shall:

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the Stated Maturity of any Note;
- (3) reduce the rate of or extend the time for payment of interest on any Notes;
- (4) make any Notes payable in money other than that stated in the Notes or at a place of payment other than that stated in the Notes;
- (5) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of the Notes to receive payments of principal of, or interest or premium on, the Notes;
- (6) amend, change or modify the obligation of the Issuer to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with the covenant described under the caption “— Restrictive Covenants—Limitation on Sales of Assets” after the obligation to make such Asset Sale Offer has arisen; or the obligation of the Issuer to make and consummate a Change of Control Offer in the event of a Change of Control Repurchase Event in accordance with the covenant described under the caption “—Repurchases at the Option of the Holders of the Notes upon Change of Control Repurchase Event” after such Change of Control Repurchase Event has occurred, including, in each case, amending, changing or modifying any definition relating thereto;
- (7) reduce any premium and Additional Amounts with respect to any Note; or
- (8) amend or modify any payment provision of the Note Guarantees or the Notes by the Issuer or any Guarantor that would adversely affect holders of the Notes.

The Indenture provides that Notes owned by the Issuer, the Guarantors or any of their Affiliates shall be deemed not to be outstanding for, among other purposes, consenting to any modification.

Notwithstanding the preceding, without the consent of any holder of the Notes, the Issuer, the Trustee and, if applicable, the Guarantors may amend or supplement the Indenture, the Notes or any Note Guarantees:

- (1) to cure any ambiguity, defect or inconsistency, in a manner that is not materially adverse to the interests of the holders of the Notes;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes; *provided that* uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code;
- (3) to provide for the assumption of the Issuer’s or a Guarantor’s obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer’s or such Guarantor’s assets, as applicable;

- (4) to make any change (i) that would provide any additional rights or benefits to the holders of Notes or (ii) that would not adversely affect the legal rights under the Indenture of any such holder in any material respect;
- (5) to conform the text of the Indenture, the Note Guarantees or the Notes to any provision of this “Description of the Notes”;
- (6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture; or
- (7) to allow any Guarantor or a new Subsidiary Guarantor to execute a supplemental Indenture with respect to a Note Guarantee and/or a Note Guarantee with respect to the Notes.

The Trustee shall receive an Officer’s Certificate and Opinion of Counsel stating that all conditions precedent to any modification of the Indenture, have been met and that such modification is authorized and permitted under the Indenture.

After any amendment described herein becomes effective, the Issuer will mail to the holders of the Notes a notice in accordance with the procedure set forth in “—Notices” briefly describing such amendment. However, the failure to give notice to all holders of the Notes, or any defect therein, will not impair or affect the validity of the amendment.

No Liability of Directors, Officers, Employees, Incorporators, Members and Stockholders

No past, present or future director, officer, partner, employee, incorporator, member or stockholder of the Issuer, an Obligor or any of its Subsidiaries shall have any liability for any obligations of the Issuer, an Obligor or any of its Subsidiaries under the Notes (including any Additional Notes), the Note Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes, by accepting a Note, waives and releases all such liability. Such waivers and releases are part of the consideration for issuance of the Notes. This waiver may not be effective to waive liabilities under U.S. securities laws or under Luxembourg law, and it is the view of the SEC that such a waiver is against public policy.

Listing

Application will be made for the listing and quotation of the Notes on the Singapore Stock Exchange, and the Issuer will use commercially reasonable efforts to obtain and maintain listing of the Notes on the Singapore Stock Exchange; however, the Notes are not yet listed and the Issuer cannot assure the holders of the Notes that they will be accepted for listing or that the listing will be maintained. The Notes will be traded in a minimum board lot size of US\$200,000 as long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require.

Trustee

The Bank of New York Mellon is the Trustee, Registrar, Paying Agent and Transfer Agent under the Indenture. The Issuer and the Obligors may have normal banking relationships with the Trustee and its affiliates in the ordinary course of business. So long as no Default has occurred and is continuing, the Issuer may remove the Trustee and promptly appoint a successor trustee, which shall comply, at the time of the appointment, with the eligibility requirements set forth in the Indenture. Upon delivery of the written acceptance of appointment by the successor trustee to the retiring trustee and to the Issuer, the removal of the retiring trustee shall become effective, and the successor trustee shall have all the rights, powers and duties of the Trustee under the Indenture. The successor trustee shall send a notice of its succession to the holders of the Notes. The retiring trustee shall promptly transfer all property held by it as Trustee to the successor trustee.

Singapore Listing Agent and Singapore Paying Agent

For so long as the Notes are listed on the Singapore Stock Exchange, at least one paying agent in Singapore will be appointed and maintained where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for Certificated Notes. In the event that a Global Note is exchanged for

Certificated Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore. The Issuer will maintain such agencies so long as the Notes are listed on the Singapore Stock Exchange and the rules of the exchange so require.

Notices

The Indenture contains certain notice provisions, including notice requirements to the Trustee, the holders of the Notes and, to the extent required, to the Singapore Stock Exchange, or such other exchange on which the Notes may be listed.

Neither the failure to give any notice to a particular holder of Notes, nor any defect in a notice given to a particular holder of Notes, will affect the sufficiency of any notice given to another holder of Notes.

Satisfaction and Discharge

The Indenture will be discharged and (together with all Note Guarantees) will cease to be of further effect as to all Notes issued thereunder, when:

- (1) (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or
- (b) all Notes that have not been delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of a redemption by the Trustee and, in each case, the Issuer, the Guarantors or any Restricted Subsidiary has irrevocably deposited or caused to be deposited with the Trustee as funds in trust solely for the benefit of the holders, cash in U.S. dollars and/or U.S. Government Obligations, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;
- (2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Issuer, the Guarantors or any Significant Subsidiary is a party or by which the Issuer, the Guarantors or any Significant Subsidiary is bound;
- (3) the Issuer, the Guarantors or any Restricted Subsidiary has paid or caused to be paid all other sums payable by it under the Indenture; and
- (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Defeasance

The Issuer and the Guarantors, at the Issuer's option:

- (1) will be discharged from any and all obligations in respect of the Notes and the Note Guarantees (except in each case for certain obligations, including to register the transfer or exchange of Notes, replace stolen, lost or mutilated Notes, maintain paying agencies and hold moneys for payment in trust), or

- (2) need not comply with certain covenants of the Indenture and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the Notes and the Note Guarantees

if the Issuer irrevocably deposits with the Trustee, in trust:

- money, or
- in certain cases, U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount, or
- a combination thereof,

which, in the opinion of a certified public accounting firm of national reputation, is in each case sufficient to pay and discharge the principal and interest, if any, on the outstanding Notes on the dates such payments are due, in accordance with the terms of the Notes, to, but excluding, the redemption date irrevocably designated by the Issuer pursuant to the final sentence of this section on the day on which payments are due and payable in accordance with the terms of the Indenture and of the Notes.

To exercise any such option, the Issuer is required to deliver to the Trustee:

- (a) an opinion of recognized U.S. counsel independent of the Issuer to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit, defeasance and discharge of certain obligations, which in the case of clause (1) above must be based on a change in law or a ruling by the U.S. Internal Revenue Service; and
- (b) an Opinion of Counsel and an Officer's Certificate as to compliance with all conditions precedent provided for in the Indenture relating to the satisfaction and discharge of the Notes.

If the Issuer has deposited or caused to be deposited money or U.S. Government Obligations to pay or discharge the principal of (and premium, if any) and interest, if any, on the outstanding Notes to and including a redemption date on which all of the outstanding Notes are to be redeemed, such redemption date shall be irrevocably designated by the Issuer on or prior to the date of deposit of such money or U.S. Government Obligations, and such designation shall be accompanied by an irrevocable request from the Issuer that the Trustee give notice of such redemption in the name and at the expense of the Issuer not less than 30 nor more than 60 days prior to such redemption date in accordance with the Indenture.

Governing Law; Consent to Jurisdiction; Service of Process and Currency Indemnity

The Indenture and the Notes provide that they will be governed by, and construed in accordance with, the laws of the State of New York. Articles 470-1 to 470-19 (both inclusive) of the Luxembourg law of 10 August 1915, as amended, shall not apply to the Notes or the Indenture.

Each of the Issuer and each Guarantor has each consented to the non-exclusive jurisdiction of the courts of the State of New York and the United States courts located in the Borough of Manhattan, New York City, New York with respect to any action that may be brought in connection with the Indenture or the Notes and have irrevocably appointed Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168, as agent for service of process.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due under the Indenture, the Notes or the Note Guarantees to the holder of a Note from U.S. dollars into another currency, the Issuer and the Guarantors have agreed, and each holder by holding such Note will be deemed to have agreed, to the fullest extent that the Issuer, the Guarantors and they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures such holder could purchase U.S. dollars with such other currency in New York City, New York on the day two Business Days preceding the day on which final judgment is given.

The Issuer's and each Guarantor's obligation in respect of any sum payable by it to the holder of a Note shall, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to

the extent that on the Business Day following receipt by the holder of such Note of any sum adjudged to be so due in the judgment currency, the holder of such Note may, in accordance with normal banking procedures, purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to the holder of such Note in the judgment currency (determined in the manner set forth in the preceding paragraph), each of the Issuer and each Guarantor agrees, jointly and severally, as a separate obligation and notwithstanding any such judgment, to indemnify the holder of such Note against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to the holder of such Note, such holder agrees to remit to the Issuer or the relevant Guarantor such excess, provided that such holder shall have no obligation to remit any such excess as long as the Issuer or such relevant Guarantor shall have failed to pay such holder any obligations due and payable under such Note, in which case such excess may be applied to the Issuer's and each Guarantor's obligations under such Note in accordance with the terms thereof.

Certain Definitions

Set out below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms as well as any other capitalized terms used herein for which no definition is provided. Unless the context otherwise requires, an accounting term not otherwise defined has the meaning assigned to it under and in accordance with IFRS.

“2025 Indenture” means the indenture, dated as of December 15, 2020, amended as of July 5, 2022 and supplemented as of July 12, 2022, between the Issuer, the Obligors, The Bank of New York Mellon, as trustee, registrar, transfer agent and paying agent, and TMF Brasil Administração e Gestão de Ativos Ltda., as collateral agent, pursuant to which the 2025 Notes were issued.

“2025 Notes” means all outstanding 10.00% senior secured notes due 2025 issued by the Issuer under the 2025 Indenture.

“Accounting Principles” means either IFRS or, alternatively, Brazilian GAAP, as may be required for the preparation of combined financial statements, in each case together with their pronouncements thereon, applied on a consistent basis.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time the Person merges with or into or becomes a Subsidiary and not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Subsidiary.

“Additional Amounts” has the meaning given to it under “—Additional Amounts.”

“Additional Notes” has the meaning given to it under “—General.”

“Advance Transaction” means an advance from a financial institution involving either (a) a foreign exchange contract (ACC – *Adiantamento sobre Contrato de Câmbio*) or (b) an export contract (ACE – *Adiantamento sobre Cambiais Entregues*). For the avoidance of doubt, Advance Transactions will not be deemed to be transactions secured by receivables.

“Affiliate” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control,” when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Guarantor” means any Affiliate of the Company that has executed a supplemental indenture pursuant to the provisions under “—Note Guarantees,” and has become a Guarantor pursuant to the terms of the Indenture, and its respective successors under the Indenture.

“Allowed Distribution” means, for any Person and any period of reference, an amount of up to 25% of its Consolidated Adjusted Net Income (Loss), which may be paid in the form of dividends or interest on shareholders' equity.

“Asset Sale” means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by an Obligor or any Restricted Subsidiary outside the ordinary course of business, including any disposition by means of a merger, consolidation, or similar transaction (each referred to for the purposes of this definition as a “disposition”), of:

- (1) any shares of Capital Stock of a Restricted Subsidiary (other than directors’ qualifying shares or shares required by applicable law to be held by a Person other than an Obligor or a Restricted Subsidiary);
- (2) all or substantially all the assets of any division or line of business of an Obligor or any Restricted Subsidiary; or
- (3) any other assets of an Obligor or any Restricted Subsidiary outside of the ordinary course of business of such Obligor or such Restricted Subsidiary,

provided, however, that Asset Sale will not include:

- (a) a disposition by a Restricted Subsidiary to an Obligor or another Restricted Subsidiary or by an Obligor to a Restricted Subsidiary or an Obligor;
- (b) a Permitted Investment or a Restricted Payment that does not violate the covenant described under “—Restrictive Covenants—Limitation on Restricted Payments”;
- (c) the disposition of assets in any fiscal year of the Obligors with a Fair Market Value not to exceed US\$5.0 million in the aggregate (or the equivalent thereof at the time of determination) (with unused amounts in any fiscal year being carried over to the next succeeding fiscal year);
- (d) a disposition of obsolete equipment or other obsolete assets or other property which is no longer useful for the Obligors or any Restricted Subsidiary in the ordinary course of their respective business;
- (e) the disposition of all or substantially all of the assets of an Obligor or a Restricted Subsidiary in a manner permitted under the covenant described under “—Restrictive Covenants—Consolidation, Merger, Conveyance, Sale or Lease” or any disposition that constitutes a Change of Control;
- (f) the disposition of assets in a Sale-Leaseback Transaction, in a manner permitted under the covenant described under “—Restrictive Covenants—Limitation on Sale and Leaseback Transactions”;
- (g) the Incurrence of any Lien permitted by the covenant described under “—Restrictive Covenants—Limitation on Liens” (but not the sale or disposition of the property subject to such Lien);
- (h) the issuance of Disqualified Stock permitted by the covenant described under “—Restrictive Covenants—Limitation on Indebtedness”;
- (i) any surrender or waiver of contract rights pursuant to a settlement, release, recovery on or surrender of contract, tort or other claims of any kind;
- (j) sales, transfers or other dispositions of assets for non-cash consideration at least equal to the Fair Market Value (as certificated in an Officer’s Certificate) of such assets, to the extent that such non-cash consideration would constitute Productive Assets;
- (k) the disposition of any shares of Capital Stock of an Unrestricted Subsidiary; or
- (l) the sale or other disposition of Temporary Cash Investments.

“Asset Sale Offer” has the meaning given to it under “—Restrictive Covenants—Limitation on Sales of Assets.”

“Attributable Debt” in respect of a Sale and Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate implicit in the Sale and Leaseback Transaction) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended).

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act.

“Board of Directors” means, with respect to any Person, the board of directors or any governing body of such Person or any committee thereof duly authorized to act on behalf of the board of directors of such Person, or similar governing body of such Person, including any managing partner or similar entity of such Person.

“Brazil” means The Federative Republic of Brazil and any branch of power, ministry, department, authority or statutory corporation or other entity (including a trust) owned or controlled directly or indirectly by it or any of the foregoing or created by law as a public entity.

“Brazilian GAAP” means generally accepted accounting principles adopted in Brazil, together with their pronouncements thereon.

“Brazilian Guarantor” means a Guarantor that is incorporated or organized under the laws of Brazil.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in the City of New York, São Paulo, Lucas do Rio Verde or Luxembourg are authorized or required by law to close.

“Capital Stock” of any Person means any and all quotas, shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated, whether voting or non-voting) equity of such Person, including any Preferred Stock and partnership interests, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligation” means, with respect to any Person, any lease of any property which, in conformity with IFRS, is required to be capitalized on the balance sheet of such Person, except for any lease that would, solely due to the implementation of IFRS 16, be accounted for as a finance or capital lease; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“Change of Control” means, with respect to any of the Obligor:

- (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), other than one or more Permitted Holders, acquiring or controlling:
 - (i) more than 50% of the voting power of the Voting Stock of such Obligor; or
 - (ii) the right to appoint and/or remove all or the majority of the members of such Obligor’s Board of Directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting power, contract or otherwise; or
- (b) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of each of the Obligor and their Restricted Subsidiaries taken as a whole to any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), unless holders of a majority of the aggregate voting power of the Voting

Stock of each of the Obligors and their Restricted Subsidiaries, immediately prior to such transaction, hold securities of the surviving or transferee “person” or “group” that represent, immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving “person” or “group.”

“Change of Control Offer” has the meaning given to it under “—Repurchases at the Option of the Holders of the Notes upon Change of Control Repurchase Event.”

“Change of Control Payment Date” has the meaning given to it under “—Repurchases at the Option of the Holders of the Notes upon Change of Control Repurchase Event.”

“Change of Control Repurchase Event” means the occurrence of both a Change of Control and a Rating Decline.

“Code” has the meaning given to it under “—Additional Amounts.”

“Collateral Package” means the Liens in favor of the holders of the 2025 Notes and other parties to the 2025 Indenture on all the assets and properties securing obligations under the 2025 Notes, the 2025 Indenture and associated agreements.

“Company” means FS Indústria de Biocombustíveis Ltda. on a stand-alone basis and its successors under the Indenture.

“Consolidated Adjusted Net Income (Loss)” means, for any reference period, the aggregate net income (or loss) of an Obligor and its respective Restricted Subsidiaries for such period, determined on a consolidated basis, in conformity with IFRS; *plus* (i) any non-cash finance costs resulting from foreign exchange losses for such period, and (ii) the consolidated gain (loss) from the sale of non-controlling interests in Subsidiaries (without duplication to the extent already included in the consolidated net income (loss) for such period); *provided* that the net income (or loss) of any Person that is not a Restricted Subsidiary will be included only to the extent of the amount of dividends or distributions paid in cash by such Person to such Obligor or a Restricted Subsidiary (without duplication to the extent already included in the consolidated net income (or loss) of such Obligor for such period).

“Control” means, with respect to any Person, possession, directly or indirectly, of (a) at least a majority of all voting shares of Capital Stock of such Person, (b) the voting power to elect or cause the election of at least a majority of the board of directors of such Person, and (c) the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Corporate Trust Office” means the principal corporate trust office of the Trustee in New York, New York, which at the date hereof is 240 Greenwich Street, 7E, New York City, New York 10286, Attention: Corporate Trust, or such other office at such address as the Trustee may designate from time to time by notice to the Holders and the Issuer, or the principal corporate trust office of any successor Trustee (at such other address as such successor Trustee may designate from time to time by notice to the Holders and the Issuer).

“Covenant Suspension Event” has the meaning given to it under “—Suspension of Covenants.”

“Default” means any event which is an Event of Default or which, after notice or passage of time or both, would be an Event of Default.

“Disqualified Stock” means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or
- (3) is redeemable at the option of the holder thereof, in whole or in part,

in each case on or prior to the 91st day after the Stated Maturity of the Notes; *provided, however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the 91st day after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the comparable provisions of the Indenture.

“DTC” means The Depositary Trust Company.

“Eligible Equity Offering” means the issuance and sale for cash of Capital Stock (other than Disqualified Stock) of an Obligor, the Issuer, or a Parent Entity to any Person (other than a Restricted Subsidiary) pursuant to a public offering in accordance with applicable laws, rules and regulations (including a concurrent private offering in accordance with Rule 144A, Regulation S or another exemption from registration under the Securities Act).

“Eligible Equity Offering Indebtedness” has the meaning given to it under “—Limitation on Indebtedness.”

“Event of Default” has the meaning given to it under “—Events of Default.”

“Excluded Contribution” means Net Cash Proceeds or Marketable Securities, in each case received by an Obligor or any Restricted Subsidiary from:

- (1) contributions to its common equity capital;
- (2) dividends, distributions, fees and other payments from any Unrestricted Subsidiaries or joint ventures or Investments in entities that are not Restricted Subsidiaries; and
- (3) the sale (other than to a Subsidiary or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of an Obligor or any Subsidiary) of Capital Stock of an Obligor (other than Disqualified Stock);

in each case designated as Excluded Contributions pursuant to an Officer’s Certificate on the date such capital contributions are made or the date such Equity Interests are sold, as the case may be.

“Exchange Act” means the United States Securities and Exchange Act of 1934, as amended.

“Fair Market Value” of any property, asset, share of Capital Stock, other security, Investment or other item of any Person means, on any date, the fair market value of such property, asset, share of Capital Stock, other security, Investment or other item on that date as determined in good faith by the management of such Person.

“Financing Documents” means, collectively, the following documents: (a) the Indenture; (b) the Notes; (c) the Note Guarantees; and (d) each other agreement or instrument designated as a “Financing Document” by the Issuer, the Guarantors and the Trustee (acting pursuant to the written direction of the Holders of a majority in principal amount of the Notes), from time to time.

“Fitch” means Fitch, Inc., d/b/a Fitch Ratings and its successors.

“Global Notes” has the meaning given to it under “Form of the Notes.”

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of any Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

- (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a correlative meaning.

“Guarantor” has the meaning given to it under “—General.”

“Hedging Obligations” of any Person means the obligations of such Person under any agreement relating to any swap, option, forward sale, forward purchase, index transaction, cap transaction, floor transaction, collar transaction or any other similar transaction, in each case, for purposes of hedging or capping against inflation, interest rates, currency or commodities price fluctuations.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board.

“Incur” means issue, assume, Guarantee, incur or otherwise become liable for Indebtedness or Capital Stock; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person is merged or consolidated with an Obligor or becomes a Subsidiary of such Obligor (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time of such merger or consolidation or at the time it becomes a Subsidiary of such Obligor. The term “Incurrence” when used as a noun shall have a correlative meaning. Neither the accretion of principal of a non-interest bearing or other discount security nor the capitalization of interest on Indebtedness shall be deemed the Incurrence of Indebtedness.

“Indebtedness” means, with respect to any Person on any date of determination (without duplication):

- (1) the principal in respect of indebtedness of such Person for borrowed money;
- (2) the principal and premium, if any, in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables arising in the ordinary course of business), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto;
- (4) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such Person, such as import tax credits and import transactions, to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);
- (5) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (but excluding, in each case, any accrued dividends);
- (6) all Capitalized Lease Obligations and all Attributable Debt of such Person;
- (7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of Indebtedness of such Person shall be the lesser of:
 - (a) the Fair Market Value of such asset at such date of determination; and
 - (b) the amount of such Indebtedness of such other Persons;

- (8) to the extent not otherwise included in this definition, all Hedging Obligations of such Person; and
- (9) all obligations of the type referred to in clauses (1) through (8) above of other Persons that is Guaranteed by such Person to the extent so Guaranteed;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS.

For the avoidance of doubt, “Indebtedness” shall not include any advances made by or on behalf of customers for products already shipped but not yet invoiced by an Obligor or any Restricted Subsidiary in the ordinary course of their respective business.

“Indenture” has the meaning given to it in the first paragraph of this “Description of the Notes.”

“Initial Lien” has the meaning given to it under “—Restrictive Covenants—Limitation on Liens.”

“Interest Payment Date” means each February 12 and August 12 of each year, commencing on August 12, 2024.

“Investment” in any Person means any direct or indirect advance, loan (other than advances to customers or suppliers in the ordinary course of business that are recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the applicable lender) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. For purposes of the definition of “Unrestricted Subsidiary” and the covenant described under “—Restrictive Covenants—Limitation on Restricted Payments”:

- (1) Investment shall include the portion (proportionate to an Obligor’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of such Obligor at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that, upon a redesignation of such Subsidiary as a Restricted Subsidiary, such Obligor shall be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to:
 - (a) such Obligor’s Investment in such Subsidiary at the time of such redesignation, *minus*
 - (b) the portion (proportionate to such Obligor’s equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and
- (2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

“Investment Grade Rating” means a rating equal to or higher than (a) BBB-, by Fitch or S&P and (b) Baa3, by Moody’s.

“Issue Date” means February 12, 2024.

“Issuer Substitution Documents” has the meaning given to it under “—Substitution of the Issuer.”

“Lien” means any mortgage, pledge, fiduciary assignment or transfer, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“Luxembourg” means the Grand Duchy of Luxembourg.

“Marketable Securities” means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a corporation with debt securities rated at least “AA-” from S&P or “Aa3” from Moody’s.

“Maturity Date” has the meaning given to it under “—Principal, Maturity and Interest.”

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Available Cash” from an Asset Sale means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale or received in any other non-cash form) therefrom, in each case *minus*:

- (1) all legal fees and expenses, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability in accordance with IFRS, as a consequence of such Asset Sale;
- (2) all payments, including any prepayment premiums or penalties, made on any Indebtedness that is secured by any assets subject to such Asset Sale, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law be repaid out of the proceeds from such Asset Sale;
- (3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale; and
- (4) appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the property or other assets disposed of in such Asset Sale and retained by an Obligor or any Restricted Subsidiary after such Asset Sale.

“Net Cash Proceeds” with respect to any issuance or sale of Capital Stock or sale or other disposition of any Investment, means the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees and expenses actually Incurred in connection with such issuance or sale and net of taxes paid or payable in connection with such issuance, sale or disposition.

“Net Debt to EBITDA Ratio” means, on any date of determination, (i) Total Net Indebtedness *divided by* (ii) Total EBITDA for the period of four consecutive fiscal quarters ending on or most recently prior to such date, in each case for which financial statements are available and delivered to the Trustee; *provided, however*, that:

- (a) if during such period an Obligor or any Restricted Subsidiary shall have made any Asset Sale, the Total EBITDA for such period shall be reduced by an amount equal to the Total EBITDA directly attributable to the assets that are the subject of such Asset Sale for such period; *provided that pro forma* effect shall be given to the proceeds applied of the Asset Sale as if the event had occurred on the first day of such period;
- (b) if during such period an Obligor or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that is merged with or into such Obligor or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, Total EBITDA for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period;
- (c) if during such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into an Obligor or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Sale or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (a) or (b) above if made by an Obligor or a Restricted Subsidiary during

such period, Total EBITDA for such period shall be calculated after giving *pro forma* effect thereto as if such Asset Sale, Investment or acquisition of assets occurred on the first day of such period; and

- (d) *pro forma* effect shall be given to any Indebtedness Incurred (or repaid) since the most recently quarterly balance sheet of each of the Obligor and their respective consolidated Restricted Subsidiaries on a consolidated basis, prepared on a combined basis (only if and for as long as the Obligor prepare and present their financial results through combined financial statements) or on a consolidated basis, as the case may be, in conformity with Accounting Principles.

To the extent that *pro forma* effect is to be given, such *pro forma* calculation will be (i) based upon the most recent four full fiscal quarters for which the relevant financial information is available, and (ii) determined in good faith by a financial or accounting officer of such Obligor.

“Note Guarantee” means a Guarantee of the Notes by any Guarantor pursuant to the Indenture.

“Notes” has the meaning given to it in the first paragraph of this “Description of the Notes.”

“Obligor” has the meaning given to it in the first paragraph of this “Description of the Notes.”

“Officer’s Certificate” means a certificate signed by any of the chief executive officer, the chief operating officer, the chief financial officer, the chief accounting officer, the treasurer, a director, the general counsel or any vice president (or any equivalent of the foregoing) of such Person, and delivered to the Trustee.

“Opinion of Counsel” means a written opinion from legal counsel who may be an employee of counsel to the Issuer, the Company, FS S.A. or the Affiliate Guarantor, as applicable, which opinion shall be reasonably satisfactory to the Trustee.

“Parent Entity” means any Controlling Person of the Company, FS S.A., any Affiliate Guarantor and their Wholly Owned Subsidiaries.

“Parent Entity Expenses” means:

- (a) costs (including all professional fees and expenses) incurred by any Parent Entity in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, including in respect of any reports filed or delivered with respect to applicable laws or the respective rules and regulations promulgated thereunder;
- (b) customary indemnification obligations of any Parent Entity owing to directors, officers, employees or other Persons under its articles, charter, by-laws, partnership agreement or other constituent documents or pursuant to written agreements with any such Person;
- (c) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to any Obligor and its Subsidiaries;
- (d) (x) general corporate overhead expenses, including professional fees and expenses and (y) other operational expenses, in each case, of any Parent Entity related to the ownership or operation of the business of any Obligor or any of its Subsidiaries;
- (e) expenses incurred by any Parent Entity in connection with any securities offering, sale, conversion or exchange of Capital Stock or Indebtedness; and
- (f) tax liabilities of any Parent Entity or holders of its Capital Stock to the extent such tax liabilities are directly attributable to the results of operations of an Obligor or any of its Restricted Subsidiaries; *provided* that such Obligor or such Restricted Subsidiary is able to incur at least US\$1.00 of additional Indebtedness pursuant to clause (1) of “—Limitation on Indebtedness,” *provided, further*, that such Obligor or such Restricted Subsidiary may pay to such Parent Entity during a given calendar

year the amounts related to such tax liabilities incurred in the prior calendar year or due in the current calendar year.

“Payment Default” has the meaning given to it under “—Events of Default.”

“Permitted Financial Institution” means any of (i) Morgan Stanley & Co. LLC or any of its affiliates, or (ii) any other financial institution, or any of its respective affiliates, regulated by the Brazilian Central Bank or the United States Federal Reserve.

“Permitted Holder” means Summit Brazil Renewables I, LLC (or a successor thereof) or any Affiliate thereof.

“Permitted Investment” means:

- (1) an Investment by an Obligor or any Restricted Subsidiary in an Obligor or any Restricted Subsidiary;
- (2) an Investment by an Obligor or any Restricted Subsidiary in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, an Obligor or a Restricted Subsidiary or becomes a Restricted Subsidiary;
- (3) Temporary Cash Investments;
- (4) any Investment acquired from a Person which is merged with or into an Obligor or any Restricted Subsidiary, or any Investment of any Person existing at the time such Person becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction;
- (5) stocks, obligations or securities received in settlement of (or foreclosure with respect to) debts created in the ordinary course of business and owing to an Obligor or any Restricted Subsidiary or in satisfaction of judgments or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;
- (6) any Investment existing on, or made pursuant to written agreements existing on, the Issue Date or an Investment consisting of an extension, modification or renewal of any Investment in existence on the Issue Date; *provided* that such Investment does not increase the aggregate amount of the Investment so extended, modified or renewed except by an amount equal to any premium or other reasonable amount paid in respect of the underlying obligations and fees and expenses incurred in connection with such replacement, refinancing or refunding;
- (7) Hedging Obligations permitted under clause (2)(f) of the covenant described under “—Restrictive Covenants—Limitation on Indebtedness”;
- (8) Guarantees of Indebtedness permitted under the covenant described under “—Restrictive Covenants— Limitation on Indebtedness”;
- (9) Investments which are made exclusively with Capital Stock of an Obligor or a Restricted Subsidiary (other than Disqualified Stock);
- (10) any acquisition and holding of (a) Brazilian federal and state tax credits acquired solely to pay amounts owed by an Obligor to Brazilian tax authorities and (b) discounted obligations of any Brazilian governmental authority acquired solely to pay tax amounts owed by such Obligor to such Brazilian governmental authority;
- (11) Investments received as, or made as a result of receipt of, non-cash consideration from an Asset Sale that was made in compliance with the covenant described in “—Restrictive Covenants—Limitation on Sales of Assets”;

- (12) receivables owing to an Obligor or any of its Restricted Subsidiaries, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided* that such trade terms may include such trade terms as such Obligor or such Restricted Subsidiary deems reasonable under the circumstances;
- (13) any advance, loan or extension of credit arising in connection with or to support the purchase of inventory, equipment, vehicles, supplies, inputs or activities and operations in the ordinary course of business;
- (14) loans and advances pursuant to any employee, officer or director compensation or benefit plans, customary indemnifications or arrangements entered into the ordinary course of business; *provided, however*, that such loans and advances do not exceed US\$2.0 million at any time outstanding in one or a series of related transactions;
- (15) Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations;
- (16) Investments in one or more joint ventures, Project Finance Companies or non-Wholly Owned Subsidiaries (or minority investments) of an Obligor or any Restricted Subsidiaries, in each case having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding, that does not exceed the greater of (i) US\$20.0 million (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value) and (ii) 5.0% of Total Assets;
- (17) equity contributions or any other Investments by an Obligor or any Restricted Subsidiary in one or more Project Finance Companies, so long as (i) no Default or Event of Default shall have occurred or be continuing after giving *pro forma* effect to such Investment and (ii) after giving *pro forma* effect to such Investment, the Obligors are able to Incur at least US\$1.00 of Indebtedness pursuant to “—Limitation on Indebtedness”;
- (18) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph under “—Limitation on Transactions with Affiliates”;
- (19) repurchases of the Notes and the related Note Guarantees; and
- (20) additional Investments by the Obligors or any of their Restricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (22) that are at the time outstanding, not to exceed the greater of US\$50.0 million or 7.5% of Total Assets at the time of such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

“Permitted Liens” means:

- (1) Liens which secure only Indebtedness owing by any Restricted Subsidiary to an Obligor and/or by an Obligor to one or more Restricted Subsidiaries;
- (2) Liens on any property or assets acquired from a Person which is merged with or into an Obligor or any Restricted Subsidiary, or any Liens on the property or assets of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction; *provided* that such Liens may not extend to any other property owned by such Obligor or any Restricted Subsidiary;
- (3) Liens securing Acquired Indebtedness Incurred in accordance with “—Restrictive Covenants—Limitation on Indebtedness” not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided that* (a) such Liens secured such Acquired

Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by an Obligor or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of, such Acquired Indebtedness by such Obligor or a Restricted Subsidiary; and (b) such Liens do not extend to or cover any property of such Obligor or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of such Obligor or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by such Obligor or a Restricted Subsidiary;

- (4) any Lien on any property or assets existing at the time of acquisition thereof by an Obligor or any Restricted Subsidiary and which is not created as a result of or in connection with or in anticipation of such acquisition; *provided* that such Liens may not extend to any other property owned by such Obligor or any Restricted Subsidiary;
- (5) Liens for taxes, assessments, governmental charges, levies or claims which are not yet due or thereafter can be paid without penalty or are being contested in good faith by appropriate proceedings and for which such reserves or other appropriate provisions, if any, have been established as required by IFRS;
- (6) pledges or deposits in connection with workers' compensation laws, unemployment insurance laws or similar legislation, any deposit to secure appeal bonds in proceedings being contested in good faith to which an Obligor or any Restricted Subsidiary is a party, good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Obligor or any Restricted Subsidiary is a party or deposits for the payment of rent, in each case made in the ordinary course of business;
- (7) any Lien in favor of issuers of surety or performance bonds or letters of credit issued pursuant to the request of and for the account of an Obligor or any Restricted Subsidiary-in the ordinary course of business;
- (8) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens and other similar Liens, on the property or assets of an Obligor or any Restricted Subsidiary arising in the ordinary course of business and securing payment of obligations that are not yet due or are being contested in good faith by appropriate proceedings;
- (9) minor easements, rights of way, restrictions, defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of an Obligor or any Restricted Subsidiary, and any leases and subleases of real property that do not interfere with the ordinary conduct of the business of an Obligor or any Restricted Subsidiary, and which are made on customary and usual terms applicable to similar properties;
- (10) Liens arising solely by virtue of any statutory or common law provision or general terms and conditions of the account bank or depository relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; *provided*, however, that such deposit account is not a dedicated cash collateral account and is not intended by an Obligor or any Restricted Subsidiary to provide collateral to such depository institution;
- (11) Liens granted to secure borrowing from, directly or indirectly, (i) *Banco Nacional de Desenvolvimento Econômico e Social—BNDES* (including loans from *Financiadora de Estudos e Projetos—FINEP*) or any other Brazilian governmental development bank (including, without limitation, *Fundo de Desenvolvimento do Centro Oeste—FDCO*), credit agency or other entity, or (ii) the International Finance Corporation or any other international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer;
- (12) judgment Liens not giving rise to an Event of Default so long as such Lien is bonded in accordance with applicable law and any appropriate legal proceedings which may have been duly initiated for the

review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

- (13) Liens on property, equipment or assets (including Capital Stock) of any Person that secure Indebtedness Incurred solely for the purpose of financing all or any part of the purchase price or cost of construction or improvement of such property, equipment or asset, *provided* that (a) the aggregate principal amount of Indebtedness secured by the Liens will not exceed (but may be less than) the purchase price or cost of the property or assets so acquired, constructed or improved, and (b) the Lien is Incurred before, or within 365 days after the completion of, such acquisition, construction or improvement and does not encumber any other property or assets of an Obligor or any Restricted Subsidiary of such Obligor; and *provided, further*, that to the extent that (a) the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the Person so acquired, or (b) the property acquired, constructed or improved is a plant, the Lien also may encumber other existing plants;
- (14) any Lien securing Indebtedness, including Project Finance Indebtedness, for the purpose of financing all or part of cost of the acquisition, construction or development of a project; *provided* that the Liens in respect of such Indebtedness are limited to assets (including Capital Stock of the project entity) and/or revenues of such project; and *provided, further*, that the Lien is Incurred before, or within 365 days after the completion of, that acquisition, construction or development and does not apply to any other property or assets of an Obligor or any Restricted Subsidiary of such Obligor;
- (15) Liens in existence on the Issue Date;
- (16) any Lien securing Hedging Obligations so long as such Hedging Obligations are entered into for bona fide, non-speculative purposes, or securing letters of credit that support such Hedging Obligations;
- (17) any Lien on inventory, cash, receivables and related assets of an Obligor or any Restricted Subsidiary securing the obligations of such Person under any credit facility, lines of credit or working capital facility or in connection with any structured export or import financing or other trade transaction in the ordinary course of business; *provided* that (x) the aggregate amount of receivables securing such Indebtedness shall not exceed 80% of the total gross revenues of each of the Obligors and their respective consolidated Restricted Subsidiaries, for the most recently concluded period of four consecutive fiscal quarters, prepared on a combined basis (only if and for as long as the Obligors prepare and present their financial results through combined financial statements) or on a consolidated basis, as the case may be, in conformity with Accounting Principles; and (y) Advance Transactions will not be deemed transaction secured by receivables for the purpose of the above calculation;
- (18) any Lien under mandatory law relating to taxes, social security charges or employee payments;
- (19) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the clauses (2), (3), (4), (13) or (14) above or of any Indebtedness secured thereby, *provided* that the principal amount of Indebtedness secured by any such extension, renewal or replacement shall not exceed the principal amount of Indebtedness so secured at the time it was initially Incurred (plus premiums, interest and reasonable expenses incurred in connection therewith), and that such extension, renewal or replacement Lien shall be limited to all or part of the property which secured the Lien extended, renewed or replaced (plus improvements on or additions to such property), *provided, further*, that this clause (19) shall not apply to any Indebtedness secured by Liens referred to in clause (14) that is repaid or retired with the proceeds from, or concurrently with, the issuance of the Notes;
- (20) Liens securing Indebtedness of (i) any joint venture, Project Finance Companies, non-Wholly Owned Subsidiaries (or minority investments) of an Obligor or any Restricted Subsidiary, or (ii) any Unrestricted Subsidiary, *provided* that the principal amount of Indebtedness secured in reliance of this clause (20) do not exceed the greater of US\$5.0 million or 5% of Total Assets; and

- (21) other Liens securing Indebtedness, which in aggregate principal amount, at any time of determination, do not exceed 10.0% of Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Preferred Stock,” as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Productive Assets” means:

- (1) any property or assets (including capital stock or its substantial equivalent or other Investments), that are used or usable by an Obligor and its Restricted Subsidiaries in Related Businesses;
- (2) Capital Stock or its substantial equivalent or other Investments that represent direct, or indirect (via a holding company), ownership or other interests held by an Obligor or any Restricted Subsidiary in entities engaged in Related Businesses;
- (3) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by an Obligor or another Restricted Subsidiary; or
- (4) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

“Project Finance Indebtedness” means any Indebtedness:

- (1) which is issued, borrowed or raised (other than Indebtedness Incurred by an Obligor) to finance the ownership, acquisition, construction, development and/or operation of an asset or project where there is no recourse whatsoever for repayment thereof other than:
 - (a) recourse solely to the cash flow or net cash flow from such asset or project (including insurance proceeds); and/or
 - (b) recourse, for the purpose only of enabling amounts to be claimed in respect of such Indebtedness, solely to such asset or project or the income, cash flow or other proceeds deriving therefrom, provided that the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement; and
- (2) with respect to which (as expressly shall be set forth in the relevant instruments governing such Indebtedness):
 - (a) none of the Obligors or their Restricted Subsidiaries other than the borrower of the Indebtedness (i) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (ii) is directly or indirectly liable as a guarantor or otherwise, or (iii) constitutes the lender; and
 - (b) no default (including any rights that the holders thereof may have to take enforcement action against the obligor thereof) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of any of the Obligors or their Restricted Subsidiaries other than the borrower of the Indebtedness to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity.

“Project Finance Company” means any Person (a) that is formed or acquired for the sole purpose of (x) acquiring, developing, financing and operating the infrastructure and capital projects of such Person or (y) owning

or financing any such Person described in clause (x), (b) that has no Indebtedness other than Project Finance Indebtedness, or Subordinated Obligations, *provided* that if such Project Finance Indebtedness is a Permitted Investment, Permitted Lien, or Indebtedness of an Obligor or any Restricted Subsidiary, the holding of such Project Finance Indebtedness shall not affect the designation of such Person as a Project Finance Company; (c) with respect to which neither an Obligor nor any Restricted Subsidiary has any direct or indirect obligation to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating an Obligor or any Restricted Subsidiary; *provided* that any newly-acquired or created Subsidiary of an Obligor or of any Restricted Subsidiary that is designated as a Project Finance Company, shall be considered an Unrestricted Subsidiary, regardless of any other requirement.

"Property" means any land, buildings and other improvements, machinery and equipment located therein.

"Purchase Money Indebtedness" means Indebtedness:

- (1) consisting of the deferred purchase price of an asset, conditional sale obligations, obligations under any title retention agreement and other purchase money obligations; or
- (2) Incurred to finance all or any part of the purchase price, or other cost of construction or improvement, of any property;

provided, however, that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such asset or property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) of such Indebtedness at the time it was initially Incurred (or if issued with original issue discount, the aggregate accreted value at the time of Refinancing), *plus*, in either case, premiums, interest and reasonable expenses incurred in connection therewith.

"Rating Agency" means any of Fitch, Moody's and S&P; or if Fitch, Moody's or S&P are not making ratings of the Notes publicly available, an internationally recognized U.S. rating agency or agencies, as the case may be, selected by the Issuer, which will be substituted for Fitch, Moody's or S&P, as the case may be.

"Rating Decline" means that at any time within 60 days (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible down grade by any Rating Agency) after the earlier of the date of public notice of a Change of Control and of such Obligor's intention or that of any Person to effect a Change of Control, the rating of the Notes by at least two of the Rating Agencies shall be decreased by one or more categories; *provided* that any such Rating Decline is in whole or in part in connection with a Change of Control.

"Record Date" means each February 10 or August 10 of each year.

"Refinance" means, in respect of any Indebtedness, to refinance, extend (including pursuant to any defeasance or discharge mechanism), renew, refund, repay, replace, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to Refinance any Indebtedness of an Obligor or any Restricted Subsidiary existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness that Refinances Refinancing Indebtedness); *provided, however*, that:

- (1) the Refinancing Indebtedness has a Stated Maturity no earlier than (i) the Stated Maturity of the Indebtedness being Refinanced or (ii) the 91st day after the Maturity Date of the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount of the Indebtedness being Refinanced when it was initially Incurred (or if issued with original issue discount, the aggregate accreted value at the time of Refinancing), *plus*, in either case, premiums, interest and reasonable expenses incurred in connection therewith; and

- (3) if the Indebtedness being Refinanced is Subordinated Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Indebtedness being Refinanced;

provided, further, that Refinancing Indebtedness shall not include Indebtedness of an Obligor or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

“Related Business” means any business conducted by an Obligor and the Restricted Subsidiaries on the Issue Date and any business related, ancillary or complementary thereto.

“Relevant Date” has the meaning given to it under “—Additional Amounts.”

“Relevant Jurisdiction” has the meaning given to it under “—Additional Amounts.”

“Restricted Cash” means cash deposited in a financial institution or with a third party on behalf of creditors that is provided as collateral to secure Indebtedness owed to such financial institution or creditors.

“Restricted Payment” has the meaning given to it under “—Restrictive Covenants—Limitation on Restricted Payments.”

“Restricted Subsidiary” means any Subsidiary of any Obligor other than an Unrestricted Subsidiary.

“Reversion Date” has the meaning given to it under “Suspension of Covenants.”

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill Inc., and its successors.

“Sale and Leaseback Transaction” means any arrangement with any Person (other than an Obligor or a Restricted Subsidiary), or to which any such Person is a party, providing for the leasing to an Obligor or a Restricted Subsidiary for a period of more than three years of any property or assets, which property or assets have been or are to be sold or transferred by an Obligor or such Restricted Subsidiary to such Person or to any other Person (other than an Obligor or a Restricted Subsidiary) to which funds have been or are to be advanced by such Person on the security of the leased property or assets.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Senior Indebtedness” means all unsubordinated Indebtedness of an Obligor or of any Restricted Subsidiary, whether outstanding on the Issue Date or Incurred thereafter.

“Significant Subsidiary” means any Restricted Subsidiary of an Obligor, as the case may be, which at the time of determination would be a “significant subsidiary” of such Obligor within the meaning of Rule 1-02(w) of Regulation S-X under the Securities Act in effect on the Issue Date.

“Stated Maturity” means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final payment of principal of such Indebtedness is due and payable, including, with respect to any principal amount which is then due and payable pursuant to any mandatory redemption provision, the date specified for the payment thereof (but excluding any provision providing for the repurchase of any such Indebtedness upon the happening of any contingency unless such contingency has occurred).

“Subordinated Obligation” means any Indebtedness that is expressly subordinated or junior in right of payment to the Notes and Note Guarantees pursuant to a written agreement.

“Subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity of which more than 50% of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more Subsidiaries of such Person (or a combination thereof).

“Subsidiary Guarantors” means any Significant Subsidiary of an Obligor that from time to time is required to provide a Note Guarantee pursuant to the Indenture.

“Successor Company” has the meaning given to it under “—Restrictive Covenants—Consolidation, Merger, Conveyance, Sale or Lease.”

“Suspension Period” has the meaning given to it under “—Suspension of Covenants.”

“Temporary Cash Investments” means any of the following:

- (1) (x) U.S. Government Obligations or certificates representing an ownership interest in U.S. Government Obligations, or (y) marketable general obligations issued or unconditionally guaranteed by Brazil or the Brazilian Central Bank, in each case with maturities not exceeding one year from the date of acquisition;
- (2) investments in time deposit accounts, certificates of deposit and money market deposits (collectively, “Deposit Accounts”) with maturities of one year or less from the date of acquisition issued by a bank or trust company that is organized under the laws of the United States, any state thereof, Brazil or any foreign country recognized by the United States having capital, surplus and undivided profits aggregating in excess of US\$500.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated “A” (or such similar equivalent rating, including similar equivalent ratings in foreign countries) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described in clause (2) above;
- (4) investments in commercial paper maturing not more than 90 days after the date of acquisition issued by a corporation (other than an Affiliate of an Obligor) organized and in existence under the laws of the United States, Brazil or any other foreign country recognized by the United States with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P (or such similar equivalent rating, including similar equivalent ratings in foreign countries);
- (5) investments in securities with maturities of twelve months or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or “A” by Moody’s (or such similar equivalent rating);
- (6) certificates of deposit, banker’s acceptances and time deposits with maturities of one year or less from the date of acquisition issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any Brazilian or United States office of any Permitted Financial Institution; and
- (7) investments in money market funds substantially all the assets of which are comprised of investments of the types described in clauses (1) through (6) above.

“Total Assets” means, on any date of determination, the total assets of each Obligor and its consolidated Restricted Subsidiaries on a consolidated basis (x) based on the balance sheet as of the last day of the fiscal quarter most recently ended for which financial statements are available and delivered to the Trustee, (y) prepared on a combined basis (only if and for as long as the Obligors prepare and present their financial results through combined financial statements) or on a consolidated basis, as the case may be, in conformity with Accounting Principles, and (z) on a *pro forma* basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by an Obligor or any Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

“Total EBITDA” means, for any reference period, the amount equal to the sum of Total Net Income of each Obligor and its consolidated Restricted Subsidiaries on a consolidated basis for such period, prepared on a combined basis (only if and for as long as the Obligors prepare and present their financial results through combined financial statements) or on a consolidated basis, as the case may be, in conformity with Accounting Principles, *plus*, to the extent deducted in calculating such Total Net Income:

- (1) combined net financial expense for such period (other than net financial expense from any lease that would, solely due to the implementation of IFRS 16, be accounted for as a finance or capital lease);
- (2) combined income and social contribution taxes for such period;
- (3) combined depreciation and amortization for such period (other than depreciation and amortization in respect of the rights of use of Property under any lease that would, solely due to the implementation of IFRS, be accounted for as a finance or capital lease);
- (4) combined non-controlling or minority interests;
- (5) combined non-cash assets and investment impairments; and
- (6) non-recurring or non-cash expenses.

Notwithstanding the foregoing, any of the items described in clauses (1) through (6) above of any consolidated Subsidiary of an Obligor or a joint venture will be added to Total Net Income to compute Total EBITDA only to the extent (and in the same proportion) that the net income (loss) of such Subsidiary or joint venture was included in calculating Total Net Income in such period. If, at any time, the Obligors no longer prepare and present their financial results through combined financial statements, all references to “combined” shall be replaced with references to “consolidated.”

“Total Net Income” means, for any reference period, the aggregate net income (or loss) of each Obligor and its consolidated Restricted Subsidiaries on a consolidated basis, (x) based on the statement of income for the last 12 months ended on the last day of the fiscal quarter most recently ended for which financial statements are available and delivered to the Trustee, and (y) prepared on a combined basis (only if and for as long as the Obligors prepare and present their financial results through combined financial statements) or on a consolidated basis, as the case may be, in conformity with Accounting Principles; *provided that* the net profit (or loss) of any Person that is not a Restricted Subsidiary will be included only to the extent of the amount of dividends or distributions paid in cash by such Person to an Obligor or to a Restricted Subsidiary (without duplication to the extent already included in the consolidated net profit (or loss) of such Obligor for such period).

“Total Net Indebtedness” means, on any date of determination, the Indebtedness of each Obligor and its consolidated Restricted Subsidiaries on a consolidated basis, (x) based on the balance sheet as of the last day of the fiscal quarter most recently ended for which financial statements are available and delivered to the Trustee, and (y) prepared on a combined basis (only if and for as long as the Obligors prepare and present their financial results through combined financial statements) or on a consolidated basis, as the case may be, in conformity with Accounting Principles, *minus* the sum of (i) cash, (ii) Restricted Cash (to the extent not accounted as cash or Temporary Cash Investments), (iii) Temporary Cash Investments, (iv) Marketable Securities (except for any Capital Stock in any Person), (v) Eligible Equity Offering Indebtedness and (vi) any recorded asset from derivatives entered into by an Obligor or any Restricted Subsidiary in order to hedge its Indebtedness denominated in foreign currencies.

“Total Net Revenues” means, for any reference period, the total net sales of goods and services rendered by each Obligor and its consolidated Restricted Subsidiaries, (x) based on the statement of income for the last 12 months ended on the last day of the fiscal quarter most recently ended for which financial statements are available and delivered to the Trustee, (y) prepared on a combined basis (only if and for as long as the Obligors prepare and present their financial results through combined financial statements) or on a consolidated basis, as the case may be, in conformity with Accounting Principles, and (z) on a *pro forma* basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by an Obligor or any Restricted Subsidiary subsequent to such period and on or prior to the period of determination.

“Trustee” has the meaning given to it in the first paragraph of this “Description of the Notes.”

“United States” means United States of America.

“Unrestricted Subsidiary” means:

- (1) any Subsidiary of an Obligor that at the time of determination shall be designated an Unrestricted Subsidiary by the management of such Obligor in the manner provided below; and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The management of an Obligor may designate any Restricted Subsidiary of such Obligor (including any newly-acquired or newly-formed Subsidiary of such Obligor) to be an Unrestricted Subsidiary pursuant to clause (1) above unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, such Obligor or any Restricted Subsidiary of such Obligor that is not a Subsidiary of the Subsidiary to be so designated; *provided, however*, that either:

- (a) the Subsidiary to be so designated has total consolidated assets of US\$1,000 or less; or
- (b) if such Subsidiary has consolidated assets greater than US\$1,000, then such Investment and designation would be (i) permitted under “—Restrictive Covenants—Limitation on Restricted Payments” or (ii) a Permitted Investment.

The management of an Obligor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided, however*, that immediately after giving effect to such designation:

- (i) such designation shall be deemed an Incurrence of Indebtedness by a Restricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under “—Restrictive Covenants—Limitation on Indebtedness”; and
- (ii) no Event of Default shall have occurred and be continuing.

Any such designation of a Subsidiary as a Restricted Subsidiary, and any such designation of a Subsidiary as an Unrestricted Subsidiary pursuant to clause (1) above, by the management of such Obligor shall be evidenced to the Trustee by promptly filing with the Trustee an Officer’s Certificate certifying that such designation complied with the foregoing provisions.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States is pledged and that are not callable or redeemable at the issuer’s option.

“Voting Stock” of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding that are entitled (without regard to the occurrence of any contingency) to vote in the election of the directors of such Person, but excluding such classes of Capital Stock or other interests that are entitled, as a group in a separate cast, to appoint one director of such Person as representative of the minority shareholders.

“Wholly-Owned” means, with respect to any Subsidiary of an Obligor, a Restricted Subsidiary all of the outstanding Capital Stock of which (other than any director’s or other similar qualifying shares) is owned by such Obligor and one or more Wholly-Owned Subsidiaries (or a combination thereof).

BOOK ENTRY, DELIVERY AND FORM

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A (“Rule 144A Notes”). The Notes also may be offered and sold to persons that are not U.S. persons in offshore transactions in reliance on Regulation S (“Regulation S Notes”).

Rule 144A Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “Rule 144A Global Notes”). Regulation S Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”).

The Global Notes will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “restricted period”), beneficial interests in the Regulation S Global Notes may be transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See “—Exchanges Between Regulation S Notes and Rule 144A Notes.”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Certificated Notes except in the limited circumstances described below. See “—Exchange of Global Notes for Certificated Notes.” Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Certificated Notes.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Transfer Restrictions.” Regulation S Notes will also bear the legend as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream (as indirect participants in DTC), which rules and procedures may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the “participants”) and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the “indirect participants”). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of participants designated by the Initial Purchasers with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the

participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes who are participants in DTC's system may hold their interests therein directly through DTC. Investors in the Global Notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are participants in such system. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of certain states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Certificated Notes and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional interest, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms thereof, the Issuer and the Trustee will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, the transfer agent, registrar, the paying agent nor any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any participant's or indirect participant's records relating to, or payments made on account of any beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the Issuer's responsibility or that of DTC or the Trustee. Neither the Issuer nor the Trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the Notes, and the Issuer and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; *however*, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day

funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for legended Certificated Notes, and to distribute such Certificated Notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures and may discontinue such procedures at any time. Neither the Issuer nor the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive Notes in registered certificated form (“Certificated Notes”) if:

- (1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depository for the Global Notes and DTC fails to appoint a successor depository or (b) has ceased to be a clearing agency registered under the Exchange Act;
- (2) the Issuer, at its option, notifies the Trustee in writing that it has elected to cause the issuance of the Certificated Notes; or
- (3) there has occurred and is continuing a default or event of default with respect to the Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See “Transfer Restrictions.”

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in the Regulation S Global Notes may be exchanged for beneficial interests in the Rule 144A Global Notes only if:

- (1) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and
- (2) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:
 - (A) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;
 - (B) purchasing for its own account or the account of a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A; and
 - (C) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

A beneficial interest in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note, whether before or after the expiration of the restricted period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected in DTC by means of an instruction originated by the DTC participant that is effecting such exchange and approved by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the restricted period.

Same Day Settlement and Payment

The Indenture will require that payments in respect of the Notes represented by the Global Notes (including principal, interest and additional amounts, if any) be made by wire transfer of immediately available funds in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts, to the accounts specified by holders of the Global Notes. With respect to Certificated Notes, the Issuer will make all payments by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each holder's registered address.

The Notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement process (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

TAXATION

The following discussion, subject to the limitations set forth below, describes certain Luxembourg, Brazilian and United States federal tax considerations relating to your ownership and disposition of the Notes. This discussion does not purport to be a complete analysis of all tax considerations in Luxembourg, Brazil or the United States and does not address tax treatment of holders of the Notes under the laws of other countries or taxing jurisdictions. Holders of the Notes who are resident in countries other than Luxembourg, Brazil and the United States, along with holders that are resident in those countries, are urged to consult with their own tax advisors as to which countries' tax laws could be relevant to them.

Luxembourg Taxation

It is expected that holders of the Notes will be resident for tax purposes in different countries. Consequently, no attempt is made in this section to summarize the tax consequences for each holder of the Notes for subscribing, purchasing, owning or disposing of the Notes. These consequences will vary in accordance with the law and practice currently in force in the holders' country of citizenship, residence, domicile or incorporation and with their personal circumstances.

Tax Residency

Holders of the Notes will not become resident, nor be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Withholding Tax

Luxembourg Non-Residents

Under current Luxembourg tax law, there is no withholding tax on payments of interest (paid or accrued but unpaid) made to a Luxembourg non-resident holder of the Notes. There is also no Luxembourg withholding tax upon disposal, redemption or repurchase of the Notes held by a Luxembourg non-resident holder of the Notes.

Luxembourg Residents

Under current Luxembourg tax law (subject to the exceptions below), there is no withholding tax on interest payments (including accrued but unpaid interest) made to a Luxembourg resident holder. There is also no Luxembourg withholding tax on the repayment of principal, redemption or repurchase of the Notes held by a Luxembourg resident holder.

Under the amended Luxembourg law of 23 December 2005 (the "Relibi Law"), a 20% Luxembourg withholding tax is levied on interest or similar payments made by Luxembourg paying agents to or for the immediate benefit of an individual beneficial owner who is resident in Luxembourg. This withholding tax also applies on accrued or capitalized interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax is in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding tax is assumed by the Luxembourg paying agent within the meaning of the Relibi Law.

Further, Luxembourg resident individuals acting in the course of the management of their private wealth, who are the beneficial owners of interest or similar payments made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area, may opt for a final 20% levy on these payments. In such case, the 20% levy is calculated on the same amounts as for the payments made by Luxembourg paying agents. The option for the 20% final levy must cover all interest payments made by such foreign paying agents to the Luxembourg resident beneficial owner during the entire civil year. Responsibility for the declaration and payment of the 20% levy is assumed by the Luxembourg resident individual beneficial owner of the payment.

Income Tax

Luxembourg Non-Residents

Non-resident holders of the Notes that have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Notes are attributable, are generally not liable to any income tax in Luxembourg on interest (accrued or paid), redemption premium or issue discounts under the Notes, and on gains realized upon redemption, repurchase, sale, disposal or exchange, in any form whatsoever, of the Notes.

Non-resident holders of the Notes that have a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, must include any interest (received or accrued), redemption premium or issue discounts and capital gains realized upon the disposal, in any form whatsoever, of the Notes in their taxable income for Luxembourg income tax assessment purposes.

Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg Resident Individuals

A resident individual holder of the Notes, who acts in the course of the management of his/her private wealth, is subject to personal income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if a final withholding tax has been levied on such payments in accordance with the Relibi Law.

Gains realized upon the disposal of the Notes by a resident individual holder of the Notes, who acts in the course of the management of his/her private wealth, are not subject to personal income tax provided that the disposal takes place more than 6 (six) months after the acquisition of the Notes and the Notes do not constitute zero coupon notes. A resident individual holder of the Notes, who acts in the course of the management of his/her private wealth, must further include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement, except if a final withholding tax has been levied on such payments in accordance with the Relibi Law.

A resident individual holder of the Notes, who acts in the course of the management of a professional or business undertaking to which the Notes are attributable, must include any interest received or accrued, as well as any gain realized on the disposal of the Notes, in any form whatsoever, in its taxable income for Luxembourg income tax assessment purposes. If applicable, the tax levied in accordance with the Relibi Law will be credited against the final tax liability of the holder of the Notes. The same inclusion applies to non-resident individual holders, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg to which or to whom the Notes are attributable.

Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg Resident Corporations

Luxembourg resident corporate holders of the Notes which are fully taxable companies must include any interest received or accrued, redemption premium or issue discounts under the Notes, as well as any gain realized on the disposal, in any form whatsoever, of the Notes, in their taxable income for Luxembourg income tax assessment purposes.

Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg Residents Benefiting from a Special Tax Regime

Luxembourg resident corporate holders of the notes which benefit from a special tax regime, such as (i) specialized investment funds subject to the amended law of 13 February 2007, (ii) family wealth management companies subject to the amended law of 11 May 2007, (iii) undertakings for collective investment subject to the amended law of 17 December 2010, or (iv) reserved alternative investment funds treated as a specialized investment

fund for Luxembourg tax purposes and subject to the law of 23 July 2016, are exempt from income taxes in Luxembourg and profits derived from the Notes are thus not subject to Luxembourg income taxes.

Net Wealth Tax

Luxembourg resident holders of the Notes as well as non-resident holders of the Notes who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, are subject to Luxembourg net wealth tax on such Notes, except if such holder of the Notes is (i) an individual, (ii) a securitization vehicle subject to the amended law of 22 March 2004, (iii) a venture capital company subject to the amended law of 15 June 2004, (iv) a professional pension institution subject to the amended law of 13 July 2005, (v) a specialized investment fund subject to the amended law of 13 February 2007, (vi) a family wealth management company subject to the amended law of 11 May 2007, (vii) an undertaking for collective investment subject to the amended law of 17 December 2010, or (viii) a reserved alternative investment fund subject to the law of 23 July 2016.

However, (i) a securitization company subject to the amended law of 22 March 2004, (ii) an opaque venture capital company subject to the amended law of 15 June 2004, (iii) a professional pension institution subject to the amended law of 13 July 2005, and (iv) an opaque reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and subject to the law of 23 July 2016 remain subject to the minimum net wealth tax.

Other Taxes

Under current Luxembourg tax law, where an individual holder of the Notes is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Notes are included in his/her taxable base for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the Notes upon death of an individual holder of the Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his/her death.

Gift tax may be due on a gift or donation of the Notes if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

No stamp duty or other tax is generally payable in Luxembourg by the holders of the Notes in connection with the issuance, transfer, redemption or repurchase of the Notes, unless such issuance, transfer, redemption or repurchase is (i) voluntarily presented to the registration formalities, or (ii) appended to a document that requires mandatory registration.

Brazilian Taxation

The following discussion is a general description of certain Brazilian tax considerations relating to the ownership and sale of the Notes by a holder of the Notes resident or domiciled outside Brazil for purposes of Brazilian taxation (a “Non-Resident Holder”).

The discussion is based on the tax rules of Brazil as in effect on the date hereof and is subject to any change in the Brazilian law that may come into effect after such date as well as to the possibility that the effect of such change in the Brazilian law may be retroactive. The information set forth below is intended to be a general description only and does not purport to address all of the potential Brazilian tax considerations relating to the acquisition, ownership and disposition of the Notes applicable to any Non-Resident Holder. Therefore, each Non-Resident Holder and/or Brazilian holder, if applicable, should consult his/her/its own tax advisor concerning the effective Brazilian tax consequences in respect of the Notes.

Investors should note that, as to the discussion below, other income tax rates or treatment may be provided for in any applicable tax treaty between Brazil and the country where the Non-Resident Holder is domiciled. Investors should also note that, to this date, there is no tax treaty in place between Brazil and the United States.

This summary does not address any tax issues that affect solely our company, such as deductibility of expenses.

Interest or Principal Payments

Generally, a Non-Resident Holder is taxed in Brazil only when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. Therefore, as the Issuer is considered for tax purposes as being domiciled abroad, any income (including accrued interest, fees, commissions, expenses, and any other income) payable by the Issuer in respect of the Notes in favor of Non-Resident Holders should not be subject to withholding or deduction in respect of Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made with funds held by the Issuer outside of Brazil.

Gains Realized from Sale or Disposition of the Notes

According to Section 26 of Law No. 10,833, enacted on December 29, 2003, capital gains realized on the sale or disposition of assets located in Brazil by a Non-Resident Holder are subject to taxation in Brazil regardless of whether or not the acquirer is resident or domiciled in Brazil. Based on the fact that the Issuer is a company incorporated under the laws of Luxembourg and the Notes are issued abroad, the Notes should not fall within the definition of assets located in Brazil for purposes of Law No. 10,833. Hence, gains arising from the sale or other disposition of the Notes (which for the purposes of this paragraph includes any deemed income on the difference between the issue price of the Notes and the price at which the Notes are redeemed, or original issue discount) made outside Brazil by a Non-Resident Holder to another non-Brazilian resident should not be subject to Brazilian taxes.

However, considering the general and unclear scope of Law No. 10,833 and the absence of judicial guidance in respect thereof, we cannot assure prospective investors that the above interpretation will prevail in the courts of Brazil.

If for any reason the Notes are deemed as assets located in Brazil, the gains arising from the sale or disposition thereof may be subject to income tax in Brazil. For Non-Resident Holders that are not resident in Favorable Tax Jurisdictions (as defined below), income tax on gains realized on the sale or disposition of assets located in Brazil should be subject to rates ranging from 15% to 22.5%, according to the amount of the gain, as follows: (i) 15% for the part of the gain up to R\$5 million; (ii) 17.5% for the part of the gain that exceeds R\$5 million but does not exceed R\$10 million; (iii) 20% for the part of the gain that exceeds R\$10 million but does not exceed R\$30 million; and (iv) 22.5% for the part of the gain that exceeds R\$30 million. Different rates may apply if the tax treaty (if any) between the country of residence of the Non-Resident Holder and Brazil sets forth a lower income tax rate.

If the Non-Resident Holder making the sale or disposition is resident in a jurisdiction that does not impose any income tax or which imposes it at a maximum rate lower than 17% (as of January 1, 2024 – the maximum rate until then was 20%), or in a country or location where laws impose restrictions on the disclosure of ownership composition or securities ownership or do not allow for the identification of the beneficial owner of income attributed to non-residents (a “Favorable Tax Jurisdiction”), the gains should be subject to a flat 25% rate. See “— Discussion on Favorable Tax Jurisdiction.”

In certain circumstances, if a given transaction is not subject to withholding income tax and tax authorities take the position that the withholding income tax should have been levied, tax authorities may increase the taxable basis of the withholding income tax, as if the amount actually received by the beneficiary outside Brazil had already been reduced by the applicable withholding income tax (gross-up).

Payments made by any Brazilian Guarantor

If a Brazilian source is required, as a Guarantor, to assume the obligation to pay any amount in connection with the Notes to a Non-Resident Holder (including principal, interest or any other amount that may be due and payable in respect of the Notes), Brazilian tax authorities could attempt to impose withholding income tax upon such payments, as there is no specific legal provision regarding the imposition of withholding income tax on payments made by Brazilian sources to non-resident beneficiaries under guarantees and no uniform decision from the Brazilian courts.

Should a Brazilian Guarantor be obliged to pay interest to a Non-Resident Holder in connection with the Notes, withholding income tax at the rate of 15% may apply (or 25% if the Non-Resident Holder is resident in a Favorable Tax Jurisdiction). If the Brazilian Guarantor has to pay any amounts to a Non-Resident Holder, it will apply the

gross up mechanism, meaning it will recalculate the withholding income tax basis in order to consider that the amount remitted to the Non-Resident Holder as net of taxes.

There is some uncertainty regarding the applicable tax treatment to payments of the principal amount by a Brazilian Guarantor to a Non-Resident Holder. However, there are arguments to support that (a) payments made under the Note Guarantee should be subject to imposition of the Brazilian income tax according to the nature of the guaranteed payment, in which case only interest paid by the applicable Guarantors should be subject to withholding income tax as previously described and (b) payments made under guarantee by Brazilian sources to non-resident beneficiaries should not be subject to the imposition of withholding income tax, to the extent that they should qualify as a credit transaction by the Brazilian party to the borrower. However, to this date, there are no precedents from Brazilian courts endorsing that position and it is not possible to assure that such arguments would prevail in court.

Discussion on Favorable Tax Jurisdiction and Privileged Tax Regime

On June 4, 2010, Brazilian tax authorities enacted Normative Instruction No. 1,037 listing (1) Favorable Tax Jurisdictions and (2) the “Privileged Tax Regimes,” which is defined by Law No. 9,430, dated December 27, 1996, as amended by Law No. 11,727, dated June 23, 2008, and Law No. 14,596, dated June 14, 2023, as a regime that: (i) does not tax income or taxes income at a maximum rate lower than 17% (as of January 1, 2024 – the maximum rate until then was 20%); (ii) grants tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or territory, or (b) conditioned on the non-exercise of a substantial economic activity in the country or territory; (iii) does not tax income generated outside the jurisdiction, or that taxes such income at a maximum rate lower than 17% (as of January 1, 2024 – the maximum rate until then was 20%); or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out. Law No. 14,596 changed the concept of Favorable Tax Jurisdictions and Privileged Tax Regimes, reducing the maximum rate limit from 20% to 17%, effective from January 1, 2024. However, until now the Normative Instruction No. 1,037/2010 has not been updated to reflect such change in the maximum rate (from 20% to 17%).

Although we believe that the best interpretation of the current tax legislation could lead to the conclusion that the above mentioned Privileged Tax Regime concept should apply solely for purposes of Brazilian tax rules related to transfer pricing and thin capitalization, we cannot assure you whether subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of a Privileged Tax Regime will also apply for purposes of the imposition of Brazilian withholding income tax on payments of interest to a Non-Resident Holder. If Brazilian tax authorities determine that payments made to a Non-Resident Holder under a Privileged Tax Regime are subject to the same rules applicable to payments made to Non-Resident Holders resident in a Favorable Tax Jurisdiction, the withholding income tax applicable to such payments could be assessed at a rate up to 25%. However, the current understanding of the Brazilian tax authorities is that the 25% rate of withholding income tax is not applicable if the Non-Resident Holder is resident in a Privileged Tax Regime (Answer to Tax Ruling COSIT No. 575, of December 20, 2017).

We recommend prospective investors consult their own tax advisors from time to time to verify any possible tax consequences arising of Normative Instruction No. 1,037, as amended, Law No. 9,430, dated December 27, 1996, as amended by Law No. 11,727, dated June 23, 2008, and Law No. 14,596, dated June 14, 2023.

Other Brazilian Tax Considerations

Pursuant to Decree No. 6,306, of December 14, 2007, as amended, conversions of foreign currency into Brazilian currency or vice versa are subject to the tax on foreign exchange transactions (the “IOF/Exchange”), including foreign exchange transactions in connection with payments made by a Guarantor under its Note Guarantee to Non-Resident Holders. Currently, the IOF/Exchange rate is 0.38% for most foreign exchange transactions, including foreign exchange transactions in connection with payments under its Note Guarantee by a Brazilian Guarantor to Non-Resident Holders.

Despite the above, in any case, the Brazilian government is allowed to reduce the IOF/Exchange rate at any time down to 0% or increase the IOF/Exchange rate at any time up to 25%, but only with respect to future foreign exchange transactions.

While foreign credit transactions are not subject to the *Imposto sobre Operações de Crédito, Câmbio e Seguro, ou relativas a Títulos e Valores Mobiliários*, or IOF/Loan, we cannot assure you that Brazilian tax authorities may not reclassify foreign credit transactions as structured at the domestic level and, therefore, impose the IOF/Loan upon any amount paid in respect of the Notes by a Brazilian Guarantor under the Note Guarantee at a rate of, in principle, 1.88% of the total amount paid.

Generally, there are no stamp, transfer or other similar taxes in Brazil applicable to the transfer, assignment or sale of the Notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the Notes, except for gift and inheritance taxes imposed in some states of Brazil on gifts and bequests by a Non-Resident Holder to individuals or entities domiciled or residing within such Brazilian states.

The above description is not intended to constitute a complete analysis of all Brazilian tax consequences relating to the ownership of the Notes. Prospective investors should consult their own tax advisors concerning the tax consequences of their particular situations.

Certain U.S. Federal Income Tax Considerations

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. The discussion addresses only persons that purchase Notes in the original offering at their “issue price” (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and hold the Notes as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, tax-exempt entities, governmental organizations, dealers in securities or currencies, traders in securities who elect to mark their investments to market, persons holding the Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction, persons required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement, persons that tender 2025 Notes pursuant to the Tender Offer, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, and investors holding the Notes in connection with a trade or business outside of the United States) are subject to special tax rules. The discussion does not address any state, local or foreign taxes, estate and gift tax laws, the Medicare contribution tax on net investment income or any alternative minimum tax. Special rules also apply to individuals, certain of which may not be discussed below.

Prospective investors should note that no rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions, which could adversely affect the timing, character and amount of income recognized by a U.S. Holder of the Notes.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES, AS WELL AS THE CONSEQUENCES UNDER OTHER UNITED STATES TAX LAWS AND THE LAWS OF ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, “U.S. Holder” means the beneficial owner of a Note that for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;
- a corporation organized in or under the laws of the United States or any political subdivision thereof;
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

For purposes of this discussion, “Non-U.S. Holder” means the beneficial owner of a Note that is neither a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) nor a U.S. Holder.

The treatment of a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) or partners in such partnership (or other entity or arrangement) that owns Notes may depend on the status of such partners and the status and activities of the partnership, and such persons should consult their own tax advisors about the consequences of an investment in the Notes.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Issuer may repurchase or redeem the Notes prior to their scheduled maturity at a price greater than their stated principal amount (plus accrued and unpaid interest), which would change the yield of the Notes. See, e.g., “Description of the Notes—Repurchases at the Option of the Holders of the Notes upon Change of Control Repurchase Event” and “Description of the Notes—Optional Redemption.” The possibility of any such repurchase or redemption may implicate the provisions of Treasury regulations relating to contingent payment debt instruments, or “CPDIs.” According to the applicable Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of its respective issue date, are “remote or incidental” or certain other circumstances apply. The Issuer intends to take the position that the Notes are not CPDIs. This determination is binding on each holder of the Notes unless such holder discloses its contrary position in the manner required by the applicable Treasury regulations. This determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue income on the Notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of the Notes before the resolution of the contingencies. If the Notes are not CPDIs but such contingent payments were required to be made, such payments would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Effect of Substitution of Issuer

In the event that the Issuer is replaced as principal debtor in respect of the Notes as a result of the provisions described under “Description of the Notes—Substitution of the Issuer,” such substitution could result in a deemed exchange of the Notes as in place prior to such substitution for “new” Notes as in place after such substitution (the “New Notes”) for U.S. federal income tax purposes. If such substitution results in a deemed exchange for U.S. federal income tax purposes, it would generally be treated as a taxable transaction for U.S. federal income tax purposes in which U.S. Holders would be required to recognize any gain or loss (although any loss could be disallowed). Furthermore, for U.S. federal income tax purposes, the New Notes deemed issued in such a deemed exchange could be treated as issued with original issue discount. In such event, U.S. Holders would be required to include such original issue discount in their income as it accrues, in advance of the receipt of cash corresponding to such income, regardless of their regular method of tax accounting. In addition, the determination of whether the New Notes are treated as CPDIs as a result of the possibility of additional payments, as further described above under “—Potential Contingent Payment Debt Instrument Treatment,” would be made at the time of the substitution. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to the potential deemed exchange of the Notes in connection with a substitution of the Issuer.

Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts with respect to withholding tax on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts), will be includible in the U.S. Holder’s gross income as ordinary interest income at the time interest and Additional Amounts are received or accrued in accordance with the U.S. Holder’s regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute “passive category” income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be

entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the Notes to the extent that such withholding taxes constitute “covered withholding taxes” under Treasury regulations. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes, provided that, in the case of any otherwise creditable foreign income tax, the U.S. Holder does not elect to claim a foreign tax credit with respect to any foreign income taxes paid or accrued during the relevant taxable year. The rules governing the foreign tax credit are complex and Treasury regulations have imposed additional requirements that must be met for a foreign tax to be creditable (including requirements that a “covered withholding tax” be imposed on nonresidents in lieu of a generally applicable tax that satisfies the regulatory definition of a “net income tax”, which may be unclear or difficult to determine). A recent IRS notice provides temporary relief from certain of these requirements if the notice is applied consistently to all foreign taxes paid during the relevant taxable year until the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including redemption) of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than amounts attributable to accrued but unpaid interest, which will be taxable as interest to the extent not previously included in income, as described above) and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will be equal to the amount that the U.S. Holder paid for the Note. Any such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the Note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Any gain or loss realized on the sale, exchange or other taxable disposition of a Note generally will be treated as U.S. source gain or loss, as the case may be. If any gain from the sale, exchange or other taxable disposition of a Note is subject to foreign tax, U.S. Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations. Under Treasury regulations, any foreign tax imposed on such U.S. source gain may not constitute a creditable tax if certain requirements are not met for a foreign tax to be creditable (although a recent IRS notice provides temporary relief from certain of these requirements if the notice is applied consistently to all foreign taxes paid during the relevant taxable year until the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance)). Moreover, even if the foreign tax is a creditable tax, in the case of a gain from the disposition of a Note that is subject to foreign income tax, the U.S. Holder may be unable to benefit from the foreign tax credit for that foreign income tax unless such tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income that is treated as derived from foreign sources. Alternatively, the U.S. Holder may take a deduction for an otherwise creditable foreign income tax, provided the U.S. Holder does not elect to claim a foreign tax credit with respect to any foreign income taxes paid or accrued during the relevant taxable year. If a foreign tax that is imposed on gain is not otherwise creditable, the tax may reduce the amount realized on the sale, exchange or other taxable disposition of the Note. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Non-U.S. Holders

Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax with respect to interest and Additional Amounts received in respect of the Notes or gain realized on the sale, exchange or other taxable disposition (including redemption) of the Notes, unless (i) that interest or gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, if required by an applicable tax treaty, is attributable to a permanent establishment or fixed base in the United States) or (ii) in the case of gain realized by an individual Non-U.S. Holder upon the disposition of a Note, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Information reporting generally will apply to payments of principal of, and interest on, the Notes (including Additional Amounts, if applicable), and to proceeds from the sale, exchange or other taxable disposition (including redemption) of Notes within the United States, or paid by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding may be required on reportable payments if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, information reporting and backup withholding requirements. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of information reporting and backup withholding requirements. Backup withholding is not an additional tax. A holder of Notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld, provided the required information is furnished to the IRS in a timely manner.

“Specified Foreign Financial Asset” Reporting

Owners of “specified foreign financial assets” with an aggregate value in excess of US\$50,000 (and in some circumstances, a higher threshold) may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The Notes generally are expected to constitute “specified foreign financial assets” unless they are held in accounts maintained by financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

THE ABOVE DESCRIPTION IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OR DISPOSITION OF THE NOTES. PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase or transfer of the Notes by (i) “employee benefit plans” within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, (ii) plans, collective investment trusts, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or any other U.S. or non-U.S. federal, state, local or other laws or regulations that are substantially similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and (iii) entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement described in clauses (i) and (ii), pursuant to ERISA or otherwise (each of the foregoing described in clauses (i), (ii) and (iii) referred to hereunder as a “Plan”).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (each referred to herein as a “Covered Plan”) and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws. The prudence of a particular investment must be determined by the responsible fiduciary of a Covered Plan by taking into account the Covered Plan’s particular circumstances and all of the facts and circumstances of the investment.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition of Notes by a Covered Plan with respect to which the Company or the Initial Purchasers are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired in accordance with an applicable statutory, class or individual prohibited transaction exemption.

In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or “PTCEs,” that may provide exemptive relief for direct or indirect prohibited transactions resulting from the sale or purchase of Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts, and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the Company nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of ERISA Plans considering acquiring Notes in reliance on one of these exemptions or any other exemption should carefully review the exemption to ensure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

While Plans that are governmental plans, certain church plans and non-U.S. plans may not be subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, they may nevertheless be subject to Similar Laws. Fiduciaries of any such plans should consult with their counsel before acquiring any Notes. Any person considering an investment in the Notes with the assets of any such Plan should consult with its counsel to consider the applicable fiduciary standards and to determine the need for, and, if necessary, the availability of, exemptive relief under any applicable Similar Laws.

Because of the foregoing, the Notes should not be purchased by any person investing the assets of any Plan unless such purchase will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of Notes, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire the Notes or any interest therein constitutes assets of any Plan or (ii) the acquisition of the Notes or any interest therein by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

If the purchaser or transferee of a Note or beneficial interest therein is a Covered Plan, it will be required or deemed to represent, warrant and agree that (i) none of the Company, the Initial Purchasers, or any of their affiliates has provided any investment advice on which it, or any fiduciary or other person investing the assets of the Covered Plan (“Plan Fiduciary”), has relied in connection with its decision to invest in Notes, and they are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Covered Plan or the Plan Fiduciary in connection with the Covered Plan’s acquisition of Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing Notes on behalf of, or with the assets of, any Plan, consult with their own counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase of Notes or whether any such investment would result in a violation of an applicable requirement of ERISA or any Similar Laws.

Purchasers of Notes have the exclusive responsibility for ensuring that their purchase of Notes complies with the fiduciary responsibility rules of ERISA, is appropriate for the Plan, and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN NOTES THAT IS, OR IS ACTING ON BEHALF OF, A PLAN IS STRONGLY URGED TO CONSULT ITS OWN LEGAL AND TAX ADVISORS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT UNDER ERISA, THE CODE AND ANY OTHER LAW AND ITS ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement, dated January 30, 2024 between the Issuer, the Initial Guarantors and Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Santander US Capital Markets LLC, Banco BTG Pactual S.A.—Cayman Branch, J.P. Morgan Securities LLC, UBS Securities LLC, XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. and BCP Securities, Inc., as Initial Purchasers, the Issuer has agreed to sell to the Initial Purchasers and the Initial Purchasers have, severally and not jointly, agreed to purchase from the Issuer the principal amount of the Notes set forth opposite their name in the table below:

Initial Purchasers	Principal Amount of Notes
Morgan Stanley & Co. LLC	US\$ 138,890,000
Citigroup Global Markets Inc.	US\$ 69,445,000
Santander US Capital Markets LLC	US\$ 69,445,000
Banco BTG Pactual S.A.—Cayman Branch	US\$ 55,555,000
J.P. Morgan Securities LLC	US\$ 55,555,000
UBS Securities LLC	US\$ 55,555,000
XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.	US\$ 55,555,000
BCP Securities, Inc.	US\$ 0
Total	US\$ 500,000,000

The purchase agreement provides that the obligations of the Initial Purchasers are subject to certain conditions precedent, and the Initial Purchasers are obligated to purchase all of the Notes if any are purchased. The purchase agreement also provides that if any of the Initial Purchasers defaults, the purchase commitments of non-defaulting Initial Purchasers may be increased or the offering may be terminated.

The Initial Purchasers propose to offer the Notes initially at the offering price set forth on the cover page of this offering memorandum and may also offer the Notes to selling group members at the offering price *less* a concession. After the initial offering, the offering price may be changed. The Initial Purchasers may offer and sell the Notes through certain of their affiliates. The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, the Note Guarantees and other conditions contained in the purchase agreement, such as the receipt by the Initial Purchasers of officers' certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Issuer and the Guarantors have agreed to indemnify the Initial Purchasers, their controlling persons, and certain other related persons against certain liabilities in connection with the offering of the Notes, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in that respect.

The Notes have not been registered under the Securities Act or any state securities law and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Except as permitted by the purchase agreement, the Notes will not be offered, sold or delivered (1) as part of the distribution at any time or (2) otherwise until 40 days after the later of the commencement of this offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Resales of the Notes are restricted as described under "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a broker/dealer (whether or not it is participating in the offering), may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act.

Neither Banco BTG Pactual S.A. – Cayman Branch nor XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. is a broker-dealer registered with the SEC, and therefore may not make sales of any Notes in the United States to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Banco BTG Pactual S.A. – Cayman Branch or XP Investimentos Corretora de Câmbio, Títulos e Valores

Mobiliários S.A. intends to sell the Notes in the United States, they will do so only through BTG Pactual US Capital, LLC and XP Investments US, LLC, respectively, or one or more U.S. registered broker-dealers, or otherwise as permitted by applicable U.S. law.

Settlement

We expect that delivery of the Notes against payment thereof will be made to investors on or about February 12, 2024, which will be the ninth business day following the date of this offering memorandum (such settlement being referred to as “T+9”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially settle in T+9, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

General

None of the Notes has been offered, sold or delivered nor will they be offered, sold or delivered, directly or indirectly, and neither this offering memorandum nor any other offering material relating to the Notes will be distributed in or from any jurisdiction, except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us except as set forth in the purchase agreement.

Purchasers of Notes sold outside the United States may be required to pay stamp taxes and other charges in compliance with the laws and practices of the country of purchase in addition to the price to investors on the cover page of this offering memorandum.

The Notes are a new issue of securities for which there currently is no market. Application will be made for the listing of the Notes on the SGX-ST. However, we cannot assure you that the listing will be obtained. We cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the offering price or that an active trading market for the Notes will develop or continue after this offering. The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. They are not obligated, however, to make a market in the Notes and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Notes.

Relationships with the Initial Purchasers

The Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If the Initial Purchasers or their affiliates has a lending relationship with us, they may hedge their credit exposure to us consistent with their customary risk management policies. Typically, they would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such credit default swaps, or short positions could adversely affect future trading prices of the Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with this offering, the Initial Purchasers may engage in transactions that stabilize, maintain, or otherwise affect the price of the Notes. Specifically, the Initial Purchasers may over-allot this offering, creating a short position. The Initial Purchasers may bid for and purchase Notes in the open market to cover short positions. In

addition, the Initial Purchasers may bid for and purchase Notes in the open market to stabilize the price of the Notes. These activities may stabilize or maintain the market price of the Notes above independent market levels. The Initial Purchasers are not required to engage in these activities and may end any of these activities at any time.

The Initial Purchasers or their affiliates may hold an interest in the 2025 Notes that are the subject of the concurrent Tender Offer and Consent Solicitation and that will be repurchased with the proceeds of this offering. Because the Initial Purchasers or their affiliates may receive a portion of the proceeds from this offering, the Initial Purchasers may be deemed to have a “conflict of interest” with us. Morgan Stanley & Co. LLC will be acting as offeror, dealer manager and solicitation agent in the concurrent Tender Offer and Consent Solicitation. For more information, see “Summary—Recent Developments—Concurrent Tender Offer and Consent Solicitation for the 2025 Notes.”)

No Sale of Similar Securities

The Issuer and the Initial Guarantors have agreed that, for a period of 90 days following the date of this offering memorandum, they will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, or announce the offering of any similar U.S. dollar-denominated debt securities issued or guaranteed by the Issuer or the Initial Guarantors (other than the Notes and any additional notes).

Selling Restrictions

The Notes offered hereby may not be offered or sold, directly or indirectly, nor may this offering memorandum or any other offering material or advertisements in connection with the offer and sale of the Notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of such jurisdiction. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes and the distribution of this offering memorandum. This offering memorandum does not constitute an offer to purchase or a solicitation of an offer to sell any of the Notes in any jurisdiction in which such an offer or a solicitation is unlawful.

Brazil

The offer and sale of our Notes has not been, and will not be, registered (or exempted from registration) with the Brazilian Securities Commission (*Comissão de Valores Mobiliários – CVM*) and, therefore, will not be carried out by any means that would constitute a public offering in Brazil under Brazilian Corporate Law or under CVM Resolution No. 160, of July 13, 2022, as amended, or CVM Resolution No. 160. Any representation to the contrary is untruthful and unlawful. As a consequence, our Notes cannot be offered and sold in Brazil or to any investor resident or domiciled in Brazil. Documents relating to the offering of our Notes, as well as information contained therein, may not be supplied to the public in Brazil, nor used in connection with any public offer for subscription or sale of the Notes to the public in Brazil.

Prohibition of Sales to EEA Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision: (A) the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II;
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (B) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes.

Prohibition of Sales to UK Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision:

- (A) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the EUWA;
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (B) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Company.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the notes in, from or otherwise involving the UK.

Republic of Ireland

The Notes are not being offered, directly or indirectly, to the general public in Ireland and no offers or sales of any securities under or in connection with this offering memorandum may be effected except in conformity with the provisions of Irish law including the Irish Companies Acts 1963 to 2009, the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland, the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland and the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland.

France

No offering memorandum (including any amendment, supplement or replacement thereto) has been prepared in connection with this offering of the Notes that has been approved by the *Autorité des Marchés Financiers* or by the competent authority of another State that is a contracting party to the Agreement on the EEA and notified to the *Autorité des Marchés Financiers*; no Notes have been offered or sold and will be offered or sold, directly or indirectly, to the public in France except to permitted investors (“Permitted Investors”) consisting of persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (*investisseurs qualifiés*) acting for their own account and/or corporate investors meeting one of the four criteria provided in article D. 341-1 of the French Code *Monétaire et Financier* and belonging to a limited circle of investors (*cercle restreint d’investisseurs*) acting for their own account, with “qualified investors” and “limited circle of investors” having the meaning ascribed to them in Article L. 411-2, D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code *Monétaire et Financier*; none of this offering memorandum or any other materials related to the offer or information contained therein relating to the Notes has been released, issued or distributed to the public in France except to Permitted Investors; and the direct or indirect resale to the public in France of any Notes acquired by any Permitted Investors may be made only as provided by articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code *Monétaire et Financier* and applicable regulations thereunder.

Luxembourg

This offering memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*, the “CSSF”) or a competent authority of another EU Member State for notification to the CSSF, where applicable, for purposes of an offer of the Notes to the public or sale of the Notes in the Grand Duchy of Luxembourg. Accordingly, the Notes

must not be offered or sold to the public in Luxembourg, directly or indirectly, except that the Notes may be offered to the public in Luxembourg to (i) qualified investors as defined in the Prospectus Regulation, (ii) fewer than 150 natural or legal persons, (other than qualified investors as defined in the Prospectus Regulation) or (iii) in any other circumstances which do not require the publication by the Initial Purchasers or by us of a prospectus pursuant to Article 1(4) of the Prospectus Regulation and/or Article 4 of the Luxembourg law of July 16, 2019 on prospectuses for securities.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in Luxembourg means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe for the Notes.

Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore (“MAS”). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B of the SFA –The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Chile

The Notes may not be offered or sold in Chile, directly or indirectly, by means of a “public offer” (as defined under the Chilean Securities Market Law and regulations from the Chilean Financial Market Commission (*Comisión para el Mercado Financiero*), or the CMF. Chilean institutional investors (such as banks, pension funds and insurance companies) are required to comply with specific restrictions relating to the purchase of the Notes. Pursuant to Chilean law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories and/or groups thereof. Considering that the definition of public offer is broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law.

On June 27, 2012, the CMF issued General Rule No. 336 (*Norma de Carácter General No. 336*), or NCG 336, which is intended to govern the private offering of securities in Chile. NCG 336 provides that the offering of securities that meet the conditions described therein shall not be considered public offerings in Chile and shall be exempted from complying with the general rules applicable to public offerings.

The following information is provided to prospective investors pursuant to NCG 336:

- (i) Date of commencement of the offer: as set forth on the cover page of this offering memorandum. The offer of the Notes is subject to NCG 336.
- (ii) The subject matter of this offer are securities not registered with the securities registry (*registro de valores*) or the foreign securities registry (*registro de valores extranjeros*) kept by the CMF. As a consequence, the Notes are not subject to the oversight of the CMF.
- (iii) Since the Notes are not registered in Chile, neither the Issuer nor the Guarantors are obliged to provide public information regarding the Notes in Chile.

The Notes shall not be subject to public offering in Chile unless registered with the relevant securities registry kept by the CMF.

Peru

The Notes and the information contained in this offering memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Issuer or the sellers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this offering memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian National Supervisory Commission of Companies and Securities (*Comisión Nacional Supervisora de Empresas y Valores*) nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering, or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Mexico

The Notes have not been, and will not be, registered with the National Securities Registry maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), or the CNBV, and, therefore the Notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that the common shares may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

Colombia

The Notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. Furthermore, foreign financial entities must abide by the terms of Decree 2555 of 2010 to offer privately the Notes to their Colombian clients.

TRANSFER RESTRICTIONS

The Notes have not been registered under the Securities Act or any state securities laws, and the Notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the Notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) (“QIBs”) pursuant to Rule 144A; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers’ Representations and Restrictions on Resale and Transfer

Rule 144A Notes

Each purchaser of the Rule 144A Notes (other than the Initial Purchasers in connection with the initial issuance and sale of the Notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

1. It is a QIB; is aware the sale of the Notes to it is being made in reliance on Rule 144A; is acquiring such Notes for its own account or the account of a QIB; and it and each such account will provide notice of the transfer restrictions described in these “Transfer Restrictions” to any subsequent transferees.
2. It understands that if at any time the Issuer determines in good faith that a holder of the Notes (or of any beneficial interest therein) is in breach, at the time given, of any of the representations and agreements contained in these “Transfer Restrictions,” the Issuer may require such holder to transfer such Notes (or beneficial interest therein) to a transferee acceptable to the Issuer who is able to and who does make all of the representations and agreements set forth in these “Transfer Restrictions.” Pending such transfer, such holder will be deemed not to be the holder of such Notes for any purpose, including but not limited to receipt of principal and interest payments on such Notes, and such holder will be deemed to have no interest whatsoever in such Notes except as otherwise required to sell its interest therein as described in this paragraph.
3. It understands that the Issuer is not and will not be registered as an “investment company” under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”).
4. It understands and acknowledges that such Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States, within the meaning of the Securities Act, and the Rule 144A Notes offered hereby have not been and will not be registered under the Securities Act or with any securities regulatory authority of any U.S. state or any other jurisdiction, and may not be offered, resold, pledged or otherwise transferred except (a) to the Issuer or the Guarantors, (b) to a person who the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (c) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (d) pursuant to another applicable exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States.
5. It understands and acknowledges that Rule 144A Global Notes (or any interest therein) may be purchased, sold, pledged or otherwise transferred only in minimum principal amounts of US\$200,000 and integral multiples of US\$1,000 in excess thereof.
6. It understands that each Rule 144A Global Note, and each definitive Note issued in exchange for all or part of a Rule 144A Global Note or an interest therein, will bear a legend to the following effect, unless the Issuer determines otherwise in compliance with applicable law:

THE NOTES MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF \$200,000 AND INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF. IF AT ANY TIME F.S. LUXEMBOURG S.À R.L. (THE “ISSUER”) DETERMINES IN GOOD FAITH THAT A HOLDER OR BENEFICIAL OWNER OF THIS SECURITY OR BENEFICIAL INTERESTS HEREIN IS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE

INDENTURE, THE ISSUER MAY REQUIRE SUCH HOLDER TO TRANSFER THIS SECURITY (OR INTEREST HEREIN) TO A TRANSFEREE ACCEPTABLE TO THE ISSUER WHO IS ABLE TO AND WHO DOES SATISFY ALL OF THE REQUIREMENTS SET FORTH HEREIN AND IN THE INDENTURE. PENDING SUCH TRANSFER, SUCH HOLDER WILL BE DEEMED NOT TO BE THE HOLDER OF THIS SECURITY (OR INTEREST HEREIN) FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO RECEIPT OF PRINCIPAL AND INTEREST PAYMENTS ON THE SECURITY, AND SUCH HOLDER WILL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN THE SECURITY EXCEPT AS OTHERWISE REQUIRED TO SELL ITS INTEREST THEREIN AS DESCRIBED HEREIN.

THE NOTES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE ISSUER OF THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO THE ISSUER OR THE GUARANTORS, (2) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S (“REGULATION S”) UNDER THE SECURITIES ACT, (4) PURSUANT TO ANOTHER APPLICABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND (B) IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES, PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF THE TRANSFER THEREOF, THE ISSUER OR THE TRUSTEE MAY REQUIRE THE DELIVERY OF ANY DOCUMENTS, INCLUDING AN OPINION OF COUNSEL, THAT THE ISSUER, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION. THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM THE HOLDER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE FOREGOING LEGENDS MAY BE REMOVED FROM THIS NOTE ONLY ON THE CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN.

7. It understands that no representation can be made as to the availability of the exemption provided by Rule 144 for resales of the Notes offered hereby.

8. It acknowledges that the trustee, registrar, paying agent or transfer agent for the Notes will not be required to accept for registration of transfer any Notes, except upon presentation of evidence satisfactory to the Issuer and the trustee, registrar, paying agent or transfer agent that the restrictions set forth herein have been complied with.

9. It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Regulation S Notes

Each purchaser of Regulation S Notes must be able to and will be deemed to have represented and agreed as follows:

1. It is a non-U.S. person who is acquiring such Regulation S Notes outside the United States.
2. It understands that such Regulation S Notes are being offered only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act and that the

Regulation S Notes offered hereby have not been and will not be registered under the Securities Act or with any securities regulatory authority of any U.S. state or any other jurisdiction, and may not be offered, resold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons except as permitted by the legend set forth in paragraph (4) below.

3. It agrees that it will deliver to each person to whom it transfers the Regulation S Notes notice of any restrictions on transfer of such Regulation S Notes.

4. It understands that each Regulation S Global Note, and each definitive note issued in exchange for all or part of a Regulation S Global Note or interest therein, will bear a legend to the following effect, unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF REGISTRATION UNDER THE SECURITIES ACT OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT, PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN ACCORDANCE WITH RULE 144A, IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ONLY ON THE CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN.

5. It acknowledges that the trustee, registrar, paying agent or transfer agent for the Notes will not be required to accept for registration of transfer any Notes, except upon presentation of evidence satisfactory to the Issuer and the trustee, registrar, paying agent or transfer agent that the restrictions set forth herein have been complied with.

6. It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Other Jurisdictions

The distribution of this offering memorandum and the offer and sale or resale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by the Issuer and the Initial Purchasers to inform themselves about and to observe any such restrictions.

LEGAL MATTERS

The validity of the Notes will be passed upon for us and the Issuer by Milbank LLP, and for the Initial Purchasers by Simpson Thacher & Bartlett LLP. Certain Brazilian legal matters relating to the Notes and the Note Guarantees will be passed upon for us and the Issuer by Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados, and for the Initial Purchasers by Machado, Meyer, Sendacz & Opice Advogados. Certain Luxembourg legal matters relating to the Notes will be passed upon for the Issuer by Arendt & Medernach SA.

INDEPENDENT AUDITORS

The unaudited condensed combined interim financial statements of FS I Indústria de Etanol S.A. and FS Indústria de Biocombustíveis Ltda. as of and for the three and six-month periods ended September 30, 2023 included in this offering memorandum have been reviewed by KPMG Auditores Independentes Ltda., independent auditors, as stated in their report included herein which contains (i) an emphasis of matter paragraph drawing attention to the preparation basis of the condensed combined interim financial statements and (ii) an other matters paragraph stating that the condensed combined statements of added value were submitted to the same review procedures in accordance with the review of the condensed combined interim financial statements and states that they did not audit and they do not express an opinion on that condensed combined interim financial statements. The independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The combined financial statements of FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol F.A. as of March 31, 2023 and for the year then ended, included in this offering memorandum, have been audited by KPMG Auditores Independentes Ltda., independent auditors, as stated in their report appearing herein, which contains (i) an emphasis of matter paragraph, drawing attention to the basis of preparation of the combined financial statements, and (ii) an other matters paragraph stating that the combined statements of added value for the year ended March 31, 2023 were subject to audit procedures jointly performed with the audit of the combined financial statements.

The parent company and consolidated financial statements of FS Indústria de Biocombustíveis Ltda. as of March 31, 2022 and for the year then ended, included in this offering memorandum, have been audited by KPMG Auditores Independentes Ltda., independent auditors, as stated in their report appearing herein, which contains an other matters paragraph stating that the parent company and consolidated statements of added value for the year ended March 31, 2022 were subject to audit procedures jointly performed with the audit of the financial statements.

LISTING AND GENERAL INFORMATION

1. We expect that the Notes will be delivered in book-entry form through DTC, and its direct and indirect participants, including Clearstream and Euroclear, on or about February 12, 2024. The CUSIP and ISIN numbers for the Notes are set forth below.

	144A Global Note	Regulation S Global Note
CUSIP	30315X AC8	L40756 AE5
ISIN	US30315XAC83	USL40756AE57

2. Copies of the latest combined financial statements of the Initial Guarantors, copies of the Issuer's articles of association and the Initial Guarantors' *estatuto social* (by-laws) and the deed of incorporation and articles of association, as applicable, as well as the Indenture (including forms of Notes and the Note Guarantees), will be available, free of charge, at the offices of the Trustee (the Issuer's articles of incorporation may also be inspected at the Luxembourg Trade and Companies' Register of Commerce and Companies during normal business hours).
3. Except as disclosed in this offering memorandum, there has been no material adverse change in our financial position since March 31, 2023, the date of the latest audited combined financial statements of the Initial Guarantors included in this offering memorandum.
4. Application will be made for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this offering memorandum. Approval in-principle for the listing of the Notes and admission of the Notes to the Official List of the SGX-ST are not to be taken as an indication of the merits of FS Luxembourg S.à r.l., the Initial Guarantors or any of their associated companies or the Notes. The Notes will be traded on the SGX-ST in a minimum lot size of US\$200,000 for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
5. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for Certificated Notes. In addition, in the event that a Global Note is exchanged for Certificated Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.
6. The issuance of the Notes was authorized by the Issuer's board of managers on January 24, 2024. The issuance of the Note Guarantees was authorized by the Initial Guarantors on January 24, 2024.
7. We are not involved in any legal, administrative or arbitration proceeding that is material in the context of the issuance of the Notes. We are not aware of any material legal, administrative or arbitration proceeding that is pending or threatened against us except as disclosed in this offering memorandum.

ENFORCEABILITY OF CIVIL LIABILITIES

Enforcement of Judgments in Luxembourg

The Issuer is a company incorporated and organized under the laws of the Grand Duchy of Luxembourg under the form of a private limited liability company (*société à responsabilité limitée*) and it may be difficult for you to obtain or enforce judgments against it or its directors in the United States.

Most of its assets are located outside the United States. Furthermore, none of the Issuer's managers resides in the United States. As a result, investors may find it difficult to effect service of process within the United States upon the Issuer or these persons or to enforce outside the United States judgments obtained against the Issuer or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against the Issuer or these persons. It may be possible for investors to effect service of process within Luxembourg upon the Issuer provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

A valid judgment with respect to the Notes, obtained against a company organized and established in Luxembourg from a court of competent jurisdiction in the United States, remains in full force and effect after all available appeals in the relevant State or Federal jurisdiction have been taken and may be entered and enforced through a court of competent jurisdiction of Luxembourg in compliance with the enforcement (*exequatur*) procedures set out at Articles 678 et seq. of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*), being:

- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. court order or judgment must not result from an evasion of Luxembourg law (*fraude à la loi*);
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the judgment is enforceable in the jurisdiction where the decision has been rendered;
- the judgment was granted following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, could present a defense; and
- the considerations of the foreign order as well as the judgment do not contravene international public policy as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature.

If an original action is brought in Luxembourg, a court of competent jurisdiction may refuse to apply the designated law if its application contravenes Luxembourg's international public policy and, if such action is brought on the basis of U.S. Federal or State securities laws, may not have the requisite power to grant the remedies sought.

Insolvency Proceedings in Luxembourg

Luxembourg insolvency proceedings may have a material adverse effect on the Issuer's business and assets and the Issuer's respective obligations under the Notes. Under Luxembourg insolvency laws, your ability to receive payment on the Notes may be more limited than under United States bankruptcy laws. The following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an Issuer having its registered office or center of main interests in Luxembourg:

- bankruptcy (*faillite*) proceedings, the opening of which may be requested by the company or by any of its creditors; following such a request, a competent Luxembourg court may open bankruptcy proceedings if the company (1) is unable to pay its debts as they fall due (*cessation des paiements*), and (2) has lost its

commercial creditworthiness (*ébranlement de crédit*); if a court finds that these conditions are met without any request, it may also open bankruptcy proceedings on its own motion;

- judicial decisions concerning judicial reorganisation proceedings (*procédures de réorganisation judiciaire*). As of the time of filing of a petition for the opening of such judicial reorganisation proceedings:
 - the rights of creditors (including certain secured creditors, other than, creditors benefiting from security interests governed by the Collateral Act (as defined below) or similar foreign arrangements, which remain outside the scope of such laws may be frozen); and
 - a debtor subject to judicial reorganisation proceedings may unilaterally decide to suspend performance of contractual obligations for the duration of a moratorium granted as part of such proceedings.

a debtor subject to judicial reorganisation proceedings may unilaterally decide to suspend performance of contractual obligations for the duration of a moratorium granted as part of such proceedings.

In addition to these insolvency proceedings, your ability to receive payment on the Notes may be affected by a decision of a court to grant a suspension of payments (*sursis de paiement*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial winding up proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or seriously breaching the laws governing commercial companies. The management of such winding up proceedings will generally follow the rules of bankruptcy proceedings.

Generally, during the insolvency proceedings, all enforcement measures by general secured and unsecured creditors against the company are stayed, while certain secured creditors (pledgees or mortgagees) retain the ability to settle separately while the debtor is in bankruptcy. Collateral over which a security right has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus of enforcement proceeds is realized). Under the Luxembourg Act dated 5 August 2005 concerning financial collateral arrangements, as amended (the “Collateral Act”), secured creditors holding qualifying collateral in the form of financial instruments or claims may enforce their security during the insolvency proceedings without court approval outside the general body of creditors and satisfy their claim in order of their priority in the enforcement proceeds.

Liabilities of the Issuer in respect of its Notes will, in the event of a liquidation of such Issuer following bankruptcy or judicial winding-up proceedings, rank junior to the cost of such proceedings (including any debt incurred for the purpose of such bankruptcy or judicial winding-up) and those debts of the Issuer that are entitled to priority under Luxembourg law. Preferential rights arising by operation of law under Luxembourg law include:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise Agency;
- social security contributions; and
- remuneration owed to employees.

Luxembourg insolvency law may also affect transactions entered into or payments made by the Issuer during the hardening period (*période suspecte*) (which is a maximum of 6 (six) months and 10 (ten) days) preceding the judgment adjudicating the insolvency proceedings, in particular, the granting of a security right for antecedent debt, the payment of debt not due (whether or not payment is made in cash or by way of assignment, sale, set-off or by any other means) or of debt due by any means other than cash or bill of exchange or the sale of assets without consideration or with substantially inadequate consideration. These transactions must be declared null and void, in all circumstances, at the request of the competent Luxembourg insolvency official (including any *commissaire, juge-commissaire, liquidateur* or *curateur* or similar official). Further, if the insolvency official demonstrates that (1) an adequate payment in relation to a due debt was made during the hardening period to the detriment of the general body of creditors, and/or (2) the party receiving such payment knew that the company had ceased payments when such payment occurred, the insolvency official has the power, among other things, to invalidate such preferential transaction. Notwithstanding the above, a financial collateral arrangement under the Collateral Act entered into after the opening of liquidation proceedings or the entry into force of reorganization measures is valid and binding against

third parties or insolvency officials notwithstanding the hardening period if the collateral taker proves that it was unaware of the opening of such proceedings or of the taking of such measures or that it could not reasonably have been aware of them. Generally, if the insolvency official demonstrates that the Issuer has given a preference to any person by defrauding the rights of creditors generally, a competent insolvency official (acting on behalf of the creditors) has the power to challenge such preferential transaction (including the granting of security right with fraudulent intent) without limitation of time.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in an automatic termination of contracts except for personal (*intuitu personae*) contracts, that is, contracts for which the identity of the company or its solvency were crucial. However, the insolvency official may choose to terminate certain onerous contracts. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-à-vis the bankruptcy estate. Insolvency proceedings may hence have a material adverse effect on the Issuer's business and assets and the Issuer's respective obligations under the Notes (as Issuer).

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the EU Regulation 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (the "EU Insolvency Regulation").

Brazil

We have been advised by our Brazilian counsel, that, subject to specific requirements described below, a final conclusive judgment of non-Brazilian courts for civil liabilities subject to certain requirements described below, may be recognized by Brazilian courts (to the extent they have jurisdiction) without reconsideration of the merits of the original lawsuit, upon recognition by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). Decisions on interlocutory measures may likewise be enforced in Brazil in accordance with applicable laws. Recognition will occur, under Chapter VI of the Brazilian Code of Civil Procedure (Law No. 13,105/2015, as amended), if the foreign decision:

- fulfills all formalities required for its enforceability and is effective under the laws of the jurisdiction where it was rendered;
- is issued by a competent court and/or authority in the jurisdiction where it was awarded, after proper service of process on the parties, which service must be in accordance with Brazilian law if made in Brazil, or after sufficient evidence of the parties' absence (*revelia*) has been given, in accordance with applicable law;
- is final and binding and therefore not subject to appeal in the jurisdiction in which it was issued;
- does not conflict with a final and binding judgement granted by a Brazilian court in a lawsuit involving the same parties, cause of action or claim;
- is authenticated by a Brazilian consular office in the country where the foreign judgment is issued, except if it is apostilled by a competent authority of the country in which the decision was issued, according to the Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents of 5 October 1961;
- is translated into Portuguese by a certified translator, unless an exemption is provided by an international treaty to which Brazil is a signatory;
- is not rendered in an action upon which Brazilian courts have exclusive jurisdiction, pursuant to the provisions of Article 23 of the Brazilian Code of Civil Procedure; and
- is not contrary to Brazilian national sovereignty, public policy, morality or human dignity (as provided in Article 17 of Decree Law No. 4,657/1942, in article 963, VI, of the Brazilian Civil of Civil Procedure and in article 216 F of the Brazilian Superior Court of Justice's regiment).

The judicial recognition process may be time consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that the recognition process described above will be conducted in a timely manner or that Brazilian courts will enforce a monetary judgment for violation of the federal securities laws of the United States or other jurisdictions outside Brazil with respect to the Notes.

We have also been advised that:

- civil actions may be brought with Brazilian courts in connection with this offering memorandum based solely on the federal securities laws of the United States and that, subject to applicable law, Brazilian courts may enforce such liabilities in such actions against us or our directors and officers (provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, good morals or national sovereignty and provided further that Brazilian courts can assert jurisdiction over the particular action) However, the application of a foreign body of law by Brazilian courts may be troublesome, as Brazilian courts consistently base their decisions on domestic law, or refrain from applying a foreign body of law for a number of reasons. Although remote, there is a risk that Brazilian courts, considering a relevant case-by-case rationale, may dismiss a petition to apply a foreign body of law and may adopt Brazilian laws to adjudicate the case. In any case, we cannot assure that Brazilian courts will confirm their jurisdiction to rule on such matter, which will depend on the connection of the case to Brazil and, therefore, must be analyzed on a case-by-case basis; and
- the ability of a judgment creditor to satisfy a judgment by attaching certain assets of the defendant in Brazil is governed and limited by provisions of Brazilian law to the extent that assets are located in Brazil.

We have been further advised that a plaintiff, whether Brazilian or non-Brazilian, who resides outside Brazil or is outside Brazil during the course of the litigation in Brazil and who does not own real estate property in Brazil must post a bond to guarantee the payment of the defendant's legal fees and court expenses, including attorney fees, except in case of (i) exemptions provided by an international agreement or treaty to which Brazil is signatory; (ii) collection claims based on an instrument (which do not include the Notes issued hereunder) that may be enforced in Brazilian courts without the review of its merit (*título executivo extrajudicial*); (iii) enforcement of a judgment, including foreign judgments and arbitral awards that have been duly recognized by the Brazilian Superior Court of Justice; (iv) counterclaims; and (v) when some international agreement signed by Brazil does not require the obligation to post a bond, as established under Article 83, 1st paragraph of the Brazilian Code of Civil Procedure. We cannot assure you that recognition of any judgment will be obtained, that the process described above can be conducted in a timely manner, or that Brazilian courts will enforce a judgment for violation of the federal securities laws of the United States with respect to the shares.

If proceedings are brought in the courts of Brazil seeking to enforce our obligations under the Notes, we would not be required to discharge our obligations in a currency other than *reais*. Any judgment obtained against us in Brazilian courts in respect of any payment obligations under the Notes would be expressed in *reais*.

For the admissibility in evidence of any Financing Documents before Brazilian courts, the document may have to comply with the following requirements:

- to have a notary public, authorized to act as such under the law of the place of signing, notarize the signatures of the persons who have signed the Financing Documents outside of Brazilian territory;
- to have the public signature(s), stamp(s) or seal(s) of the notary(ies) confirmed by an apostille authentication issued by the competent designated authority authorized to act as such under the law of the place of signing;
- to have the Financing Documents translated into Portuguese language by a certified translator authorized to act as such under Brazilian law; and
- to register the Financing Documents together with their sworn translations, with the competent registry of deeds and documents (*Registro de Títulos e Documentos*) in Brazil.

Brazilian Bankruptcy Law Considerations

Insolvency proceedings to which a Brazilian company or a subsidiary of a company based outside Brazil that does not have its own activities as a vehicle of the Brazilian company may be subject in Brazil are (i) an out-of-court reorganization procedure (*recuperação extrajudicial*), which is similar to a Chapter 11 proceeding under the USA Bankruptcy Code, (ii) a court supervised reorganization procedure known as a judicial reorganization (*recuperação judicial*), and (iii) bankruptcy, similar to a Chapter 7 proceeding under the USA Bankruptcy Code. The first two are

for companies in a situation of financial crisis whose recovery is feasible. While the bankruptcy proceedings aim to, under the supervision of a judge, organize the debts and assets to proceed with the payment of creditors under the order of priority indicated in Brazilian Bankruptcy Law.

Under an out-of-court reorganization the debtor is entitled to call all or part of its creditors to renegotiate debts. Certain claims are not subject to the prepackaged reorganization and the relevant restructuring plan is not binding on them – such as tax debts and credits arising out of forward foreign exchange agreements, financial leases, fiduciary ownership or contracts with retention of title type of arrangements, therefore they cannot be affected by the restructuring plan. Also, the inclusion of claims of a labor nature and related to work-related accident requires collective negotiations with the union of the respective professional category.

The Brazilian Bankruptcy Law provides that if the restructuring plan related to the out-of-court reorganization is approved by creditors representing more than half (by credit amount) of each class of creditors (or group of creditors), the debtor can request the court to ratify the prepackaged restructuring plan. To the extent that this ratification is obtained, it becomes binding to all the creditors of the same class (or group), including creditors that opposed the plan. Furthermore, the debtor may submit the ratification request with the consent of 1/3 of the creditors, undertaking to reach the simple majority quorum within 90 days of the filing, and, during this period, debtor would also benefit from a stay period, suspending lawsuits, and enforcements related to the claims impaired by the proposed prepackaged plan.

Only the debtor itself may file for out-of-court reorganization and judicial reorganization, and the request may be filed by only one debtor or by a group of debtors belonging to the same economic group and be processed together (procedural consolidation).

The judicial reorganization proceeding binds all existing credits at the date of the filing, matured or not, except for tax credits, credits secured by fiduciary transfers of assets, resulted from lease agreements, irrevocable real estate purchase agreements with installment payments, sale of goods with title retention; and credits with claims deriving from advancements in foreign exchange agreements. The request requires the submission of a series of documents including explanations about the financial difficulties encountered by debtor, financial statements, list of creditors and a list of lawsuits. All lawsuits and enforcement proceedings will be stayed for a 180-day-period (stay period), except for those in which the plaintiffs assert unquantified claims (art. 6, § 1 of the Brazilian Bankruptcy Law) or if the respective plaintiff has a credit that is not subject to the judicial reorganization, unless the guarantee relates to an essential good. The stay period shall only be extended once, if the debtor has not contributed to the lapse of time.

The debtor is prohibited from disposing or granting security liens over assets of the company under reorganization, except if done so with prior authorization from the relevant court and the Creditors Committee, when applicable, or if this is allowed by the reorganization plan.

The debtor shall submit a judicial reorganization plan within 60 days from the publication of the court order authorizing the initiation of the relevant proceeding. If the plan is not submitted, debtor shall be declared bankrupt. Any judicial reorganization plan must be approved by the following four categories of creditors in a general meeting of creditors: (i) labor creditors and work-related accident creditors; (ii) secured creditors; (iii) unsecured creditors, creditors with special or general preference, and subordinated creditors; and (iv) Small Business creditors (which are categorized as such by Brazilian law based on yearly revenues). Regarding items (ii) and (iii), the judicial reorganization plan must be approved by creditors representing more than half of the total value of the claims present at the meeting and, cumulatively, by a simple majority of the creditors present. Regarding items (i) and (iv), the reorganization plan must be approved by a simple majority of the creditors present, regardless of the amount of their claim.

Brazilian Bankruptcy Law also grants the debtor the possibility to request the Judge to “cram down” the judicial reorganization plan, in the event the requirements described above are not met. The cram down is only possible if: (i) at least 50% of the creditors by amount of claims voted favorably for the approval of the judicial reorganization plan; (ii) the judicial reorganization plan is approved by three classes of creditors (in case there are four classes in total– items (i) to (iv) above), two classes of creditors (in case there are three classes in total) or one class of creditors (in case there are only two classes of creditors in total); and (iii) one-third of the creditors attending the creditors’ meeting in the rejecting class voted favorably for the approval of the judicial reorganization plan (such one third can be either based on the amount of claims and/or number of creditors, depending on the class).

In addition to the procedural consolidation for companies under crisis belonging to the same economic group, Brazilian Bankruptcy Law also sets forth substantial consolidation. The decision on the substantial consolidation may, exceptionally, be made by the judge and the requirements for its acceptance are the finding of interconnection and confusion between assets or liabilities of debtors belonging to the same economic group, such that it is not possible to identify their ownership without excessive expenditure of time or resources, through the finding of at least two of the following events (i) existence of cross guarantees; (ii) relationship of control or dependency; (iii) common or partially common corporate structure (to the companies under judicial reorganization); and (iv) joint action in the market, which has generated criticism (article 69-J). In case of substantive consolidation, there is immediate extinguishment of fiduciary guarantees and claims held by one debtor against the other (article 69-K). There is a rule providing that secured guarantees will not be prejudiced in any substantive consolidation, except with the approval of the holder (article 69-K).

As a rule, the judicial reorganization plan must be presented by the debtor. Nevertheless, the Brazilian Bankruptcy Law provides two exceptional provisions allowing creditors to propose an alternative plan, which are: (i) in case the stay period expires without the company managing to obtain approval of the plan; and (ii) in case creditors reject the plan in a meeting of creditors (regardless of the end of the stay period). Requirements for creditors to propose an alternative plan are: (i) the company's proposed plan cannot be approved by the cram-down rules; (ii) after rejection of the plan, the Court-Appointed Trustee shall submit to vote a 30-day deadline for creditors to present their plan (approval takes favorable votes of more than 50% of creditors in amount); and (iii) support for such alternative plan of creditors holding more than 25% of the total amount subject to the judicial reorganization or more than 35% of credits in amount which were present in the creditors meeting that rejected the plan. Other rules related to the alternative plan are: (i) creditors cannot impose new obligations for shareholders of the debtor (e.g. impose subscription of new shares or to provide new money); (ii) creditors cannot impose to the debtor a worse situation than what it would be under a bankruptcy proceeding; and (iii) plan must release personal guarantees granted by third party natural persons (normally shareholders) to guarantee claims held by creditors who supported the alternative plan. The alternative plan is a possibility included in the law after the amendment in 2020, but there is no case law on the matter.

The judicial reorganization plan results in the replacement and renewal of all claims existing prior to the filing of the reorganization and is binding on the debtor and all creditors subject to it, although as a rule it cannot affect guarantees provided by third parties.

Once the judicial reorganization plan has been approved, the debtor will remain under judicial reorganization for up to two years, during which time failure on the part of the debtor to comply with any obligations set forth in the judicial reorganization plan can result in the conversion of the judicial reorganization into a bankruptcy proceeding. In a similar fashion, as a rule, failure to obtain approval of the judicial reorganization plan from creditors or failure to secure court-ordered ratification of the reorganization plan will also result in the commencement of proceeding proceedings against such debtor.

The filing of a bankruptcy proceeding is almost mandatory for a company under economic crisis to regularly terminate its activities. Either creditors holders of credits that surpass 40 minimum wages (equivalent to BRL 56,480) or the debtor itself may file for a bankruptcy request. The bankruptcy of a company may also be requested by its shareholders, in accordance with the Bylaws of the company. The proceeding is initiated with the filing of a bankruptcy petition.

Following the request from debtor or creditors, if the requirements are met, the judge decrees the bankruptcy of the debtor and, at the same time, will also (i) set the "clawback period"/"suspicious period" (period immediately preceding the decree of bankruptcy, request for judicial reorganization and first protest for unpaid and cancelled title, that may extend back up to a maximum of ninety days. The term is defined by the judge. During this period, acts carried out that reduce the bankrupt's assets are ineffective in relation to the bankrupt estate, regardless of whether the contracting party was aware of the debtor's condition of economic and financial crisis and whether the debtor intended to defraud creditors), (ii) order the suspension of the enforcement proceedings and other actions then pending against the debtor, with the exception of lawsuits that discuss illiquid claims and labor lawsuits, which will be processed before the specialized court until the respective claim is determined; (iii) and appoint the judicial administrator, whose role is essentially to manage the bankrupt estate, with the purpose of selling the assets to pay the existing debt.

For pledges and mortgages, the start of a bankruptcy proceeding prevents the secured creditor from seeking extrajudicial sale of their collateral, and from commencing enforcement proceedings against the debtor. This means that secured creditors are subject to the bankruptcy proceedings. Fiduciary property, real estate fiduciary transfers and fiduciary transfers are not subject to the bankruptcy liquidation proceeding (i.e., the bankruptcy results in the fulfillment of the condition to transfer the property to the creditor).

Pursuant to Brazilian Bankruptcy Law, the payment of the creditors will follow the order of priority indicated in Brazilian Bankruptcy Law, such that creditors are classified in accordance with the nature of their credits and rank based on the nature of their credits. Therefore, amounts raised during a bankruptcy liquidation proceeding must be used to pay the debts of the bankrupt estate in the following order:

- (i) Expenses whose advanced payment is necessary for management of the bankruptcy and labor claims related to three months prior to the bankruptcy decree, limited to 5 monthly minimum wages per employee;
- (ii) DIP financing;
- (iii) Money Restitution Claims related to article 86 of the Brazilian Bankruptcy Law;
- (iv) Bankruptcy proceeding fees and labor claims related to activities rendered after the bankruptcy liquidation order;
- (v) Credits constituted during the judicial reorganization or after the bankruptcy liquidation order;
- (vi) Claims related to employee contracts and work-related accidents, limited to 150 minimum monthly wages per employee;
- (vii) Secured creditors (up to the value of the collateral subject to the security interest);
- (viii) Federal, state and municipal tax claims, excluding fines;
- (ix) Unsecured creditors;
- (x) Contractual and public fines and penalties, including tax penalties;
- (xi) Subordinated credits;
- (xii) Interest incurred after the bankruptcy liquidation order.

Also, the Brazilian Bankruptcy Law was amended to adopt the UNCITRAL Model Law on Cross-Border Insolvency. The provisions related to cross-border insolvency provide for the recognition of foreign proceedings, cooperation between Brazilian Insolvency Courts and Foreign Courts/Foreign Court-Appointed Trustees and coordination of proceedings. The judge of the main establishment of the debtor in Brazil will have the jurisdiction to rule on the recognition of a foreign proceeding and to cooperate with the foreign authorities.

Regarding the recognition of foreign proceedings, the Brazilian Bankruptcy Law provides that the foreign representative may request the recognition of the foreign insolvency proceeding in Brazil to request ancillary measures. The foreign insolvency proceeding may be recognized as a foreign main or non-main proceeding based on the center of main interest of the debtor.

The recognition of a foreign main proceeding will automatically apply a stay of enforcement proceedings against the debtor, a stay of statute of limitations against the debtor and the ineffectiveness of any transfer on debtor's asset without a court authorization. The stay is not applicable to creditors that are not subject to the reorganization proceeding and to lawsuits that discuss illiquid claims. The foreign representative may file for preliminary injunctions, that can be granted prior to the recognition of the foreign insolvency proceeding. After that recognition, the foreign representative of the main or non-main proceeding may request other measures to the Brazilian judge, such as hearing, collecting of evidence, information about assets and file lawsuit to protect/recover the bankruptcy estate's assets.

Regarding the coordination of proceedings, whenever a foreign proceeding and a judicial reorganization, out-of-court reorganization or bankruptcy proceeding related to the same debtor are in progress simultaneously, the judge must seek cooperation and coordination between them, observing the following: (i) if the insolvency proceeding in Brazil is already in progress when the request for recognition of the foreign proceeding is filed, any assistance measure determined by the judge must be compatible with the ongoing Brazilian proceedings; (ii) if the proceedings in Brazil are filed after the foreign proceedings have been recognized or after the application for their recognition has been filed, all assistance measures already granted shall be reviewed by the judge and modified or revoked if they are incompatible with the proceedings in Brazil and, when the foreign proceedings are recognized as the main proceedings, the effects will be modified or ceased, if incompatible with other provisions of the Brazilian Bankruptcy Law; and (iv) any measure of assistance to a non-main foreign proceeding shall be restricted to assets and establishments which, according to the Brazilian legal system, must be subject to the discipline applicable to the non-main foreign proceeding.

The bankruptcy estate's foreign representative may request directly to the Brazilian judge. Foreign creditors will have in principle the same rights of the Brazilian creditors, and shall not be discriminated against on the grounds of nationality or the location of their registered office, place of business, residence or domicile. If there is no similar classification in Brazil to a foreign credit, that credit will be listed as an unsecured credit.

After recognition of a foreign main proceeding in Brazil, any insolvency proceeding (i.e. judicial reorganization, out-of-court reorganization or bankruptcy) can only be requested in Brazil if the debtor has assets or an establishment in Brazil. The Brazilian judge shall seek to cooperate and coordinate its decisions with the foreign proceeding.

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CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS (FS)

FS (FS Indústria de Biocombustíveis Ltda. and FS I
Indústria de Etanol S.A.)

As of September 30, 2023 and March 31, 2023 and for the
six-month periods ended September 30, 2023 and 2022.





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Independent auditor's report on review of condensed combined interim financial statements

To the Directors, Quotaholders and Shareholders of

FS I Indústria de Etanol S.A. and FS Indústria de Biocombustíveis Ltda.

Lucas do Rio Verde – MT

Introduction

We have reviewed the condensed combined interim financial statements of the entities FS I Indústria de Etanol S.A. and FS Indústria de Biocombustíveis Ltda. ("FS"), which comprises the condensed combined statement of financial position as of September 30, 2023, the condensed combined statements of income and comprehensive income for the three and six-month period ended September 30, 2023, changes in net parent investment and cash flows for the six-month period ended September 30, 2023, and notes to the combined interim financial statements.

The FS's Management is responsible for the preparation of the condensed combined interim financial statements in accordance with and with IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement. Our responsibility is to express a conclusion on the condensed combined interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Brazilian and international standards for review of interim financial information (NBC TR 2410 and ISRE 2410, 'Review of Interim Financial statements Performed by the Independent Auditor of the Entity'. A review of combined interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed combined interim financial statements of FS as of September 30, 2023 do not present fairly, in all material respects, the financial position, financial performance and cash flows of the Company in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB and CPC 21 (R1) - Interim Statement.

Emphasis of matter – Basis for preparation of the condensed combined financial

We draw attention to explanatory note No. 2 (a), which describes the basis for preparing the condensed combined financial statements. The condensed combined interim financial statements were prepared, to provide information about all the FS industrial activities in a single statement, to measure financial covenants commitments and to provide financial information to the stakeholders. The condensed combined interim financial statements should be read in that context. Our conclusion is not qualified with respect to this matter.

Other Matters - Statements of added value

We also reviewed the condensed combined statements of added value ('DVA') for the six-month period ended September 30, 2023, prepared under the responsibility of FS's Management, and presented as supplementary information for IAS 34 issued by the International Accounting Standards Board – IASB, whose presentation is not required for non - public companies. These statements were submitted to the same review procedures in accordance with the review of the condensed combined interim financial statements with the objective to conclude if they reconcile with the interim financial information and the criteria's defined in CPC 09 – Statement of value added. Based on our review, we are not aware of any fact that might lead us to believe that they were not prepared, in all material respects, in accordance with the condensed combined interim financial statements, taken as a whole.

Cuiabá, November 24, 2023

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



Rafael Henrique Klug
Accountant CRC ISP246035/O-7

Combined statements of financial position as of September 30, 2023 and March 31, 2023

(In thousand of Reais)

Assets	Notes	09/30/2023	03/31/2023
Current			
Cash and cash equivalents	4	1,814,044	1,374,855
Financial investments	5	1,243,808	3,109,084
Restricted cash	6	2,438,709	2,256,928
Trade and other receivables	7	25,237	271,314
Trade receivables with related parties	28	7,889	166,435
Inventories	8	2,870,325	1,067,026
Advances to suppliers	9	30,065	53,143
Recoverable taxes	15.a	430,318	383,452
Prepaid expenses		95,035	40,915
Biological Assets		–	984
Derivative financial instruments	18	87,954	40,478
Other credits		2,616	36,466
Total current assets		9,046,000	8,801,080
Non-current			
Long-term assets			
Restricted cash	6	49,892	39,246
Advances to suppliers	9	51,978	49,603
Recoverable taxes	15.a	448,747	245,805
Deferred tax assets	19.b	261,574	–
Related party loans	28	266,505	288,452
Judicial deposits	16	4,905	4,177
Total long-term assets		1,083,601	627,283
Non-current			
Property, plant and equipment	10	5,524,210	4,994,520
Intangible assets		20,210	19,752
Total non-current assets		6,628,021	5,641,555
Total assets		15,674,021	14,442,635

Liabilities	Note	09/30/2023	03/31/2023
Current			
Trade payables	11	3,613,888	1,198,945
Loans and borrowings	12	4,264,453	4,271,074
Advances from customers	13	542,082	40,308
Lease payables	14	41,294	26,965
Income tax and social contribution payable	19.a	–	59,816
Taxes and contributions payable	15.b	17,600	14,964
Payroll and related charges		46,107	67,041
Derivative financial instruments	18	304,721	407,908
Total current liabilities		8,830,145	6,087,021
Non-current			
Trade payables	11	17,342	18,795
Loans and borrowings	12	6,227,789	7,351,156
Lease payables	14	351,775	189,462
Deferred tax liabilities	19.b	203,352	59,445
Provision for contingencies	16	189	–
Total non-current liabilities		6,800,447	7,618,858
Total liabilities		15,630,592	13,705,879
Net parent investment			
Net parent investment	17	43,429	736,756
Total net parent investment		43,429	736,756
Total liabilities and net parent investment		15,674,021	14,442,635

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

Combined statements of income

For the three and six-month periods ended September 30, 2023 and 2022

(In thousand of Reais)

	Note	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Net revenue	21	2,003,159	3,824,709	1,906,740	3,793,339
Cost of goods sold	22	(1,531,878)	(2,785,503)	(1,235,533)	(2,319,607)
Gross profit		471,281	1,039,206	671,207	1,473,732
Operational expenses					
Selling expenses	23	(307,877)	(528,332)	(212,383)	(383,441)
Administrative expenses	24	(51,292)	(93,049)	(36,490)	(67,889)
Other results	25	43,289	66,772	250,973	294,042
Profit before net finance costs and taxes		155,401	484,597	673,307	1,316,444
Finance income		208,003	420,786	259,988	813,640
Finance costs		(576,485)	(1,279,602)	(456,451)	(992,493)
Foreign exchange rate variations, net		(103,862)	56,343	(115,413)	(413,738)
Net finance income (costs)	26	(472,344)	(802,473)	(311,876)	(592,591)
(Loss) Profit before income and social contribution taxes		(316,943)	(317,876)	361,431	723,853
Current income and social contribution taxes	19	10,361	10,361	(114,677)	(199,933)
Deferred income and social contribution taxes	19	132,464	167,401	4,694	(5,419)
Tax incentives on income tax		(5,715)	(5,715)	23,064	23,064
Net (Loss) profit for the period		(179,833)	(145,829)	274,512	541,565

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



Combined statements of comprehensive income

For the three and six-month periods ended September 30, 2023 and 2022

(In thousand of Reais)

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Net (Loss) profit for the period	(179,833)	(145,829)	274,512	541,565
Items that may be reclassified to profit or loss				
Cash flow hedge - effective portion of changes in fair value	36,079	151,949	24,548	(161,242)
Deferred income and social contribution taxes	(12,267)	(51,663)	(8,346)	54,822
Cumulative translation adjustment	2,943	(2,447)	10,600	9,423
Total comprehensive income	(153,078)	(47,990)	301,314	444,568

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



Combined statements of changes in net parent investment

Six-month periods ended September 30, 2023 and 2022

(In thousand of Reais)

	Note	Net parent investment
Balances as of April 1, 2022		547,848
Net profit for the period		541,565
Items that may be reclassified to profit or loss		
Cash flow hedge - effective portion of changes in fair value		(161,242)
Deferred income and social contribution taxes		54,822
Cumulative translation adjustment		9,423
Total comprehensive income		444,568
Other changes in net investments		
Capital increase		195
Distribution of dividends	17	(702,500)
Balances as of September 30, 2022		290,111
Balances as of April 1, 2023		736,756
Loss for the period		(145,829)
Items that may be reclassified to profit or loss		
Cash flow hedge - effective portion of changes in fair value		151,949
Deferred income and social contribution taxes		(51,663)
Cumulative translation adjustment		(2,447)
Total comprehensive income		(47,990)
Other changes in net investments		
Capital increase		47
Distribution of dividends	17	(645,384)
Balances as of September 30, 2023		43,429

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



Combined statements of cash flows-Indirect method

Six-month periods ended September 30, 2023 and 2022

(In thousand of Reais)

	Note	09/30/2023	09/30/2022
Cash flow from operating activities			
Net (Loss) profit for the period		(145,829)	541,565
Adjustment for:			
Depreciation and amortization		111,266	66,991
Income from financial investments		(342,183)	(212,915)
Current and deferred income tax and contributions, net of tax incentives	19	(172,047)	182,289
Foreign exchange rate (gains) or losses		(83,635)	413,179
Adjustment to fair value	18	257,214	(117,118)
Adjustment to present value		65,926	(26,297)
Provision for interest and amortization of transaction cost		811,653	513,271
Fair value adjustment - biological assets		—	(4,419)
Expected losses on credit	7	123	(2)
Provision for contingencies		189	—
Gain on sale of assets		(11,135)	(171,302)
Changes in:			
Trade and other receivables		297,034	(34,980)
Trade receivables with related parties		16,516	—
Inventories		(1,790,208)	(1,590,485)
Recoverable taxes		(305,105)	(274,473)
Prepaid expenses		(54,115)	(28,963)
Judicial deposits		(728)	(189)
Other credits		30,071	(7,684)
Advances to suppliers	9	20,703	(64,298)
Trade payables		2,411,496	1,707,957
Advances from customers		501,774	34,744
Payroll and related charges		(20,934)	(5,803)
Taxes and contributions payable		2,758	(160,179)
Other payables		—	(66,422)
Cash generated from operating activities		1,600,804	694,467
Interest payment		(492,577)	(349,212)
Interest received		512,104	151,040
Net cash from operating activities		1,620,331	496,295
Cash flow from investing activities			
Acquisition of property, plant and equipment	29	(533,613)	(764,164)
Proceeds from sale of biological assets, right of contracts and bear plants	28.d	142,030	295,185
Biological assets		—	(10,666)
Interest charges paid over capitalized loans	29	(15,995)	29,030
Proceeds from related party loans		26,458	—
Proceeds from (Investment in) financial investments and restricted cash		1,473,133	(1,529,754)
Net cash generated from (used in) investing activities		1,092,013	(1,980,369)





	Note	09/30/2023	09/30/2022
Cash flow from financing activities			
Loans received, net of transaction costs	12	2,408,825	3,184,638
Repayment of loans and borrowings (principal)	12	(3,720,180)	(842,939)
Dividends paid	17.c	(645,384)	(702,500)
Lease paid (principal)	14	(43,404)	(12,389)
Capital increase		47	195
Derivative financial instruments paid		(251,701)	(286,488)
Net cash (used in) generated from financing activities		(2,251,797)	1,340,517
Foreign currency translation adjustment		(21,358)	14,216
Increase (decrease) in cash and cash equivalents		439,189	(129,341)
Cash and cash equivalents at the beginning of the period		1,374,855	1,719,194
Cash and cash equivalents at the end of the period		1,814,044	1,589,854

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



Combined statements of added value

Six-month periods ended September 30, 2023 and 2022

(In thousand of Reais)

	04/01/2023 to 09/30/2023	04/01/2022 to 09/30/2022
Sales of goods, products and services	4,037,458	3,997,584
Other income	90,628	337,975
Loss on impairment of accounts receivable	(123)	—
Revenue	4,127,963	4,335,559
Inputs purchased from third parties	(3,183,204)	(2,656,555)
Costs of products, goods and services sold	(2,633,051)	(2,213,231)
Materials, energy, third party services and others	(561,288)	(443,324)
Gain on sale of assets and right	11,135	—
Gross added value	944,759	1,679,004
Depreciation and amortization	(111,266)	(66,665)
Net added value produced	833,493	1,612,339
Added value received in transfer	522,089	968,245
Finance income	522,089	968,245
Total added value to distribute	1,355,582	2,580,584
Distribution of added value	1,355,582	2,580,584
Employee	108,881	90,718
Direct remuneration	80,025	70,340
Benefits	23,208	16,487
Service Guarantee Fund	5,648	3,891
Taxes, fees and contributions	67,968	387,464
Federal taxes	(69,808)	182,288
State taxes	137,776	205,176
Remuneration of third party capital	1,324,562	1,560,837
Interest	1,324,562	534,292
Other	—	1,026,545
Remuneration of equity	(145,829)	541,565
Dividends	—	525,849
(Accumulated losses) Retained earnings	(145,829)	15,716

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



1. Operations

The condensed combined interim financial statements of FS ("FS" or "Companies") include the following companies under common control:

- FS Indústria de Biocombustíveis Ltda., ("FS Ltda."), is a limited liability company incorporated on April 01, 2014. It is located at Estrada A-01, 900m from KM 7 at Avenida das Indústrias, S/N - Km 05, Distrito Industrial Senador Atílio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil.
- FS Ltda. holds 100% of the share capital of FS Luxembourg S.a.r.l. ("FS Lux"). FS Lux is a limited liability company incorporated on September 8, 2020, under the laws of Luxembourg and located at 9 Bitbourg street, L-1273, in Luxembourg; and
- FS I Indústria de Etanol S.A. ("FS S.A."), a stock corporation established on June 13, 2022. It is located at Estrada A-01, 900 m from Km 7 of Avenida das Indústrias, s/nº - Distrito Industrial Senador Atílio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil.

FS S.A. was established on June 13, 2022 and commenced its operations in May, 2023.

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

2. Basis for preparation

The condensed combined interim financial statements were prepared in accordance with IAS 34 – Interim Financial Reporting issued by International Accounting Standards Board (IASB) and also with the technical pronouncement CPC 21 (R1) Interim Financial Statements.

These condensed combined interim financial statements as of and for the six months ended September 30, 2023 should be read in conjunction with the last annual combined financial statements as at and for the year ended March 31, 2023 ('last annual financial statements').

They do not include all the information required for a complete set of combined financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in FS's financial position and performance since the last combined financial statements.

In preparing these condensed combined interim financial statements, management has used judgments, estimates and assumptions that affect the application of FS accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and assumptions are continually reviewed and have not changed materially from the March 31, 2023, combined financial statements.

The issue of condensed combined interim financial statements was authorized by Management on November 24, 2023.



a. Basis for the combination and reasons for combining Companies

FS condensed combined interim financial statements are being presented exclusively to provide information about all the FS industrial activities in single financial statements, to measure financial covenants commitments and to provide financial information to the shareholders and stakeholders of FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol S.A. Therefore, these financials are not the parent company nor consolidated interim financial statements of an entity and its subsidiaries and should not be used as a basis for the calculation of dividends or taxes and does not necessarily provide indicators of the current or future profit or loss if the Companies considered in the combination had operated as a single entity or as an indication of income (loss) from transactions with these Companies for any period in the future.

The FS condensed combined interim financial statements are a single set of combined interim financial statements for two or more entities that are ultimately under common control. The Management of the Companies used the definition of control in accordance with CPC 44 and IFRS 10 - Combined Interim Financial Statements and CPC 36 Combined Financial Statements both in relation to the assessment of the existence of common control and the combination procedure for both companies as of September 30, 2023.

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

FS S.A. was established on June 13, 2022, with no significant assets, liabilities, equity or operations. Between June 13, 2022, and March 31, 2023, FS S.A. acquired assets from FS Ltda., and did not present expenses or income.

(i) Criteria adopted for the preparation of the combined financial statements

The combination of the principles of Technical Pronouncement CPC 44 – combined interim financial statements were used in the preparation of the combined interim financial statements of FS and considered, among other procedures:

- Intercompany balances and transactions, and any unrealized income or expenses derived from Intercompany transactions, are eliminated in the preparation of the combined interim financial statements; and
- The accounting practices were uniform to all the combined Companies.

The composition of net assets and net investment for the period September 30, 2023, and the companies' income for the period ended September 30, 2023, which are part of the condensed combined interim financial statements, without and the elimination of transactions between the parties, are presented below:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Net (Loss) profit for the period	Other comprehensive income
FS Ltda.							
Consolidated	8,010,622	4,093,918	5,539,425	6,025,515	539,600	(57,660)	97,839
FS S.A.	1,218,968	2,929,279	3,480,030	774,932	(106,715)	(89,709)	—
Eliminations	(183,590)	(395,176)	(189,310)	—	(389,456)	1,540	—
Combined	9,046,000	6,628,021	8,830,145	6,800,447	43,429	(145,829)	97,839



3. New standards and interpretations

The standards and interpretations that came into force on April 1, 2023, but did not significantly impact the FS' financial statements of the are presented below:

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

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

- Classification of Liabilities as Current and Non-Current and Non-Current liabilities with covenants (Amendments to CPC 26/IAS 1), and
- Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16); and
- Supplier Finance Arrangements (Amendments to CPC 03 and CPC 40, IAS 7 and IFRS7).

4. Cash and cash equivalents

	09/30/2023	03/31/2023
Bank deposits and cash	1,403,019	36,597
Financial investments - CDB	411,025	1,338,258
Total	1,814,044	1,374,855

FS considers as cash and cash equivalents highly liquid balances that mature no later than 90 days from the date of investment which are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

Short-term financial investments refer to certificate of bank deposits ('CDB') which are instruments offered by banks with rates set by the individual banks which are usually linked to the Interbank Deposit Certificate ('CDI') rate plus or minus a fixed spread. For the period ended September 30, 2023, the average annual return on these investments was 12.62% (13.63% for the period ended March 31, 2023). These instruments are available for immediate redemption by the FS.

As of September 30, 2023, the balance of cash and cash equivalents held in US dollars ("USD") amounts to USD 198,147 or R\$ 992,239 (USD 5,846 or R\$ 29,698 as of March 31, 2023).

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

5. Financial investments

	09/30/2023	03/31/2023
Total return swap (TRS)	1,243,808	3,109,084
Total	1,243,808	3,109,084

As part of the Green Bond issuance process, FS Lux acquired a total return swap ('TRS') with an annual return of 10.7% p.y. due in December 2023 and with semi-annual payments,

Information on the FS exposure to market risks, credit and fair value measurement related to financial investments is included in Note 18.



6. Restricted cash

	09/30/2023	03/31/2023
Investments linked to loans	2,488,601	2,296,174
Total	2,488,601	2,296,174
Current	2,438,709	2,256,928
Non-current	49,892	39,246

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

For the period ended September 30, 2023, and year ended on March 31, 2023, the average annual return on these investments was 12.62% and 13.63%, respectively.

Information on the FS exposure to credit, market and fair value risks related to restricted cash is included in Note 18.

7. Trade and other receivables

	09/30/2023	03/31/2023
Trade receivables	25,365	271,319
(-) Allowance for expected credit losses	(128)	(5)
Total	25,237	271,314

Impairment losses

FS assesses the impairment loss on accounts receivable based on: (a) historical experience of losses by customers and segment; (b) assignment of a credit rating to each customer based on qualitative and quantitative measures for the customer, as determined by internal policies (see note 18); and (c) assigns an impairment percentage for provisioning purposes based on items (a) and (b) above and the customer's credit status (current or past due).

Based on the loss history and expectations regarding the future performance of the current receivables, FS' assessment is that the remaining risk for the outstanding balances is not significant for the constitution of a provision.

The maturity of the receivables at the reporting date of the combined interim financial statements is as follows:

	09/30/2023	03/31/2023
Not overdue		
Up to 30 days	12,946	235,235
31-60 days	—	15,044
61-90 days	3,168	4,359
>90 days	3,262	16,129
Subtotal	19,376	270,767
Overdue		
Up to 30 days	3,454	547
31-60 days	2,119	—
61-90 days	49	—
91-180 days	239	—
Subtotal	5,861	547
Total	25,237	271,314



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

Balance as of March 31, 2023	(5)
Provision for expected credit losses	(123)
Balance as of September 30, 2023	(128)
Balance as of March 31, 2022	(115)
Reversal of expected credit losses	1
Balance as of September 30, 2022	(114)

As of March 31, 2023, the amount of R\$ 40,000 was pledged as collateral for financing arrangements. See note 12. As of September 30, 2023, there were no receivables as collateral for loan agreements.

Trade and other receivables with related parties as of September 30, 2023, and March 31, 2023 is R\$ 7,889 and R\$ 166,435, respectively. See note 28.

The FS exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 18.

8. Inventories

	09/30/2023	03/31/2023
Inventories held by third party	1,121,270	165,473
Raw material	1,306,602	703,764
Finished goods	251,441	37,212
Production inputs	65,175	60,941
Consumption material	94,666	84,864
Work-in-process	27,576	14,773
Corn inventory for resale	3,595	—
Total	2,870,325	1,067,026

Cost is determined by the weighted average costing method see note 22.

As of September 30, 2023, there were inventory balances of 843,626 tons of corn (679,744 tons of corn as of March 31, 2023) pledged as collateral for financing arrangements. The collateral represents the amount of R\$ 495,762 (R\$ 533,344 as of March 31, 2023).

As of September 30, 2023, and March 31, 2023, the amounts held by third parties were as follows, respectively:

	09/30/2023	03/31/2023
Raw material	913,750	80,877
Finished goods - Ethanol	207,106	84,595
Finished goods - DDG	414	—
Total	1,121,270	165,473

Raw material inventories held by third parties correspond to 932,892 tons of corn, 81,586 cubic meters of ethanol and 1,194 tons of animal nutrition as of September 30, 2023 (73,088 tons of corn and 29,389 cubic meters of ethanol as of March 31, 2023).



9. Advances to suppliers

	09/30/2023	03/31/2023
Advances to suppliers of inventories	76,690	92,386
Advances to related parties	192	5,468
Advances to other suppliers	5,160	4,892
Total	82,043	102,746
Current	30,065	53,143
Non-current	51,978	49,603

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

The advances to suppliers with related parties was as of September 30, 2023 was R\$ 192 (R\$ 5,468 as of March 31, 2023). See note 28.



10. Property, plant and equipment

Cost of acquisition	03/31/2022	Additions	Disposals	Transfers	09/30/2022	03/31/2023	Additions	Disposals	Transfers	09/30/2023
Land	140,345	849	—	—	141,194	151,094	—	—	33,115	184,209
Buildings	630,526	1,357	—	—	631,883	654,994	3,559	—	593,998	1,252,551
Machinery and equipment	1,374,473	9,920	(378)	—	1,384,015	1,426,375	7,010	(3,237)	840,706	2,270,854
Furniture and computers	19,187	2,613	(46)	—	21,754	24,040	1,128	—	8,572	33,740
Vehicles	3,675	—	(1,363)	(93)	2,219	1,891	—	—	500	2,391
Airplane	28,164	1,032	—	93	29,289	29,196	—	—	—	29,196
Installations	527,536	1,503	—	—	529,039	562,132	1,479	(1,450)	400,557	962,718
Construction in progress	576,795	478,390	(3,166)	290,126	1,342,145	2,228,545	412,298	—	(1,858,228)	782,615
Advance to suppliers	127,021	494,142	—	(290,126)	331,037	123,071	34,057	(6)	(19,221)	137,901
Bearer plant (bamboo)	60,131	33,688	(81,290)	—	12,529	—	—	—	—	—
Right of use	151,581	35,598	(89,189)	—	97,990	243,555	199,610	—	1	443,166
Total	3,639,434	1,059,092	(175,432)	—	4,523,094	5,444,893	659,141	(4,693)	—	6,099,341
Depreciation										
Buildings	(35,932)	(7,890)	—	—	(43,822)	(51,787)	(14,134)	—	—	(65,921)
Machinery and equipment	(178,814)	(36,732)	92	—	(215,454)	(253,740)	(55,038)	700	—	(308,078)
Furniture and computers	(5,975)	(1,306)	47	—	(7,234)	(8,699)	(1,943)	—	—	(10,642)
Vehicles	(1,903)	(239)	1,105	—	(1,037)	(819)	(231)	—	—	(1,050)
Airplane	—	(1,701)	—	—	(1,701)	(3,161)	(1,460)	—	—	(4,621)
Installations	(71,059)	(17,581)	—	—	(88,640)	(106,637)	(29,489)	219	—	(135,907)
Right of use	(16,653)	(9,184)	8,215	—	(17,622)	(25,530)	(23,382)	—	—	(48,912)
Total	(310,336)	(74,633)	9,459	—	(375,510)	(450,373)	(125,677)	919	—	(575,131)
Net	3,329,098	984,459	(165,973)	—	4,147,584	4,994,520	533,464	(3,774)	—	5,524,210



Construction in progress and advance to suppliers

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

Provision for impairment

The FS, at the end of each reporting, assesses possible indications of impairment of its assets that could create the need to test their recovery value.

Management did not identify indicators of impairment of its assets on September 30, 2023.

Capitalization of borrowing costs

For the period ended September 30, 2023 and 2022, borrowing costs capitalized were R\$ 15,995 and R\$ 29,030, respectively. The average rate of capitalized costs was 13.62% p.y. (13.39% p.y. on September 30, 2022).

Collateral

FS has pledged fixed assets as collateral linked to loans in the amount of R\$ 2,455,292 (R\$ 2,886,562 on March 31, 2023) and comprises lands, buildings, machinery, installations, and construction in progress.

11. Trade payables

	09/30/2023	03/31/2023
Raw material payables	2,940,495	570,963
Fixed assets payables	416,298	505,929
Other payables	274,437	140,848
Total	3,631,230	1,217,740
Current	3,613,888	1,198,945
Non-current	17,342	18,795

The trade payables balances refer to raw material (corn), production inputs and other necessary products in the production area, expenditures for engineering services and acquisition of machinery and equipment.

The balance of lease payables with related parties as of September 30, 2023 was R\$ 132,759 (R\$ 5,468 as of March 31, 2023). See note 28.

Reverse Factoring

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

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



	09/30/2023	03/31/2023
Trade payables	1,525,244	479,212
Reverse factoring	2,105,986	738,527
Total	3,631,230	1,217,740

On September 30, 2023, the discount rates on reverse factoring averaged CDI+2.60% p.y. (as of March 31, 2023, these rates were CDI +2.93% p.y.). Negotiated rates are pre-fixed and, therefore, do not have CDI variation after negotiation. Interest is recognized in finance costs, see note 26.

FS' exposure to liquidity risks and fair value measurement risks related to trade payables is disclosed in note 18.

12. Loans and borrowings

	Rate	Currency	09/30/2023	03/31/2023
Loans for investments	6.5% to 10.77%	USD	5,648,176	6,374,590
Loans for investments	CDI + 0.78%	BRL	—	1,642,591
Loans for working capital	8.46%	USD	309,136	141,917
Loans for working capital	CDI + 2.38%	BRL	4,765,707	3,629,835
Total loans			10,723,019	11,788,933
(-) Transaction cost			(230,777)	(166,703)
Total			10,492,242	11,622,230

Current	4,264,453	4,271,074
Non-current	6,227,789	7,351,156

Management categorizes the loans by the nature in which the proceeds will be utilized in the operations. Loans for investments are to be used on capital expenditures related to construction of the plants while loans for working capital are to be used to finance short-term operational needs.

For more information on the exposure of the FS to risks of interest rates, liquidity, fair value measurement and a sensitivity analysis arising from these loans and borrowings, see Note 18.

a. Terms and schedule of debt repayment

The following collateral were granted:

- FS's land (note 10);
- Fiduciary assignment of fixed assets (note 10);
- Inventories of corn (note 8); and
- Restricted cash (note 6).

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

September 30, 2023	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	5,648,176	3,069,467	—	2,428,481	—	150,228
Loans for working capital (*)	5,074,843	1,251,794	915,928	612,325	388,408	1,906,388
Total	10,723,019	4,321,261	915,928	3,040,806	388,408	2,056,616

March 31, 2023	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	6,374,590	3,206,780	—	3,015,398	—	152,412
Loans for working capital (*)	5,414,343	1,120,817	2,284,174	697,142	383,449	928,761
Total	11,788,933	4,327,597	2,284,174	3,712,540	383,449	1,081,173

(*) The amount does not include transaction costs.



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

March 31, 2023	11,622,230
-cash items	
Loans received	2,478,671
Payments of principal	(3,720,180)
Interest payment	(391,517)
Provision for interest (capitalized)	15,995
Transaction cost	(69,846)
-non-cash items	
Provision for interest	660,971
Foreign exchange rate (gains) or losses (*)	(93,051)
Transaction cost (amortization)	33,089
Foreign currency translation effect (**)	(44,120)
Balance as of September 30, 2023	10,492,242
Balance as of March 31, 2022	8,195,291
-cash items	
Loans received	3,184,638
Payments of principal	(842,939)
Interest payment	(283,711)
Provision for interest (capitalized)	43,626
Transaction cost	(10,587)
-non-cash items	
Provision for interest	513,205
Foreign exchange rate (gains) or losses (*)	417,936
Foreign currency translation effect (**)	365,580
Balance as of September 30, 2022	11,583,039

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

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

c. Restrictive clauses ("covenants")

The main financial covenants include conditions that restrict the occurrence of certain financial transactions, if the net debt to EBITDA financial ratio is higher than 3.0x. The verification of this ratio occurs on a quarterly basis, based on the Company's financial statements for the last 12 months.

For the period ended September 30, 2023, FS calculated a financial ratio of net debt to EBITDA higher than 3.0x. Therefore, FS has restrictions on conducting certain transactions, but does not result in a default or accelerate the maturity of its loans.

13. Advances from customers

Advances from customers represent cash received from customers for the sales of products which have not yet met the criteria to be recognized as net revenue as of the end of the period. These advances are shown as a liability on the statement of financial position with a balance of R\$ 542,082 and R\$ 40,308 as of September 30, 2023, and March 31, 2023, respectively.



14. Lease payables

	Warehouse (i)	Wagons (v)	Others (iii)	Total
Balance as of March 31, 2023	95,482	98,579	22,366	216,427
Addition	289,875	48,738	17,009	355,622
Contractual adjustment (iv)	1,862	—	(178)	1,684
(-) Adjustment to present value	(136,033)	(18,711)	(2,952)	(157,696)
Amortization adjustment to present value	10,724	7,905	1,807	20,436
Payment	(20,099)	(15,464)	(7,841)	(43,404)
Balance as of September 30, 2023	241,811	121,047	30,211	393,069

Current	41,294
Non-current	351,775

FS Ltda	Rural (i)	Warehouse (ii)	Others (iii)	Total
Balance as of March 31, 2022	86,179	38,912	8,238	133,329
Addition	—	—	3,377	3,377
(-) Adjustment to present value	1,110	—	(546)	564
Amortization	143	112	258	513
Payment	(7,752)	(1,613)	(2,154)	(11,519)
Balance as of September 30, 2022	79,680	37,411	9,173	126,264

Current	15,324
Non-current	110,940

The balance of lease payables with related parties as of September 30, 2023 was R\$ 193,479 and R\$ 98,579 as of March 31, 2023. See note 28.

Right of use

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

	Warehouse (iii)	Wagons (v)	Others (iii)	Total
Balance as of March 31, 2023	98,083	96,962	22,980	218,025
Addition	154,363	30,028	13,971	198,362
Contractual adjustment (iv)	1,340	—	(92)	1,248
Amortization	(10,317)	(6,058)	(7,007)	(23,382)
Balance as of September 30, 2023	243,469	120,932	29,852	394,253

FS Ltda	Rural (i)	Warehouse (ii)	Others (iii)	Total
Balance as of March 31, 2022	86,470	39,845	8,613	134,928
Addition	22,079	4,783	8,775	35,637
Write-off of right of use	(81,010)	—	—	(81,010)
Amortization	(3,685)	(2,243)	(3,259)	(9,187)
Balance as of September 30, 2022	23,854	42,385	14,129	80,368

- i) A rural area for Bamboo cultivation that has a 3-year period for harvest (5 seasons in total) and will be used as a Biomass in the Company's energy matrix.
- ii) Refers to the leasing of warehouses for the storage of corn.
- iii) Composed by machinery that serves industrial activities and a leased office located in São Paulo.
- iv) Contract update according to the annual adjustment of open balances.
- v) Refers to lease operations with wagons.



15. Taxes and contributions

a. Recoverable taxes

	09/30/2023	03/31/2023
PIS and COFINS	779,208	560,236
Recoverable ICMS	5,921	5,289
Withholding tax	92,774	63,596
Other taxes and contributions	1,162	136
Total	879,065	629,257
Current	430,318	383,452
Non-current	448,747	245,805

b. Taxes and contributions payable

	09/30/2023	03/31/2023
ICMS	12,265	—
Retained tax of third parties (*)	2,156	3,153
ISS	941	11,641
Pis/Cofins Payable	672	—
Other taxes	1,566	170
Total	17,600	14,964

(*) The retained taxes of third parties refers to PIS, COFINS, CSLL, IRPJ, INSS and Funrural.

16. Contingent liabilities and judicial deposits

Contingent liabilities for which FS is unable to make a reliable estimate of the expected financial effect that may result from the resolution of the case, or an outflow of cash are not probable, are not recognized as a liability in the combined interim financial statements but are disclosed in the notes to these combined interim financial statements, unless the probability of any outflow of resources incorporating economic benefits is considered remote.

As of September 30, 2023, FS had contingent liabilities related to ongoing lawsuits whose cash outflow was considered probable in the amount of R\$ 189 (R\$ 1,453 as of March 31, 2023).

Contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred. As of September 30, 2023, and March 31, 2023, FS had contingencies assessed as possible risk by legal advisors and Management in the amount of R\$ 118,154 and R\$ 91,677, respectively, for which no provision was recorded, are as follows:

	09/30/2023	03/31/2023
Civil	84,371	78,684
Labor	1,431	5,575
Tax	32,352	7,419
Total	118,154	91,677

Among the aforementioned contingencies, there is an ongoing judicial discussion related to tax on imports (ICMS) of machinery for the expansion of the plant located in Lucas do Rio Verde - MT, for which the FS has a judicial deposit in the amount of R\$ 4,905 (R\$ 4,177 as of March 31, 2023).



17. Total net parent investment**a. Capital****i. FS Ltda.**

The Company's subscribed and paid-in capital stock as of September 30, 2023, and March 31, 2023, was R\$ 88,083 and R\$ 88,037. As of September 30, 2023, of the total of 88,083,439 quotas, 83,380,928 are ordinary and 4,702,511 are preferred (of the 87,806,369 quotas, 83,380,928 are common quotas and 4,656,010 are preferred shares as of March 31, 2023). The preferred quotas were approved by the Board, fully subscribed by members of management with no voting rights, no priority to receive dividends and no minimum dividends guaranteed, with priority to redeem it without a premium.

Quota holder	Type	09/30/2023			03/31/2023		
		Subscribed capital	Paid in capital	% of ownership	Subscribed capital	Paid in capital	% of ownership
Summit Brazil Renewables I, LLC	Common	62,265	62,265	70.69 %	62,536	62,536	71.03 %
Non-majority quotaholders	Ordinary	21,116	21,116	23.97 %	20,845	20,845	23.68 %
Others	Preferential	4,702	4,702	5.34 %	4,656	4,656	5.29 %
Total		88,083	88,083	100.00 %	88,037	88,037	100.00 %

ii. FS S.A.

The Company's capital as of September 30, 2023 and March 31, 2023, was R\$ 4,500, divided into 4,500 (four million and five hundred thousand) shares, with a par value of R\$ 1,00 each.

Shareholder	% of Ownership	Subscribed capital
SBR FS Fundo de Investimentos	70.5%	3,173
LRV Fundo de Investimentos em Participações	8.7%	392
Others	20.8%	935
Total	100.0 %	4,500

b. Tax incentive reserves**i. FS Ltda.**

Corresponds to the reserve that is recorded as the result of the federal tax incentive program with the Amazon Development Superintendent – SUDAM and Programa de Desenvolvimento Industrial e Comercial de Mato Grosso – PRODEIC. Related to SUDAM, the value of the benefit for any given year is recorded in the statement of income as a reduction of income tax with a corresponding reserve established in equity. According to the program rules, the amount of the incentive accumulated in the mentioned reserve can only be used to offset accumulated losses or increase capital.

Related to PRODEIC, FS Ltda. is guaranteed – for a term of 13 (thirteen) years starting from Decree No. 182, of July 2015 – the granting of tax benefit in the amount of ICMS tax due on the respective operations or services. The amount of the benefits from the years 2017 to 2019 were excluded from the income tax calculation with a corresponding reserve established in equity, in accordance with the provisions of art. 30 of Law 12.973/14.

The tax incentive reserve on September 30, 2023 amounts to R\$ 366,526 and is composed of R\$ 15,952 related to PRODEIC and R\$ 350,574 related to SUDAM (R\$ 372,241 as of March 31, 2023). During the quarter ended September 30, 2023, the Company did not set up a "tax incentive reserve" as it did not record any tax profit in the period.



c. Dividends

i. FS Ltda.

In the period ended on September 30, 2023 and 2022, accumulated profits were distributed, representing R\$ 7.33 and R\$ 7.99 per quota, respectively, as shown below:

Quota holder	% of ownership	Subscribed capital	Distribution of dividends
Summit Brazil Renewables I Participações Ltda	71.00 %	62,265	445,819
Non-majority quotaholders	24.00 %	21,116	152,214
Others	5.00 %	4,702	47,351
Total as of September 30, 2023	100.00 %	88,083	645,384

Quota holder	% of ownership	Subscribed capital	Dividends		
			Retained earnings	Distribution of interim results	Total
Summit Brazil Renewables I Participações Ltda	71.19 %	62,536	125,422	360,943	486,365
Non-majority quotaholders	23.73 %	20,845	42,396	119,728	162,124
Others	5.08 %	4,462	8,833	45,178	54,011
Total as of September 30, 2022	100.00 %	87,843	176,651	525,849	702,500

18. Financial instruments

a. Accounting classification and fair values

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

	Note	Fair value through profit or loss		Amortized Cost		Fair value – hedging instruments		Other financial liabilities		Total		Fair value Level 2	
		09/30/2023	03/31/2023	09/30/2023	03/31/2023	09/30/2023	03/31/2023	09/30/2023	03/31/2023	09/30/2023	03/31/2023	09/30/2023	03/31/2023
Financial assets measured at fair value													
Cash and cash equivalents	4	1,814,044	1,374,855	—	—	—	—	—	—	1,814,044	1,374,855	1,814,044	1,374,855
Total return swap (TRS)	5	1,243,808	3,109,084	—	—	—	—	—	—	1,243,808	3,109,084	1,243,808	3,109,084
Derivative financial instruments	18	87,954	40,478	—	—	—	—	—	—	87,954	40,478	87,954	40,478
Total		3,145,806	4,524,417	—	—	—	—	—	—	3,145,806	4,524,417	3,145,806	4,524,417
Financial assets not measured at fair value													
Restricted cash	6	—	—	2,488,601	2,296,174	—	—	—	—	2,488,601	2,296,174		
Related party loans	28	—	—	266,505	288,452	—	—	—	—	266,505	288,452		
Trade and other receivables	7	—	—	25,237	271,314	—	—	—	—	25,237	271,314		
Trade receivables with related parties	28	—	—	7,889	166,435	—	—	—	—	7,889	166,435		
Judicial deposits	16	—	—	4,905	4,177	—	—	—	—	4,905	4,177		
Total		—	—	2,793,137	3,026,552	—	—	—	—	2,793,137	3,026,552		
Financial liabilities measured at fair value													
Derivative financial instruments	18	62,209	15,059	—	—	242,512	392,849	—	—	304,721	407,908	304,721	407,908
Total		62,209	15,059	—	—	242,512	392,849	—	—	304,721	407,908	304,721	407,908
Financial liabilities not measured at fair value													
Trade payables	11	—	—	—	—	—	—	3,631,230	1,217,740	3,631,230	1,217,740	—	—
Loans and borrowings (*)	12	—	—	—	—	—	—	10,723,019	11,788,933	10,723,019	11,788,933	10,714,067	11,788,933
Lease payables	14	—	—	393,069	216,427	—	—	—	—	393,069	216,427	—	—
Total		—	—	393,069	216,427	—	—	14,354,249	13,006,673	14,747,318	13,223,100	10,714,067	11,788,933

(*) The amount does not include transaction costs.



b. Measurement of fair value

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

The fair value of restricted cash, related party loans, trade and others receivable, other financial assets, trade payables and other short-term liabilities approximate their book value due to their short-term maturity. The fair value of other long-term assets and liabilities does not differ significantly from their book values.

The fair value of loans and borrowings approximate the amounts recorded in the combined interim financial statements due to the fact that these financial instruments are subject to observable interest rates (see note 12).

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

The TRS (Total Return Swap) is a financial asset measured at fair value through profit or loss. The technique used for measurement consists of discounting the cash flow to present value based on yield curves that reflect the appropriate risk factors.

Derivatives are valued using valuation techniques with observable market data and refer, mainly, to swaps of interest rates, foreign exchange forward contracts. The valuation techniques applied often include pricing models and swaps contracts, with present value calculations. The models incorporate various data, including the credit quality of counterparties, foreign exchange spot, and forward rates and interest rate curves.

Fair value hierarchy

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

- Level 1: prices quoted (without adjustments) in active markets for identical assets and liabilities;
- Level 2: other techniques for which all data that has significant effect on the recorded fair value is observable, either directly or indirectly; and
- Level 3: techniques that use data that have a significant effect on fair value that are not based on observable market data.

There were no transfers between levels during the period ended September 30, 2023.

c. Financial risk management

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

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



(i) Risk management structure

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

FS risk management policies are established to identify and analyze the risks to which it is exposed, to set appropriate risk limits and controls, and to monitor risks and adherence to defined limits. Risk management policies and systems are regularly revised to reflect changes in market conditions and activities. FS, through its training and management rules and procedures, seeks to maintain an environment of discipline and control in which all employees are aware of their attributions and obligations.

Credit risk

Credit risk is the risk that FS will incur financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	09/30/2023	03/31/2023
Cash and cash equivalents	4	1,814,044	1,374,855
Financial investments	5	1,243,808	3,109,084
Restricted cash	6	2,488,601	2,296,174
Trade and other receivables	7	25,237	271,314
Trade receivables with related parties	28	7,889	166,435
Related party	28	266,505	288,452
Derivative financial instruments	18	87,954	40,478
Other credits		2,616	36,466
Judicial deposits	16	4,905	4,177
Total		5,941,559	7,587,435

Cash and cash equivalents

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

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

Derivatives

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

Trade and other receivables

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

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

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





c) Constitution of guarantees through a rural producer note (CPRs), Surety, etc.

Liquidity risk

The finance department continuously monitors FS' liquidity needs to ensure that there is sufficient cash to meet its short-term obligations.

Excess cash is invested in private securities, bank deposit certificates ("CDBs") and purchase and sale repo transaction, indexed to the CDI variation, with high liquidity.

Exposure to liquidity risk

The book value of financial liabilities with liquidity risk are as follows:

	Note	09/30/2023	03/31/2023
Trade payables	11	3,631,230	1,217,740
Loans and borrowings (*)	12	10,723,019	11,788,933
Lease payables	14	393,069	216,427
Derivative financial instruments	18	304,721	407,908
Total		15,052,039	13,631,008
Current		8,224,356	5,904,892
Non-current		6,596,906	7,559,413

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

September 30, 2023	Carrying amount	Cash flow contractual	Until 12 months	1 to 2 years	Above 3 years
Loans and borrowings (*)	10,723,019	11,948,873	4,883,968	3,703,844	3,361,061
Trade payables	3,631,230	4,008,528	4,008,528	—	—
Lease payables	393,069	675,124	85,110	85,110	504,904
Derivative financial instruments	304,721	260,204	296,010	68,330	(104,136)
Total	15,052,039	16,892,729	9,273,616	3,857,284	3,761,829

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

(*) The amount does not include transaction costs.





Price risk

Due to the possibility of fluctuation in the market prices of corn sold by FS. These price fluctuations may cause changes in FS' sales revenue. To mitigate this risk, FS monitors the market, seeking to anticipate price movements. The table below shows the positions of derivative financial instruments to hedge commodity price risk outstanding as of September 30, 2023:

Derivatives	Purchased/ Sold	Market	Contract	Maturity	Currency	Notional	Fair value as of 09/30/2023
Forward contract	Purchase	B3	Corn	12/29/2023	BRL	(109,676)	(39,813)
Forward contract	Sale	B3	Corn	12/29/2023	BRL	115,986	59,214
Total Derivative financial instruments							19,401

Sensitivity analysis – commodities price risk

Based on US dollar exchange rate on September 30, 2023 traded at B3 (Brazilian exchange), a probable scenario (level 1) was defined to calculate the exchange rate variation impact in assuming every other variable is held constant, and based on this, changes of 25% (level 2) and 50% (level 3) are, as detailed below:

Instruments as of September 30, 2023	Contract	Value	Corn bag	Probable	Appreciation (R\$)		Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
				In Reais	25%	50%	25%	50%
Financial assets								
Forward contract	Corn	115,986	26.35	115,986	144,983	173,979	86,990	57,993
Financial liabilities								
Forward contract	Corn	(109,676)	26.12	(109,676)	(137,095)	(164,514)	(82,257)	(54,838)
Total				6,310	7,888	9,465	4,733	3,155
Impact on income statement and on net parent investment					1,578	3,155	(1,577)	(3,155)

Market risk

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

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

Foreign exchange risk

FS' operations give rise to certain exposures to foreign currency risk mainly due to the inflow and outflow of capital to and from abroad, as well as contracts for production inputs and for the construction and expansion of industrial units denominated in US dollars. FS manages a portion of this risk with derivative financial instruments, primarily options, swaps and forward contracts ("NDFs"), to reduce exposure to foreign currency fluctuation between the Brazilian real and the US dollar.



	Note	09/30/2023		03/31/2023	
Financial assets		R\$	USD	R\$	USD
Cash and cash equivalents	4	992,239	198,147	29,698	5,846
Total return swap (TRS)	5	1,243,808	248,384	3,109,084	611,976
Derivative financial instruments	18	2,652	530	602,710	118,634
Total Financial Assets		2,238,699		3,741,492	
Financial liabilities		R\$	USD	R\$	USD
Loans for investments (*)	12	(5,648,176)	(1,127,921)	(6,374,590)	(1,254,742)
Loans for working capital (*)	12	(309,136)	(61,733)	(141,917)	(27,934)
Derivative financial instruments	18	(260,427)	476,382	(569,388)	(112,075)
Total Financial Liabilities		(6,217,739)		(7,085,895)	
Total, net exposure			(266,211)		(658,295)

(*) The amount does not include transaction costs.

Hedge accounting effects

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

Type	Purchased/ Sold	Date of Operation	Expiration date ended	Days remaining until maturity	Contract	Notional	Fair value in 2023
Swap	Purchased	12/08/2020	12/09/2025	1827	USD	350,000	(242,512)

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

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

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

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

The effective portion of the changes in the fair value of derivatives in the fair value of derivatives designated and classified as cash flow hedge are recorded as a component of "other comprehensive income". As of September 30, 2023, the balance recorded in other comprehensive income was R\$ 88,815, net of income tax and social contribution. The loss related to the non-effective portion, when calculated, is recognized immediately in the results, in the period ended September 30, 2023, the total amount of the loss was R\$ 5,168.

Effect of fair value recognized on the parent company's net investment	
Balance as of March 31, 2023	(11,471)
Unearned results from cash flow hedges and recognized on parent company's net investment	151,949
Deferred income and social contribution taxes	(51,663)
Balance as of September 30, 2023	88,815

Cash flow sensitivity analysis – foreign exchange risk

Based on US dollar exchange rate on September 30, 2023, a probable scenario (level 1) was defined to calculate the exchange rate impact in assuming every other variable is held constant, and based on this, changes of 25% (level 2) and 50% (level 3) are, as detailed below:

				Probable	Appreciation (R\$)		Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
Instruments as of September 30, 2023	Currency	Carrying amount	Exchange rate	In Reais	25%	50%	25%	50%
Financial assets								
Cash and cash equivalents	USD	198,147	5.0076	992,241	1,240,301	1,488,362	744,181	496,121
Total return swap (TRS)	USD	248,384	5.0076	1,243,808	1,554,760	1,865,712	932,856	621,904
Derivative financial instruments	USD	530	5.0076	2,654	3,318	3,981	1,991	1,327
Financial liabilities								
Loans for working capital	USD	(61,733)	5.0076	(309,134)	(386,418)	(463,701)	(231,851)	(154,567)
Loans for investments*	USD	(1,127,921)	5.0076	(5,648,177)	(7,060,221)	(8,472,266)	(4,236,133)	(2,824,089)
Derivative financial instruments	USD	476,382	5.0076	2,385,532	2,981,915	3,578,298	1,789,149	1,192,766
Total		(266,211)		(1,333,076)	(1,666,345)	(1,999,614)	(999,807)	(666,538)
Impact on income statement and on net parent investment					(333,269)	(666,538)	333,269	666,538

(*) The amount does not include transaction costs.

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

Interest rate risk

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

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

Financial instruments	Note	09/30/2023	03/31/2023
Financial investments - CDB	4	411,025	1,338,258
Restricted cash	6	2,488,601	2,296,174
Loans for investments*	12	—	(1,642,591)
Loans for working capital**	12	(4,765,707)	(3,629,835)
Total		(1,866,081)	(1,637,994)

(*) The amount does not include transaction costs.

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

Interest rate risk on financial assets and liabilities - sensitivity analysis

Based on the CDI rate in effect on September 30, 2023, a probable scenario (level 1) was defined to calculate the interest income for the period, assuming that all other variables are kept constant and, based on that, variations of 25 % (level 2) and 50% (level 3) are calculated, as detailed below:

	Exposure on Combined 09/30/2023	Risk	Probable		Appreciation (R\$)		Depreciation (R\$)	
			(Level 1)		(Level 2)	(Level 3)	(Level 2)	(Level 3)
Financial instruments			%	Value	25%	50%	25%	50%
Cash and cash equivalents	411,025	CDI	12.65	51,995	64,994	77,993	38,996	25,998
Restricted cash	2,488,601	CDI	12.65	314,808	393,510	472,212	236,106	157,404
Loans for working capital*	(4,765,707)	CDI	12.65	(602,862)	(753,578)	(904,293)	(452,147)	(301,431)
Total	(1,866,081)			(236,059)	(295,074)	(354,088)	(177,045)	(118,029)
Impact on income statement and on net parent investment					(59,015)	(118,029)	59,014	118,030

(*) The amount does not include transaction costs.

Reference: CDI information was obtained from the CETIP (clearinghouse for the custody and financial settlement of securities), considering the last business day of September 2023

Derivative financial instruments

FS has operations that may be impacted by the variation of foreign currencies. Among these exposures is a USD denominated loan for investments net of USD 524,552 (R\$ 2,626,744) as of September 30, 2023, and USD 624,552 (R\$ 3,172,971) as of March 31, 2023.

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

The open positions as of September 30, 2023, and March 31, 2023, including maturity dates, weighted average strike rates and fair value are detailed below.

Type	Purchase/Sale	Acquisition date	Expiration date ended	Days remaining until maturity	Contract	Notional	Fair value as of 09/30/2023
Margin Call	Ethanol	03/07/2023	01/31/2024	330	BRL	7,200m ³	2,152
NDF	Soybean	06/16/2023	11/30/2023	167	USD	23,500 (USD/st)	1,415
Forward contract	Corn	09/30/2023	12/29/2023	90	BRL	69,409	39,486
NDF	FX	04/13/2023	11/06/2023	207	USD	7,239	1,237
Swap	IPCA x CDI	09/15/2021	09/15/2025	1	BRL	300,000	21,620
Swap	IPCA x CDI	03/02/2023	02/15/2029	2	BRL	300,000	2,316
Forward contract	Corn	09/30/2023	12/29/2023	90	BRL	46,577	19,728
Total Derivative financial instruments (assets)							87,954

Type	Purchase/Sale	Acquisition date	Expiration date ended	Days remaining until maturity	Contract	Notional	Fair value as of 09/30/2023
Future	Ethanol	07/03/2023	01/31/2024	330	BRL	7,200m ³	(2,316)
Forward contract	Corn	09/30/2023	12/29/2023	90	BRL	68,151	(26,723)
NDF	SM	05/25/2023	11/28/2023	187	USD	18,800 (USD/st)	(630)
NDF	FX	05/11/2023	12/28/2023	231	USD	47,582	(5,998)
Swap	Pre x CDI	03/29/2023	03/22/2024	359	BRL	100,000	(586)
Swap	USD x BRL	12/08/2020	12/09/2023	1	USD	350,000	(242,512)
Swap	USD x BRL	05/30/2023	05/24/2024	360	USD	60,000	(11,287)
Swap	USD x BRL	08/16/2023	08/15/2025	730	BRL	100,000	(1,579)
Forward contract	Corn	09/30/2023	12/29/2023	90	BRL	41,524	(13,090)
Derivative financial instruments (liabilities)							(304,721)

Type	Index	Acquisition date	Expiration date ended	Days remaining until maturity	Contract	Notional	Fair value as of 03/31/2023
Forward contract	Corn	03/31/2023	05/30/2023	60	Corn	28	4,621
Future	Ethanol	07/03/2023	12/29/2023	297	USD	6000 m ³	46
NDF	USD	04/11/2022	08/30/2023	299	USD	3	24
Swap	IPCA x CDI	09/15/2021	09/15/2025	1,461	BRL	300	26,499
Swap	IPCA x CDI	03/02/2023	02/15/2029	2,204	BRL	300	9,288
Total Derivative financial instruments (assets)						630,994	40,478

Type	Index	Acquisition date	Expiration date ended	Days remaining until maturity	Contract	Notional	Fair value as of 03/31/2023
Forward contract	Purchased	03/31/2023	05/30/2023	60	Corn	24,342	(1,977)
NDF	FX	11/05/2023	10/30/2023	172	USD	92,388	(3,942)
Swap	USD x CDI	12/08/2020	12/09/2025	1,827	USD	350,000	(392,849)
Swap	Pre x CDI	03/29/2023	03/22/2024	359	BRL	100,000	(760)
Swap	USD x CDI	09/14/2022	12/06/2023	271	USD	27,000	(8,380)
Derivative financial instruments (liabilities)						595,830	(407,908)



Income from derivative financial instruments

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

	Notes	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Gain with derivative operations	26	757	7,951	44,962	433,541
Losses with derivative operations	26	(23,389)	(280,530)	(85,554)	(304,412)
Losses with derivative operations (corn marketing)	22	(17,714)	15,365	(4,196)	(12,011)
Total		(40,346)	(257,214)	(44,788)	117,118

19. Income taxes and social contribution

a. Income tax and social contribution payable

	09/30/2023	03/31/2023
Income tax recoverable (IRPJ)	—	38,772
Income tax recoverable (CSLL)	—	21,044
Total	—	59,816



b. Deferred income tax and social contribution

Deferred taxes on assets, liabilities and income are as follows:

	Assets		Liabilities		Total net parent investment		Income statement	
	09/30/2023	03/31/2023	09/30/2023	03/31/2023	09/30/2023	03/31/2023	07/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022
Allowance for expected losses on credit	43	2	—	—	—	—	41	—
Bonus provisions	5,425	12,985	—	—	—	—	(7,560)	(4,548)
Trade payables provision	2,514	1,524	—	—	—	—	990	(1,072)
Capitalized loan interest	—	—	(77,339)	(40,054)	—	—	(37,285)	(4,470)
Transaction cost	—	—	(69,196)	(57,571)	—	—	(11,625)	(15,986)
Derivative financial instruments	85,478	138,807	(11,046)	(25,680)	(45,753)	5,909	12,967	(141,582)
Right of use and lease liabilities	410	91,744	(814)	(92,287)	—	—	139	(306)
Adjustment to present value	14,378	6,154	—	(1,893)	—	—	10,117	6,219
Adjustment to fair value – Biological assets	—	—	—	—	—	—	—	11,053
Tax losses carryforward	249,274	5,682	—	—	—	—	243,592	—
Depreciation	—	—	(326,457)	(282,772)	—	—	(43,685)	(41,792)
Unearned gains losses (**)	194,437	196,843	—	—	—	—	(2,406)	197,201
Others	12,777	13,287	(21,662)	(26,216)	—	—	2,116	(10,136)
Subtotal	564,736	467,028	(506,514)	(526,473)	(45,753)	5,909	167,401	(5,419)
Offsetting (*)	(303,162)	(467,028)	303,162	467,028	—	—	—	—
Total	261,574	—	(203,352)	(59,445)	(45,753)	5,909	167,401	(5,419)

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

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



c. Effective rate reconciliation

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

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

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Effective rate reconciliation				
(Loss) Profit before income and social contribution taxes	(316,943)	(317,876)	361,431	723,853
Nominal rate	34 %	34 %	34 %	34 %
Tax expense at nominal rate	107,761	108,078	(122,887)	(246,110)
Adjustment of income and social contribution taxes				
PRODEIC	6,908	19,156	10,307	24,711
CBIOs	17,919	40,883	4,618	21,538
Tax incentive – (PAT)	—	—	2,082	2,870
Others	10,237	9,645	(4,103)	(8,361)
Income taxes and social contribution	142,825	177,762	(109,983)	(205,352)
Reconciliation with values presented in the income statement				
Current income and social contribution taxes	10,361	10,361	(114,677)	(199,933)
Deferred income and social contribution taxes	132,464	167,401	4,694	(5,419)
Income taxes and social contribution	142,825	177,762	(109,983)	(205,352)
Tax incentives on income tax	(5,715)	(5,715)	23,064	23,064
Income tax and social contribution in the period	137,110	172,047	(86,919)	(182,288)
Effective rate	43 %	54 %	24 %	25 %

Realization

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

20. Information by segment

Base for segmentation

FS has four strategic divisions which are its reportable segments, grouped into industrial activities and marketing. These divisions offer different products and are managed separately as they require different sales strategies. Management makes its decisions based on internal and segmented reports, financial statements and other market information, considering the micro and macroeconomic scenario.

The following summary describes operations in each of FS' reportable segments:

Report segments	Type of activity	Operations
Ethanol	Industrial	Sales of anhydrous and hydrous ethanol.
Animal nutrition	Industrial	Sales of DDG (Distiller's dried grains) and corn oil
Energy	Industrial	Sales of generated energy and steam
Marketing	Marketing	Resale of grains, ethanol and energy purchased from third parties

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





Information about reportable segments

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

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

The result by segment in the period was as follows:

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Anhydrous	679,123	1,374,022	644,486	1,209,182
Hydrous	419,654	841,796	359,735	916,621
Total ethanol segment	1,098,777	2,215,818	1,004,221	2,125,803
High protein	171,224	327,787	163,713	306,545
High fiber	89,838	182,855	95,657	181,325
Wet cake	58,094	117,647	58,963	104,879
Corn oil	66,649	127,648	86,296	150,753
Total animal nutrition segment	385,805	755,937	404,629	743,502
Energy	3,861	8,441	2,400	5,369
Steam	1,464	2,840	1,152	2,108
Total energy segment	5,325	11,281	3,552	7,477
Total revenue from industrial segments (A)	1,489,907	2,983,036	1,412,402	2,876,782
Corn	211,507	326,465	283,857	538,517
Ethanol	1,782	1,782	—	—
Energy	7,901	11,281	9,135	13,098
Total revenue from marketing segments (B)	221,190	339,528	292,992	551,615
Total revenue from segments (A+B)	1,711,097	3,322,564	1,705,394	3,428,397
Freight on sales ⁽¹⁾	292,062	502,145	201,346	364,942
Total net revenue	2,003,159	3,824,709	1,906,740	3,793,339
Cost of goods sold (Industrial) (D)	(1,331,344)	(2,516,236)	(964,295)	(1,799,835)
Cost of goods sold (Marketing) (E)	(253,943)	(322,676)	(271,238)	(519,772)
Cost of goods sold	(1,585,287)	(2,838,912)	(1,235,533)	(2,319,607)
Gross profit (Industrial) (A+D)	157,954	466,191	448,107	1,076,947
Gross profit (Marketing) (B+E)	21,265	70,870	21,754	31,843
Freight on sales (reclassification) (C) ⁽¹⁾	292,062	502,145	201,346	364,942
Gross profit	471,281	1,039,206	671,207	1,473,732
Operational expenses ⁽²⁾	(62,494)	(125,167)	180,406	142,684
Other results	38,676	72,703	23,040	64,970
Freight on sales ⁽¹⁾	(292,062)	(502,145)	(201,346)	(364,942)
Total operational expenses	(315,880)	(554,609)	2,100	(157,288)
Net financial income (expenses)	(472,344)	(802,473)	(311,876)	(592,591)
(Loss) Profit before income and social contribution taxes	(316,943)	(317,876)	361,431	723,853



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

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

For the period ended September 30, 2023, the FS had customers that represented over 10% of its net revenue. The main 5 customers account for approximately 53.6% of gross revenue, the two largest with percentages of 33.8% and 8.9%.

21. Net revenue

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Domestic market				
Ethanol	1,215,920	2,433,188	1,100,916	2,291,931
DDG	382,328	743,857	361,462	666,978
Corn oil	74,267	140,971	91,994	159,811
Energy	3,862	8,441	(1,563)	5,369
Corn marketing	315,205	481,920	339,682	654,042
Energy resale	7,901	11,281	12,141	13,098
Ethanol Resale	2,211	2,211	—	—
Others	1,465	2,840	2,108	2,110
Total	2,003,159	3,824,709	1,906,740	3,793,339

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Gross operating revenue	2,187,636	4,094,136	2,003,551	4,016,195
Deductions				
Sales tax and other deductions	(139,779)	(212,749)	(80,973)	(204,245)
Return of sales	(44,698)	(56,678)	(15,838)	(18,611)
Net revenue	2,003,159	3,824,709	1,906,740	3,793,339

22. Cost of goods sold

Production costs for the period are allocated across the FS's product line utilizing the relative sales value methodology. The cost of resold products is measured by the average acquisition cost and allocated to the product's result. Below is a table showing the cost of goods sold allocated by production inputs for the periods ended September 30, 2023 and 2022:

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Corn	(1,066,051)	(2,038,059)	(782,877)	(1,449,397)
Biomass	(90,744)	(165,036)	(60,627)	(116,840)
Labor	(27,505)	(48,282)	(23,476)	(43,844)
Enzymes	(21,360)	(40,159)	(17,885)	(32,332)
Depreciation	(59,124)	(104,170)	(32,086)	(62,532)
Production	(22,538)	(38,561)	(18,174)	(35,562)
Chemicals	(26,307)	(49,817)	(14,592)	(29,931)
Maintenance	(16,867)	(30,175)	(13,612)	(27,595)
Lab	(1,457)	(2,586)	(966)	(1,802)
Cost of goods sold	(1,331,953)	(2,516,845)	(964,295)	(1,799,835)
Corn marketing	(174,445)	(274,239)	(265,106)	(507,018)
Energy resale cost	(6,054)	(8,072)	(4,913)	(7,234)
Ethanol resale	(1,712)	(1,712)	—	—
Gains (losses) on derivatives	(17,714)	15,365	(1,219)	(5,520)
Cost of goods sold	(199,925)	(268,658)	(271,238)	(519,772)
Total	(1,531,878)	(2,785,503)	(1,235,533)	(2,319,607)

23. Selling expenses

Expenses incurred in the process of selling are as follows:

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Expenses with freight on sales	(292,062)	(502,145)	(201,346)	(364,942)
Personnel expenses	(12,353)	(20,044)	(9,265)	(14,404)
Expenses with contracted services	(1,737)	(2,517)	(830)	(2,104)
Allowance for expected credit losses	(72)	(123)	—	2
Travel expenses	(461)	(877)	(403)	(709)
Depreciation and amortization expenses	(512)	(981)	(131)	(326)
Other selling expenses	(680)	(1,645)	(408)	(958)
Total	(307,877)	(528,332)	(212,383)	(383,441)



24. Administrative expenses

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

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Personnel expenses	(21,725)	(40,555)	(17,563)	(32,471)
Expenses with contracted services	(15,804)	(27,204)	(8,724)	(16,692)
Depreciation and amortization expenses	(3,724)	(6,115)	(1,846)	(4,133)
Travel expenses	(2,957)	(5,835)	(2,298)	(3,986)
Expenses with taxes and fees	(430)	(757)	(381)	(931)
Office expenses	(2,068)	(3,189)	(1,095)	(2,150)
Other operating income (expenses)	(4,584)	(9,394)	(4,583)	(7,526)
Total	(51,292)	(93,049)	(36,490)	(67,889)

25. Other results

Other results incurred in the period are presented as follows:

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Other operating income				
Carbon credit (CBIOS)	38,676	72,703	23,040	64,970
Gain (loss) on the sale of assets and rights (*)	11,031	11,135	170,628	171,302
Other income	6,273	10,481	5,556	7,253
Fair value of biological assets	—	—	—	4,419
Revenue from extemporaneous credit (**)	7,444	7,444	57,522	57,522
Total	63,424	101,763	256,746	305,466

Other expenses

Tax reversals	(16,928)	(27,265)	—	—
Donations	(135)	(743)	(428)	(1,116)
Other expenses	(3,072)	(6,983)	(5,345)	(10,308)
Total	(20,135)	(34,991)	(5,773)	(11,424)

Other results	43,289	66,772	250,973	294,042

(*) As of September 30, 2022, gains on the sale of assets and rights mainly comprises the gain on the sale of forest assets totaling R\$ 170,222, as a result of a purchase and sale agreement between FS Ltda and FS Florestal S.A.

(**) FS has been claiming in court the right to exclude ICMS from PIS and COFINS calculation basis for Ethanol sales operations. Supported by its legal advisors, FS understands, that due to the final and unappealable decision by STF on the matter, the chances of success are virtually certain, ensuring the right to recognition of this credit. Therefore, during the period ended September 30, 2023, FS recognized under the heading Taxes Recoverable, Noncurrent Assets, consolidated credits in the amount of R\$ 7,444 (R\$ 57,522 in September 30, 2022). FS calculated the amount relating to this period based on the best estimate and available tax documents, and such amount involved is subject to adjustments to be made by Management in future periods.



26. Net finance income (costs)

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Finance income				
Interest over short term investments	167,148	342,183	208,653	368,915
Discounts obtained	1,822	6,400	367	999
Adjustment to present value - receivables	15,036	36,758	5,863	9,733
Gain with derivative operations	13,623	20,817	44,962	433,630
Interest income	10,374	14,628	143	363
Total	208,003	420,786	259,988	813,640
Finance costs				
Interest expense on loans	(346,698)	(682,115)	(259,622)	(534,292)
Interest on reverse factoring	(41,296)	(57,723)	(18,274)	(27,020)
Adjustment to present value - trade payables	(85,723)	(82,249)	(46,025)	(55,486)
Adjustment to present value - lease obligations	(4,450)	(20,435)	(650)	(1,163)
Interest on advance receivables	(22,203)	(59,870)	(16,393)	(38,788)
Bank fees	(388)	(826)	(24,533)	(23,245)
Taxes (IOF)	(230)	(1,505)	208	(797)
Losses with derivative operations	(36,255)	(293,396)	(85,630)	(304,412)
Others	(39,242)	(81,483)	(5,532)	(7,290)
Total	(576,485)	(1,279,602)	(456,451)	(992,493)
Foreign exchange rate (gains) or losses				
Income foreign exchange rate variation	(62,859)	101,303	52,050	154,606
Expense foreign exchange rate variation	(41,003)	(44,960)	(167,464)	(568,344)
Total	(103,862)	56,343	(115,414)	(413,738)
Net finance costs	(472,344)	(802,473)	(311,876)	(592,591)

Gain (loss) on the derivative transaction is a consequence of fair value adjustments, as disclosed in note 18.



The result of the foreign exchange variation as of September 30, 2023 and 2022, is presented according to the following breakdown:

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Net exchange variations of payables				
Foreign exchange rate variation of trade payables - unrealized	—	—	—	4,757
Foreign exchange rate variation of trade payables - realized	(6,489)	(9,416)	(118)	(562)
Total	(6,489)	(9,416)	(118)	4,195
Net exchange variations of loans				
Foreign exchange rate variation on loan - unrealized	(166,167)	(2,467)	(115,295)	(417,933)
Foreign exchange rate variation on loan - realized	96,086	95,518	—	—
Foreign exchange rate variation on related party loans - unrealized	(9,998)	(9,998)	—	—
Foreign exchange rate variation on related party loans - realized	(17,294)	(17,294)	—	—
Total	(97,373)	65,759	(115,295)	(417,933)
Foreign exchange rate variations, net	(103,862)	56,343	(115,413)	(413,738)

27. Commitments

FS had the following commitments effective on September 30, 2023:

Sale				
Product	Unit	Quantity	Price per unit or agreement	Term
Ethanol	m ³	846,622	current market prices	May 2024
Steam	ton.	11,056	R\$ 123.74	April 2024
DDG	ton.	1,142,271	R\$ 401.21	March 2026
Oil	ton.	9,971	R\$ 3,754.98	January 2024
Energy	MWh	443,160	R\$ 150.36 to R\$ 273.00	December 2025 to 2045

Purchase				
Product	Unit	Quantity	Price per unit or agreement	Deadline)
Energy	MWh	155,952	R\$ 149.44	December 2025
Corn	ton.	1,204,086	R\$ 36.83	November 2024
Corn marketing	ton.	108,108	R\$ 38.84	November 2024
Eucalyptus	Stere meter	6,367	R\$ 46.45	September 2028
Purchase of equipment and services	—	—	80,193	—



28. Related parties

a. Ultimate parent

In the periods ended September 30, 2023 and 2022, the ultimate parent company of FS Ltda. and FS I S.A. is SRMM, LLC (Summit).

b. Remuneration of key management personnel

Officers are the key personnel who have authority and responsibility for planning, directing, and controlling the activities of the Companies. For the periods ended September 30, 2023, and 2022, short-term benefits (salaries, profit sharing, medical care, housing, among others) were accrued to managers and recorded under 'Personnel Expenses'.

The remuneration of key management personnel comprises:

	07/01/2023 to 09/30/2023	04/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	04/01/2022 to 09/30/2022
Short term benefit	5,137	9,120	3,960	7,663

c. Transaction with related parties

Nature of relationship	Assets					
	Trade receivables		Related party loans ⁽ⁱ⁾		Advance to suppliers	
	09/30/2023	03/31/2023	09/30/2023	03/31/2023	09/30/2023	03/31/2023
Other related parties	5,661	164,251	—	—	—	5,277
Non-controlling	2,228	2,184	66,626	70,804	192	191
Related parties	—	—	199,879	217,648	—	—
Total	7,890	166,435	266,505	288,452	192	5,468

Nature of relationship	Liabilities					
	Trade payables ⁽ⁱⁱ⁾		Lease payables ⁽ⁱⁱⁱ⁾		Advances to customers	
	09/30/2023	03/31/2023	09/30/2023	03/31/2023	09/30/2023	03/31/2023
Other related parties	132,743	5,276	98,874	98,579	18,720	111,631
Non-controlling	16	192	94,605	—	—	—
Total	132,759	5,468	193,479	98,579	18,720	111,631

(i) On October 5, 2021, FS Lux, a subsidiary of FS Ltda., granted to its ultimate controlling shareholders loans in the amount of USD 50,000 (R\$ 274,055) with a rate of 7.28% p.y. to maturity payment of semiannual interest and principal in October 2028.

(ii) Refers mainly to the acquisition of grains (corn)

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

d. Purchases and sales transactions with related parties

FS maintains adherence to the internal policies that all related parties' transactions are conducted at an arm's length basis.



The cost to purchase products and services from related parties are listed below:

Nature of relationship	Acquisition cost	
	04/01/2023 to 09/30/2023	04/01/2022 to 09/30/2022
Other related parties	370,824	46,263
Corn	310,245	43,607
Corn marketing	23,055	—
Biomass	19,675	—
Warehouse monthly rent	15,204	—
Others	1,361	2,656
Corn oil	1,284	—
Non-controlling	377	12,866
Corn	377	12,866
Total	371,201	59,129

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

Nature of relationship	Sales revenue	
	04/01/2023 to 09/30/2023	04/01/2022 to 09/30/2022
Other related parties	60,639	338,893
Revenue from the sale of farms	—	295,185
Corn oil	27,830	—
Corn	15,598	—
Steam	3,130	—
DDG FS Gold	1,795	101
Anhydrous ethanol	1,566	—
Others	1,126	—
DDG FS Essential	1,069	43,607
Hydrated ethanol	500	—
Corn marketing	297	—
Biomass	210	—
DDG FS Wetcake	7,319	—
DDG FS Essential	199	—
Non-controlling	—	12,866
Corn	—	12,866
Total	60,639	351,759



During the quarter ended September 30, 2023, FS received cash of R\$ 142,030 related to purchase and sale agreements entered into between September 30, 2022 and March 31, 2023 from carrier biological and plant assets with FS Florestal S.A.

e. Other related parties

FS is the guarantor of certain related party's loans, being jointly liable in those transactions. As of September 30, 2023, the total amount of guarantees was:

	09/30/2023	03/31/2023
FS Florestal S.A.	958,600	350,000
FS Infraestrutura S.A.	115,519	—
Total	1,074,119	350,000

29. Statements of cash flows

For the periods ended September 30, 2023 and 2022, property, plant and equipment were acquired at a total net cash outflow as follows, (see note 10):

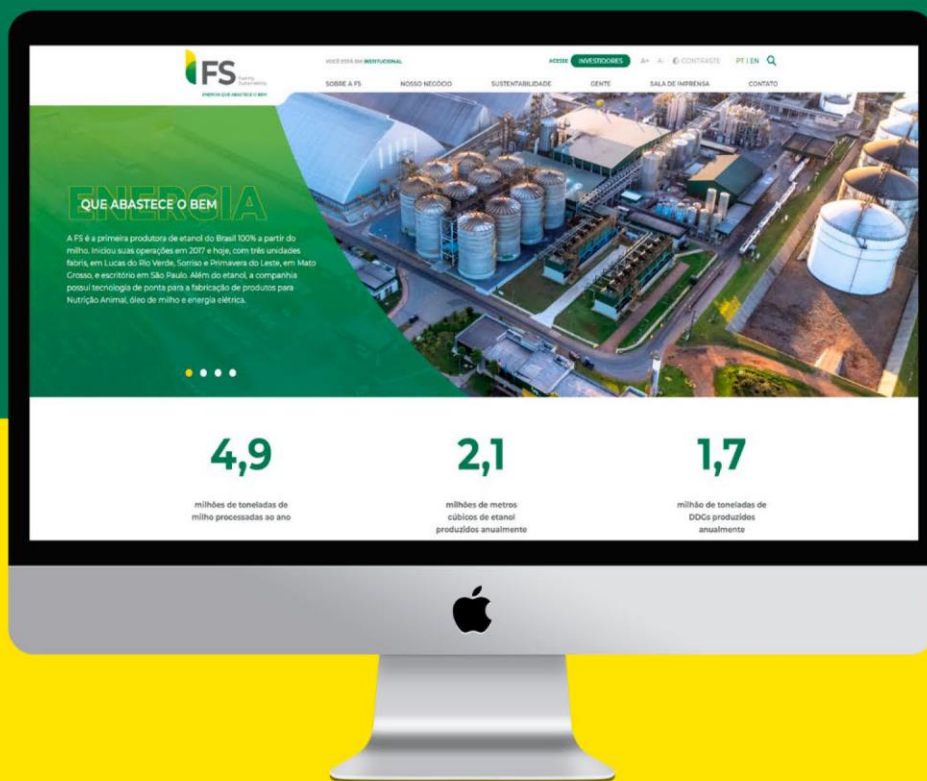
	Note	04/01/2023 to 09/30/2023	04/01/2022 to 09/30/2022
Cost of acquisition of fixed assets	10	659,141	1,065,103
Movement of payables related to fixed assets	11	89,631	(263,198)
Capitalization of borrowing costs	12	(15,995)	(29,030)
Right of use	14	(199,610)	(12,389)
Others		446	3,678
Net acquisition of property, plant and equipment		533,613	764,164

30. Subsequent events

Distribution of dividends

In the minutes of the shareholders' meeting held on October 3, 2023, FS Ltda. approved the distribution of dividends in the amount of R\$ 20,527 based on retained earnings as of March 31, 2023, paid on the same date.





fsfuelingsustainability

FS – Lucas do Rio Verde (MT)

Estrada A-01, a 900 m do km 7 da Av. das Indústrias, s/n - Distrito Industrial
Senador Atilio Fontana - CEP 78455-000 | Caixa Postal 297

FS – Sorriso (MT)

BR-163, km 768 / CEP 78890-000

FS - Primavera do Leste

Rodovia MT 130, S/N, km 25, Zona Rural / CEP 78850-000

FS | Escritório SP

Av. Brg. Faria Lima, 1355 – 16o and. Edifício Condomínio Faria Lima, Jardim
Paulistano, São Paulo – SP, CEP 01452-002

FS

**Combined Financial Statements
as of and for the year ended March 31, 2023.**



KPMG Auditores Independentes Ltda.

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Independent auditors' report on the combined financial statements

To the Board of Directors, Quotaholders and Shareholders of

FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol S.A.

Lucas do Rio Verde – MT

Opinion

We have audited the combined financial statements, which includes the entities FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol S.A. ("FS Group"), comprising the combined statements of financial position as of March 31, 2023 and the related combined statements of income, comprehensive income, changes in net parent investment and cash flows for the year then ended, as well as the corresponding notes to the combined financial statements, comprising the significant accounting policies and other explanatory information.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of FS Group as of March 31, 2023, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil (BR GAAP) and 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 'Auditors' responsibilities for the Audit of the Combined Financial Statements' section of our report. We are independent of the FS Group, in accordance with the relevant ethical requirements included in the Accountants Professional Code of Ethics ('*Código de Ética Profissional do Contador*') and in the professional standards issued by the Federal Accounting Council ('*Conselho Federal de Contabilidade*'), relevant to our audit of the combined financial statements in Brazil, and we have fulfilled our other ethical responsibilities in accordance with 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

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of combined financial statement of the current year. These matters were addressed in the context of our audit of the combined financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measuring the fair value of derivatives financial instruments and hedging accounting

See Notes 6 (k) and 23 of the combined financial statements

Key audit matter	How our audit addressed this matter
FS Group has a significant amount of short and medium term derivative financial instruments, with the main objective of minimizing the impacts of the variation between the dollar and the real. As of March 31, 2023, the FS Group had a net amount gain of R\$ 31,207 thousand recorded in other comprehensive income, resulting from the application of hedge accounting for exchange rate risk. These derivative financial instruments used to hedge the FS Group's exposure to exchange rate are measured at fair value and changes in fair value are recorded in Statement of income and/or other comprehensive income. Valuation, designation of these financial instruments as hedge accounting and measurement of their effectiveness require compliance with certain formal obligations, and include the need for the FS Group make significant judgments in relation to the effective protection of exchange rate risks. This matter was considered a key audit matter due to the nature and extent of the audit effort required to address the matter and the uncertainties related to the assumptions used to estimate the fair value of the derivative financial instruments that have a significant risk of resulting in a material adjustment in the balances of the combined financial statements.	Our audit procedures included, but were not limited to: ■ Understanding and evaluating the design and implementation of key controls related to the calculation of the fair value of derivative financial instruments; ■ Reconciliation of the internal reports of financial instruments with accounting records; ■ We compared, on a sample basis, the contract data with the information used to calculate the fair value of forward contracts, such as: transaction date, start date, due date, notional value, bank, rate; ■ With the help of our financial instruments specialists: (i) We evaluated whether the measurement of the financial instruments was performed consistently with the FS Group's policies and guidelines, as well as the requirements established in the applicable accounting standards; (ii) we evaluated the set of formal documents required for designation of hedge accounting, which includes: formal designations and effectiveness tests, notwithstanding we also evaluated the accounting arising from this designation; and (iii) we carried out the independent recalculation of the fair value measurement and assessed the consistency of the use of the fair value measurement methodology applied. ■ We also assessed the adequacy of the related disclosures in the notes to the financial statements. Based on the evidence obtained through the procedures summarized above, we consider the fair values of the financial instruments used to manage the FS Group's exposure to exchange rate and the respective disclosures acceptable, in the context of the combined financial statements taken as a whole, referring to the year ended March 31, 2023.

Evaluation of the determination of capitalizable expenditures as cost of fixed assets related to the remaining expansion of the Sorriso - MT plant and the construction of a new plant of the Primavera do Leste – MT

See Notes 6 (i), 6(p) and 15 of combined financial statements

Key audit matter	How our audit addressed this matter
In the fiscal year ended March 31, 2023, FS Group recorded significant amounts in Property, plant and equipment relating to the remaining expansion of the Sorriso - MT plant and the construction of a new plant of the Primavera do Leste – MT, including the capitalization of expenses. The FS Group exercises judgment to distinguish between the costs directly attributable to the construction of the industrial plant from those that are not Property, plant and equipment costs that should be recognized as expenses. We consider this matter to be a key audit matter, due to the judgment made by the FS Group to determine which costs are capitalized and the significance of the amount in the statements of financial position.	Our procedures included, but were not limited to: ▪ Understanding and evaluating the design and implementation of key controls related to the calculation and recording of capitalized interest. ▪ Evaluation of the FS Group criteria to determine which of the attributable costs related to the remaining expansion of the Sorriso - MT plant and the construction of the new plant of the Primavera do Leste – MT are in accordance with the requirements for recognition of Property, plant and equipment. ▪ Evaluation of determination of expenditures to be capitalized as property, plant and equipment carried out by the FS Group, based on a sample of documents that support the capitalized amounts, comparing with the contracts signed, the measurements made (if applicable), the monitoring reports and receiving reports for the equipment acquired. ▪ Evaluation whether the disclosures in the combined financial statements include relevant information. Based on the procedures summarized above, we consider the capitalized expenditures, recognized in property, plant and equipment, related to the remaining expansion of the Sorriso - MT plant and the construction of the new plant of the Primavera do Leste – MT, as well as the respective disclosures, to be acceptable in the context of the combined financial statements taken as a whole, for the year ended March 31, 2023.

Transaction with related parties - Sales of biological assets and bearer plants

See Notes 30 and 33 of combined financial statements

Key audit matter	How our audit addressed this matter
In the fiscal year ended March 31, 2023, FS Group recorded revenue from the sale of biological assets and bearer plants in the amount of R\$692,872 thousand, and gain of R\$407,379. We consider this matter to be a key audit matter, as the transaction involves a material amount and significant judgment in measuring fair value, which includes the equivalent assets quotation, future cash flow financial models for certain assets and technical methodology valuation used.	Our procedures included, but were not limited to: – Understanding and evaluating the design and implementation of key controls related to the registration and approval of transactions between related parties; – We read the contracts for the purchase and sale of biological assets and bearer plants, determining the date of sale, parties involved and price of consideration paid; – With the help of our corporate finance specialists: i. We assessed whether the fair value calculation was made consistently with the valuation practices and methodologies used in arm's length basis; ii. We evaluated whether the assumptions used in the determination of fair value are based on historical and/or market data consistent with the base date of the work and/or are consistent with reports issued by a third party specialist and whether the conclusion presented are reasonable; iii. We evaluated whether the base data, including macroeconomic assumptions, used in the determination of fair value are consistent with the date of preparation of the calculation and derived from reliable sources; and iv. We checked the mathematical calculations used to determine the fair value. – Evaluation of the disclosures in the combined financial statements regarding the presentation of relevant information related to this matter. Based on the procedures summarized above, we consider acceptable the fair value of the sales of biological assets and bearer plants, and the respective disclosures, in the context of the combined financial statements taken as a whole, for the year ended March 31, 2023.

Emphasis of Matter- Basis of preparation of the combined financial statements

We draw attention to Note 2 (a) to the combined financial statements which describes the basis for preparation. The combined financial statements were prepared in accordance with the measurement principles of IFRS as issued by the IASB and also in accordance with BR GAAP, to provide information about all the FS Group industrial activities in a single financial statement, to measure financial covenants commitments and to provide financial information to the stakeholders. The combined financial statements should be read in that context. Our opinion is not qualified with respect to this matter.

Other matters - Statements of added value

The combined statements of added value (DVA) for the year ended March 31, 2023, prepared under responsibility of FS Group's management, and presented as supplementary information for IFRS purposes, whose presentation is not required for non-public companies, have been subject to audit procedures jointly performed with the audit of FS Group's combined financial statements. In order to form our opinion, we evaluated whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, the statements of added value have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall combined financial statements.

Responsibilities of management for the combined financial statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). These combined financial statements contain an aggregation of the financial information of the entities FS Indústria de Biocombustíveis Ltda. and FS I Indústria de Etanol S.A. and were prepared from the books and accounting records maintained by these entities. Management's responsibility includes determining the acceptability of the bases of preparation under the circumstances and such internal controls as it determines are necessary to enable the preparation of combined financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the combined financial statements, management is responsible for assessing the FS Group'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 FS Group or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FS Group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.
- Conclude 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 FS Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined 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 auditors' report. However, future events or conditions may cause the FS Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of combined financial statements, including disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the FS Group or business activities to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the FS Group audit and, consequently, for the audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the combined financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Cuiabá, June 13, 2023

KPMG Auditores Independentes Ltda.

CRC SP-014428/F-7



Rafael Henrique Klug
Accountant CRC 1SP246035/O-7

FS

Combined statements of financial position at March 31, 2023 and March 31, 2022
(In thousand of Reais)

Assets	Note	Combined	FS Ltda,	Liabilities	Note	Combined	FS Ltda,
		03/31/2023	03/31/2022			03/31/2023	03/31/2022
Current				Current			
Cash and cash equivalents	9	1,374,855	1,719,194	Trade payables	16	1,198,945	403,228
Financial investments	10	3,109,084	216,598	Loans and borrowings	17	4,271,074	955,552
Restricted cash	11	2,256,928	383,976	Advances from customers	18	40,308	26,967
Trade and other receivables	12	271,314	278,471	Lease payables	19	26,965	20,528
Trade receivables with related parties	12	166,435	6,460	Income tax and social contribution payable	24.a	59,816	68,645
Inventories	13	1,067,026	786,727	Taxes and contributions payable	20,b	14,964	19,863
Advances to suppliers	14	53,143	48,997	Payroll and related changes		67,041	47,668
Recoverable taxes	20,a	383,452	122,332	Derivative financial instruments	23	407,908	584,884
Prepaid expenses		40,915	24,642	Total current liabilities		6,087,021	2,127,335
Biological assets		984	3,760				
Derivative financial instruments	23	40,478	75,063	Non-current			
Other credits		36,466	9,019	Trade payables	16	18,795	31,217
Total current assets		8,801,080	3,675,239	Loans and borrowings	17	7,351,156	7,239,741
Non-current assets				Lease payables	19	189,462	112,801
Long-term assets				Derivative financial instruments	23	-	191,007
Financial investments	10	-	2,817,419	Deferred tax payables	24,b	59,445	61,007
Restricted cash	11	39,246	16,547	Other non-current payables		-	27,828
Advances to suppliers	14	49,603	55,497	Total non-current liabilities		7,618,858	7,663,601
Recoverable taxes	20,a	245,805	129,842				
Related parties' loans	33	288,452	251,035	Total liabilities		13,705,879	9,790,936
Biological assets		-	42,337	Net parent investment / Equity	22		
Derivative financial instruments	23	-	2,560	Net parent investment		736,756	-
Judicial deposits	21	4,177	3,775	Capital		-	87,806
Total long-term assets		627,283	3,319,012	Tax incentive reserves		-	313,559
				Retained earnings		-	176,651
Property, plant and equipment	15	4,994,520	3,329,098	Other comprehensive income		-	(30,168)
Intangible assets		19,752	15,435	Total net parent investment/ equity		736,756	547,848
Total non-current assets		5,641,555	6,663,545				
				Total liabilities and net parent investment/ equity		14,442,635	10,338,784
Total assets		14,442,635	10,338,784				

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

FS
Combined statements of income
Years ended March 31, 2023, and 2022.
(In thousand of Reais)

	Note	Combined 03/31/2023	FS Ltda. 03/31/2022
Net revenue	26	7,550,506	6,635,302
Cost of goods sold	27	(5,021,496)	(3,612,840)
Gross profit		2,529,010	3,022,462
Operational expenses			
Selling expenses	28	(794,761)	(453,816)
Administrative expenses	29	(164,216)	(111,829)
Other results	30	674,163	35,115
Profit before net finance costs and taxes		2,244,196	2,491,932
Finance income	31	1,078,336	569,357
Finance costs	31	(2,023,712)	(1,923,688)
Foreign exchange rate variations, net	31	(206,706)	589,061
Net finance costs		(1,152,082)	(765,270)
Profit before income and social contribution taxes		1,092,114	1,726,662
Current income and social contribution taxes	24.c	(285,557)	(454,175)
Deferred income and social contribution taxes	24.b	12,172	(68,375)
Income tax incentives		58,682	280,961
Net profit for the year		877,411	1,485,073

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

FS**Combined statements of comprehensive income****Years ended March 31, 2023, and 2022.***(In thousand of Reais)*

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Net profit for the year	877,411	1,485,073
Items that may be reclassified to profit or loss		
Cash flow hedge - effective portion of changes in fair value	31,207	(48,587)
Deferred income and social contribution taxes	(10,610)	16,521
Cumulative translation adjustment	(930)	2,051
Total comprehensive income	897,078	1,455,058

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

FS

Combined statements of changes in the net parent investment

Years ended March 31, 2023, and 2022

(In thousand of Reais)

	Note	Total net parent investment	Capital	Tax incentive reserves	Retained earnings	Other comprehensive income	Total
Balance at April 1, 2021 (FS Ltda.)		-	87,806	126,581	22,276	(153)	236,510
Net profit for the period		-	-	-	1,485,073	-	1,485,073
Cumulative translation adjustment		-	-	-	-	2,051	2,051
Distribution of dividends		-	-	-	(1,143,720)	-	(1,143,720)
Income tax incentives	22	-	-	186,978	(186,978)	-	-
Losses on cash flow - Hedge accounting	23	-	-	-	-	(32,066)	(32,066)
Balance at March 31, 2023 (FS Ltda.)		-	87,806	313,559	176,651	(30,168)	547,848
Balance at April 1, 2022		547,848					
Net profit for the period		877,411	-	-	-	-	-
Cash flow hedge - effective portion of changes in fair value	23	31,207	-	-	-	-	-
Deferred income and social contribution taxes		(10,610)	-	-	-	-	-
Cumulative translation adjustment		(930)	-	-	-	-	-
Total comprehensive income		19,666	-	-	-	-	-
Shareholders transactions							
Capital increase		4,730	-	-	-	-	-
Distribution of dividends		(712,900)	-	-	-	-	-
Balance at March 31, 2023		736,756	-	-	-	-	-

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

FS

Combined statements of cash flows - Indirect method

Years ended March 31, 2023, and 2022

(In thousand of Reais)

		Combined	FS Ltda
	Note	03/31/23	03/31/22
Cash flow from operating activities			
Net profit for the year		877,411	1,485,073
Adjustment for:			
Depreciation and amortization		147,901	129,835
Current and deferred income tax, net of tax incentives	24.b	214,772	241,589
Adjustments to present value		(83,899)	(28,681)
Income from financial investments		(776,539)	(400,347)
Provision for interest on loans and borrowings	17	1,073,677	826,580
Adjustment to fair value - derivatives		230,284	706,071
Adjustment to fair value - biological assets		4,420	(15,190)
Reversal losses on credit		(110)	(29)
Gain on sale of assets	30	(407,379)	-
Foreign exchange rate (gains) or losses		203,105	(613,429)
Changes in:			
Trade receivables		(18,548)	(183,130)
Inventories		(272,820)	(316,844)
Advances to suppliers		2,172	(64,559)
Recoverable taxes		(368,305)	(53,664)
Prepaid expenses		(16,075)	(7,262)
Judicial deposits		(405)	(123)
Other assets		(28,032)	(7,419)
Trade payables		443,496	423,388
Advance from customers		13,341	6,080
Payroll and related charges		19,371	19,143
Taxes and contributions payable		(241,521)	(98,364)
Other non-current payables		(14,604)	(5,686)
Interest and charges paid		(827,791)	(845,530)
Interest received		146,855	339,977
Income tax paid		-	(87,860)
Net cash from operating activities		320,777	1,449,619
Cash flow from investing activities			
Acquisition of property, plant and equipment	34	(1,243,126)	(609,335)
Proceeds from sale of property, plant and equipment		2,797	-
Proceeds from sale of biological assets, right of contracts and bearer plants	33	574,575	-
Biological assets		-	(2,724)
Interest charges received and paid over capitalized loans		21,621	(1,499)
Acquisition of intangible assets		(14,811)	(7,433)
Related parties' loans		-	(276,760)
Proceeds from financial investment		522,081	42,260
Financial investments in (Redemption of) Restricted deposits		(1,895,651)	(371,647)
Net cash used in investing activities		(2,032,513)	(1,365,874)
Cash flow from financing activities			
Proceeds from loans and borrowings	17	4,199,271	2,627,332
Repayment of loans and borrowings	17	(1,589,516)	(657,047)
Dividends paid		(712,900)	(1,143,720)
Lease paid	19	(22,418)	(14,729)
Capital increase		4,731	-
Derivative financial instruments paid		(529,481)	(103,236)
Net cash from financing activities		1,349,687	708,600
Foreign currency translation adjustment		17,710	(21,764)
Decrease (increase) in cash and cash equivalents		(344,339)	770,581
Cash and cash equivalents at the beginning of the year		1,719,194	948,613
Cash and cash equivalents at the end of the year		1,374,855	1,719,194

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

FS
Combined statements of added value
Years ended March 31, 2023, and 2022
(In Thousands of Reais)

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Revenue (1)	8,177,599	7,193,211
Sales of goods, products and services	7,893,099	7,169,470
Other revenue	284,390	23,741
Loss on impairment of accounts receivable	110	-
Inputs purchased from third parties	5,243,139	4,069,305
Costs of products, goods and services sold	4,792,999	3,599,209
Materials, energy, third party services and others	857,519	470,096
Gain on sale of assets and right	(407,379)	-
Gross added value (1) - (2) = (3)	2,934,460	3,123,906
Depreciation and amortization (4)	147,900	129,836
Net added value produced by the Company (3) - (4) = (5)	2,786,560	2,994,070
Added value received in transfer (6)	1,472,281	1,263,668
Finance income	1,472,281	1,263,668
Total added value to distribute (5+6)	4,258,841	4,257,738
Distribution of added value	4,258,841	4,257,738
Employee	198,011	140,196
Direct remuneration	152,499	110,876
Benefits	37,324	23,614
Service Guarantee Fund	8,188	5,706
Taxes, fees and contributions	559,056	603,530
Federal taxes	214,703	75,960
State taxes	344,353	527,570
Remuneration of third-party capital	2,624,363	2,028,939
Interest	1,222,352	436,639
Other	1,402,011	1,592,300
Remuneration of equity	877,411	1,485,073
Dividends distributed	712,900	1,121,444
Retained earnings (accumulated losses)	164,511	363,629

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

Notes to the combined financial statements

(In thousands of Reais)

1 Operations

The combined financial statements of FS (“FS” or “Companies”) include the following companies under common control:

- FS Indústria de Biocombustíveis Ltda., (“FS Ltda.”), is a limited liability company incorporated on April 01, 2014. It is located at Estrada A-01, 900m from KM 7 at Avenida das Indústrias, S/N - Km 05, Distrito Industrial Senador Atilio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil;
- FS Ltda. holds 100% of the share capital of FS Luxembourg S.a.r.l. (“FS Lux”). FS Lux is a limited liability company incorporated on September 8, 2020, under the laws of Luxembourg and located at 9 Bitbourg street, L-1273, in Luxembourg; and
- FS I Indústria de Etanol S.A. (“FS S.A.”), a stock corporation established on June 13, 2022. It is located at Estrada A-01, 900 m from Km 7 of Avenida das Indústrias, s/nº - Distrito Industrial Senador Atilio Fontana, City of Lucas do Rio Verde, State of Mato Grosso, Brazil.

FS S.A. is a pre-operational phase company and acquired assets from FS Ltda.

FS Ltda. and FS S.A. (jointly “Companies” or “FS”) have as their objective the production and commercialization of corn ethanol (anhydrous and hydrous), animal nutrition products used for livestock and poultry feed, called Dried Distillers Grains (DDG), as well as corn oil, electric energy, and corn marketing. The Companies use corn as raw material of their products and biomass in its energy matrix.

2 Basis for preparation

The combined financial statements were prepared in accordance with the measurement principles of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (CPC/BR GAAP).

The issuance of the combined financial statements was authorized by the Management on June 13, 2023.

Details on the accounting policy are presented in note 6.

a. Basis for the combination and reasons for combining Companies.

The FS combined financial statements are being presented exclusively to provide information about all the FS industrial activities in a single financial statement, to measure financial covenants commitments and to provide financial information to the stakeholders. Therefore, these financials are not the parent company nor consolidated financial statements of an entity and its subsidiaries and should not be used as a basis for the calculation of dividends or taxes and does not necessarily provide indicators of the current or future profit or loss if the Companies considered in the combination had operated as a single entity or as an indication of income (loss) from transactions with these Companies for any period in the future.

The combined financial statements are a single set of financial statements for two or more entities that are ultimately under common control. The Management of the Companies used the definition of control in accordance with CPC 44 - Combined Financial Statements and CPC 36 Consolidated Financial

Statements/ IFRS 10 Consolidated Financial Statements and, both in relation to the assessment of the existence of common control and the combination procedure for both companies as of March 31, 2023.

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

As a result, these combined financial statements include the combination of:

- Parent company and consolidated financial statements of FS Ltda. as of and the year ended March 31, 2023.
- Financial Statements of FS S.A. as of and for the year ended March 31, 2023.

FS S.A. was established on June 13, 2022, with no significant assets, liabilities, equity or operations. Between June 13, 2022, and March 31, 2023, FS S.A. acquired assets from FS Ltda., as described in note 33 and did not present expenses or income.

The amounts presented in the combined statements of income, comprehensive income, changes net parent investment, cash flows and added value include in the year ended March 31, 2023, of FS Ltda. and FS S.A and 291 days for the period ended March 31, 2023, of FS S.A. The amounts presented as “FS Ltda.” for the comparative periods are the same as those presented in the consolidated financial statements of FS Ltda. as of March 31, 2022.

(i) Criteria adopted for the preparation of the combined financial statements.

The combination of the principles of Technical Pronouncement CPC 44 – Combined financial statements were used in the preparation of the combined financial statements of FS and considered, among other procedures:

- Intragroup balances and transactions, and any unrealized income or expenses derived from intragroup transactions, are eliminated in the preparation of the combined financial statements; and
- The accounting practices were uniform to all the combined Companies.

The composition of net assets and net investment for the year ended March 31, 2023, and the companies' income for the year ended March 31, 2023, which are part of the combined financial statements, without and the elimination of transactions between the parties, are presented below:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity/Net parent Investment	Net profit (loss) of the year	Total Comprehensive income (loss) of the year
FS Ltda. consolidated	9,193,380	3,753,979	5,675,537	6,127,062	1,144,759	1,289,913	1,309,580
FS S.A.	167,327	2,485,831	970,486	1,699,678	(17,007)	(21,506)	(21,506)
Eliminations	(559,627)	(598,255)	(559,002)	(207,882)	(390,995)	(390,996)	(390,996)
Combined	8,801,080	5,641,555	6,087,021	7,618,859	736,756	877,411	897,078

Details on the main accounting policies of FS are presented in note 6.

3 Functional currency and presentation

These combined financial statements are presented in Brazilian reais, which is the functional currency of the Companies. All financial information presented in Brazilian reais has been rounded to the nearest thousand, unless otherwise indicated.

4 Use of estimates and judgments

In preparing these combined financial statements, the Management has used judgments, estimates and assumptions that affect the application of the Companies' accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are continually revised. Revisions of estimates are recognized on a prospective basis.

(ii) Judgments

Judgment is applied on the accounting policies that have the most significant effect on the amounts recognized in the combined financial statements and are included in the following note:

- Note 19 – lease term: whether FS is reasonably certain to exercise extension options.
- Note 15 – Assessment of the determination of capital expenditures such as interest expenses in property, plant and equipment.

(iii) Uncertainties about assumptions and estimates

Information on uncertainties related to assumptions and estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 12 – Recognition of provision for expected credit losses;
- Note 15 – Impairment test: main underlying assumptions of recoverable amounts;
- Note 15 – Useful life of property, plant and equipment;
- Notes 12 and 16 – Adjustment to present value of accounts receivable and trade payables;
- Note 23 – Derivative financial instruments: determination of fair values; and
- Note 24 – Uncertainty about the treatment of taxes on profits.

Fair value measurement

Several FS accounting policies and disclosures require the measurement of fair value for financial and non-financial assets and liabilities.

FS regularly revises significant unobservable data and valuation adjustments. If third party information, such as brokerage quotes or pricing services is used to measure fair value, the valuation team analyzes evidence obtained to support the conclusion that such valuations meet the requirements of the CPC 48 – Financial instruments/ IFRS 9 Financial Instruments, including the level in the fair value hierarchy at which such valuations should be classified.

FS recognizes transfers between levels of the fair value hierarchy at the end of the financial statement in which the changes occurred. Additional information on the assumptions used in the measurement of fair values is included in note 23.

5 Measurement basis

The combined financial statements have been prepared on a historical cost basis except for the following material items recognized in the statements of financial position:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments are measured at fair value;
- corn inventories for resale are valued at fair value less costs of sales.

6 Significant accounting policies

a. Basis of consolidation

(i) *Subsidiary*

FS Ltda. ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

b. Foreign currency

Foreign currency transactions

Foreign currency transactions are converted into FS’ functional currency at the exchange rates on the transaction dates.

Monetary assets and liabilities denominated and calculated in foreign currencies on the reporting date are reconverted into the functional currency at the exchange rate calculated on that date. The foreign exchange profit or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for interest and payments effective during the year, and the amortized cost in a foreign currency at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities acquired or contracted in foreign currency are converted based on the exchange rates on the dates of the transactions or on the dates of valuation at fair value when it is used. Foreign currency differences resulting from the conversion are recognized in statements of income.

c. Revenue

Customer contract revenue

FS has different customer contracts depending on its reportable segments.

Ethanol

Although a small percentage of sales are performed through short-term contracts (less than 12 months), the sales are primarily performed on the spot market. Contracted volumes consist of fixed volume terms with variable prices. The sale price is determined based on the relevant index (ESALQ SP) plus a basis differential depending on the end customer’s location and shipping terms. The Companies recognizes revenue when it satisfies performance obligations under the terms of the contracts and control of products is transferred to customers.

Animal nutrition

Although a small percentage of sales are spot or long-term contracts (longer than 12 months), animal nutrition sales are typically performed through short-term (less than 12 months) contracts with fixed prices and volumes stated in the contract. The price is determined through negotiations with customers and is generally based on the futures price of the comparable commodity plus a basis differential depending on the end customer’s location and shipping terms. The Companies recognizes revenue when it satisfies performance obligations under the terms of the contracts and control of products is transferred to customers.

Energy

Energy is negotiated through spot or short-term contracts (up to 12 months). For the short-term contracts, the price can be either fixed or vary based on the relative market index depending on negotiations with the customers and the risk the Companies wants to mitigate. The revenue is recognized when the energy is available on the transmission line.

Corn Marketing

Operating revenue from corn marketing in the ordinary course of business is measured at the fair value of the consideration received or receivable. It is recognized when it meets performance obligations, and its control has been transferred to customers.

Information about the Companies' accounting policies relating to customer contracts is provided in note 26.

d. Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are recognized as personnel expenses as the corresponding service is provided. Liability is recognized for the amount of the expected payment if FS has a legal or constructive obligation to pay that amount as a result of past service provided by the employee and the obligation can be reliably estimated.

e. Government grant and assistance

Subsidies intended to compensate FS for expenses incurred are recognized as other income on a systematic basis in the same periods in which related expenses are recorded. FS has the following government grants:

PRODEIC (Mato Grosso State Industrial and Commercial Development Program) (FS Ltda. and FS S.A.)

State tax incentive program "Programa de Desenvolvimento Industrial e Comercial do Mato Grosso – PRODEIC". The benefit is for a period of thirteen (13) years from the publication of the decree no. 182 of July 2015 for FS Ltda. and no. 288 of November 2019 for FS S.A. – the granting of tax benefit in the amount of ICMS due on the respective operations (see note 24).

SUDAM (Amazon Development Superintendence) (FS Ltda.)

Each of the plants in operation owned by FS Ltda. is eligible for a federal tax incentive program with the Amazon Development Superintendence – SUDAM, which allows for a 75% reduction in the federal income tax rate. FS can only apply for the incentive within the first full year after the start of plant operations and, once approved, the incentive lasts for 10 years. The Lucas do Rio Verde plant received the benefit as of 2018 and the plant located in Sorriso received the benefit in 2021, both plants owned by FS Ltda. The benefit amount for a given period is recorded in income as a reduction of income tax with the corresponding reserve constituted in the net parent investment (see note 24).

f. Finance income and finance costs.

Finance income and costs comprise:

- *Income on financial investments;*
- *Interest on assets and liabilities;*
- *Amortization adjustment to present value;*
- *Bank fees;*
- *Gains or losses on operations with derivatives; and*
- *Foreign exchange rate variations*

Interest income and costs are recognized in statements of income using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to:

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

In calculating interest income and costs, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or to the amortized cost of the liability. However, interest income is calculated by applying the effective interest rate to the amortized cost of the impaired financial asset after initial recognition. If the asset is no longer impaired, the calculation of interest income is again based on the gross basis.

g. Income tax and social contribution

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of R\$ 240 (annual basis) for income tax and 9% on taxable income for social contribution on net profit and consider offsetting income tax losses and negative basis of social contribution, limited to 30% of taxable income for the year.

The income tax and social contribution expense comprises current and deferred income taxes and social contribution. Current tax and deferred tax are recognized in statements of income unless they relate to items directly recognized in net parent investment or other comprehensive income.

(i) Current income tax and social contribution expense

Current tax expense comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustments to taxes payable or receivable with respect of prior years. The amount of taxes payable or receivable is recognized in the statements of financial position as a tax asset or liability based on the best estimate of the expected amount of taxes to be paid or received, which reflects the uncertainties related to its calculation, if any. It is measured based on tax rates declared on the reporting date.

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

(ii) Deferred income tax and social contribution expense

Deferred tax assets and liabilities are recognized in respect of temporary differences between the book values of assets and liabilities for financial reporting purposes and those used for tax purposes. Changes in deferred tax assets and liabilities in the year are recognized as deferred income tax and social contribution expense.

A deferred tax asset is recognized in respect of unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available, against which they will be used. Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to fully recognize a deferred tax asset, future taxable income will be considered, adjusted for the reversal of existing temporary differences, based on FS' business plan.

Deferred tax assets are revised at each reporting date and are reduced to the extent that their realization is no longer probable.

Deferred tax assets and liabilities are measured based on the rates that are expected to apply to temporary differences when they are reversed, based on the rates that have been declared up to the reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the way FS expects to recover or settle its assets and liabilities.

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

h. Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are valued at average acquisition cost, which does not exceed fair value. In the case of work-in-process inventory, the cost includes a portion of general manufacturing costs based on normal operating capacity.

Inventories of agricultural products available for sale, represented by inventories of corn for resale, are adjusted to fair value less costs to sell. In order to calculate the fair value, FS uses as a reference quotations and rates published by public sources that are related to the products and active markets in which FS operates. Changes in the fair value of inventories are recognized directly at cost of goods sold.

i. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are measured at the historical acquisition or construction cost, which includes capitalized borrowing costs, less accrued depreciation and any accrued impairment losses.

Expenses arising from the replacement of a component of a property, plant and equipment item are accounted for separately, including inspections, surveys and classified under property, plant and equipment. Other expenses are capitalized only when there is an increase in the economic benefits of this property, plant and equipment item. Any other type of expense is recognized in statements of income as an expense.

Purchased software that is an integral part of the functionality of a device is capitalized as part of that device.

When parts of a property, plant and equipment item have different useful lives, they are recorded as individual items (main components) of property, plant and equipment.

Gains and losses on the sale of a property, plant and equipment item are determined by comparing the proceeds from the sale with the carrying amount of the property, plant and equipment, and are recognized net within other results, according to note 30.

(ii) Subsequent costs

The replacement cost of a component of property, plant and equipment is recognized in the book value of the item if it is probable that the economic benefits incorporated within the component will flow to FS and its cost can be measured reliably. The book value of the component that has been replaced by another is written off. The day-to-day maintenance costs of property, plant and equipment are recognized in statements of income as incurred.

(iii) Depreciation

Depreciation is calculated to amortize the cost of property, plant and equipment items, net of their estimated residual values, using the straight-line method based on the estimated useful lives of the items. Depreciation is recognized in statements of income. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Description	Useful life
Buildings	25-40 years
Machinery and equipment	5-40 years
Installations	10-40 years
Furniture and computers	10-15 years
Airplane	10 years
Vehicles	5 years

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

j. Intangible Assets

(i) Other intangible assets

Intangible assets that are acquired by FS and that have finite useful lives are measured at cost, less accrued amortization and any impairment losses.

(ii) Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits incorporated in the specific asset to which they relate. All other expenses are recognized statements of income as incurred.

(iii) Amortization

Amortization is calculated using the straight-line method based on the estimated useful lives of the items, net of their estimated residual values, Amortization is recognized in statements of income.

The estimated useful life is as follows:

Description	Useful life
Software	5 years

Amortization methods and useful lives are revised at each reporting date and adjusted if appropriate.

k. Financial instruments

(i) Initial recognition and measurement

Customer accounts, trade and other receivables, other credits and loans and borrowings issued are initially recognized on the date they were originated. All other financial assets and liabilities are initially recognized when FS become parties to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value, plus, for an item not measured at fair value through income, the transaction costs that are directly attributable to its acquisition or issuance. A customer accounts receivable without a significant funding component is initially measured at the transaction price,

(ii) Subsequent classification and measurement

Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL).

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- It is maintained within a business model whose objective is to hold financial assets to receive contractual cash flows; and

- Its contractual terms generate, on specific dates, cash flows that are related only to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- It is maintained within a business model whose objective is achieved both by receiving contractual cash flows and by selling financial assets; and

- Its contractual terms generate, on specific dates, cash flows that are related only to the payment of principal and interest on the outstanding principal amount.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income, as described above, are classified as at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, FS may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income or at fair value through profit or loss if that eliminate or significantly reduce an accounting mismatch that would otherwise arise.

Financial assets – assessment of whether contractual cash flows are only payments principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset at initial recognition, ‘Interest’ is defined as consideration for the value of money in time and the credit risk associated with the principal amount outstanding over a given period of time and for other basic borrowing risks and costs, as well as a profit margin.

FS considers the contractual terms of the instrument to assess whether the contractual cash flows are payments of principal and interest only. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows in such a way that it would not meet that condition. In making this assessment, FS considers:

- contingent events that change the value or timing of cash flows;
- terms that may adjust the contractual rate, including variable rates;
- prepayment and extension of term; and
- the terms that limit FS’ access to cash flows from specific assets,

Prepayment is consistent with principal and interest payments criteria if the prepayment amount represents, for the most part, unpaid amounts of principal and interest on the outstanding principal amount – which may include reasonable additional compensation for early termination of the contract, In addition, with respect to a financial asset acquired for an amount less than or greater than the face value of the contract, the permission or requirement to prepay for an amount that represents the face value of the contract plus contractual interest (which may also include reasonable additional compensation for early termination of the contract) accrued (but not paid) are treated as consistent with these criteria if the fair value of the prepayment is negligible on initial recognition,

Financial assets - Subsequent measurement and profits and losses

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value, Net income, including interest or dividend income, is recognized in statements of income.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method, Amortized cost is reduced by impairment losses, Interest income, foreign exchange profits and losses

and impairment are recognized in statements of income. Any profit or loss on derecognition is recognized in statements of income.

Instruments of debt at fair value through other comprehensive income

These assets are subsequently measured at fair value, The interest revenue calculated using the effective interest method, exchange gains and losses and impairment are recognized in Statements of income. Other net results are recognized in other comprehensive income. In derecognition, the accumulated result in other comprehensive income is reclassified to Statements of income.

Financial liabilities - classification, subsequent measurement and profits and losses

Financial liabilities were classified as being measured at amortized cost or fair value through profit or loss. A financial liability is classified as measured at fair value through profit or loss if it is classified as maintained for negotiation, is a derivative or is designated as such in the initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value and net gains and losses, including interest, is recognized in the Statements of income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, Interest expense, foreign exchange gains and losses are recognized in the Statements of income. Any gain or loss in derecognition is also recognized in the Statements of income.

(iii) Derecognition

Financial assets

FS derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when FS transfers the contractual rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred or in which FS neither transfers nor retains substantially all the risks and benefits of ownership of the financial asset and does not retain control over the financial asset.

FS enters into transactions in which it transfers assets recognized on the statements of financial position but, retains all or substantially all of the risks and benefits of the transferred assets. In these cases, the financial assets are not derecognized.

Financial liabilities

FS derecognizes a financial liability when its contractual obligation is discharged, canceled or expires, FS also derecognizes a financial liability when the terms are modified and the cash flows from the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the extinguished book value and the consideration paid is recognized in statements of income.

(iv) Offsetting

Financial assets or financial liabilities are offset, and the net amount shown on the Statements of financial position when, and only when, FS currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to simultaneously realize the asset and settle the liability.

(v) Derivative financial instruments

Derivative financial instruments and hedge accounting

FS maintains derivative financial instruments to hedge its exposure to foreign currency and interest rate variation risks. Embedded derivatives are separated from their master contracts and recorded separately if the master contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value and changes in fair value are normally recorded in statements of income.

FS designates certain derivatives as hedging instruments to protect against cash flow variability associated with highly probable forecast transactions resulting from changes in exchange and interest rates, as well as certain derivative and non-derivative financial liabilities as exchange risk hedging instruments of a net investment in a foreign operation.

At the inception of designated hedging relationships, FS documents the risk management objective and hedging instrument acquisition strategy. FS also documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of the changes in the fair value of the derivative is recognized in other comprehensive income and presented in “Unrealized profit or loss with cash flow hedge and recognized in the net parent investment.” The effective portion of the changes in the fair value of the derivative recognized in other comprehensive income (“OCI”) is limited to the cumulative change in the fair value of the hedged item, determined on the basis of present value, since the inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statements of income.

FS only designates changes in the fair value of the spot element of foreign exchange swap contracts as a hedging instrument in cash flow hedging relationships. The change in the fair value of the swap contract element is accounted for separately as a hedge cost and recognized in other comprehensive income in the net parent investment.

With respect to other hedging transactions, the amount accrued in the hedge reserve and the cost of the hedge reserve are reclassified to income in the same period or in periods in which the expected future cash flows that are the subject of the hedge affect income.

If the hedge no longer meets the hedge accounting criteria. Or the hedging instrument expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. When accounting for cash flow hedges is discontinued, the amount that has been accrued in the hedge reserve remains in net parent investment until, for a hedging instrument of a transaction that results in the recognition of a non-financial item, it is included at the cost of the non-financial item at the time of initial recognition or, for other cash flow hedges, be reclassified to income in the same period or periods as the expected future cash flows that are the subject of the hedge affect income.

If future cash flows that are hedged are no longer expected, the amounts that were accrued in the hedge reserve and the cost of the hedge reserve are immediately reclassified to statements of income.

l. Cash and cash equivalents

Cash and cash equivalents mature immediately (maximum limit of 90 days from date of acquisition) and are an integral part of the operational cash management of FS.

m. Impairment

Financial instruments and contractual assets

The Companies recognize provisions for expected credit losses on financial assets measured at amortized cost, see note 23.

Expected losses on credit are measured at an amount equal to the credit loss expected over the entire life of the instrument. In determining whether a financial asset's credit risk has increased significantly since initial recognition and in estimating expected credit losses, FS considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on FS' historical experience, on credit assessment and considering forward-looking information.

FS assumes that the credit risk of a financial asset has increased significantly if it is more than 30 days past due.

FS considers a financial asset to be in default when:

- it is unlikely that the debtor will pay its credit obligations to FS in full, without resorting to actions;
- or
- the financial asset is past due for more than 180 days,

Impaired financial assets

At each reporting date, FS assesses whether financial assets carried at amortized cost and debt securities measured at fair value through other comprehensive income are impaired.

A financial asset is "impaired" when one or more events occur with impact on the estimated future cash flows of the financial asset.

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

- significant financial difficulties of the issuer or borrower;
- breach of contractual clauses, such as default or late payment for more than 90 days;
- restructuring of an amount owed to FS under conditions that would not be accepted under normal conditions;
- the probability that the debtor will enter bankruptcy or undergo another type of financial reorganization; or
- the disappearance of an active market for the security because of financial difficulties,

Presentation of the expected losses on credit in the statements of financial position

Expected losses on credit measured at amortized cost is deducted from the gross book value of the assets.

For debt securities measured at fair value through other comprehensive income, the provision for losses is recognized to income and recognized in other comprehensive income.

Write-off

The gross book value of a financial asset is derecognized when FS has no reasonable expectation of recovering the financial asset in whole or in part. FS does not expect any significant recovery of the written-off amount but may take additional steps to enforce the customer's obligation, which may result in the recovery of some or all of the written-off amount.

Non-financial assets

FS' non-financial assets, other than inventories and deferred tax assets, are revised at each reporting date to determine whether there is any indication of impairment. If such an indication occurs, then the asset's recoverable amount is estimated.

For impairment tests, assets are grouped into the smallest possible group of assets that generate cash inflows from their continued use, inflows that are largely independent of cash inflows from other assets, or CGUs (cash generating units).

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

An impairment loss is recognized if the carrying amount of the asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in statements of income and reversed only when the asset's book value does not exceed the book value that would have been determined, net of depreciation or amortization, had the loss in value not been recognized.

n. Provisions

A provision is recognized if, as a result of a past event, FS has a legal or constructive obligation that can be reliably estimated, and it is probable that an economic resource will be required to settle the obligation. See note 21.

o. Leases

At the inception of a contract, FS assesses whether a contract is or contains a lease. A contract is, or contains a lease, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As lessee

Upon inception or amendment of a contract that contains a lease component, FS allocates consideration in the contract to each lease component based on its individual prices. However, for property leases, FS has chosen not to separate the non-lease components and account for the lease and non-lease components as a single component.

FS recognizes a right-of-use asset and a lease liability at the inception date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial measurement amount of the lease liability, adjusted for any lease payments made through the inception date, plus any initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee in disassembly and removal of the underlying asset, restoring the location in which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

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

The lease liability is initially measured at the present value of the lease payments that are not made at the inception date, discounted at the interest rate implicit in the lease or, if that rate cannot be determined immediately, at FS' incremental borrowing rate. Generally, FS uses its incremental borrowing rate as the discount rate.

FS determines its incremental rate on loans by obtaining interest rates from various external funding sources and making some adjustments to reflect the terms of the contract and the type of leased asset.

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

- fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the inception date;
- amounts expected to be paid by the lessee, in accordance with residual value guarantees; and
- the exercise price of the purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease.

The lease liability is measured at amortized cost, using the effective interest method. It is remeasured when there is a change in future lease payments resulting from a change in index or rate, if there is a change in the amounts expected to be paid under the residual value guarantee, if FS changes its assessment, if it will exercise an option to purchase, extend or terminate or whether there is a revised lease payment fixed in substance.

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

FS presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment” and lease obligations in liability of the statements of financial position.

FS arrived at its discount rates based on incremental borrowing rates. The table below shows the rates practiced, vis-à-vis the terms of the contracts, information related to the year ended on March 31, 2023, is presented below:

Contracts by term and discount rate	
Contracted term	Average annual rate
1	8.33%
2	9.20%
3	9.04%
5	9.13%
10	9.22%
15	11.23%

Low value asset leases

FS has elected not to recognize right-of-use assets and lease payables for low value asset leases and short-term leases. FS recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

p. Capitalization of borrowing costs

FS capitalized the borrowing cost of specific loans whose amount was consumed in construction, as mentioned in note 15.

q. Information by segment

An operating segment is a component of FS that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of FS. All operating results are evaluated by those charged with governance of FS for decisions on the resources to be allocated to the segment and to assess their performance.

7 Changes in significant accounting policies

The FS adopted Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37) from April 1, 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the FS included only incremental costs to fulfill a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The FS has analyzed all contracts existing at April 1, 2022 and determined that none of them would be identified as onerous applying the revised accounting policy- i.e. there is no impact on the opening balances as at April 1, 2022 as a result of the change.

8 New standards and interpretations

8.1 Not yet effective

It is not expected that the new and revised standards and interpretations listed below will have a significant impact on the combined financial statements of FS. FS intends to adopt these new and revised standards and interpretations, if applicable, when they become mandatory. The new standards and interpretations issued, listed below, are expected to become effective after April 1, 2023.

- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimate (Amendments to CPC 23/IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CPC 36/IAS 12);
- Classification of Liabilities as Current and Non-Current (Amendments to CPC 26/IAS I) and;

8.2 Effective

The standards and interpretations that came into force on April 1, 2022, but did not impacted FS, are presented below:

- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to CPC25/IAS 37;
- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to CPC27/IAS 16; and
- Reference to the Conceptual Framework - Amendments to CPC15/IFRS 3.

9 Cash and cash equivalents

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Bank deposits and cash	36,597	45,553
Financial investments	1,338,258	1,673,641
Total	1,374,855	1,719,194

The FS considers cash and cash equivalents highly liquid balances that mature no later than 90 days from the date of investment which are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

Short-term financial investments refer to certificate of bank deposits ('CDB') which are instruments offered by banks with rates set by the individual banks which are usually linked to the Interbank Deposit Certificate ('CDI') rate plus or minus a fixed spread. For the year ended March 31, 2023, and year ended on March 31, 2022, the average annual return on these investments was 13.63% and 11.65%, respectively. These instruments are available for immediate redemption by the FS.

As of March 31, 2023, of the total bank deposits and cash denominated in US Dollars ("USD") are USD 5,846 or R\$ 29,698 (USD 9,208 or R\$ 43,626 as of March 31, 2022).

Information on the FS exposure to market and credit risk and fair value measurement is included in Note 23.

10 Financial investments

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Bank deposit certificate ("CDB") and <i>Time deposit</i>	-	132,298
Total return swap (TRS)	3,109,084	2,901,719
Total	3,109,084	3,034,017
Current	3,109,084	216,598
Non-Current	-	2,817,419

As part of the Green Bond issuance, FS Lux acquired a total return swap ('TRS') with an annual return of 10.7% p.y. due in December 2023 and with semi-annual payments,

Information on the FS exposure to market risks, credit and fair value measurement related to financial investments is included in Note 23.

11 Restricted cash

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Investments linked to loans	2,296,174	400,523
Total	2,296,174	400,523
Current	2,256,928	383,976
Non-current	39,246	16,547

Investments linked to loans and derivative financial instruments are related to guarantees of loans and borrowings.

For the years ended March 31, 2023, and 2022, the average annual return on these investments was 13.63% and 11.65%, respectively.

Information on the FS exposure to credit, market and fair value risks related to restricted cash is included in Note 23.

12 Trade and other receivables and trade receivables with related parties

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Trade receivables	271,319	278,586
Allowance for expected credit losses	(5)	(115)
Total	271,314	278,471

Impairment losses

FS assesses the impairment loss on accounts receivable based on: (a) historical experience of losses by customers and segment; (b) assignment of a credit rating to each customer based on qualitative and quantitative measures for the customer, as determined by internal policies (see note 23); and (c) assigns an impairment percentage for provisioning purposes based on items (a) and (b) above and the customer's credit status (current or past due).

Based on the loss history and expectations regarding the future performance of the current receivables, FS' assessment is that the remaining risk for the outstanding balances is not significant for the constitution of a provision.

The maturity of the receivables at the reporting date is as follows:

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Not overdue		
Up to 30 days	235,235	228,432
31-60 days	15,044	37,478
61-90 days	4,359	30
>90 days	16,129	11,938
Subtotal	270,767	277,878
Overdue		
Up to 30 days	547	479
>180 days	-	114
Subtotal	547	593
Total	271,314	278,471

Changes in the provision to reduce the recoverable value of receivables from customers and contract assets during the year are presented in the following table.

	Combined
	(115)
Allowance March 31, 2022	
Reversal of expected credit losses	110
Allowance March 31, 2023	(5)
	FS Ltda.
	(144)
Allowance March 31, 2021	
Reversal of expected credit losses	29
Allowance March 31, 2022	(115)

Trade receivables with related parties as of March 31, 2023, and March 31, 2022, amounted to R\$ 166,435 and R\$ 6,460, respectively. See note 33.

Some Loans agreements were given as a collateral by trade receivables and as of March 31, 2023, the amount was R\$40,000. In March 2022, there were no trade receivable pledged as collateral. (see note 17).

The FS exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 23.

13 Inventories

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Inventories held by third party	165,473	99,704
Raw material	703,764	425,638
Finished goods	37,212	119,506
Production inputs	60,941	36,041
Consumption material	84,864	61,338
Work-in-process inventory	14,773	14,956
Corn marketing (*)	-	29,544
Total	1,067,026	786,727

(*) Inventories are stated at the lower of cost or net realizable value, except corn marketing, which are measured at fair value based on the *MTM* ("mark to market") subtracted from the selling costs. Monthly comparison of acquisition costs is carried out and the price, on the reporting date, equivalent in the market. The reference prices are public and obtained from Brazilian Stock Markets (B3).

Cost is determined by the weighted average costing method see note 27.

As of March 31, 2023, there were inventory balances of 679,744 tons of corn (219,636 tons of corn as of March 31, 2022) given as collateral for financing arrangements. The collateral represents the amount of R\$ 533,344 (R\$ 226,673 as of March 31, 2022).

As of March 31, 2023, and 2022, the amounts held by third parties were as follows:

Combined	FS Ltda.

FS
Combined financial statements as of
March 31, 2023.

	03/31/2023	03/31/2022
Raw material	80,877	61,224
Finished goods	84,595	38,480
Total	165,473	99,704

Raw material inventories held by third parties correspond to 73,088 tons of corn and 29,389 cubic meters of ethanol as of March 31, 2023 (57,114 tons of corn and 19,788 cubic meters of ethanol respectively as of March 31, 2022).

14 Advances to suppliers

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Advances to suppliers of inventories	97,854	77,727
Advances to other suppliers	4,892	26,767
Total	102,746	104,494
Current	53,143	48,997
Non-current	49,603	55,497

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

The advances to suppliers with related parties as of March 31, 2022, was R\$ 191, See note 33.C

15 Property, plant and equipment

									Combined
Cost of acquisition	03/31/2021	Additions	Disposals	Transfers	03/31/2022	Additions	Disposals (*)	Transfers	03/31/2023
Land	140,083	262	-	-	140,345	10,749	-	-	151,094
Buildings	610,982	1,162	-	18,382	630,526	4,629	-	19,839	654,994
Machinery and equipment	1,324,592	12,306	-	37,575	1,374,473	3,799	(378)	48,481	1,426,375
Furniture and computers	14,274	4,375	-	538	19,187	4,820	(92)	125	24,040
Vehicles	2,908	1,332	(565)	-	3,675	-	(1,784)	-	1,891
Airplane	-	28,164	-	-	28,164	1,032	-	-	29,196
Installations	502,997	2,025	-	22,514	527,536	3,034	-	31,562	562,132
Construction in progress	331,409	257,571	-	(12,185)	576,795	1,214,736	(6,743)	443,757	2,228,545
Advance to suppliers	57,937	136,257	-	(67,173)	127,021	668,474	(128,660)	(543,764)	123,071
Bearer plant (bamboo)	33,191	26,591	-	349	60,131	35,223	(95,354)	-	-
Right of use	34,511	117,070	-	-	151,581	205,463	(113,489)	-	243,555
Total	3,052,884	587,115	(565)	-	3,639,434	2,151,959	(346,500)	-	5,444,893
Depreciation									
Buildings	(20,208)	(15,725)	-	1	(35,932)	(15,855)	-	-	(51,787)
Machinery and equipment	(108,641)	(70,172)	-	(1)	(178,814)	(75,018)	92	-	(253,740)
Furniture and computers	(3,934)	(2,041)	-	-	(5,975)	(2,816)	92	-	(8,699)
Vehicles	(1,550)	(372)	19	-	(1,903)	(439)	1,523	-	(819)
Airplane	-	-	-	-	-	(3,161)	-	-	(3,161)
Installations	(35,502)	(35,557)	-	-	(71,059)	(35,578)	-	-	(106,637)
Right of use	(3,645)	(13,008)	-	-	(16,653)	(17,877)	9,000	-	(25,530)
Total	(173,480)	(136,875)	19	-	(310,336)	(150,743)	10,707	-	(450,373)
Net	2,879,404	450,240	(546)	-	3,329,098	2,001,215	(335,793)	-	4,994,520

(*) The disposals are mainly composed of the assets related to a Bamboo farm (bearer plant, biological assets and rights of use) sold to FS Florestal S.A. (see note 33.D).

Construction in progress and advances to suppliers

The balance in construction in progress and advances to supplier refers to the remainder of the expansion of the plant in Sorriso – MT and the construction of the ethanol plant in Primavera do Leste – MT. The construction completion of the Primavera do Leste plant was in May 2023. See note 35.

Provision for impairment

At the end of each reporting FS assesses possible indications of impairment of its assets that could create the need to test their recovery value.

FS did not identify indicators of impairment of its assets on March 31, 2023.

Capitalization of borrowing costs

For the years ended March 31, 2023, and 2022, borrowing costs capitalized were R\$ 120,903 and R\$ 1,499, respectively. The average interest rate of the year end was 13.63% p. y. (11.65% p.y. as of March 31, 2022).

Collateral

FS has pledged fixed assets as collateral linked to loans in the amount of R\$ 4,610,975 (R\$ 2,672,880 on March 31, 2022) and comprises lands, buildings, machinery, installations, and construction in progress.

16 Trade payables

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Fixed assets payables	505,929	72,582
Raw material payables	570,963	280,751
Other payables	140,848	81,112
Total	1,217,740	434,445
Current	1,198,945	403,228
Non-current	18,795	31,217

The trade payables balances refer to raw material (corn), production inputs and other necessary products in the production area, expenditures for engineering services and acquisition of machinery and equipment.

The trade payables with related parties as of March 31, 2023, were R\$ 5,467. There were no trade payables with related parties as of March 31, 2022. See note 33.C.

Reverse Factoring

The FS makes available for its suppliers the use of reverse factoring agreements with Banks. These agreements are signed with suppliers with the objective of meeting parties' mutual interests in terms of liquidity and working capital. These liabilities were included in funding programs through the FS's, credit lines with financial institutions, considering the characteristics of commercial negotiation related to the term of payment between suppliers and the FS.

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Trade payables	479,212	110,612
Reverse factoring	738,527	323,833
Total	1,217,740	434,445

On March 31, 2023, the discount rates on reverse factoring are CDI+2.93% p. m. (as of March 31, 2022, these rates were CDI +1.88% p.m.). Negotiated rates are pre-fixed and, therefore, do not have CDI variation after negotiation. Interest is recognized in finance costs, see note 31.

FS' exposure to liquidity risks and fair value measurement risks related to trade payables is disclosed in note 23.

17 Loans and Borrowings

	Interest p. y.	Currency	Combined 03/31/2023	FS Ltda. 03/31/2022
Loans for investments	6.5% to 10.77%	USD	6,374,590	6,220,009
Loans for investments	CDI+0.5% to CDI+0.8%	R\$	1,642,591	-
Loans for working capital	6.29%	USD	141,917	50,084
Loans for working capital	CDI+1,79%	R\$	3,629,835	2,052,069
Total Loans			11,788,933	8,322,162
(-) Transaction cost			(166,703)	(126,869)
Total			11,622,230	8,195,293
Current			4,271,074	955,552
Non-current			7,351,156	7,239,741

Management categorizes the loans by the nature in which the proceeds will be utilized in the operations. Loans for investments are to be used on capital expenditures related to construction of the plants while loans for working capital are to be used to finance short-term operational needs.

On May 10, 2022, R\$ 750,000 was raised through the issuance of the Rural Financial Product Certificate "CRA 476", in two series, one series maturing on May 13, 2026, bearing an interest rate CDI + 1.5% p.y, and the other series maturing on May 11, 2029, with bearing an interest rate of IPCA + 7.39% p.y..

For more information on the exposure of the FS to risks of interest rates, liquidity, fair value measurement and a sensitivity analysis arising from these loans and borrowings, see Note 23.

a. Debt amortization terms and schedule

As a result of these fund raisings, the following collaterals were granted:

- Mortgage on the land of FS Ltda. (note 15);
- Fiduciary sale of fixed assets (note 15);
- Corn inventories (note 13);
- Trade and receivables (note 12); and
- Restricted cash (note 11),

The loans have the following maturities (the classification between investments and working capital was performed by management):

	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Combined Above 4 years
March 31, 2023						
Loans for investments (*)	6,374,590	3,206,780	-	3,015,398	-	152,412
Loans for working capital (*)	5,414,343	1,120,817	2,284,174	697,142	383,449	928,761
Total	11,788,933	4,327,597	2,284,174	3,712,540	383,449	1,081,173

	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	FS Ltda. Above 4 years
March 31, 2022						
Loans for investments (*)	6,220,009	383,250	2,615,052	-	-	3,221,707
Loans for working capital (*)	2,102,153	612,053	151,040	399,658	397,975	541,427
Total	8,322,162	995,303	2,766,092	399,658	397,975	3,763,134

(*) The amount presented does not include transaction costs.

b. Reconciliation of loans with cash flows arising from financing activity

	Combined
Balance as of March 31, 2022	8,195,293
Variations in financing cash flows	
Loans received	4,199,271
Payments of principal	(1,589,516)
Total changes in financing cash flows	2,609,755
Other variations	
Provision for interest	1,073,677
Provision for interest (capitalized)	150,752
Interest payment	(630,474)
Exchange variation	211,296
Foreign currency translation effect	29,490
Transaction cost	(17,559)
Total other variations	817,182
Balance as of March 31, 2023	11,622,230

	FS Ltda.
Balance as of March 31, 2021	7,432,373
Variations in financing cash flows	
Loans received	2,726,563
Payments of principal	(657,047)
Total changes in financing cash flows	2,069,516
Other variations	
Provision for interest	808,970
Provision for interest (capitalized)	1,499
Interest payment	(777,595)
Foreign currency translation effect	(1,258,666)
Transaction cost	(80,804)
Total other variations	(1,306,596)
Balance as of March 31, 2022	8,195,293

Exchange variation comprises realized and unrealized amounts (note 31).

c. Restrictive clauses (“covenants”)

FS has entered loans contracts amounting to R\$ 7,305,964 (R\$ 4,879,007 on March 31, 2022) that include non-financial and financial covenants. The main financial covenants include a financial ratio linked to the percentage of net debt and net financial expenses in relation to EBITDA to not exceed 3.0x. The components of the formulas for calculating the financial ratio at the end of each period are defined in the debt contracts.

The restrictive clauses of financial covenants referring to loans are in compliance by FS as of March 31, 2023.

18 Advances from customers

Advances from customers represents cash received from customer for the sales of products which have not yet met the criteria to be recognized as net revenue as of the year end. These advances are shown as a liability on the FS statement of financial position with a balance of R\$ 40,308 and R\$ 26,967 as of March 31, 2023, and 2022, respectively.

19 Lease payables

	Lands(i)	Warehouse(ii)	Other(iii)	Wagons (iv)	Combined Total
March 31, 2022	86,179	38,912	8,238	-	133,329
Addition	53,139	104,700	27,635	127,378	312,852
Contractual adjustment (v)	(3,226)	1,311	-	-	(1,915)
(-) Adjustment to present value	(27,585)	(43,036)	(4,802)	(29,765)	(105,188)
Disposals (vi)	(103,691)	-	(74)	-	(103,765)
Sub-total	(81,363)	62,975	22,759	97,613	101,984
Amortization of adjustment to present value	396	652	1,518	966	3,532
Payment	(5,212)	(7,057)	(10,149)	-	(22,418)
March 31, 2023	-	95,482	22,366	98,579	216,427

Current	26,965
Non current	189,462

	Lands(i)	Warehouse(ii)	Other(iii)	FS Ltda. Total
March 31, 2021	29,562	-	298	29,860
Addition	84,696	64,500	16,447	165,643
Contractual adjustment (v)	18,317	-	-	18,317
(-) Adjustment to present value	(43,090)	(21,424)	(3,412)	(67,926)
Sub-total	59,923	43,076	13,035	116,034
Amortization of adjustment to present value	1,149	136	879	2,164
Payment	(4,455)	(4,300)	(5,974)	(14,729)
March 31, 2022	86,179	38,912	8,238	133,329

Current	20,528
Non current	112,801

Right-of-use asset

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 15).

	Lands (i)	Warehouse(ii)	Other (iii)	Wagons (iv)	Combined Total
March 31, 2022 .	86,468	39,845	8,615	-	134,928
Addition	21,756	62,975	23,078	97,654	205,463
Disposals (vi)	(104,422)	-	(67)	-	(104,489)
Amortization	(3,802)	(4,737)	(8,646)	(692)	(17,877)
March 31, 2023	-	98,083	22,980	96,962	218,025

	Lands (i)	Warehouse(ii)	Other (iii)	FS Ltda. Total
March 31, 2021	30,340	-	526	30,866
Addition	42,640	43,076	13,037	98,753
Contractual adjustment (iv)	18,317	-	-	18,317
(-) Adjustment to present value	(4,829)	(3,231)	(4,948)	(13,008)
March 31, 2022	86,468	39,845	8,615	134,928

- i) A rural area for Bamboo cultivation that has a 3-year period for harvest (5 seasons in total) and will be used as a Biomass in the FS energy matrix.
- ii) Refers to the leasing of a shed for a period of 10 years for the storage of corn.
- iii) Composed by machinery that serves industrial activities and a leased office located in São Paulo.
- iv) FS Indústria de Biocombustível Ltda. and FS Infraestrutura S.A. signed an ethanol tank car (“Wagon”) lease agreement in order to optimize the FS logistics system. (See note 33.C)
- v) Land Leases are linked to soybean price and the contracts are adjusted accordingly.
- vi) On September and on December 2022, FS Ltda. And FS Florestal S.A. signed a purchase and sale agreement that includes the sale of farms, impacting the disposals of rights to use and biological assets (see note 33).

20 Taxes and contributions

a) Recoverable taxes

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Pis and Cofins	560,236	242,872
ICMS recoverable	5,289	-
IRRF	63,596	5,546
Other taxes and contribution	136	3,756
Total	629,257	252,174
Current	383,452	122,332
Non-current	245,805	129,842

b) Taxes and contributions payable

	Combined	FS Ltda.
	03/31/2023	03/31/2022
ICMS	-	16,270
Retained tax of third parties (*)	3,153	1,210
ISS	11,641	1,977
Other taxes	170	406
Total	14,964	19,863

(*) The retained taxes of third parties refers to PIS, COFINS, CSLL, IRPJ, INSS and Funrural.

21 Contingent liabilities and judicial deposits

Contingent liabilities for which FS is unable to make a reliable estimate of the expected financial effect that may result from the resolution of the case, or an outflow of cash are not probable, are not recognized as a liability in the combined financial statements but are disclosed in the notes to these combined financial statements, unless the probability of any outflow of resources incorporating economic benefits is considered remote.

As of March 31, 2023, and March 31, 2022, the FS had contingent liabilities related to ongoing lawsuits whose cash outflow was considered probable in the amount of R\$ 1,453 (R\$ 22 as of March 31, 2022).

Contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred, As of March 31, 2023, and March 31, 2022, the FS had contingencies assessed as possible risk by legal advisors and Management in the amount of R\$ 91,677 and R\$ 82,944, respectively, for which no provision was recorded.

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Civil	78,684	71,696
Labor	5,575	3,721
Tax	7,419	7,527
Total	91,677	82,944

Among the contingencies, there is an ongoing judicial discussion related to tax on imports (ICMS) of machinery for the expansion of the plant located in Lucas do Rio Verde – MT, for which the FS has a judicial deposit in the amount of R\$ 4,177 (R\$ 3,775 as of March 31, 2022).

22 Net parent investment and equity

(i) Capital

a. FS Ltda.

The FS Ltda.'s subscribed and paid-in capital stock as of March 31, 2023, was R\$ 88,037 of the totals of 88,036,938 quotas, 83,380,928 are ordinary and 4,656,010 are preferred of the 87,806,369 quotas, (83,380,928 were common quotas and 4,425,441 were preferred shares as of March 31, 2022).

b. FS S.A.

The FS S.A.'s capital as of March 31, 2023, was R\$ 4,500, divided into 4,500,000 (four million and five hundred thousand) shares, with a par value of R\$ 1.00 each.

(ii) Tax incentives

a. FS Ltda.

The FS Ltda. Has a tax incentive for the partial reduction of income tax obtained from operations carried out in areas of the Superintendency for the Development of the Amazon ("SUDAM"). The IRPJ reduction incentive is calculated based on the profit from the activity (exploitation profit) and considers the allocation of operating profit by the production levels encouraged for each product. The incentive for the Lucas do Rio Verde plant expires in 2029, and for the plant located in Sorriso expires in 2031. The FS Ltda. Can only apply for the incentive in the first full year after the start of plant operations and, once approved, the incentive has a duration of 10 years.

The amount of the benefit for a given period is recorded in Statements of income as a reduction. (see Note 24).

Related to PRODEIC, the FS Ltda. is guaranteed – for a term of 13 (thirteen) years starting from Decree No. 182, of July 2015 – the granting of tax benefit in the amount of ICMS tax due on the respective operations or services. The amount of the benefits from the years 2017 to 2019 were excluded from the income tax calculation with a corresponding reserve established in equity, in accordance with the provisions of art. 30 of Law 12973/14.

The tax incentive reserve as of March 31, 2023, was R\$ 15,952 for PRODEIC and R\$ 356,289 for SUDAM (R\$ 15,952 for PRODEIC and R\$ 297,607 for SUDAM as of March 31, 2022).

(iii) Dividends

a. FS Ltda.

In the year ended on March 31, 2023, accumulated results were distributed to quota holders in the amount of R\$ 712,900 – 8.10 per quota (R\$1,143,720 – 13.03 per quota as of March 31, 2022).

Quota holder	% of ownership	Subscribed capital	Distribution of dividends	Distribution of interim results	Total (i)	Quotas
Summit Brazil Renewables I Participações Ltda	71%	62,536	125,422	368,046	493,468	7.89
Tapajós Participações S.A.	24%	20,845	42,396	122,096	164,492	7.89
Others	5%	4,656	8,833	46,107	54,940	11.80
Total as of March 31, 2023	100%	88,037	176,651	536,249	712,900	8.10

Quota holder	% of ownership	Subscribed capital	Distribution of dividends	Distribution of interim results	Total	Quotas
Summit Brazil Renewables I Participações Ltda	71%	62,536	16,707	804,774	821,481	13.14
Tapajós Participações S.A.	24%	20,845	5,569	268,258	273,827	13.14
Others	5%	4,425	-	48,412	48,412	10.94
Total as of March 31, 2022	100%	87,806	22,276	1,121,444	1,143,720	13.03

(i) Dividend distribution based on results over the fiscal year ended on March 31, 2023.

23 Financial instruments

a. Accounting classification and fair values

The following table presents the carrying amount and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include information on the fair value of financial assets and liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

							Combined Fair Value
March 31, 2023	Note	Fair value through profit or loss	Amortized Cost	Fair value – hedging instruments	Other financial liabilities	Total	Level 2
Financial assets measured at fair value							
Cash and cash equivalents	9	1,374,855	-	-	-	1,374,855	1,374,855
Total return swap (TRS)	10	3,109,084	-	-	-	3,109,084	3,109,084
Derivative financial instruments	23	40,478	-	-	-	40,478	40,478
Total		4,524,417	-	-	-	4,524,417	4,524,417
Financial assets not measured at fair value							
Restricted cash	11	-	2,296,174	-	-	2,296,174	
Related parties' loans	33	-	288,452	-	-	288,452	
Trade and other receivables	12	-	271,314	-	-	271,314	
Trade receivables with related parties	12	-	166,435	-	-	166,435	
Judicial deposits	21	-	4,177	-	-	4,177	
Total		-	3,026,552	-	-	3,026,552	
Financial liabilities measured at fair value							
Derivative financial instruments	23	15,059	-	392,849	-	407,908	407,908
Total		15,059	-	392,849	-	407,908	407,908
Financial liabilities not measured at fair value							
Trade payables	16	-	-	-	1,217,740	1,217,740	-
Loans and borrowings (*)	17	-	-	-	11,788,933	11,788,933	11,788,933
Lease payables	19	-	216,427	-	-	216,427	-
Total		-	216,427	-	13,006,673	13,223,100	11,788,933

FS Ltda.						
Fair Value						
March 31, 2022	Note	Fair value through profit or loss	Amortized Cost	Fair value – hedging instruments	Other financial liabilities	Total Level 2
Financial assets measured at fair value						
Financial investments – CDB	9	1,805,939	-	-	-	1,805,939
Total return swap (TRS)	10	2,901,719	-	-	-	2,901,719
Restricted cash	11	400,523	-	-	-	400,523
Derivative financial instruments	23	77,623	-	-	-	77,623
Total		5,185,804	-	-	-	5,185,804
Financial assets not measured at fair value						
Restricted cash	9	-	45,553	-	-	45,553
Trade and other receivables	12	-	284,931	-	-	284,931
Judicial deposits	21	-	3,775	-	-	3,775
Related parties' loans	33	-	251,035	-	-	251,035
Total		-	585,294	-	-	585,294
Financial liabilities measured at fair value						
Derivative financial instruments	23	187,052	-	588,839	-	775,891
Total		187,052	-	588,839	-	775,891
Financial liabilities not measured at fair value						
Trade payables	16	-	-	-	434,445	434,445
Loans and borrowings (*)	17	-	-	-	8,322,162	8,800,522
Lease payables	19	-	133,329	-	-	133,329
Total		-	133,329	-	8,756,607	8,889,936

(*) The amount presented does not include transaction costs.

b. Fair value measurement

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

The fair value of cash and cash equivalents, trade and others receivable, other financial assets, trade payables and other short-term liabilities approximate their book value due to their short-term maturity. The fair value of other long-term assets and liabilities does not differ significantly from their book values.

The fair value of FS' liability financial instruments approximates their book value as they are subject to variable interest rates and there has been no significant change in FS' credit risk.

The TRS (Total Return Swap) is a financial investment measured at fair value through profit or loss. The technique used for measurement consists of discounting the cash flow to present value based on yield curves that reflect the appropriate risk factors.

Derivatives are valued using valuation techniques with observable market data and refer primarily to interest rate *swaps*, foreign exchange futures contracts (NDFs), options, and commodity forward contracts. The most frequently applied valuation techniques include pricing models for *swaps*, NDFs, and forward contracts, with present value calculations. The models incorporate a variety of data. Such as spot and forward exchange rates, interest rate curves, and commodity (corn and ethanol) forward rate curves.

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the fair value recorded are directly or indirectly observable; and

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

There were no transfers between levels to be considered for the year ended on March 31, 2023.

c. Financial risk management

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

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

(i) Risk management structure

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

FS risk management policies are established to identify and analyze the risks to which it is exposed, to set appropriate risk limits and controls, and to monitor risks and adherence to defined limits. Risk management policies and systems are regularly revised to reflect changes in market conditions and activities. FS, through its training and management rules and procedures, seeks to maintain an environment of discipline and control in which all employees are aware of their attributions and obligations.

- *Credit risk*

Credit risk is the risk that FS will incur financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

		Combined	FS Ltda.
	Note	03/31/2023	03/31/2022
Cash and cash equivalents	9	1,374,855	1,719,194
Financial investments	10	3,109,084	3,034,017
Restricted cash	11	2,296,174	400,523
Trade and other receivables	12	271,314	284,931
Trade and other receivables with related parties	12	166,435	-
Related parties' loans	33	288,452	251,035
Derivative financial instruments	23	40,478	77,623
Other credits		36,466	9,019
Judicial deposits	21	4,177	3,775
Total		7,587,434	5,780,117

Cash and cash equivalents and financial investments

The amounts are held with highly rated financial institutions in order to minimize the credit risk posed by these operations. Cash and cash equivalents are held with banks and financial institutions rated between AA- to AAA, and cash equivalents, based on the reference *rating* agency.

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

Derivatives

Derivatives are contracted with banks and financial institutions to manage the exchange rate risk in the future payment of loans and to manage the fluctuation in the price of corn and ethanol, according to

operational needs. Derivatives are held with banks and financial institutions rated between AA- to AAA, and cash equivalents, based on the reference *rating* agency.

Trade and other receivables

The credit risk of trade receivables arises from the possibility of FS not receiving amounts from sales operations. To mitigate this risk, FS adopts the practice of detailed analysis of the financial and equity situation of its customers, establishing a credit limit, according to note 12.

The credit area is responsible for establishing limits for all customers who carry out forward transactions. The parameters for defining credit limits are:

- a) Market information (Serasa - Centralização de Serviços Bancários) and network with other companies);
- b) financial analysis of the financial statements of the counter party; and
- c) Constitution of guarantees through rural producer certificate (CPR), Surety, etc.

- *Liquidity risk*

The finance department continuously monitors FS' liquidity needs to ensure that there is sufficient cash to meet its short-term obligations.

Excess cash is invested in private securities, bank deposit certificates ("CDBs") and purchase and sale commitments, indexed to the CDI variation, with high liquidity.

Exposure to liquidity risk

The carrying amount of financial liabilities with liquidity risk is shown below:

		Combined	FS Ltda.
	Note	03/31/2023	03/31/2022
Trade payables	16	1,217,740	434,445
Loans and borrowings (*)	17	11,788,933	8,322,162
Lease payables	19	216,427	133,329
Derivative financial instruments	23	407,908	775,891
Total		13,631,008	9,665,827
Current		5,904,892	2,003,941
Non-current		7,559,413	7,661,886

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

	Book Value	Contractual Cash Flow	Until 12 months	1 to 2 Years	Combined Above 3 years
March 31, 2023					
Loans and borrowings (*)	11,788,933	14,373,740	4,818,096	3,042,717	6,512,926
Trade payables	1,217,740	1,263,042	1,244,247	18,795	-
Lease payables	216,427	345,570	48,771	48,771	248,028
Derivative financial instruments	407,908	598,643	383,867	76,728	138,048
Total	13,631,008	16,580,995	6,494,981	3,187,011	6,899,002
					FS Ltda.
March 31, 2022					Above 3 years
Loans and borrowings (*)	8,322,162	11,103,663	1,376,743	3,759,724	5,967,196
Trade payables	434,445	434,445	403,228	31,217	-
Lease payables	133,329	194,684	23,157	23,157	148,370
Derivative financial instruments	775,891	1,069,055	550,682	518,373	-
Total	9,665,827	12,801,847	2,353,810	4,332,471	6,115,566

(*) The amount presented does not include transaction costs.

- *Price risk*

The price risk is due to the results from the possibility of fluctuation in the market prices of corn sold by FS. These price fluctuations may cause changes in FS' sales revenue. To mitigate this risk, FS

monitors the market, seeking to anticipate price movements. The table below shows the positions of derivative financial instruments to hedge commodity price risk open as of March 31, 2023:

Derivatives	Purchased/Sold	Market	Contract	Maturity	Currency	Notional	Combined
							Fair value as of 3/31/2023
Corn	Sold	B3	Corn	05/03/2023	Corn	28,284	4,621
Total Derivative Financial Instrument (assets)							4,621
Derivatives	Purchased/Sold	Market	Contract	Maturity	Currency	Notional	Combined
							Fair value as of 03/31/2023
Corn	Purchased	B3	Corn	05/03/2023	Corn	24,341	(1,977)
Total Derivative Financial Instrument (liabilities)							(1,977)

Sensitivity analysis – commodity price risk

Based on the corn price on March 31, 2023, traded on Brazilian Stock Markets (B3), a probable scenario (level 1) was defined to calculate the impact of price variation, assuming that all other variables will be constant and, based on that, variations of 25% (level 2) and 50% (level 3) are calculated, as detailed below:

	Currency	Notional	Corn price	Probable	Appreciation (R\$)		Combined Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
				In Reais	25%	50%	25%	50%
Instruments as of March 31 2023								
Financial assets								
Term	Corn	28,284	83.29	28,284	35,355	42,426	(35,355)	(42,426)
Financial liabilities								
Term	Corn	(24,341)	83.29	(24,341)	(30,426)	(36,511)	30,426	36,511
Total				3,943	4,928	5,914	(4,928)	(5,914)
Impact on net income and net parent investment					8,871	9,857	(985)	(1,971)

- *Market risk*

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

When applicable, Management uses derivative financial instruments to manage market risk.

Exchange risk

FS' operations give rise to certain exposures to foreign currency risk mainly due to the inflow and outflow of capital to and from abroad, as well as contracts for production inputs and for the construction and expansion of industrial units denominated in US dollars. FS manages a portion of this risk with derivative financial instruments, primarily options, swaps and forward contracts ("NDFs"), to reduce exposure to foreign currency fluctuation between the Brazilian real and the US dollar.

	Note	Combined		FS Ltda.	
		2023		2022	
Financial Assets		R\$	USD	R\$	USD
Cash and cash equivalents	9	29,698	5,846	45,553	9,614
Financial Investments	10	-	-	132,298	27,923
Total return swap (TRS)	10	3,109,084	611,976	2,901,719	612,461
Derivative financial instruments **	23	602,710	118,634	-	-
Total Financial Assets		3,741,492	736,456	3,079,570	650,000
Financial liabilities		R\$	USD	R\$	USD
Loans for investments*	17	(6,374,590)	(1,254,742)	(6,196,825)	(1,307,954)
Loan for working capital*	17	(141,917)	(27,934)	(50,084)	(10,571)
Derivative financial instruments **	23	(569,387)	(112,075)	(814,048)	(171,819)
Total financial liabilities		(7,085,894)	(1,394,751)	(7,060,957)	(1,490,344)
Net total		(3,344,402)	(658,295)	(3,981,387)	(840,344)

(*) The amount presented does not include transaction costs.

(**) Derivative financial instruments are presented by Notional.

Hedge accounting effects.

FS formally designates its operation subject to hedge accounting for the purpose of cash flow protection. The designated hedge is for foreign currency debt protection. To manage the exchange rate risk, FS contracted “Swap” derivative instruments, in which these instruments exchange the exchange rate variation of the US Dollar for CDI, reducing FS’ exposure to this currency. The operations designated as Hedge accounting are presented in the following table:

Type	Buy/ Sell	Date	Due date	Deadline	Contract	Notional	Fair value as of 03/31/2023
Swap	Buy	12/08/2020	12/09/2025	1258	USD	350,000	(392,849)

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

The relationship between the instrument and the hedged object, as well as the risk management policies and objectives, were documented at the beginning of the operation. Documented effectiveness tests confirming the prospective effectiveness of the hedge relationship based on the variation in the market value of the hedged items.

The cash flow hedge consists of providing protection against changes in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect the result.

Prospective and retrospective effectiveness tests are also documented, confirming that the designated derivatives are effective in offsetting the variation in the fair value of the hedged items.

The effective portion of changes in the fair value of derivatives in the fair value of derivatives designated and qualified as cash flow hedges is recorded as a component of “other comprehensive income”. As of March 31, 2023, a balance was recorded in other comprehensive income of R\$ 11,471, net of income tax and social contribution. A loss of R\$ 14,151 for the year ended March 31, 2023, related to the amount deemed ineffective was recognized in the statement of income.

Effect of fair value recognized in equity/ net parent investment
April 1, 2021

Cash flow hedge - effective portion of changes in fair value
Deferred income tax and social contribution

Change in fair value recognized in OCI as of March 31, 2022

Cash flow hedge - effective portion of changes in fair value
Deferred income tax and social contribution

Change in fair value recognized in OCI as of March 31, 2023.

-
(48,587)
16,519
(32,068)
31,207
(10,610)
(11,471)

Cash flow sensitivity analysis – Exchange risk

Based on the dollar rate in force on March 31, 2023, a probable scenario (level 1) was defined to calculate the exchange rate impact of the year ended, assuming that all other variables will be constant and, based on that, variations of 25% (level 2) and 50 % (level 3) are calculated, as detailed below:

Instruments on March 31, 2023	Currency	Value	Exchange	Combined				
				Probable	Appreciation (R\$)		Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
		USD			25%	50%	25%	50%
Financial assets								
Cash and cash equivalents	USD	5,846	5.0804	29,698	37,123	44,547	22,274	14,849
Total return swap (TRS)	USD	611,976	5.0804	3,109,084	3,886,355	4,663,626	2,331,813	1,554,542
Derivative financial instruments**	USD	118,634	5.0804	602,710	753,388	904,065	452,033	301,355
Financial liabilities								
Loans for investments*	USD	(1,254,742)	5.0804	(6,374,590)	(7,968,237)	(9,561,885)	(4,780,942)	(3,187,295)
Loans for working capital*	USD	(27,934)	5.0804	(141,917)	(177,396)	(212,876)	(106,438)	(70,959)
Derivative financial instruments**	USD	(112,075)	5.0804	(569,388)	(711,735)	(854,082)	(427,041)	(284,694)
Total				(3,344,403)	(4,180,503)	(5,016,604)	(2,508,302)	(1,672,201)
Impact on net income and net parent investment					(836,101)	(1,672,201)	836,101	1,672,201

(*) The amount presented does not include transaction costs.

(**) Derivative financial instruments are presented by Notional.

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

Interest rate risk

FS is exposed to interest rate variations on its short-term investments and loans and borrowings indexed to the CDI.

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

Financial instruments	Note	Combined	FS Ltda.
		03/31/2023	03/31/2022
Financial investments – CDB	9	1,338,258	1,673,641
Restricted cash	11	2,296,174	400,523
Loans for working capital*	17	(1,642,591)	(2,102,153)
Loans for investments*	17	(3,629,835)	-
Total		(1,637,994)	(27,989)

(*) The amount presented does not include transaction costs.

Sensitivity analysis – interest rate risk on financial assets and liabilities

Based on the CDI rate in effect on March 31, 2023, a probable scenario (level 1) was defined to calculate the interest income for the year ended, assuming that all other variables are kept constant and, based on that, variations of 25 % (level 2) and 50% (level 3) are calculated, as detailed below:

Financial instruments	Exposure at 03/31/2023	Risk	Probable	Appreciation (R\$)		Depreciation (R\$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)
				%	25%	50%	25%
Financial investments – CDB	1,338,258	CDI	13.65	182,672	228,340	274,008	137,004
Restricted cash	2,296,174	CDI	13.65	313,428	391,785	470,142	235,071
Loans for working capital*	(3,629,835)	CDI	13.65	(495,472)	(619,341)	(743,209)	(371,604)
Loans for investments	(1,642,591)	CDI	13.65	(224,214)	(280,267)	(336,321)	(168,159)
Total	(1,637,994)			(223,586)	(279,483)	(335,379)	(167,689)
Impact on income and net parent investment					(55,897)	(111,793)	55,897

(*) The amount presented does not include transaction costs.

Reference: CDI information was obtained from the CETIP (clearinghouse for the custody and financial settlement of securities), considering the last business day of the base date.

Derivative financial instruments

FS has operations that may be impacted by the variation of foreign currencies. Among them, the most relevant is a loan operation in the net amount of USD 624,552 (R\$ 3,172,972) as of March 31, 2023, and (USD 672,462 (R\$ 3,185,992) as of March 31, 2022).

FS manages this risk through short- and medium-term derivative financial instruments, mainly options, swaps and forward contracts (“NDFs”), with the objective of minimizing the impacts of the variation between the dollar and the real.

As of March 31, 2023, including expiration dates, weighted average rates and fair value, are detailed below:

Type	Indexers	Acquisition Date	Expiration	Maturity	Contract	Notional	Combined Fair value as of 03/31/2023
Corn	Sold	03/31/2023	05/30/2023	60	BRL	28,284	4,621
Future	Ethanol	03/07/2023	12/29/2023	297	BRL	6,000 m³	46
NDF	FX	11/04/2022	08/30/2023	299	BRL	2,710	24
Swap	IPCA x CDI	09/15/2021	09/15/2025	1,461	BRL	300,000	26,499
Swap	IPCA x CDI	02/03/2023	02/15/2029	2,204	BRL	300,000	9,288
Total Derivative financial instruments (assets)						630,994	40,478

Current 40,478

Type	Indexers	Acquisition Date	Expiration	Maturity	Contract	Notional	Combined Fair value as of 03/31/2023
Corn	Purchased	03/31/2023	05/30/2023	60	Corn	24,341	(1,977)
NDF	FX	05/11/2023	10/30/2023	172	USD	92,387	(3,942)
Swap	USD x CDI	12/08/2020	12/09/2025	1827	USD	350,000	(392,849)
Swap	Pré x CDI	03/29/2023	03/22/2024	359	BRL	100,000	(760)
Swap	USD x CDI	09/14/2022	06/12/2023	271	USD	27,000	(8,380)
Total Derivative financial instruments (liabilities)						593,728	(407,908)

Current 407,908

Type	Indexers	Acquisition Date	Expiration	Maturity	Contract	Notional	FS Ltda. Fair value as of 03/31/2022
Swap	IPCA x CDI	09/15/2021	09/15/2025	1461	BRL	300,000	8,798
Corn	Sold	03/31/2022	09/20/2022	173	Corn	236,340	68,825
Total Derivative financial instruments (assets)						536,340	77,623

Current 75,063

Non-current 2,560

Type	Indexers	Acquisition Date	Expiration	Maturity	Contract	Notional	FS Ltda. Fair value as of 03/31/2022
NDF	Purchased	06/01/2021	12/11/2022	558	USD	310,006	(140,502)
Swap	USD x CDI	01/31/2022	01/31/2023	365	USD	5,495	(4,976)
Swap	SOFR x CDI	01/31/2022	02/02/2023	367	USD	5,000	(3,417)
Swap	USD x CDI	12/08/2020	12/09/2023	1096	USD	300,000	(505,792)
Swap	USD x CDI	01/21/2021	12/11/2023	1054	USD	49,444	(83,047)
Corn	Purchased	03/31/2022	03/31/2023	365	Corn	176,639	(38,157)
Total Derivative financial instruments (liabilities)						846,585	(775,891)

Current (584,884)

Non-current (191,007)

Result with derivative financial instruments

FS recorded the profits and losses arising from these operations in the statement of income for the year ended as detailed below:

	Note	Combined 03/31/2023	FS Ltda. 03/31/2022
Gain with derivative operations	31	355,649	145,361
Losses with derivative operations	31	(557,461)	(928,543)
Losses with derivative operations (corn marketing)	27	(22,411)	24,801
Total		(224,223)	(758,381)

24 Income tax and social contribution

a. Income tax and social contribution payable

	Combined 03/31/2023	FS Ltda. 03/31/2022
Income tax recoverable (IRPJ)	38,772	18,911
Income tax recoverable (CSLL)	21,044	49,734
Total	59,816	68,645

b. Deferred income tax and social contribution

Deferred taxes on assets, liabilities and income were attributed as follows:

	Assets		Liabilities		Equity/Net parent investment		Statements of income	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022	03/31/2023	03/31/2022	03/31/2023	03/31/2022
	Combined	FS Ltda.	Combined	FS Ltda.	Combined	FS Ltda.	Combined	FS Ltda.
Allowance for expected losses on credit	2	39	-	-	-	-	(37)	(10)
Bonus provisions	12,985	9,339	-	-	-	-	3,646	4,923
Trade payables provision	1,524	2,751	-	-	-	-	(1,227)	(3,861)
Capitalized loan interest	-	-	40,054	50,832	-	-	10,778	10,040
Costs transaction	-	-	57,571	49,400	-	-	(8,171)	(49,400)
Derivative financial instruments	138,807	265,798	25,680	29,151	5,909	16,520	(112,908)	204,550
Right of use and Lease payables	91,744	78,345	92,287	78,889	-	-	-	(330)
Adjustment to present value	6,154	6,430	1,893	3,616	-	-	1,446	298
Fair value adjustment – biological assets	-	-	-	11,053	-	-	11,053	(5,164)
Accrued tax loss	5,682	-	-	-	-	-	5,682	(146,463)
Depreciation	-	-	282,772	204,028	-	-	(78,744)	(83,633)
Others	13,287	18,704	26,216	15,444	-	-	(16,189)	675
Intercompany unrealized income	196,843	-	-	-	-	-	196,843	-
	467,028	381,406	526,473	442,413	5,909	16,520	12,172	(68,375)
Offsetting (*)	(467,028)	(381,406)	(467,028)	(381,406)	-	-	-	-
Net deferred tax	-	-	59,445	61,007	5,909	16,520	12,172	(68,375)

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

c. Effective rate reconciliation

Deferred taxes are calculated considering income tax and social contribution rates, which total 34%.

The deferred tax arising from the adjustment to present value is being amortized according to the term of the financial transactions, which generated it.

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Effective rate reconciliation		
Profit before income and social contribution taxes	1,092,114	1,726,662
Nominal rate	34%	34%
Tax expense at nominal rate	(371,319)	(587,065)
Adjustment of income and social contribution taxes		
Permanent exclusion – tax incentive – (PRODEIC)	66,108	59,268
Other permanent exclusion (addition), net – CBIOS	39,646	1,460
Tax incentive – (PAT)	3,774	2,957
Others	(11,594)	830
Tax and social contribution	(273,385)	(522,550)
Reconciliation with values presented in the final year		
Current tax	(285,557)	(454,175)
Deferred tax	12,172	(68,375)
Tax and social contribution	(273,385)	(522,550)
Tax incentive	58,682	280,961
Tax and social contribution in the end of the year	(214,703)	(241,589)
Effective rate	20%	14%

Realization

Deferred tax assets were recognized as Management analyzed its estimates of future income and considered it probable that future taxable profits would be available, and contract expenses could be used.

25 Information by segment

Basis for segmentation

FS has four strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately as they require different marketing and sales strategies. Management makes its decisions based on internal and segmented reports, individual and combined financial statements and other market information, considering the micro and macroeconomic scenario.

The following summary describes operations in each of FS' reportable segments:

Reportable segments	Operations
Ethanol	Sales of anhydrous and hydrous ethanol,
Animal nutrition	Sales of DDG (Distiller's dried grains) and corn oil
Energy	Sales and resale of energy
Corn Marketing	Sale of corn purchased from third parties

Other aspects of FS' operations consist of the sale of excess steam produced as a result of production. Management discloses these other activities as "Other segments." The operating assets related to these segments are all located in Brazil.

Information about reportable segments

For a better understanding of the results of the reportable segments and for better decision making in their pricing, FS Management evaluates its net revenues, deducting logistical costs (freight expenses) in the distribution.

Management's decision on allocating resources and monitoring the performance of each segment is based on net revenue, less freight expenses. The products sold by FS come from the production process – corn grinding – and corn marketing, therefore, Management does not allocate operating costs and expenses between the segments in its management reports. In addition, FS assets and liabilities are not allocated by segment.

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Segment revenue		
Anhydrous	2,504,262	2,238,970
Hydrous	1,845,542	2,420,072
Ethanol	4,350,562	4,659,042
High protein	623,251	621,141
High fiber	354,234	246,401
Wet cake	194,105	93,763
Corn oil	296,043	252,266
Animal nutrition	1,467,633	1,213,571
Corn marketing	935,251	285,632
Energy	42,788	49,725
Others	3,978	3,006
Total net revenue from segments	6,800,212	6,210,976
Reclassification – Sales Freight*	751,052	424,326
Total net revenue	7,550,506	6,635,302
Cost of goods sold	(5,021,496)	(3,612,840)
Gross profit	2,529,010	3,022,462
Operational expenses	466,238	(106,204)
Reclassification – Sales Freight	(751,052)	(424,326)
Total operational expenses	(284,814)	(530,530)
Net finance costs	(1,152,082)	(765,270)
Profit before income and social contribution taxes	1,092,114	1,726,662

(*) Reclassification of logistics costs in the distribution of products, assessed by management, within net revenue.

For the years ended March 31, 2023, and 2022, the FS had customers that represented over 10% of its net revenue. The major 5 customers accounted for 78.9% of gross revenue, the two largest with percentages of 54.4% and 9%.

26 Net revenue

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Internal market		
Ethanol	4,720,696	4,790,933
DDG	1,327,162	1,064,006
Corn oil	318,191	266,491
Energy	15,995	46,942
Corn marketing	1,131,452	339,298
Energy resale	26,793	2,783
Others	3,976	3,006
External market		
Ethanol	6,241	121,842
Net revenue	7,550,506	6,635,302

Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in the contract with the customer. FS recognizes revenue when it transfers control over the product to the customer.

Ethanol	FS recognizes the amount of its revenue reflecting the consideration it expects to receive in exchange
Animal nutrition	for controlling the products it offers. There are no estimated losses in terms of sales, nor are there any
Energy	loyalty programs. FS considers that all performance obligations are completed at the time of product
Corn marketing	delivery, which is also the time of revenue recognition. As for electricity, revenue is recognized when
	it is made available on the transmission line.

27 Cost of goods sold

Production costs for the year ended are allocated across the FS's product line utilizing the relative sales value methodology. Below is a table showing the cost of goods sold allocated by production inputs for the year ended March 31, 2023, and 2022:

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Corn	(3,357,883)	(2,681,903)
Biomass	(265,403)	(224,550)
Labor	(84,265)	(62,087)
Enzymes	(70,261)	(62,668)
Depreciation	(137,405)	(125,078)
Production	(69,547)	(57,108)
Chemicals	(75,838)	(92,507)
Maintenance	(58,319)	(42,956)
Lab	(4,958)	(3,634)
Corn marketing costs*	(859,199)	(264,122)
Resale costs energy*	(17,723)	(21,028)
Gain (loss) derivatives	(20,695)	24,801
Total	(5,021,496)	(3,612,840)

(*) Not included in production costs, as they refer to the acquisition cost of corn and energy, which were sold in the year presented.

28 Selling expenses

Expenses incurred in the process of selling are as follows:

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Expenses with freight on sales	(751,052)	(424,326)
Personnel expenses	(34,656)	(24,124)
Expenses with contracted services	(3,880)	(3,110)
Reversal losses on credit	110	29
Travel expenses	(1,457)	(805)
Depreciation and amortization expenses	(938)	(133)
Other selling expenses	(2,888)	(1,347)
Total	(794,761)	(453,816)

29 Administrative expenses

The administrative expenses incurred in the year ended are divided as follows:

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Personnel expenses	(79,090)	(53,985)
Expenses with contracted services	(40,392)	(35,706)
Depreciation and amortization expenses	(9,557)	(4,625)
Travel expenses	(9,934)	(4,590)
Expenses with taxes and fees	(1,760)	(1,308)
Office expenses	(4,072)	(3,247)
Advertising and marketing expenses	(3,185)	(4,001)
Other operating income (expenses)	(16,226)	(4,367)
Total	(164,216)	(111,829)

30 Other results

Other results incurred in the year ended are presented as follows:

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Other revenue		
Result on disposal of assets (*)	407,379	-
Income from extemporaneous credit (**)	112,781	-
Carbon credit (CBIO)	131,577	25,708
Other income	35,722	4,728
Fair value of biological assets	4,420	15,190
Income from claims and scrap sales	-	3,691
Bonus	-	4,860
Total	691,879	54,177
Other expenses		
Donations	(2,106)	-
Expenses from extemporaneous credit	-	(13,079)
Disposals in inventory	(330)	(1,782)
Other expenses	(15,280)	(4,201)
Total	(17,716)	(19,062)
Other results	674,163	35,115

(*) Gains presented according to the table below:

Company	Note	Revenue	Cost	Gain	Transaction
FS Florestal	33	295,185	124,963	170,222	Biological assets
FS Florestal	33	39,519	16,536	22,983	Rights over purchase contracts
FS Florestal	33	117,740	61,041	56,700	Biological assets
FS Florestal	33	279,947	125,065	154,882	Biological assets
Others		4,044	1,452	2,592	Others
		736,435	329,057	407,379	

(**) The total accumulated in the year ended is composed by: (i) R\$ 59,467 related to the PIS and COFINS tax credits. The FS has filed a writ of mandamus to ensure the right to not include the ICMS in the PIS/COFINS base for the ethanol sales. FS believes, supported by its legal advisors, that due to the final judgment by the STF (Supremo Tribunal Federal) on this matter, the chances of success are practically certain. (ii) R\$ 53,314 of the ICMS credit granted by the State of Mato Grosso through Decree No. 201/2022 due to the state of emergency established by the art. 120 of the Temporary Constitutional Provisions Act issued by Federal Government, as a results of the extraordinary and unpredictable rise in the prices of oil, fuels, and their derivatives and the social impacts in the year 2022.

31 Net financial costs

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Finance income		
Interests over short-term investments	679,849	412,830
Discounts obtained	2,557	1,283
Adjustment to present value – receivables	19,409	9,386
Gain with derivative operations (*)	355,649	145,361
Interest income	20,872	497
	1,078,336	569,357
Finance costs		
Interest expense on loans	(1,113,064)	(790,792)
Reverse factoring interest	(109,288)	(17,821)
Adjustment to present value – trade payables	(111,340)	(44,871)
Granted discounts	(90,489)	(712)
Bank fees	(29,705)	(81,534)
Taxes (IOF)	(1,610)	(3,661)
Losses with derivative operations (*)	(557,461)	(928,543)
Other	(10,755)	(55,754)
	(2,023,712)	(1,923,688)
Income foreign exchange rate variation	393,945	1,067,882
Expense foreign exchange rate variation	(600,651)	(478,821)
	(206,706)	589,061
Net finance income (costs)	(1,152,082)	(765,270)

(*) Gain (loss) on the derivative transaction is a consequence of fair value adjustments, as disclosed in note 23.

The result of the foreign exchange variation as of March 31, 2023, and 2022, is presented according to the following breakdown:

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Net exchange variations of payables		
Foreign exchange rate variation of trade payables unrealized	4,757	13,629
Foreign exchange rate variation of trade payables	(143)	(6,601)
Total	4,614	7,028
 Foreign exchange rate variation on loan unrealized	 (207,868)	 599,800
Foreign exchange rate variation on loan	(3,452)	(17,767)
Total	(211,320)	582,033
 Foreign exchange rate variations, net	 (206,706)	 589,061

32 Commitments

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

- a) Selling of ethanol of 326,882 cubic meters, will occur until May 2023 with a price that fluctuates based on current market prices at the time of sale.
- b) Sale of steam of 4,977 tons, which will occur until April 2023, with a fixed price of R\$ 115.92 per ton.
- c) Selling of Distiller's dried grains "DDGs" of 926,010 tons, which will occur until May 2024 at a gross average price of R\$ 603.18 per ton.
- d) Selling of corn oil of 11,747 tons, which will occur until December 2023 at a gross average price of R\$ 4,653 per ton.
- e) Selling of energy of 461,304 MWh, which will occur until December 2025 at a gross average price of R\$ 163.20 per MWh, and purchase of energy of 183,792 MWh that will occur until December 2025 at an average price of R\$ 143.31 per MWh.
- f) The FS carries out operations to purchase forward commodities (raw material – corn), with fixed prices, to avoid being exposed to price fluctuations in that commodity. The fair value of this financial instrument is not recognized for the open term contracts, as they are negotiated with the purpose of receiving the corn in the facilities, in accordance with the FS' purchase and expected use requirements. As of March 31, 2023, FS had corn purchase contracts with a fixed price on volume of 3,581,245 tons of corn at a total cost of approximately R\$ 2,998 billion, which represents a gross average price of R\$ 65.12 per 60 kg bag which will occur until May 2023. FS also conducts fixed prices commodity purchase and sale negotiations (corn marketing), the grains traded in this operation are recorded at their fair value. As of March 31, 2023, FS Ltda. Had fixed-price corn sales contracts, with a volume of 44,294 tons at an approximate total of R\$ 41,402, representing an average price of R\$ 41,402 per 60 kg bag.
- g) Contracts for the purchase of eucalyptus and forest development at a gross average contracted price of R\$ 46.45 per cubic meter, which totals R\$ 295,740, of which R\$ 59,715 has already been paid in advance and the remainder of which will occur until September 2028.

- h) FS S.A. has commitments to purchase equipment and services, related to investments in the construction of the plant in Primavera do Leste – MT, in the amount of R\$ 207,234, which has not been disbursed. The management of these commitments is carried out by complying with contractual clauses and by physical evidence that the execution schedules are being followed within the previously agreed deadlines.

33 Related parties

a. Ultimate parent

In the years ended on March 31, 2023, and 2022, the ultimate parent company of FS Ltda. And FS I S.A. is SRMM, LLC (Summit).

b. Remuneration of key Management personnel

Officers are the key personnel who have authority and responsibility for planning, directing, and controlling the activities of the Companies, for the year ended on March 31, 2023, and 2022, short-term benefits (salaries, profit sharing, medical assistance, housing, among others) were granted to management and were recorded under “Personnel expenses.”

The remuneration of key management personnel comprises:

	Combined	FS Ltda.
	03/31/2023	03/31/2022
Short term benefit	17,254	14,654

c. Transaction with related parties

FS maintains a balance with related parties related to the sale of DDG and forestry assets, purchase of corn, loans and lease payables in the year.

Trade receivable	Note	Combined	FS Ltda.
Nature of relationship		03/31/2023	03/31/2022
Non-controlling	12	2,184	188
Other		164,251	6,272
Total		166,425	6,460

Related parties' loans (i)		Combined	FS Ltda.
Nature of relationship		03/31/2023	03/31/2022
Related parties		217,648	188,276
Non-controlling		70,804	62,759
Total		288,452	251,035

Advances to suppliers		Combined	FS Ltda.
Nature of relationship		03/31/2023	03/31/2022
Other related parties	14	-	191
Total		-	191

Trade Payables		Combined	FS Ltda.
Nature of relationship		03/31/2023	03/31/2022
Other related parties	16	5,275	-
Non-controlling		192	-
Total		5,467	-

Lease payables (ii)		Combined	FS Ltda.
Nature of relationship		03/31/2023	03/31/2022
Other related parties	19	98,579	-
Total		98,579	-

- (i) On October 5, 2021, FS Lux, a subsidiary of FS Ltda., granted its ultimate controlling shareholders loans in the amount of USD 50,000 (R\$ 274,055) with a rate of 7.28% p.y. to maturity payment of semiannual interest and principal in October 2028.
- (ii) To reduce logistics costs and improve operational efficiency to transport ethanol to the consumer center of the State of São Paulo, in January 2023, the FS Ltda. Contracted a lease agreement with FS Infraestrutura Ltda. For 66 wagons.

The FS maintains adherence to the internal policies ensuring that related parties' transactions are conducted at an arm's length basis.

d. Purchases and sales transactions with related parties

The cost to purchase products and services from related parties are listed below:

Combined		
April 01, 2022, to March, 2023	Cost	
Nature of relationship	acquisition	Product
Other related parties	109,658	Corn
Non-controlling	9,287	Corn
April 01, 2022, to March 31, 2023	Cost acquisition	Service
Nature of relationship		
Other related parties	15,945	Warehouse monthly rent
FS Ltda.		
April 01, 2021, to March 31, 2022	Cost acquisition	Product
Nature of relationship		
Other related parties	130,572	Corn
Non-controlling	26,037	Corn
April 01, 2021, to March 31, 2022	Cost acquisition	Service
Nature of relationship		
Other related parties	13,835	Warehouse monthly rent

The sales of products and assets to related parties are listed below:

Combined		
April 01 to March 31, 2023	Revenue	Assets and rights
Nature of relationship		
Related Parties with Affiliates *	732,391	Revenue from the sale of farms and biomass
FS Ltda.		
April 01, 2022 to March 31, 2023	Revenue	Product
Nature of relationship		
Other related parties	637	biomass
Other related parties	467	DDG FS ESSENTIAL
Non-controlling	173	DDG FS ESSENTIAL
Other related parties	4,531	DDG Gold
Non-controlling	11,669	DDG Wet Cake
Other related parties	91,832	Corn Oil
Other related parties	4,382	Steam
April 01, 2021 to March 31, 2022	Revenue	Product
Nature of relationship		
Other related parties	8,762	DDG gold
Other related parties	1,268	DDG FS Essential
Non-controlling	5,641	DDG Wetcake
Non-controlling	24	DDG gold
Other related parties	3,313	Stream
Other related parties	48,043	Corn oil

* The revenue is related to the following transactions:

Company		Revenue	Cost	Gain	Transaction
FS Florestal	(i)	295,185	124,963	170,222	Forestry assets
FS Florestal	(i)	39,519	16,536	22,983	Rights over purchase contracts
FS Florestal	(ii)	117,740	61,041	56,700	Biological assets
FS Florestal	(iii)	279,947	125,065	154,882	Biological assets
		732,391	327,605	404,787	

(i) On September 30, 2022, FS Indústria de Biocombustível Ltda. and FS Florestal S.A. entered into a purchase and sale agreement for the sale of forestry assets composed by four Bamboo farms located in the State of Mato Grosso with a total area of 8,666 hectare. The transaction price was defined in market conditions (fair value) and the sale transaction amounts R\$ 295,185 supported by a third-party value appraisal (gain of R\$ 170,222, and cost of the assets sold R\$ 126,064). In connection with this transaction, in December 2022, the FS Ltda. sold rights over purchase contracts of eucalyptus to FS Florestal S.A., and the sale transaction amounted of R\$ 39,519 (gain of R\$ 22,983 and cost of R\$16,536).

(ii) On December 31, 2022, FS Indústria de Biocombustível Ltda and FS Florestal S.A. entered into a purchase and sale agreement for the sale of a eucalyptus forest (biological asset) located in the State of Mato Grosso with a total area of 2,936hectare. The transaction price was defined in market conditions (fair value) and the sale transaction amounts R\$ 117,740 (gain of R\$ 56,700 and cost of the assets sold R\$ 61,041) supported by a third-party value appraisal.

(iii) On March 31, 2023, FS Indústria de Biocombustível Ltda. and FS Florestal S.A. entered into a purchase and sale agreement for a biological asset, consisting of eucalyptus forests located in the state of Mato Grosso in a total area of 12,147 hectare. The transaction value is R\$279,947 (gain of R\$154,882 and cost of R\$125,065), defined under market conditions (fair value) and supported by an appraisal report.

The cash received in the transaction in items (i), (ii) and (iii) amounted to R\$574,575, with the remaining balance presented as trade and other receivables with related parties, as note 33 c.

e. Other related parties

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

	<u>03/31/2023</u>
FS Florestal S.A.	738,492
FS Infraestrutura S.A.	113,251
	<u>851,743</u>

Of the total of guarantees, R\$ 368,629 refers to financial investments collateral that is disclosed as Restricted Cash, see note 11.

34 Statements of cash flows

For the year ended on March 31, 2023, and 2022, property, plant and equipment were acquired at a total net cash outflow of R\$ 1,243,136 and R\$ 609,335, respectively, as follows (see note 15):

		<u>Combined</u>	<u>FS Ltda.</u>
	<u>Note</u>	<u>03/31/2023</u>	<u>03/31/2022</u>
Cost of acquisition of fixed assets	15	2,151,959	587,115
Movement of payables related to fixed assets		(555,653)	152,065
Capitalization of loan costs	15	(120,903)	(1,499)
Right of use	19	(205,463)	(117,070)
Others		(26,814)	(11,276)
Net acquisition of property, plant and equipment		<u>1,243,136</u>	<u>609,335</u>

35 Subsequent events

- (a) On April 2, 2023, the FS Ltda. distributed R\$640,971 in dividends to quotaholders for fiscal year 2022/2023
- (b) The FS Ltda. issued a CRA (Certificado de Recebíveis do Agronegócio) in April 2023, in the total amount of R\$ 750,000, in two series with maturity in 6.5 years and the remuneration of the securities will be CDI+2.9% and (National Treasury Note Series B) NTN-B +2.9% per year.
- (c) In April and May 2023, the Company informs that it made the prepayment of the CPRF operation in R\$539,284 (USD 108,100). As presented in note 10, this operation is linked to the financial investment (SWAP TRS) carried out by the subsidiary FS Luxemburg and, with the prepayment, there was redemption of resources in the amount of R\$536,467 (USD 107,411).
- (d) On May 26, 2023, FS Ltda., through its subsidiary FS Luxembourg S.à. r.l., partially refinanced the Senior Secured Notes 'Green Bonds' issued by FS Lux, with a total redemption of US\$78,319 of principal (R\$ 392,488) and a payment made to the creditors of US\$82,605 (R\$ 413,967), considering the redemption price of 101,000% of the notional plus proportional interest for the period. The refinancing was performed through the issuance of a CRA in the local market that will fund the payment of corn, with maturity in October 2029, with more attractive terms and costs for the FS Ltda.
- (e) The FS Ltda. issued a CRA (Certificado de Recebíveis do Agronegócio) in June 2023, in the total amount of R\$ 400,000, in two series with maturity in 6.5 years and the remuneration of the securities will be CDI+2.9% and NTN-B (Nota do Tesouro Nacional Série B)+2.9% per year.

FS Agrisolutions Indústria de
Biocombustíveis Ltda.

**Parent company and consolidated
Financial statements as of and for
the year ended March 31, 2022**



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Independent auditors' report on the Parent company and consolidated financial statements

To the Board of Directors and Quotaholders of
FS Agrisolutions Indústria de Biocombustível Ltda.

Lucas do Rio Verde – MT

Opinion

We have audited the Parent company and consolidated financial statements of FS Agrisolutions Indústria de Biocombustível Ltda. ('Company') and its subsidiary, comprising the statements of financial position as of March 31, 2022 and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other explanatory information.

Opinion on the Parent company financial statements

In our opinion, the accompanying Parent company financial statements present fairly, in all material respects, the Parent company financial position of FS Agrisolutions Indústria de Biocombustível Ltda. as of March 31, 2022, the Parent company performance of its operations and its Parent company cash flows for the year then ended, in accordance with accounting practices adopted in Brazil (BR GAAP).

Opinion on the consolidated financial statements

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of FS Agrisolutions Indústria de Biocombustível Ltda. as of March 31, 2022, the consolidated performance of its operations and its consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil (BR GAAP) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company, in accordance with the relevant ethical requirements included in the Accountants Professional Code of Ethics ('*Código de Ética Profissional do Contador*') and in the professional standards issued by the Federal Accounting Council ('*Conselho Federal de Contabilidade*'), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit for the current year. These matters were addressed in the context of our audit of the Parent company and consolidated financial statements as a whole, and in forming our opinion on these Parent company and consolidated financial statements and, thereon, we do not provide a separate opinion on these matters.

Measuring the fair value of derivatives financial instruments

See Notes 7 (I) and 24 of the Parent company and consolidated financial statements

Key audit matter	How our audit addressed this matter
The Company has a significant amount of short and medium term derivative financial instruments, mainly options, swaps and forward contracts ("NDFs"), with the main objective of minimizing the impacts of the variation between the dollar and the real. These derivative financial instruments used to hedge the Company's exposure to price are measured at fair value and changes in fair value are recorded in Statement of income. Valuation, designation of these financial instruments as hedge accounting and measurement of their effectiveness require compliance with certain formal obligations, and include the need for the Company and its subsidiary to make significant judgments in relation to the effective protection of exchange rate risks and price. This matter was considered a key audit matter due to the nature and extent of the audit effort required to address the matter and the uncertainties related to the assumptions used to estimate the fair value of the derivative financial	Our audit procedures included, but were not limited to: ■ Understanding and evaluating the design and implementation of key controls related to the calculation of the fair value of derivative financial instruments; ■ Reconciliation of the internal reports of financial instruments with accounting records; ■ We compared, on a sample basis, the contract data with the information used to calculate the fair value of forward contracts, such as: product, harvest year, delivery location, type of operation (purchase or sale), quantity and due date; ■ With the help of our financial instruments specialists: (i) We evaluated whether the measurement of the financial instruments was performed consistent with the Company's policies and guidelines, as well as the requirements established in the applicable accounting standards; and

instruments that have a significant risk of resulting in a material adjustment. in the balances of the Parent company and consolidated financial statements.	(ii) we carried out the independent recalculation of the fair value measurement and assessed the consistency of the use of the fair value measurement methodology applied. ■ We also assessed the adequacy of the related disclosures in the notes to the financial statements. Based on the evidence obtained through the procedures summarized above, we consider the fair values of the financial instruments used to manage the Company's exposure to changes in the price of commodities and the respective disclosures acceptable, in the context of the Parent company and consolidated financial statements taken as a whole, referring to the year ended March 31, 2022.

Evaluation of the determination of capitalizable expenditures as cost of fixed assets related to the remaining expansion of the Sorriso - MT plant and the construction of a new plant of the Primavera do Leste – MT

See Notes 7 (j) and 16 of Parent company and consolidated financial statements

Key audit matter	How our audit addressed this matter
In the fiscal year ended in March 31, 2022, the Company recorded significant amounts in Property, plant and equipment relating to the remaining expansion of the Sorriso - MT plant and the construction of a new plant of the Primavera do Leste – MT, including the capitalization of a significant amount of expenses. The Company exercises judgment to distinguish between what are the costs directly attributable to the construction of the industrial plant from those that are not Property, plant and equipment costs that should be recognized as expenses. We consider this matter to be a key audit matter, due to the judgment made by the Company to determine which costs are capitalized and the significance of the amount in the statements of financial position.	Our procedures included, but were not limited to: ■ Understanding and evaluating the design and implementation of key controls related to the calculation and recording of capitalized interest. ■ Evaluation of the Company's criteria to determine which of the attributable costs related to the remaining expansion of the Sorriso - MT plant and the construction of the new plant of the Primavera do Leste – MT are in accordance with the requirements for recognition of Property, plant and equipment. ■ Evaluation of determination of expenditures to be capitalized as property, plant and equipment carried out by the Company, based on a sample of documents that support the capitalized amounts, comparing with the contracts signed, the measurements made (if applicable), the monitoring reports and receiving reports for the equipment acquired.

	▪ Evaluation whether the disclosures in the Parent company and consolidated financial statements include relevant information. Based on the procedures summarized above, we consider the capitalized expenditures , recognized in property, plant and equipment, related to the remaining expansion of the Sorriso - MT plant and the construction of the new plant of the Primavera do Leste – MT, as well as the respective disclosures, to be acceptable in the context of the Parent company and consolidated taken as a whole, for the year ended March 31, 2022.

Other matters - Statements of added value

The Parent company and consolidated statements of added value (DVA) for the year ended March 31, 2022, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, whose presentation is not required for non-public companies, have been subject to audit procedures jointly performed with the audit of Company's financial statements. In order to form our opinion, we evaluated whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, the statements of added value have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall Parent company and consolidated financial statements.

Responsibilities of management for the Parent company and consolidated financial statements

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

In preparing the Parent company and 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 or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the Parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.
- Conclude 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its subsidiary entity or business activities to express an opinion on the Parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the Company' and its subsidiary audit and, consequently, for the audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Cuiabá, June 03, 2022

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



Rafael Henrique Klug
Accountant CRC 1SP246035/O-7

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of financial position at March 31, 2022 and 2021

(In Thousand of Reais)

Assets	Note	Parent company		Consolidated		Liabilities	Note	Parent company		Consolidated	
		2022	2021	2022	2021			2022	2021	2022	2021
Current						Current					
Cash and cash equivalents	9	1,684,133	946,805	1,719,194	948,613	Trade payables	17	403,158	264,216	403,228	264,487
Financial investments	10	-	-	216,598	97,716	Loans and borrowings	18	858,806	653,861	955,552	751,890
Restricted cash	11	383,976	28,876	383,976	28,876	Advances from customers	19	26,967	20,887	26,967	20,887
Trade and other receivables	12	284,931	111,610	284,931	111,610	Lease liabilities	20	20,528	2,636	20,528	2,636
Inventories	13	786,727	469,883	786,727	469,883	Income tax and social contribution payable	25.b	68,645	-	68,645	-
Advances to suppliers	14	48,997	26,967	48,997	26,967	Taxes and contributions payable	21.b	19,751	13,639	19,863	13,671
Income tax and social contribution	25.a	-	169	-	169	Payroll and related changes		47,668	28,526	47,668	28,526
Recoverable taxes	21.a	122,196	110,345	122,332	110,345	Derivative financial instruments	24	584,884	59,068	584,884	59,068
Prepaid expenses		24,618	17,356	24,642	17,356	Total current liabilities		2,030,407	1,042,833	2,127,335	1,141,165
Biological assets		3,760	6,093	3,760	6,093						
Derivative financial instruments	24	75,063	13,351	75,063	13,351	Non-current					
Other credits		9,017	1,598	9,019	1,598	Trade payables	17	31,217	20,501	31,217	20,501
Total current assets		3,423,418	1,733,053	3,675,239	1,832,577	Loans and borrowings	18	3,999,611	3,291,593	7,239,741	6,680,483
						Lease liabilities	20	112,801	27,224	112,801	27,224
Non-current assets						Derivative financial instruments	24	191,007	-	191,007	-
Long-term assets						Deferred tax liabilities	25.c	61,007	9,151	61,007	9,151
Financial investments	10	-	-	2,817,419	3,385,056	Provision for losses on investments	15	16,783	2,642	-	-
Restricted cash	11	16,547	-	16,547	-	Other non-current liabilities	18	27,828	33,472	27,828	33,472
Advances to suppliers	14	55,497	12,968	55,497	12,968	Total non-current liabilities		4,440,254	3,384,583	7,663,601	6,770,831
Recoverable taxes	21.a	129,842	-	129,842	-						
Related parties loans	35.c	-	-	251,035	-	Total liabilities		6,470,661	4,427,416	9,790,936	7,911,996
Biological assets		42,337	22,090	42,337	22,090						
Derivative financial instruments	24	2,560	-	2,560	-	Equity					
Judicial deposits	22	3,775	3,652	3,775	3,652	Capital	23	87,806	87,806	87,806	87,806
Total long-term assets		250,558	38,710	3,319,012	3,423,766	Tax incentive reserves		313,559	126,581	313,559	126,581
						Retained earnings		176,651	22,276	176,651	22,276
Property, plant and equipment	16	3,329,098	2,879,404	3,329,098	2,879,404	Other comprehensive income	24.c	(30,168)	(153)	(30,168)	(153)
Intangible assets		15,435	12,759	15,435	12,759	Total equity		547,848	236,510	547,848	236,510
Total non-current assets		3,595,091	2,930,873	6,663,545	6,315,929						
						Total liabilities and equity		7,018,509	4,663,926	10,338,784	8,148,506
Total assets		7,018,509	4,663,926	10,338,784	8,148,506						

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of income

Years ended March 31, 2022 and 2021

(In Thousand of Reais)

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Net revenue	27	6,635,302	3,107,703	6,635,302	3,107,703
Cost of goods sold	28	(3,612,840)	(1,724,516)	(3,612,840)	(1,724,516)
Gross profit		3,022,462	1,383,187	3,022,462	1,383,187
Operational expenses					
Selling expenses	29	(453,816)	(255,260)	(453,816)	(255,260)
Administrative expenses	30	(111,024)	(61,309)	(111,829)	(62,126)
Other results	31	35,115	14,876	35,115	14,876
Equity accounted investees, net of tax	15	(16,192)	(2,566)	-	-
Profit before net finance costs and taxes		2,476,545	1,078,928	2,491,932	1,080,677
Finance income	32	211,141	169,693	569,357	268,632
Finance costs	32	(1,550,148)	(499,692)	(1,923,688)	(600,380)
Foreign exchange rate variations, net	32	589,031	(302,826)	589,061	(302,826)
Net finance costs		(749,976)	(632,825)	(765,270)	(634,574)
Profit before income and social contribution taxes		1,726,569	446,103	1,726,662	446,103
Current income and social contribution taxes	25.b	(454,082)	-	(454,175)	-
Deferred income and social contribution taxes	25.c	(68,375)	(124,977)	(68,375)	(124,977)
Income tax incentives	25.b	280,961	-	280,961	-
Net profit for the year		1,485,073	321,126	1,485,073	321,126
Earnings per quota ordinary and preferred - basic and diluted (in R\$)	33	16.91	3.77	16.91	3.77

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of comprehensive income

Years ended March 31, 2022 and 2021

(In Thousand of Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Net profit for the year	1,485,073	321,126	1,485,073	321,126
Items that may be reclassified to profit or loss				
Cash flow hedge - effective portion of changes in fair value	(48,587)	-	(48,587)	-
Deferred income and social contribution taxes	16,521	-	16,521	-
Cumulative translation adjustment	<u>2,051</u>	<u>(153)</u>	<u>2,051</u>	<u>(153)</u>
Total comprehensive income	<u>1,455,058</u>	<u>320,973</u>	<u>1,455,058</u>	<u>320,973</u>

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of changes in equity

Years ended March 31, 2022 and 2021

(In Thousand of Reais)

	Note	Capital	Capital reserve	Tax incentive reserves	Retained earnings / (Accumulated losses)	Other comprehensive income	Total consolidated
Balance at April 1, 2020		83,381	612	16,741	(189,058)	-	(88,324)
Capital increase		4,425	-	-	-	-	4,425
Cumulative translation adjustment		-	-	-	-	(153)	(153)
Reversal of adjustment to present value referring to financial mutual		-	(564)	-	-	-	(564)
Adjustment to present value on financial loans		-	(48)	-	48	-	-
Income tax incentives		-	-	109,840	(109,840)	-	-
Net profit for the year		-	-	-	321,126	-	321,126
Balance at March 31, 2021		87,806	-	126,581	22,276	(153)	236,510
Losses on cash flow hedge - Hedge accounting	19.c	-	-	-	-	(32,066)	(32,066)
Distribution of dividends	18.c	-	-	-	(1,143,720)	-	(1,143,720)
Income tax incentives	18.b	-	-	186,978	(186,978)	-	-
Cumulative translation adjustment		-	-	-	-	2,051	2,051
Net profit for the year		-	-	-	1,485,073	-	1,485,073
Balance at March 31, 2022		87,806	-	313,559	176,651	(30,168)	547,848

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of of cash flows

Years ended March 31, 2022 and 2021

(In Thousand of Reais)

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Cash flow from operating activities					
Net profit for the year		1,485,073	321,126	1,485,073	321,126
Adjustment for:					
Depreciation and amortization		129,835	79,403	129,835	79,403
Current and deferred income tax, net of tax incentives	25.b	241,496	124,977	241,589	124,977
Adjustments to present value		(28,681)	(14,734)	(28,681)	(14,734)
Income from financial investments		(42,260)	-	(400,347)	(98,939)
Provision for interest on loans and borrowings	18	454,249	289,414	826,580	384,410
Adjustment to fair value - derivatives		705,294	35,702	706,071	36,093
Adjustment to fair value - biological assets		(15,190)	(17,319)	(15,190)	(17,319)
Expected losses on credit		(29)	(437)	(29)	(437)
Equity accounted investees, net of tax		16,192	2,566	-	-
Foreign exchange rate (gains) or losses		(613,429)	(294,056)	(613,429)	(294,056)
Changes in:					
Trade receivables		(183,130)	(14,896)	(183,130)	(14,896)
Inventories		(316,844)	(164,707)	(316,844)	(164,707)
Advances to suppliers		(64,559)	29,823	(64,559)	29,823
Recoverables taxes		(53,664)	(42,221)	(53,664)	(42,221)
Prepaid expenses		(7,262)	(14,447)	(7,262)	(14,447)
Judicial deposits		(123)	(72)	(123)	(72)
Other assets		(7,419)	(1,211)	(7,419)	(1,211)
Trade payables		427,606	50,843	423,388	51,136
Advance from customers		6,080	(8,439)	6,080	(8,439)
Payroll and related charges		19,143	4,641	19,144	4,642
Taxes and contributions payable		(98,364)	4,026	(98,364)	4,026
Other liabilities		(5,686)	(7,371)	(5,686)	(7,371)
Interest and charges paid		(482,951)	(289,537)	(845,530)	(289,537)
Interest received		-	-	339,977	-
Income tax paid		(87,860)	-	(87,860)	-
Net cash from operating activities		1,477,517	73,074	1,449,620	67,250
Cash flow from investing activities					
Acquisition of property, plant and equipment	16	(609,335)	(615,111)	(609,335)	(615,111)
Biological assets		(2,724)	4,742	(2,724)	4,742
Interest charges paid over capitalized loans		(1,499)	(72,259)	(1,499)	(72,259)
Acquisition of intangible assets		(7,433)	(4,550)	(7,433)	(4,550)
Related parties loans		-	-	(276,760)	-
Investment in a subsidiary, net of cash invested		-	(77)	-	-
Proceeds from financial investments		42,260	79,586	42,260	79,586
Acquisition of financial investments		-	-	(138,736)	(3,090,828)
Restricted deposits		(371,647)	46,942	(371,647)	46,942
Net cash used in investing activities		(950,378)	(560,727)	(1,365,874)	(3,651,478)
Cash flow from financing activities					
Proceeds from loans and borrowings	18	2,128,922	3,865,567	2,627,332	6,963,799
Loans paid to related parties	18	-	(48,560)	-	(48,560)
Repayment of loans and borrowings	18	(657,047)	(2,690,840)	(657,047)	(2,690,840)
Dividends paid	23.c	(1,143,720)	-	(1,143,720)	-
Lease paid	20	(14,729)	(4,725)	(14,729)	(4,725)
Capital increase		-	4,425	-	4,425
Repayment of derivative financial instruments		(103,236)	(1,410)	(103,236)	(1,410)
Net cash from financing activities		210,190	1,124,457	708,600	4,222,689
Foreign currency translation adjustment		-	-	(21,764)	151
Increase in cash and cash equivalents		737,328	636,804	770,581	638,612
Cash and cash equivalents at the beginning of the year		946,805	310,001	948,613	310,001
Cash and cash equivalents at the end of the year		1,684,133	946,805	1,719,194	948,613

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of added value

Years ended March 31, 2022 and 2021

(In Thousand of Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenue (1)	7,193,211	3,456,639	7,193,211	3,456,639
Sales of goods, products and services	7,169,470	3,437,920	7,169,470	3,437,920
Other revenue	23,741	18,719	23,741	18,719
Inputs purchased from third parties (2)	4,068,500	1,978,704	4,069,305	1,979,521
Costs of products, goods and services sold	3,599,209	1,721,009	3,599,209	1,721,009
Materials, energy, third party services and others	469,291	257,695	470,096	258,512
Gross added value (1) - (2) = (3)	3,124,711	1,477,935	3,123,906	1,477,118
Depreciation and amortization (4)	129,836	79,403	129,836	79,403
Net added value produced by the Company (3) - (4) = (5)	2,994,875	1,398,532	2,994,070	1,397,715
Added value received in transfer (6)	1,262,801	487,656	1,263,668	488,473
Equity accounted investees, net of tax	(16,192)	(2,566)	-	-
Finance income	1,278,993	490,222	1,263,668	488,473
Total added value to distribute (5+6)	4,257,676	1,886,188	4,257,738	1,886,188
Distribution of added value	4,257,676	1,886,188	4,257,738	1,886,188
Employee	140,196	110,750	140,196	110,750
Direct remuneration	110,876	94,690	110,876	94,690
Benefits	23,614	12,520	23,614	12,520
Service Guarantee Fund	5,706	3,540	5,706	3,540
Taxes, fees and contributions	603,438	331,265	603,530	331,265
Federal taxes	75,868	7,150	75,960	7,150
State taxes	527,570	324,115	527,570	324,115
Remuneration of third party capital	2,028,969	1,123,047	2,028,939	1,123,047
Interest	436,639	289,414	436,639	289,414
Other	1,592,330	833,633	1,592,300	833,633
Remuneration of equity	1,485,073	321,126	1,485,073	321,126
Intermediante dividends distributed	1,121,444	-	1,121,444	-
Retained earnings	363,629	321,126	363,629	321,126

The notes are an integral part of these financial statements.

Notes to the Parent company and consolidated financial statements

(In thousands of Reais)

1 Operations

FS Agrisolutions Indústria de Biocombustíveis Ltda., ('Company' or 'Parent Company'), is a limited liability company incorporated on April 01, 2014. It is located at Estrada A-01, 900m from KM 7 at Industria Avenue, S/N - Km 05, Distrito Industrial Senador Atílio Fontana, City of Lucas do Rio Verde, state of Mato Grosso, Brazil.

The Company's core business is the production and commercialization of corn ethanol (anhydrous and hydrous), animal nutrition products used for livestock, poultry feed, called Dried Distillers Grains (DDG), as well as corn oil, energy co-generation and corn resale. The Company uses corn as raw material and biomass as its sole source of powering its plants.

The Company's quotaholders are Summit Brazil Renewables I LLC (Summit) with 71.22% interest, Tapajós Participações S.A. with 23.74% interest and preferred quotaholders with 5.04% interest.

The consolidated financial statements include 100% of the equity interest held by the Company in FS Luxembourg S.a.r.l. ('FS Lux').

FS Lux is a limited liability company incorporated on September 8, 2020, under the laws of Luxemburg. It is located at Bitbourg Avenue 9, L-1273, in Luxemburg.

FS Lux was incorporated with no significant assets, liabilities, equity or operations and its incorporation had no impact on the assets, liabilities or operations of the Company. It was incorporated to issue bonds and obtain foreign currency financing.

2 Basis for preparation

The Company's parent company financial statements were prepared in accordance with accounting practices adopted in Brazil (Comitê de pronunciamentos contábeis "CPC" / BR GAAP). The Company's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (CPC / BR GAAP).

The issuance of the Company's parent company and consolidated financial statements was authorized by Management on June 02, 2022.

3 Functional and presentation currency

These financial statements are being presented in Brazilian Real, (functional currency of Parent Company). All financial information presented has been rounded to the nearest thousand, unless otherwise indicated.

4 Use of estimates and judgments

In preparing the financial information, Management used judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- *Note 7.q – Leases term: whether the Company is reasonably certain to exercise extension options.*
- *Note 16 - Evaluation of the determination of capitalizable expenses as cost of property, plant and equipment.*

(ii) Uncertainties on assumptions and estimates

Information on the uncertainties related to the assumptions and estimates that have a significant risk of resulting in a material adjustment in the next financial year are included in the following notes:

- *Note 12 – Estimates of allowance for expected losses on credit;*
- *Note 16 - Impairment test: main underlying assumptions of recoverable values;*
- *Note 16 - Definition of useful lives of fixed assets;*
- *Note 12, 17 and 36 – Adjustment to present value of trade receivables, trade payables and loans with related parties; and*
- *Note 24 – Derivative financial instruments: determination of fair values*
- *Note 25 - Uncertainty about treatment of income taxes.*

Measurement of fair value

A series of Company's accounting policies and disclosures requires the measurement of fair value, for financial and non-financial assets and liabilities.

The Company has established a control structure related to fair value measurement.

The Company periodically reviews unobservable data considered significant and valuation adjustments. If third-party information, such as brokerage firms' quotes or pricing services, is used to measure fair value, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the CPC/IFRS requirements, including the level in the fair value hierarchy in which these valuations should be classified.

When measuring fair value of an asset or liability, the Company uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- Level 1: Prices quoted (not adjusted) in active markets for identical assets and liabilities.

- Level 2: Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).
- Level 3: Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The Company recognizes transfers between fair value hierarchic levels at the end of the financial statement year in which changes occurred. Additional information on the assumptions adopted in the measurement of fair values is included in note 25.

5 Changes in significant accounting policies

New standards are effective for annual periods beginning on or after January 1, 2021 (for the Company as of April 01, 2021) and did not have a significant impact on the Company's consolidated financial statements:

- Definition of business (Amendments to CPC 15/IFRS 3);
- Interest rate benchmark reform (Amendments to CPC 48/IFRS 9, CPC 38/IAS 39 and CPC 40/IFRS 7).

Change of CPC 15/IFRS 3 – Business definition: clarifies aspects for business definition, in order to clarify when a transaction should be treated as a business combination or asset acquisition. This amendment to the standard was effective for years beginning on or after January 1, 2021 (in the case of the Company, April 1, 2021). The Company had no impact on its financial statements.

Change to CPC 48/IFRS 9, CPC 38/IAS 39 and CPC 40/IFRS 7 – Interest rate reform: clarifies aspects related to interest rates in hedge financial instruments. These rule changes were effective for years beginning on or after January 1, 2021 (in the case of the Company on April 1, 2021). The company had no impact on its financial statements.

6 Basis of measurement

The financial statements were prepared based on the historical cost with the exception of the following material items recognized in the statements of financial position:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments measured at fair value;
- biological assets are measured at fair value less selling expenses; and
- corn resale inventories are measured at fair value based on the **MTM** ("mark to market").

7 Significant accounting policies

The Company applied the accounting policies described below in a consistent manner to all years presented in these financial statements, unless otherwise indicated (see also note 5).

a. Basis of consolidation

(i) Subsidiary

The Company 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial

statements from the date on which control commences until the date on which control ceases.

In the Parent Company financial statements, the interests in subsidiaries are accounted for using the equity method and recorded in equity accounted investees, net of tax in the statement of income. Unrealized results from transactions between the Company and its subsidiaries are eliminated in the consolidated financial statements. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

After applying the equity method, the Company determines whether it is necessary to recognize impairment on the Company's investment in its subsidiary. The Company determines on each reporting date whether there is objective evidence that the investment in the subsidiary suffered a loss due to impairment. If so, the Company calculates the amount of impairment loss as the difference between the subsidiary's recoverable amount and the carrying amount and recognizes the amount in profit or loss.

(ii) Loss of control

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

b. Foreign currency

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into a functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date. Non-monetary assets and liabilities acquired or contracted in foreign currency are translated based on the exchange rates on the dates of the transactions or on the dates of valuation at fair value when applicable. Gains and losses resulting from the translation differences are recorded in profit or loss.

c. Revenue

Customer contract revenue

The company has different contracts with customers depending on its reportable segments.

Ethanol

Although a small percentage of sales are performed through short-term contracts (less than 12 months) or long-term contracts (longer than 12 months), a majority of the sales are performed on the spot market. Contracted volumes consist of fixed volume terms with variable prices. The sale

price is determined based on the relevant index (ESALQ SP) plus a basis differential depending on the end customers location and shipping terms. The Company recognizes revenue when it satisfies performance obligations under the terms of the contracts and control of its products is transferred to its customers.

Animal nutrition

Although a small percentage of sales are spot or long-term contracts (longer than 12 months), animal nutrition sales are typically performed through short-term (less than 12 months) contracts with fixed prices and volumes stated in the contract. The price is determined through negotiations with customers and is generally based on the futures price of the comparable commodity plus a basis differential depending on the end customers location and shipping terms. The Company recognizes revenue when it satisfies performance obligations under the terms of the contracts and control of its products is transferred to its customers.

Energy co-generation

Energy is negotiated through spot or short-term contracts (up to 12 months). For the short-term contracts, the price can be either fixed or vary based on the relative market index depending on negotiations with the customers and the risk the Company wants to mitigate. The revenue is recognized when the energy is available on the transmission line.

Information about the Company's accounting policies relating to customer contracts is provided in note 27.

Resale

Operating revenue, from the resale of corn in the ordinary course of business is measured at the fair value of the consideration received or receivable.

d. Employee benefits

(i) Short-term employee benefits

Obligations for short-term employee benefits are recognized as personnel expenses as the related service is rendered. The liability is recognized at the amount expected to be paid, if the Company has a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

e. Government grants and assistance

Subsidies intended to compensate the Company for expenses incurred are recognized as other income on a systematic basis in the same periods in which related expenses are recorded. The Company has the following government grants:

(i) PRODEIC- Programa de Desenvolvimento Industrial e Comercial de Mato Grosso ('Mato Grosso Industrial and Commercial Development Program')

Based on Law No. 7,958 of September 25, 2003, regulated by Decree No. 1,432 of September 29, 2003, Resolution No. 004/2007 of the Deliberative Council of Development Programs of Mato Grosso (CONDEPRODEMAT), and under the terms of Decree No. 1,943 / 2013, article 5, paragraph 8, the Company is guaranteed - for a term of ten (10) years starting from Decree No. 182 of July 2015 - the granting of tax benefit in the amount of the ICMS tax due on the respective operations or services.

(ii) Tax incentive program with the Amazon Development Superintendent – SUDAM

Each of the plants the Company owns is eligible for a federal tax incentive program with the Amazon Development Superintendent – SUDAM, which allows for a 75% reduction in the federal income tax. The Company can only apply for the incentive in the first full calendar year after the plant begins operations and once approved, the incentive lasts for a period of 10 years. The plant in Lucas do Rio Verde received the benefit beginning in 2018 and the plant located in Sorriso received the benefit beginning in 2021. The benefit is recorded as a reduction of income taxes. Additionally, corresponding reserve is recorded in equity from retained earnings (accumulated losses), considering that such amount of tax benefit realized is prohibited from distribution to quota holders during the grant period (see notes 23.c).

f. Finance Costs

Finance income and costs of the Company comprise the following:

- Interest earned from short term investments;
- Interest expense;
- Amortization - Adjustment to present value;
- Bank fees and commissions;
- Gain or loss on derivative transactions; and
- Net foreign exchange rate gains and losses.

Interest income and expenses are recognized in profit or loss using the effective interest method.

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

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

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

g. Income tax and social contribution

Current and deferred income tax and social contribution are calculated based on a tax rate of 15%, with an additional of 10% on taxable income exceeding R\$ 240 (annual) for income tax and 9% on taxable income for social contribution on net income and consider the offsetting of income tax loss carryforward and negative base of social contribution limited to 30% of the annual taxable period.

The income tax and social contribution expense comprises current and deferred income tax and social contribution. The current and deferred taxes are recognized in the Income Statement, unless they are related to business combination or items directly recognized in equity or in other comprehensive income.

(i) Current income tax and social contribution expense

Current tax expense is the tax payable or receivable calculated on taxable income or loss for the year and any adjustments to taxes payable in relation to prior years. The sum of taxes payable or receivable is recognized in the statement of financial position as a tax asset or liability at the best estimate of the expected amount of taxes to be paid or received reflecting the uncertainties related to its determination, if any. It is measured based on tax rates decreed up to the reporting date.

Current tax assets and liabilities are only offset if certain criterion are met.

(ii) Deferred income and social contribution tax expense

Deferred tax assets and liabilities are recognized in relation to temporary differences between the book values of assets and liabilities and the values used for taxation purposes. The changes in deferred assets and liabilities during the year are recognized as deferred income and social contribution tax expense.

A deferred tax asset is recognized for unused tax losses, tax credits and unused deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Future taxable profits are determined on the basis of the reversal of relevant taxable temporary differences. If the amount of the taxable temporary difference is insufficient to fully recognize a deferred tax asset, the future taxable profits, adjusted for the reversions of the existing temporary differences, shall be considered, based on the Company's business plan.

Deferred tax assets are reviewed at each reporting date and reduced when it is determined their realization is no longer probable.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates decreed up to the reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences that follow the manner in which the Company expects to recover or settle the assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criterion are met.

h. Biological assets

Biological assets are measured at fair value, less cost to sell, and any changes are recognized as profit or loss. The biological assets recorded on the of Company's statement of financial position as of March 31, 2022, are composed of eucalyptus forest and bamboo plantations to be utilized as biomass in operations.

i. Inventories

Inventories are stated at the lowest of cost or net realizable value. Cost is determined by the weighted average costing method.

Agricultural products inventories available for sale, represented by inventories of corn resale, are adjusted to fair value ("measured at fair value") less costs to sell. In order to calculate the fair value, the Company uses as a reference quotations and rates published by public sources that are related to the products and active markets in which the Company operates. Changes in the fair value of inventories are recognized directly in cost of goods sold.

j. Property, plant, and equipment

(i) Recognition and measurement

Property, plant, and equipment (PP&E) are stated at historical acquisition or construction cost, including directly attributable borrowing costs, net of accumulated depreciation and impairment losses.

Expenditures incurred to replace a component of an item of property, plant and equipment is accounted for separately, including inspection and overhaul costs, and classified in fixed assets. Other expenditures are capitalized only when there is an increase in the future economic benefits to the item of property, plant and equipment.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

When parts of a PP&E item have different useful lives, they are accounted for as separate items (major components) of PP&E.

Gains and losses on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other operating results in the statement of income. See note 32.

(ii) Subsequent costs

The replacement cost of a component of property, plant and equipment is recognized in the book value of the item when it is probable that the future economic benefits embodied in the component will flow to the Company and its cost can be reliably measured. The book value of the component that is replaced is written off. The daily maintenance costs of fixed assets are recognized as a cost of goods sold as incurred.

(iii) Depreciation

Depreciation is calculated to amortize the cost of items of property, plant and equipment, net of their estimated residual values, using the straight-line method based on estimated useful lives of these items. Depreciation is recognized in profit or loss. Land is not depreciated.

The estimated useful lives of the property, plant and equipment are as follows:

Description	Years
Building	25-40 years
Machinery and equipment	5-40 years
Facilities	10-40 years
Furniture and computers	10-15 years
Airplane	10 years
Vehicle	5 years

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

k. Intangible assets

(i) Other intangible assets

Intangible assets acquired by the Company with finite useful lives are carried at cost, less accumulated amortization and any impairment losses.

(ii) Subsequent costs

Subsequent costs are capitalized only when they increase the future economic benefits incorporated in the specific asset to which they relate. Any other costs are recognized in the statements of income as incurred.

(iii) Amortization

Amortization is calculated using the straight-line method based on estimated useful lives of these items, net of estimated residual values and is recorded in profit or loss as incurred.

Estimated useful lives are as follows:

Description	Years
Software	5 years

The amortization methods, the useful lives are reviewed at each reporting date and adjusted if appropriate.

l. Financial instruments

(i) Initial recognition and measurement

Trade and other receivables and debt securities issued are initially recognized on the date on which they originated. All other financial assets and liabilities are initially recognized when the Company becomes part of the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at the fair value, plus, for an item not measured to fair value through profit or loss, the transaction costs that are directly attributable to its acquisition or issuance. An accounts receivable from customers without a significant financing component is initially measured at the price of the transaction.

(ii) Subsequent classification and measurement

Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; Fair value through other comprehensive income (FVOCI) – equity investment; or Fair value through profit or loss (FVTPL).

Financial assets are not subsequently reclassified unless the Company changes the business model for the management of financial assets, and in this case all the affected financial assets are reclassified on the first day of the subsequent period after the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured by fair value through profit or loss:

-It is maintained within a business model whose goal is to maintain financial assets to receive contractual cash flows; and

-Their contractual terms generate, on specific dates, cash flows that are solely payments of principal and interest on the principal amount outstanding.

-A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

-Is maintained within a business model whose objective is achieved both by the receipt of contractual cash flows and by the sale of financial assets; and

-Their contractual terms generate, on specific dates, cash flows that are only principal payments and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income, as described above, are classified as fair value through profit or loss. This includes all derivative financial assets. In the initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or fair value through other comprehensive income as to fair value through profit or loss if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

For the purposes of this evaluation, the 'principal' is defined as the fair value of the financial asset in the initial recognition. The 'interest' is defined as a consideration for the time value of money and the credit risk associated with the open principal value over a given period of time and the other basic risks and costs of loans, as well as a margin of profit.

The Company considers the contractual terms of the instrument to assess whether the contractual cash flows are only principal and interest payments. This includes evaluating whether the financial asset contains a contractual term that could change the time or value of the contractual cash flows so that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that modify the value or the time of cash flows;
- terms that may adjust the contractual rate, including variable rates;
- pre-payment and extension of the deadline; and
- the terms that limit the Company's access to specific asset cash flows.

The advance payment is consistent with the principal and interest payments criteria if the prepayment amount represents, for the most part, unpaid principal and interest amounts on the value of the principal outstanding - which may include reasonable additional compensation for early termination of the contract. In addition, with respect to a financial asset acquired by a value less than or greater than the nominal value of the contract, the permission or the prepayment requirement for a value representing the nominal value of the contract plus the contractual interest (which may also include reasonable additional compensation for the anticipated termination of

the contract) accumulated (but not paid) are treated as consistent with this criterion if the fair value of the prepayment is insignificant in the initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. The net result, including interest or dividend revenue, is recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in profit or loss.

Instruments of debt at fair value through other comprehensive income

These assets are subsequently measured at fair value. The interest revenue calculated using the effective interest method, exchange gains and losses and impairment are recognized in profit or loss. Other net results are recognized in other comprehensive income. In derecognition, the accumulated result in other comprehensive income is reclassified to profit or loss.

Financial liabilities-classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows of the asset expire, or when the Company transfers the contractual rights of receipt to the contractual cash flows on a financial asset in a transaction in which Substantially all the risks and benefits of the ownership of the financial asset are transferred or in which the Company neither transfers nor maintains substantially all the risks and benefits of the ownership of the financial asset and also does not retain control over the financial assets.

The Company carries out transactions in which it transfers assets recognized in the statement of financial position, but maintains all or substantially all the risks and benefits of the transferred assets. In such cases, financial assets are not unrecognized

Financial liabilities

The Company derecognizes a financial liability when its contractual obligation is withdrawn, cancelled or expires. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liabilities are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinguished book value and the paid consideration is recognized in the profit or loss.

(iv) Offsetting

The financial assets or liabilities are offset and the net value presented in Statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to liquidate them on a net basis or to perform the asset and settle the liabilities simultaneously.

(v) Derivative financial instruments

Derivative financial instruments and hedge accounting

The Company maintains derivative financial instruments to protect its exposures from the risks of foreign currency variation and interest rate. Embedded derivatives are separated from their main contracts and recorded separately if the main contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes in fair value are generally recognized in statements of income.

The Company designates certain derivatives as hedging instruments to hedge the variability of cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates, in addition certain derivative and non-derivative financial liabilities as hedge exchange risk on a net investment in a foreign operation.

At the inception of the designated hedging relationships, the Company documents the risk management objective for strategy for undertaking the hedge. The Company also documents the economic relationship between the hedging instrument and the item hedged, including whether the changes in the cash flows of the hedged item and the hedging instrument will compensate each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of the changes in the fair value of the derivative is recognized in Other comprehensive income (OCI) and accumulated in the "Cash flow hedge – effective portion of changes in fair value". The effective portion of the changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in the fair value of the hedged item, determined on a present value basis, from the inception of the hedge. Any ineffective portion of the changes in the fair value of the derivative is recognized immediately in statements of income.

The Company designates only the changes in the fair value of the spot element of swap contracts as a hedging instrument in cash flow hedging relationships. The change in fair value of the element of swaps contracts is separately accounted for as a cost of hedging and recognized in other comprehensive income within equity.

If the hedge no longer meets the criteria for hedge accounting, or the hedging instrument expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. When the

hedge accounting for cash flow hedge is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedging instrument of a transaction resulting in the recognition of a non-financial item, it is included non-financial item's cost on its initial recognition or, for the cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If future cash flows that are hedged are no longer expected, then the amounts that have been accumulated in the hedging reserve and the cost of the hedge reserve are immediately reclassified to the statements of income.

m. Cash and cash equivalents

In the cash flow statements, cash and cash equivalents are due immediately (maximum limit of 90 days maturity at time of acquisition) and are an integral part of the Company's operating cash management, except for the balance maintained in the item of financial investments where the resource is kept exclusively for investment as designated by management, for the construction of the industrial plant.

n. Capital

Quotas in the share capital are classified as equity.

o. Reduction in recoverable value (impairment)

Financial instruments and contractual assets

The Company recognizes provisions for expected losses of credit on financial assets measured at amortized cost; See note 24.

The Company measures the provision for expected losses in an amount equal to the loss of credit expected for the entire lifetime. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportive information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, in the credit assessment and considering (forward-looking) information.

The Company assumes that the credit risk of a financial asset has increased significantly if it is over 30 days past due.

The Company considers a financial asset as worthless when:

- it's unlikely that the debtor will fully pay his credit obligations to the Company, without resorting to actions; or
- the financial asset has been past due for more than 180 days.

Credit impaired financial assets

In each reporting date, the Company evaluates whether the financial assets accounted for at the amortized cost and the debt securities measured at fair value through other comprehensive income are impaired. A financial asset is impaired when one or more events with harmful impact occur in the estimated future cash flows of the financial asset.

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

- significant financial difficulties of the issuer or borrower;
- breach of contractual clauses such as delinquency or delay of more than 90 days;
- restructuring of a value due to the Company under conditions that wouldn't be accepted under normal conditions;
- the likelihood that the debtor will go bankrupt or undergo another type of financial reorganization; or
- the disappearance of the active market for the title because of financial difficulties.

Presentation of the allowance for expected credit losses

The allowance for expected credit losses to financial assets measured by amortized cost is deducted from the gross book value of assets.

For debt securities measured at the fair value through other comprehensive income, the allowance for losses is debited in the result and recognized in other comprehensive income.

Write off

The gross book value of a financial asset is written off when the Company has no reasonable expectation of recovering the financial asset either in its entirety or in part. The Company expects no significant recovery of the written off value but may pursue additional action to enforce the customers obligation which may result in recovery of part or the entirety of the written off value.

Non-financial assets

The book values of the Company's non-financial assets, except for inventories and deferred tax assets, are reviewed at each reporting date for indication of impairment. If this indication exists, the asset's recoverable value is estimated.

For impairment tests, assets are grouped into the smallest identifiable group of assets that can generate cash inflows by continuous use, which are highly independent from cash inflows referring to other assets or cash generating units.

Recoverable value of an asset is the higher of value in use and fair value less selling costs. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market conditions including time value of money and the specific risks of the assets or recoverable value.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable value.

Impairment losses are recognized in profit or loss and reversed only when the book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

p. Provisions

A provision is recognized if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that an economic resource will be required to settle the obligation. See note 22.

q. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At the inception or in the modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its individual prices. However, for property leases, the Company chose not to separate the non-lease components and account for the lease and non-lease components as a single component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The company determines its incremental rate on loans by obtaining interest rates from various external sources of financing and making some adjustments to reflect the terms of the contract and the type of leased asset.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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

The company has rights of use assets that do not meet the definition of property for investment in "property, plant and equipment" and leasing obligations in liability.

The Company discount rates was based on our borrowing costs. The table below shows the rates considered vis-à-vis the terms of the contracts, the information related to the year ended March 31, 2022, is presented:

Contracts by term and discount rate	
Contracted terms	Rate p. y.
1	8.33%
2	9.20%
3	9.04%
5	9.13%
10	9.22%
15	11.23%

Short-term leases and leases of low-value assets

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

r. Capitalization of borrowing costs

The Company capitalized the borrowing cost from the specific loans obtained to finance construction, as mentioned in note 16.

s. Information by segment

An operating segment is a component of the Company which engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Company. All operating results are reviewed by those charged with governance of the Company for decisions regarding the resources to be allocated to each segment and to assess their performance.

t. Earnings per quota – Basic and diluted

The basic earnings per quota are calculated based on the profit for the year attributable to the Company's quota holders and the weighted average of common quotas in the respective year. The diluted earnings per quota are calculated based on the average of outstanding quotas, adjusted by instruments that can potentially be converted into quotas, with a dilution effect, in the periods presented.

8 New standards and interpretations not yet effective

The new standards and interpretations, not yet in effect are described below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they come into force.

The following new and amended standards are not expected to have a significant impact on the Company's parent company and consolidated financial statements:

- Onerous contracts - costs to fulfill a contract (Amendments to CPC25/IAS 37);
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to CPC 32/IAS 12);
- COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to CPC 06/IFRS 16);
- Annual improvements to IFRS standards 2018-2020 Cycle (Amendment to IFRS 1, IFRS 9 and AS 41);
- Property, plant and equipment: Proceeds before intended use (Amendments to CPC 27/IAS 16);
- Reference to the Conceptual Framework (Amendments to CPC 15/IFRS 3);
- Classification of liabilities in current or non-current (Amendments to CPC 26/IAS 1);
- Definition of Accounting Estimate (Amendments to CPC 23/IAS 8); and
- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2).

9 Cash and cash equivalents

	Parent company		Consolidated	
	2022	2021	2022	2021
Bank deposits and cash	10,492	9,827	45,553	11,635
Financial investments - CDB	1,673,641	936,978	1,673,641	936,978
Total	1,684,133	946,805	1,719,194	948,613

The Company considers as cash and cash equivalents highly liquid balances that mature no later than 3 months from the date of investment which are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

Short-term financial investments refer to certificate of bank deposits ('CDB') which are instruments offered by banks with rates set by the individual banks which are usually linked to the Interbank Deposit Certificate ('CDI') rate plus or minus a fixed spread. As of March 31, 2022, and 2021, the average annual return on these investments was 11.65% and 2.65%, respectively. These instruments are available for immediate redemption by the Company.

As of March 31, 2022 of the total bank deposits and cash are denominated in USD 9,208 or R\$ 43,626 (R\$ 2,796 or USD 491 in March 31, 2021).

Information on the Company's exposure to market and credit risk and fair value measurement is included in Note 24.

10 Financial investments

	Consolidated	
	2022	2021
Bank deposit certificate ("CDB") and Time deposit	132,298	-
Total return swap (TRS)	2,901,719	3,482,772
Total	3,034,017	3,482,772
Current	216,598	97,716
Non current	2,817,419	3,385,056

As part of the Green Bond issuance process presented in Note 24, FS Lux acquired a total return swap ('TRS') with an annual return of 10.7% p.y., due in December 2023 and with semi-annual payments.

Certificate of bank deposits ('CDB') are instruments offered by banks with rates set by the individual banks which are linked to the CDI rate plus or minus a fixed spread. For the years ended March 31, 2022 and 2021, the average annual return on these investments was 11.65% and 2.65%, respectively.

Information on the Company's exposure to market risks, credit and fair value measurement related to financial investments is included in Note 24.

11 Restricted cash

	Parent company		Consolidated	
	2022	2021	2022	2021
Investments linked to loans	400,523	28,876	400,523	28,876
Total	400,523	28,876	400,523	28,876
Current	383,976	28,876	383,976	28,876
Non current	16,547	-	16,547	-

Investments linked to loans is related to loans for working capital and investments.

For the years ended March 31, 2022, and 2021, the average annual return on these investments was 11.65% and 2.65%, respectively.

Information on the Company's exposure to credit, market and fair value risks related to restricted cash is included in Note 24.

12 Trade and other receivables

	Parent company		Consolidated	
	2022	2021	2022	2021
Trade receivables	285,046	111,754	285,046	111,754
Expected losses on Credit	(115)	(144)	(115)	(144)
Total	284,931	111,610	284,931	111,610

Impairment losses

The Company assesses the impairment of trade receivables based on: (a) historical loss experience by clients and segment; (b) assigning a credit rating for each client based on both qualitative and quantitative measures for the client as determined by internal policies (note 24); and c) assigning a percentage of impairment for provision purposes based on both items (a) and (b) above and the status of the receivable from the customer (current or overdue). See below the matrix applied for determining the provision and the actual provision as a percentage of the outstanding amount as of March 31, 2022 and March 31, 2021:

	Parent company		Consolidated	
	2022	2021	2022	2021
Overdue	%Weighted average loss rate	%Weighted average loss rate	%Weighted average loss rate	%Weighted average loss rate
Up to 30 days	0.00%	1.01%	0.00%	1.01%
31 to 60 days	-	-	-	-
61 to 90 days	-	-	-	-
121 to 180 days	-	50.00%	0.00%	50.00%
>180 days	99.46%	100.00%	99.46%	100.00%

Based on historical loss history and expectations regarding the future performance of the Company current trade receivables not overdue, management has determined that no significant expected credit loss provision is required.

The maturity of the receivables at the date of the reporting date is as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Not overdue				
Up to 30 days	234,892	66,246	234,892	66,246
31-60 days	37,478	424	37,478	424
61-90 days	30	52	30	52
>90 days	11,938	42,057	11,938	42,057
Subtotal	284,338	108,779	284,338	108,779
Overdue				
Up to 30 days	479	1,483	479	1,483
31-60 days	-	1,218	-	1,218
61-90 days	-	-	-	-
91-180 days	-	2	-	2
>180 days	114	128	114	128
Subtotal	593	2,831	593	2,831
Total	284,931	111,610	284,931	111,610

Changes in the provision to reduce the recoverable value of receivables from customers and contract assets during the period are presented in the following table.

	Parent company	Consolidated
Allowance March 31, 2020	(581)	(581)
(-) Reversal of expected losses on credit	437	437
Allowance March 31, 2021	(144)	(144)
(-) Reversal of expected losses on credit	29	29
Allowance March 31, 2022	(115)	(115)

Trade receivables with related parties as of March 31, 2022 and 2021 amounted to R\$ 6,460 and R\$ 2,588, respectively. See note 35.

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 24.

13 Inventories

	Parent company		Consolidated	
	2022	2021	2022	2021
Inventories held by third party	99,704	54,618	99,704	54,618
Raw material	425,638	273,191	425,638	273,191
Finished goods	119,506	48,329	119,506	48,329
Production inputs	36,041	36,826	36,041	36,826
Consumption material	61,338	42,430	61,338	42,430
Work-in-process inventory	14,956	14,489	14,956	14,489
Corn Resale (*)	29,544	-	29,544	-
Total	786,727	469,883	786,727	469,883

(*) Inventories are stated at the lower of cost or net realizable value, except corn resale, which are measured at fair value based on the *MTM* ("mark to market") subtracted from the selling costs. Monthly comparison of acquisition costs is carried out and the price, on the reporting date, equivalent in the market. The reference prices are public and obtained from Brazilian Stock Markets (B3).

Cost is determined by the weighted average costing method see note 28.

As of March 31, 2022, there were inventory balances of 219,636 tons of corn (251,000 tons of corn as of March 31, 2021) given as collateral for financing arrangements. The collateral represents the amount of R\$ 226,673 (R\$ 136,400 as of March 31, 2021).

As of March 31, 2022 and March 31, 2021, the amounts held by third parties were as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Raw material	61,224	40,159	61,224	40,159
Finished goods	38,480	14,459	38,480	14,459
Total	99,704	54,618	99,704	54,618

Raw material inventories held by third parties, corresponds to 57,114 tons of corn and 19,788 cubic meters of ethanol as of March 31, 2022 (73,881 tons of corn and 9,356 cubic meters of ethanol respectively as of March 31, 2021).

14 Advances to suppliers

	Parent company		Consolidated	
	2022	2021	2022	2021
Advances to suppliers of inventories	77,727	37,816	77,727	37,816
Advances to other suppliers	26,767	2,119	26,767	2,119
Total	104,494	39,935	104,494	39,935
Current	48,997	26,967	48,997	26,967
Non current	55,497	12,968	55,497	12,968

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

The advances to suppliers with related parties as of March 31, 2022 and March 31, 2021, was R\$ 191. See note 35.

15 Investments

As of March 31, 2022, the Parent Company recorded a loss of R\$ 16,192 referring to equity accounted investees, net of tax in the statements of income (a loss of R\$ 2,566 on March 31, 2021). The Subsidiary (FS Lux) accounted for using the equity accounting method does not have shares traded in stock exchanges.

The investments are accounted under the equity accounting method and recognized in the parent company financial statements, as follows:

a. Changes in the balances of investments in subsidiary

	FS Lux
March 31, 2021	(2,642)
Loss of equity accounted investees, net of tax	(16,192)
Cumulative translation adjustment (CTA)	2,051
March 31, 2022	(16,783)
Equity interest	100%
Provision for losses on investment as of March 31, 2022.	(16,783)
	FS Lux
March 31, 2020	-
Capital contribution	77
Loss of equity accounted investees, net of tax	(2,566)
Cumulative translation adjustment (CTA)	(153)
March 31, 2021	(2,642)
Equity interest	100%
Provision for losses on investment for the year ended March 31, 2021.	(2,642)

b. Information from subsidiary

The charts below present a summary of the investee financial information in the subsidiary FS Luxembourg S.a.r:

Investments	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Cost and expenses	Net finance costs	Other comprehensive income	Net loss
FS Luxembourg S.a.r.l as of March 31, 2022	251,819	3,068,454	96,928	3,240,128	(16,784)	1,899	(805)	1,899	(16,192)
FS Luxembourg S.a.r.l as of March 31, 2021	99,524	3,385,056	98,332	3,388,890	(2,489)	(153)	(117)	(153)	(2,566)

c. Provision for losses on investments

Considering that the Subsidiary presents negative equity on March 31, 2022, the provision for losses on investments was recorded as liabilities in the amount of R\$ 16,783 (R\$ 2,489) on March 31, 2021).

16 Property, plant and equipment

Cost of acquisition	Parent company and Consolidated							
	2020	Additions	Disposals	Transfers (*)	2021	Additions	Disposals	Transfers
Land	78,686	61,397	-	-	140,083	262	-	-
Buildings	467,126	-	-	143,856	610,982	1,162	-	18,382
Machinery and equipment	956,908	257	(4)	367,431	1,324,592	12,306	-	37,575
Furniture and computers	13,040	79	-	1,155	14,274	4,375	-	538
Vehicles	3,447	-	(539)	-	2,908	1,332	(565)	-
Airplane	-	-	-	-	-	28,164	-	-
Installations	332,679	-	-	170,318	502,997	2,025	-	22,514
Construction in progress	271,455	676,839	(113)	(616,772)	331,409	257,571	-	(12,185)
Advance to suppliers	145,537	-	-	(87,600)	57,937	136,257	-	(67,173)
Bearer plant (bamboo)	-	33,191	-	-	33,191	26,591	-	349
Right of use	2,040	32,471	-	-	34,511	117,070	-	-
Total	2,270,918	804,234	(656)	(21,612)	3,052,884	587,115	(565)	-
Depreciation								
Buildings	(8,081)	(12,127)	-	-	(20,208)	(15,725)	-	1
Machinery and equipment	(56,347)	(52,294)	-	-	(108,641)	(70,172)	-	(1)
Furniture and computers	(2,346)	(1,588)	-	-	(3,934)	(2,041)	-	-
Vehicles	(1,092)	(697)	239	-	(1,550)	(372)	19	-
Installations	(12,075)	(23,427)	-	-	(35,502)	(35,557)	-	-
Right of use	(192)	(3,453)	-	-	(3,645)	(13,008)	-	-
Total	(80,133)	(93,586)	239	-	(173,480)	(136,875)	19	-
Net	2,190,785				2,879,404			3,329,098

* The remaining balance of Transfers amounting to R\$ 21,612 in March 31, 2021 consist to taxes recorded in PP&E eligible to offset other taxes upon the plant commencing operations, at which point these costs are reclassified to recoverable taxes.

Work in progress and advances to suppliers

The balance in construction in progress refers to the remaining expansion of the Sorriso - MT plant and the construction of a new plant of the Primavera do Leste – MT, the expected completion date of the new Primavera do Leste Plan is June 2023.

Provision for impairment

The Company, at the end of each reporting period, assesses possible indications of impairment of its assets that could create the need to test their recovery value.

The Company did not identify indicators of impairment of its assets on March 31, 2022.

Borrowing cost capitalization

In the year ended March 31, 2022 and 2021, borrowing costs capitalized were R\$ 1,499 and R\$ 72,259, respectively. These costs were capitalized into the values of the assets and are being appropriated to the expense through the depreciation of the plant. The average interest rate of the period was 11.65% per year (10.9% p.y. as of March 31, 2021).

Collateral

The Company has pledged fixed assets as collateral linked to loans in the amount of R\$ 2,672,880 (R\$ 2,586,212 on March 31, 2021) and comprises lands, buildings, machinery, installations and construction in progress.

17 Trade payables

	Parent company		Consolidated	
	2022	2021	2022	2021
Fixed assets payables	72,582	189,990	72,582	189,990
Raw material payables	280,751	47,146	280,751	47,146
Other payables	81,042	47,581	81,112	47,852
Total	434,375	284,717	434,445	284,988
Current	403,158	264,216	403,228	264,487
Non-current	31,217	20,501	31,217	20,501

The trade payables balances refer to raw material (corn), production inputs and other necessary products in the production area, expenditures for engineering services and acquisition of machinery and equipment.

There were no trade payables balance with related parties as of March 31, 2022 and 2021. See note 35.

The Company makes available for its suppliers, the use of reverse factoring agreements with Banks. For these transactions, the original conditions of the initial operation do not change.

	Parent company		Consolidated	
	2022	2021	2022	2021
Trade payables	110,542	190,137	110,612	190,408
Reverse factoring	323,833	94,580	323,833	94,580
Total	434,375	284,717	434,445	284,988

The Company's exposure to liquidity risks and fair value measurement related to trade payables is disclosed in note 24.

18 Loans and borrowings

	Currency	Parent company		Consolidated	
		2022	2021	2022	2021
Loans for investments	USD	2,901,557	3,486,135	6,220,009	7,021,344
Loans for working capital	USD	50,084	29,174	50,084	29,174
Loans for working capital	R\$	2,052,069	476,207	2,052,069	476,207
Total Loans		5,003,710	3,991,516	8,322,162	7,526,725
(-) Transaction cost		(145,293)	(46,062)	(126,869)	(94,352)
Total		4,858,417	3,945,454	8,195,293	7,432,373
Current		858,806	653,861	955,552	751,890
Non-current		3,999,611	3,291,593	7,239,741	6,680,483

Management categorizes the loans by the nature in which the proceeds will be utilized in the operations. Loans for investments are to be used on capital expenditures related to construction of the plants while loans for working capital are to be used to finance short-term operational needs.

The Company's loans for investments consist of a USD debt balance at an interest rate of 10.0% p.y. (10.0% p.y. as of March 31, 2021) and the loans for working capital at an average interest rate of 11.95% p.y. (8.85% p.y. as of March 31, 2021).

On October 5, 2021, the Company reopened through subsidiary FS Lux the Green Bonds ("Retap") issuance offer, offering an additional amount of US\$ 80,000 thousand maintaining the same characteristics as the original transaction (for further information see Note 24).

As of March 31, 2022 and March 31, 2021, the obligations related to transaction fees in loans for investment operations and classified in non-current liabilities correspond to R\$ 27,828 and R\$ 33,472, respectively.

On March 30, 2022, the funding of R\$ 1,015,953 was completed through the issuance of a "CRA 400" *Cédula de Produto Rural Financeiro*, in two series, one due on February 13, 2026, at a cost of CDI+ 1.6% p.y. and the other maturing on February 2, 2029 at a cost of IPCA + 7.4% p.y.

For more information on the exposure of the Company and its subsidiary to risks of interest rates, liquidity, fair value measurement and a sensitivity analysis arising from these financings, see note 24.

a. Terms and schedule of debt repayment

The following collateral were granted:

- Mortgage of the Company's land (note 16);
- Fiduciary assignment of fixed assets (note 16);
- Inventories of corn (note 13); and
- Restricted cash (note 11).

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

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		Parent company				
March 31, 2021	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	2,901,556	286,504	2,615,052	-	-	-
Loans for working capital (*)	2,102,154	612,054	151,040	399,658	397,975	541,427
Total	5,003,710	898,558	2,766,092	399,658	397,975	541,427

March 31, 2021	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	3,486,135	345,957	345,957	2,794,221	-	-
Loans for working capital (*)	505,381	334,859	170,523	-	-	-
Total	3,991,516	680,815	516,479	2,794,221	-	-

		Consolidated				
March 31, 2021	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	6,220,009	330,170	3,012,040	-	-	3,221,707
Loans for working capital (*)	2,102,153	644,130	308,708	104,921	100,005	-
Total	8,322,162	974,300	3,320,748	104,921	100,005	3,221,707

March 31, 2021	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	7,021,344	443,986	345,957	2,794,221	-	3,437,180
Loans for working capital (*)	505,381	337,193	168,188	-	-	-
Total	7,526,725	781,179	514,145	2,794,221	-	3,437,180

(*) The amount reported does not include the impact of transaction costs

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

	Parent company	Consolidated
Balance as of March 31, 2021	3,945,454	7,432,373
Variations in financing cash flows		
Loans received	2,228,153	2,726,563
Payments of principal	(657,047)	(657,047)
Total changes in financing cash flows	1,571,106	2,069,516
Other variations		
Provision for interest	436,639	808,970
Provision for interest (capitalized)	1,499	1,499
Interest payment	(415,017)	(777,595)
Exchange variation	(582,033)	(582,033)
Foreign currency translation effect	-	(676,633)
Bank fees	(99,231)	(80,804)
Total other variations	(658,143)	(1,306,596)
Balance as of March 31, 2022	4,858,417	8,195,293

	Loans	Loans with related parties	Parent company	Consolidated
Balance as of March 31, 2020	3,037,173	59,416	3,096,588	3,096,588
Variations in financing cash flows				
Loans received	3,865,507	-	3,865,507	6,963,799
Payments of principal	(2,690,840)	(48,560)	(2,739,400)	(2,739,400)
Total changes in financing cash flows	1,174,667	(48,560)	1,126,107	4,224,399
Other variations				
Provision for interest	289,414	-	289,414	384,410
Provision for interest (capitalized)	72,259	-	72,259	72,259
Interest payment	(314,530)	(12,098)	(326,628)	(326,628)
Exchange variation	(301,542)	(241)	(301,563)	(301,783)
Foreign currency translation effect	-	-	-	293,692
Bank fees	(12,047)	-	(12,047)	(12,047)
Adjustment to present value on loans with related parties	-	1,483	1,483	1,483
Total other variations	(266,446)	(10,636)	(277,082)	111,386
Balance as of March 31, 2021	3,945,394	-	3,945,394	7,432,373

The exchange variation comprises the amount realized and unrealized (note 32).

c. Restrictive clauses ("covenants")

The Company has entered into loans contracts amounting to R\$ 4,879,007 (R\$ 3,685,159 in March 31, 2021) that include non-financial and financial covenants. The main financial covenants include the maintenance of a financial ratio linked to the percentage of net debt and net financial expenses in relation to EBITDA not exceeding 3.0x. The components of the formulas for calculating the financial ratio at the end of each period are defined in the debt contracts. The financial covenants began to be measured on March 31, 2021.

All restrictive clauses of financial covenants referring to loans are in compliance by the Company and its subsidiaries as of March 31, 2022.

19 Advances from customers

Advances from customers represents cash received from customer for the sales of products which have not yet met the criteria to be recognized as revenue as of the end of the period. These advances are shown as a liability on the Company's statement of financial position with a balance of R\$ 26,962 and R\$ 20,887 as of March 31, 2022 and 2021, respectively.

20 Lease payables

	Lands(i)	Warehouse(ii)	Other(iii)	Consolidated Total
March 31, 2020	-	-	-	-
Addition	37,292	-	1,848	39,140
(-) Adjustment to present value	(19,553)	-	(173)	(19,726)
Contractual adjustment (iv)	14,732	-	-	14,732
Sub-total	32,471	-	1,675	34,146
Amortization adjustment to present value	316	-	123	439
Payment	(3,225)	-	(1,500)	(4,725)
March 31, 2021	29,562	-	298	29,860
Addition	84,696	64,500	16,447	165,643
Contractual adjustment (iv)	18,317	-	-	18,317
(-) Adjustment to present value	(43,090)	(21,424)	(3,412)	(67,926)
Sub-total	59,923	43,076	13,035	116,034
Amortization adjustment to present value	1,149	136	879	1,315
Payment	(4,455)	(4,300)	(5,974)	(14,729)
March 31, 2022	86,179	38,912	8,238	133,329
Current				20,528
Non current				112,801

Right of use

Right-of-use assets related to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see note 16).

	Lands (i)	Warehouse(ii)	Other (iii)	Consolidated 2021
March 31, 2020	-	-	2,040	2,040
Addition	17,739	-	-	17,739
Contractual adjustment (iv)	14,732	-	-	14,732
Amortization	(2,131)	-	(1,514)	(3,645)
March 31, 2021	30,340	-	526	30,866
Addition	42,640	43,076	13,037	98,753
Contractual adjustment (iv)	18,317	-	-	18,317
Amortization	(4,829)	(3,231)	(4,948)	(13,008)
March 31, 2022	84,468	39,845	8,615	134,928

- (i) A rural area for Bamboo cultivation that has a 3 years period for harvest (5 seasons in total) and will be used as a Biomass in the Company's energy matrix.
- (ii) Refers to the leasing of a shed for a period of 10 years for the storage of corn.
- (iii) Composed by machinery that serves industrial activities and a leased office located in São Paulo.
- (iv) Land Leases are linked to soybean price and the contracts are adjusted accordingly.

21 Taxes and contributions

a) Recoverable taxes

	Parent company		Consolidated	
	2022	2021	2022	2021
Pis and Cofins	242,872	104,539	242,872	104,539
IRRF	5,546	5,275	5,546	5,275
Other taxes and contribution	3,620	531	3,756	531
Total	252,038	110,345	252,174	110,345
Current	122,196	110,345	122,332	110,345
Non-current	129,842	-	129,842	-

The beginning of the operations on Sorriso Plant caused the generation of significant tax credits, from Pis and Cofins.

b) Taxes and contributions payable

	Parent company		Consolidated	
	2022	2021	2022	2021
ICMS	16,270	11,283	16,270	11,283
Retained tax of third parties (*)	1,210	873	1,210	873
ISS	1,977	1,483	1,977	1,483
Other taxes	294	-	406	32
Total	19,751	13,639	19,863	13,671

(*) The retained taxes of third parties refers to PIS, COFINS, CSLL, IRPJ, INSS and Funrural.

22 Contingent liabilities and judicial deposits

Contingent liabilities for which either the Company is unable to make a reliable estimate of the expected financial effect that might result from resolution of the proceeding, or a cash outflow is not probable, are not recognized as liabilities in the financial statements, but are disclosed in the notes to the Financial Statements, unless the likelihood of any outflow of resources embodying economic benefits is considered remote. A loss is considered probable if the event triggering the loss is more likely than not to occur.

As of March 31, 2022 and March 31, 2021, the Company had contingent liabilities related to ongoing lawsuits whose cash outflow was considered probable in the amount of R\$ 22.

Contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred. As for March 31, 2022 and March 31, 2021, the Company had contingencies assessed as possible risk by legal advisors and Management in the amount of R\$ 82,944 and R\$ 34,362, respectively, for which no provision was recorded, are as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Civil	72,391	26,550	72,391	26,550
Labor	3,721	481	3,721	481
Tax	7,527	7,331	7,527	7,331
Total	82,944	34,362	82,944	34,362

Among the aforementioned contingencies, there is an ongoing judicial discussion related to tax on imports (ICMS) of machinery for the expansion of the plant located in Lucas do Rio Verde - MT, for which the Company has a judicial deposit in the amount of R\$ 3,775 (R\$ 3,652 as of March 31, 2021).

23 Equity

a. Capital

The Company's subscribed and paid-in capital stock as of March 31, 2022 and March 31, 2021 was R\$ 87,806, represented by 87,806,369 quotas with a par value of R\$ 1.00 each. As of March 31, 2022, of the total of 87,806,369 quotas, 83,380,928 are ordinary and 4,425,441 are preferred. The preferred quotas were approved by the Board on November 6, 2020, fully subscribed by members of management with no voting rights, no priority to receive dividends and no minimum dividends guaranteed, with priority to redeem it without a premium.

Quota holder	Type	% of ownership	Parent Company and Consolidated March 31, 2022		Parent Company and Consolidated March 31, 2021	
			Subscribed capital	Paid in capital	Subscribed capital	Paid in capital
Summit Brazil Renewables I, LLC	Ordinary	71%	62,536	62,536	62,536	62,536
Tapajós Participações S.A.	Ordinary	24%	20,845	20,845	20,845	20,845
Others	Preferred	5%	4,425	4,425	4,425	4,425
Total		100%	87,806	87,806	87,806	87,806

b. Tax incentive reserve

Corresponds to the reserve that is recorded as the result of the federal tax incentive program with the Amazon Development Superintendent – SUDAM and Programa de Desenvolvimento Industrial e Comercial de Mato Grosso - PRODEIC. Related to SUDAM, the value of the benefit for any given year is recorded in the statement of income as a reduction of income tax with a corresponding reserve established in equity. According to the program rules, the amount of the incentive accumulated in the mentioned reserve can only be used to offset accumulated losses or increase capital.

Related to PRODEIC, the Company is guaranteed - for a term of 10 (ten) years starting from Decree No. 182, of July 2015 - the granting of tax benefit in the amount of ICMS tax due on the respective operations or services. The amount of the benefits from the years 2017 to 2019 were excluded from the income tax calculation with a corresponding reserve established in equity, in accordance with the provisions of art. 30 of Law 12973/14.

The changes in tax incentives reserves are detailed below:

	PRODEIC	SUDAM	Total tax incentive reserves
March 31, 2021	109,937	16,644	126,581
Addition	33,131	280,963	314,094
Transfer (*)	(127,116)	-	(127,116)
Subtotal	(93,985)	280,963	186,978
March 31, 2022	15,952	297,607	315,559

(*) Transfer of PRODEIC tax benefits (from Mato Grosso state) related to calendar year 2020 and 2021 to retained earnings, supported by a court decision that decided that the company is not required to comply with the requirements of Law 12,973/14 and LC 160/2017 regarding to taxation by income tax and social contribution (federal). The aforementioned laws stipulate the criteria for non-taxation of income tax on amounts related to tax benefits from other states or cities, which include the maintenance of the tax incentive reserve. The court decision obtained in the first instance and supported by the jurisprudence of higher courts, excludes the observance of the laws, as it violates the federative pact. As a result of obtaining the court decision, the Company no longer recognized the aforementioned tax incentive reserve.

c. Dividends

As of March 31, 2022 accumulated results were distributed to quota holders in the amount of R\$ 1,143,720 – 12.77 per quota (R\$ 31,318 - 0.38 per quota as of March 31, 2021).

2022					
Quota holder	% of ownership	Subscribed capital	Distribution of dividends ⁽ⁱ⁾	Distribution of interim results ⁽ⁱⁱ⁾	Quotas
Summit Brazil Renewables I Participações Ltda	71%	62,536	16,707	804,774	13.14
Tapajós Participações S.A.	24%	20,845	5,569	268,258	13.14
Others	5%	4,425	-	48,412	10.94
Total	100%	87,806	22,276	1,121,444	1,143,720

2021				
Quota holder	% of ownership	Subscribed capital	Distribution of retained earnings	Quotas
Summit Brazil Renewables I Participações Ltda	75%	62,536	23,488	0.38
Tapajós Participações S.A.	25%	20,845	7,830	0.38
Total	100%	83,381	31,318	

- (i) Dividend distribution on retained earnings for the year ended March 31, 2021.
(ii) Dividend distribution based on interim results over the fiscal year ended March 31, 2022.

24 Financial instruments

a. Accounting classification and fair values

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

						Parent company	
		Book Value				Fair Value	
	Note	Fair value through profit or loss	Amortized Cost	Fair value – hedging instruments	Other financial liabilities	Total	Level 2
March 31, 2022							
Financial assets measured at fair value							
Financial investments - CDB	9	1,673,641	-	-	-	1,673,641	1,673,641
Restricted cash	11	400,523	-	-	-	400,523	400,523
Derivative financial instruments	24	77,623	-	-	-	77,623	77,623
Total		2,151,787	-	-	-	2,151,787	2,151,787
Financial assets not measured at fair value							
Bank deposits and cash	9	-	10,492	-	-	10,492	
Trade and other receivables	12	-	284,931	-	-	284,931	
Judicial deposits	22	-	3,775	-	-	3,775	
Total		-	299,198	-	-	299,198	
Financial liabilities measured at fair value							
Derivative financial instruments	24	187,052	-	588,839	-	775,891	775,891
Total		187,052	-	588,839	-	775,891	775,891
Financial liabilities not measured at fair value							
Trade payables	17	-	-	-	434,375	434,375	-
Loans and borrowings (*)	18	-	-	-	5,003,710	5,003,710	6,593,277
Lease liabilities	20	-	133,329	-	-	133,329	-
Total		-	133,329	-	5,438,085	5,571,414	6,593,277

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March 31, 2022	Note	Book Value				Consolidated
		Fair value through profit or loss	Amortized Cost	Fair value - hedging instruments	Other financial liabilities	Fair Value
					Total	Level 2
Financial assets measured at fair value						
Financial investments - CDB	9	1,805,939	-	-	1,805,939	1,805,939
Total return swap (TRS)	10	2,901,719	-	-	2,901,719	2,901,719
Restricted cash	11	400,523	-	-	400,523	400,523
Derivative financial instruments	24	77,623	-	-	77,623	77,623
Total		5,185,804	-	-	5,185,804	5,185,804
Financial assets not measured at fair value						
Bank deposits and cash	9	-	45,553	-	45,553	-
Trade and other receivables	12	-	284,931	-	284,931	-
Judicial deposits	22	-	3,775	-	3,775	-
Total return swap (TRS)	5	-	251,035	-	251,035	-
Total		-	585,294	-	585,294	-
Financial liabilities measured at fair value						
Derivative financial instruments	24	187,052	-	588,839	-	775,891
Total		187,052	-	588,839	-	775,891
Financial liabilities not measured at fair value						
Trade payables	17	-	-	-	434,445	-
Loans and borrowings (*)	18	-	-	-	8,322,162	8,622,013
Lease liabilities	20	-	133,329	-	133,329	-
Total		-	133,329	-	8,756,607	8,622,013

March 31, 2021	Note	Book Value				Parent company
		Fair value through profit or loss	Amortized Cost	Other financial liabilities	Total	Fair Value
						Level 2
Financial assets measured at fair value						
Financial investments - CDB	4	936,978	-	-	936,978	936,978
Bank deposit certificate ("CDB") and committed operations	6	28,876	-	-	28,876	28,876
Derivative financial instruments	19	13,351	-	-	13,351	13,351
Total		979,205	-	-	979,205	979,205
Financial assets not measured at fair value						
Bank deposits and cash	4	-	9,827	-	9,827	-
Trade and other receivables	7	-	111,610	-	111,610	-
Judicial deposits	19	-	3,652	-	3,652	-
Total		-	125,089	-	125,089	-
Financial liabilities measured at fair value						
Derivative financial instruments	19	59,068	-	-	59,068	59,068
Total		59,068	-	-	59,068	59,068
Financial liabilities not measured at fair value						
Trade payables	12	-	-	284,717	284,717	-
Loans and borrowings (*)	13	-	-	3,991,516	3,991,516	-
Lease liabilities	15	-	29,860	-	29,860	-
Total		-	29,860	4,276,233	4,306,093	-

March 31, 2021	Note	Book Value				Consolidated
		Fair value through profit or loss	Amortized Cost	Other financial liabilities	Total	Fair Value
						Level 2
Financial assets measured at fair value						
Financial investments - CDB	4	936,978	-	-	936,978	936,978
Total return swap (TRS)	4	3,482,772	-	-	3,482,772	-
Bank deposit certificate ("CDB") and committed operations	6	28,876	-	-	28,876	28,876
Derivative financial instruments	19	13,351	-	-	13,351	13,351
Total		4,461,977	-	-	4,461,977	4,461,977
Financial assets not measured at fair value						
Bank deposits and cash	4	-	11,635	-	11,635	-
Trade and other receivables	7	-	111,610	-	111,610	-
Judicial deposits	19	-	3,652	-	3,652	-
Total		-	126,897	-	126,897	-
Financial liabilities measured at fair value						
Derivative financial instruments	19	59,068	-	-	59,068	59,068
Total		59,068	-	-	59,068	59,068
Financial liabilities not measured at fair value						
Trade payables	12	-	-	284,988	284,988	-
Loans and borrowings (*)	13	-	-	7,526,725	7,526,725	7,889,325
Lease liabilities	36	-	29,860	-	29,860	-
Total		-	29,860	7,811,713	7,841,573	7,889,325

(*) The amount reported does not include the impact of transaction costs.

Issuance of senior secured notes ('Green Bond')

In Green Bond issuance the Company and its subsidiary issued and acquired financial instruments, as disclosed in the table below, considering the balance of those instruments as of March 31, 2022 and 2021:

Description	Note	Parent company		Consolidated	
		2022	2021	2022	2021
Bond - Senior Secured Notes (i)	18	-	-	3,881,387	3,535,209
CPRF - Cédula de produto rural financeira (ii)		2,901,556	3,486,135	2,901,556	3,486,135
Total loans and borrowings		2,901,556	3,486,135	6,782,943	7,021,344
Total return swap (TRS) (iii)	10	-	-	(2,901,719)	(3,482,772)
Total financial investments		-	-	(2,901,719)	(3,482,772)

- (i) Between December 2020 and October 2021, the Company issued of USD 680,000 (R\$ 3,537,853) Senior Secured Notes 'Green Bond' - Notes issued by the subsidiary FS Lux. in the international market, fully guaranteed by the Company and collateralized by some of Company's fixed assets. This Green Bond is due in December 2025 and has semi-annual interest payments of 10.0% p.y., beginning on June 2021. The original issue of USD 550,000 (R\$ 2,808,135) has a rate of 10% p.y and the first complementary USD 50,000 (R\$ 265,830) of 8.3% p.y. and the last supplementary of USD 80,000 (R\$ 463,888) has a rate of 7.13% p.y, which resulted in a premium received of USD 10.044 (R\$ 58,241). The Company and its Subsidiary may repurchase these securities on the open market, considering its strategy and the market conditions. Between April 01, 2022, and May 31, 2022, the Company repurchased and cancelled USD 25.824 of the total of the Green Bonds issued by its Subsidiary.
- (ii) In December 2020, the Company issued of CPRF (Cédula de produto rural financeira) to a financial institution in Brazil for USD 594,151 (R\$ 3,044,798). The CPRF has a face value of USD 784,951 thousand (R\$ 4,022,419) which will be paid in semi-annual payments, beginning in June 2021 through December 2023. The proceeds of the CPRF were used to repay all outstanding amounts under the USD denominated 'loan for investments' facility; and
- (iii) In December 2020, the Company acquired of rights over a TRS (Total Return Swap) - the TRS is a financial instrument agreement between FS Lux and a financial institution that mirrors the terms and cash flows of the CPRF issued by the Company under which the company deposited USD 594,151 (R\$ 3,044,798) with the financial institution. The receiving leg of the TRS has a semi-annual interest income of 10.7% p.y. beginning in June 2021 and ending in December 2023 with the return of principal. The reference asset is the CPRF and any defaults on this instrument will be deducted from the amounts received by the Company under the TRS.

In the table below, we present the impact of the financial instruments related to the Green Bond issuance in the statements of financial position and in the contractual cash flow of the Company, as of March 31, 2022:

March 31, 2022	Note	Consolidated				
		Book Value	Contractual Cash Flow	Until 12 months	1 to 2 Years	Above 3 years
Bond - Senior Secured Notes	18	3,295,269	4,510,385	322,170	322,170	3,866,045
CPRF - Cédula de produto rural financeira	18	2,901,556	3,417,617	301,324	3,116,293	-
Total loans and borrowings		6,196,825	7,928,002	623,494	3,438,463	3,866,045
Total return swap (TRS)	10	(2,901,719)	(3,417,617)	(301,324)	(3,116,293)	-
Net impact		3,295,106	4,510,385	322,170	322,170	3,866,045

No anticipated cash flow included in the analysis of the maturity of the debt of the Company is expected to occur.

b. Measurement of fair value

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

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

The fair value of the financial liabilities of the Company approximates the book value, since they are subject to variable interest rates and there was no significant change in Company's credit risk.

Fair value of loans and borrowings mostly approximate the amounts recorded in the financial statements due to the fact that these financial instruments are subject to observable interest rates (see note 18).

The TRS (Total Return Swap) is a financial investment measured at fair value through statements of income. The valuation technique used to measure the fair value of the TRS were the discounted cash flow based on profitability curves that reflect risk factors.

Derivatives are valued using valuation techniques with observable market data and refer primarily to interest rate swaps, foreign exchange futures contracts (NDFs), and commodity term contracts. The most frequently applied valuation techniques include pricing models for swaps, NDFs, and term contracts, with present value calculations. The models incorporate a variety of data, such as spot and forward exchange rates, interest rate curves, and commodity (corn) rate curves.

Fair value hierarchy

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

- Level 1: prices quoted (without adjustments) in active markets for identical assets and liabilities.
- Level 2: other techniques for which all data that has significant effect on the recorded fair value is observable, either directly or indirectly; and
- Level 3: techniques that use data that have a significant effect on fair value that are not based on observable market data.

There were no transfers between levels during the year as of March 31, 2022.

c. Financial risk management

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

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

(i) Risk management structure

The Management have full responsibility for the establishment and supervision of the Company's risk management structure.

The Company's risk management policies were established to identify and analyze the risks exposures, to define appropriate limits and controls of risks, and to monitor risks and adherence to the limits established. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and activities. The Company seeks to develop and maintain, upon its training and management standards and procedures, a control environment in which all employees are aware of their assignments and obligations.

Credit risk

Credit risk is the risk of the Company incurring financial losses due to a client or financial instrument counterparty, resulting from failure in complying with contract obligations. The carrying amounts of financial assets classified at amortized cost represent the maximum credit exposure. The maximum credit risk exposure on the reporting date was:

	Note	Parent company		Consolidated	
		2022	2021	2022	2021
Cash and cash equivalents	9	1,684,133	946,805	1,719,194	948,613
Financial investments	10	-	-	3,034,017	3,482,772
Restricted cash	11	400,523	28,876	400,523	28,876
Trade and other receivables	12	284,931	111,610	284,931	111,610
Derivative financial instruments	24	77,623	13,351	77,623	13,351
Judicial deposits	22	3,775	3,652	3,775	3,652
Related parties loans	35	-	-	251,035	-
Total		2,450,985	1,104,294	5,771,098	4,588,874

Cash and cash equivalents and financial investments

The amounts are kept in highly rated financial institutions in order to minimize the credit risk brought by these operations.

The Company used an approach similar to that used for expected credit losses (ECL) in assessing the expected credit loss in cash and cash equivalents and financial investments.

Derivatives

Derivatives are contracted with banks and financial institutions to manage market exchange risk in future receivables from loan operations, and to manage the fluctuation of corn price and ethanol according to the volume necessary to operate.

Trade and other receivables

The credit risk of trade receivable arises from the possibility of the Company not receiving amounts from sales operations. To mitigate this risk, the Company adopts as practice the detailed analysis of the financial and patrimonial situation of its clients, establishing a credit limit, see note 12.

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

- (a) Market information (Serasa and network with other companies);
- (b) Financial analysis on financial statements position; and
- (c) Constitution of guarantees through a rural producer note (CPRs), Aval, etc.

Liquidity risk

The Finance Area monitors forecasts of the Company's liquidity requirements to ensure that there is sufficient cash to meet its short-term obligations.

The cash surplus is invested in private securities, Bank Deposit Certificate ('CDBs') and committed operations, indexed to the 'CDI' variation, with high liquidity.

Exposure to liquidity risk

The book value of financial liabilities with liquidity risk are as follows:

	Note	Parent company		Consolidated	
		2022	2021	2022	2021
Trade payables	17	434,375	284,717	434,445	284,988
Loans and borrowings (*)	18	5,003,710	3,991,516	8,322,162	7,526,725
Lease liabilities	20	133,329	29,860	133,329	29,860
Derivative financial instruments	24	775,891	59,068	775,891	59,068
Total		6,347,305	4,365,161	9,642,643	7,900,641
Current		2,132,745	1,009,070	2,003,941	1,107,370
Non-current		4,214,560	3,356,091	7,661,886	6,793,271

(*) The amount reported does not include the impact of transaction costs.

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

March 31, 2022	Book Value	Contractual Cash Flow	Until 12 months	1 to 2 Years	Consolidated
					Above 3 years
Loans and borrowings (*)	8,322,162	11,103,663	1,376,743	3,759,724	5,967,196
Trade payables	434,445	434,445	403,228	31,217	-
Lease liabilities	133,329	194,684	23,157	23,157	148,370
Derivative financial instruments	775,891	1,069,055	550,682	518,373	-
Total	9,665,827	12,801,847	2,353,810	4,332,471	6,115,566

March 31, 2021	Book Value	Contractual Cash Flow	Until 12 months	1 to 2 Years	Consolidated
					Above 3 years
Loans with related parties	7,526,725	10,153,678	1,073,243	889,137	8,191,298
Loans and borrowings (*)	284,988	284,988	264,487	20,501	-
Trade payables	29,860	34,415	4,725	4,725	24,965
Derivative financial instruments	59,068	59,068	59,068	-	-
Total	7,900,641	10,532,149	1,401,523	914,363	8,216,263

(*) The amount reported does not include the impact of transaction costs.

In the table below, we present the impact of the financial instruments related to the Green Bond issuance (note 18) in the statements of financial position and in the contractual cash flow of the Company, for the year ended March 31, 2022

Price risk

Due to the possibility of fluctuation in the market prices of corn sold by the Company, these price fluctuations may cause changes in the Company's sales revenues. To mitigate this risk, the Company permanently monitors the market, seeking to anticipate price movements. The table below shows the positions of derivative financial instruments to hedge commodity price risk outstanding as of March 31, 2022:

Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Notional	Consolidated Fair value at 03/31/2022
Corn	Sold	03/31/2022	09/20/2022	173	Corn	236,340	68,825
Total Derivative financial instruments (assets)							68,825

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Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Notional	Consolidated Fair value at 03/31/2022
Term	Purchased	03/31/2022	09/30/2022	183	Corn	176,639	(38,157)
Total Derivative financial instruments (liabilities)							(38,157)

Cash flow sensitivity analysis – price risk

Based on corn price of March 31, 2022, a probable scenario (level 1) was defined to calculate the price of corn impact for a 12-month period, assuming every other variable is held constant, and based on this, changes of 25% (level 2) and 50% (level 3) are, as detailed below:

	Value	Corn	Probable	Appreciation (R\$)		Depreciation (R\$)	
			(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
			In Reais	25%	50%	25%	50%
Instruments in March, 31 2022							
Financial assets							
Term	68,826	74.22	68,826	17,206	34,413	(17,206)	(34,413)
Financial liabilities							
Term	(38,156)	74.22	(38,156)	(9,539)	(19,078)	9,539	19,078
Impact on net income and equity			30,670	7,667	15,335	(7,667)	(15,335)

Market risk

The Administration is monitoring exchange and interest rates in order to mitigate risks that can negatively impact the results of the Company.

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

Foreign exchange risk

The Company's operations give rise to certain foreign currency risk exposures mostly due to the inflow and outflow of capital to and from abroad as well as contracts for the production inputs denominated in US dollar. The Company tries to manage a portion of this risk through the use of derivative financial instruments, primarily swaps, options and non-deliverable forward contracts ('NDF's'), to reduce exposure to foreign currency fluctuations between the BR real and the US dollar.

The table below shows the operations in which there is a risk of changes in the exchange rate:

	Note	Consolidated 2022		Consolidated 2021	
		R\$	USD	R\$	USD
Financial Assets					
Cash and cash equivalents	9	45,553	9,615	2,796	491
Financial Investments	10	132,298	27,927	-	-
Total return swap (TRS)	10	2,901,719	612,461	3,482,772	611,302
Derivative financial instruments	24	-	-	13,331	2,340
Financial Liabilities					
Loans for investments*	18	6,196,825	1,307,954	7,021,344	1,232,398
Loan for working capital*	18	50,084	10,571	29,174	5,121
Derivative financial instruments	24	814,048	171,820	57,428	10,080

(*) The amount reported does not include the impact of transaction costs.

Hedge accounting effects

The Company formally designates its hedge accounting operation for the purpose of cash flow protection. The designated hedge is for debt protection in foreign currency. To manage the risk of foreign currency variation, the Company contracted derivative instruments "Swap", in which

these instruments exchange variation of the U.S. Dollar for CDI, reducing the Company's exposure to this currency.

Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Nocional	Consolidated
							Fair value at 03/31/2022
Swap	USD x CDI	12/08/2020	09/12/2023	1096	USD	300,000	(505,792)
Swap	USD x CDI	01/21/2021	11/12/2023	1054	USD	49,444	(83,047)
Total Derivative financial instruments (hedge accounting)							(558,839)

The Company formally designates its hedge accounting operations, documenting: (i) the hedge relationship; (ii) the Company's objective and risk management strategy in adopting the hedge; (iii) the identification of the financial instrument; (iv) the covered purpose or transaction; (v) the nature of the risk to be covered; (vi) the description of the hedging ratio and (vii) the demonstration of the correlation between the hedge and the hedging object.

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

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

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

The effective portion of the changes in the fair value of derivatives in the fair value of derivatives designated and classified as cash flow hedge are recorded as a component of "other comprehensive income". As of March 31, 2022, the balance recorded in other comprehensive income was R\$ 32,066, net of income tax and social contribution. The loss related to the non-effective installment, when calculated, is immediately recognized in the statements of income for the year ended March 31, 2022, in the total amount of loss of R\$ 5,904.

Cash flow hedge - effective portion of changes in fair value	48,587
Deferred income and social contribution taxes	(16,521)
Change in fair value recognized in OCI	32,066

Cash flow sensitivity analysis – foreign exchange risk

Based on US dollar exchange rate on March 31, 2022, a probable scenario (level 1) was defined to calculate the exchange rate impact for a 12-month period, assuming every other variable is held constant, and based on this, changes of 25% (level 2) and 50% (level 3) are, as detailed below:

	Valor	Exchange	Consolidated				
			Probable	Appreciation (R\$)		Depreciation (R\$)	
			(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
Instruments in March, 31 2022			In Reais	25%	50%	25%	50%
Financial assets							
Cash and cash equivalents	9,615	4.7378	45,553	11,388	22,777	(11,388)	(22,777)
Total return swap (TRS)	612,461	4.7378	2,901,719	725,430	1,450,860	(725,430)	(1,450,860)
Financial Investments	27,924	4.7378	132,298	33,075	66,149	(33,075)	(66,149)
Financial liabilities							
Loans for investments*	(1,312,848)	4.7378	(6,220,009)	(1,555,002)	(3,110,005)	1,555,002	3,110,005
Loans for working capital*	(10,571)	4.7378	(50,084)	(12,521)	(25,042)	12,521	25,042
Derivative financial instruments	(171,820)	4.7378	(814,048)	(203,512)	(407,024)	203,512	407,024
Impact on net income and equity			(4,004,571)	(1,001,143)	(2,002,286)	1,001,143	2,002,286

- (*) The amount reported does not include the impact of transaction costs.
Reference: Ptax from Bacen (Central Bank of Brazil), considering the last business day of March 2022.

Interest rate risk

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

At the date of the financial statements, the profile of the financial instruments remunerated by variable interest of the Company was:

Financial instruments	Note	Parent company		Consolidated	
		2022	2021	2022	2021
Financial investments - CDB	9	1,673,641	936,978	1,673,641	936,978
Short-term investment linked to loans	11	400,523	28,876	400,523	28,876
Loans for working capital	18	(2,102,153)	(505,381)	(2,102,153)	(505,381)
Total		(27,989)	460,473	(27,989)	460,473

Interest rate risk on financial assets and liabilities - sensitivity analysis

Based on the rate of CDI in force as of March 31, 2022, a probable scenario (level 1) was defined to calculate the interest income / expense for a 12-month period, assuming every other variable is held constant, and based on this, changes of 25% (level 2) and 50% (level 3) are calculated, as the charts below:

Financial instruments	Consolidated Exposure at 2022	Risk	Probable (Level 1)		Appreciation (R\$)		Depreciation (R\$)	
			%	Value	(Level 2)	(Level 3)	(Level 2)	(Level 3)
					25%	50%	25%	50%
Financial investments - CDB	1,673,641	CDI	11.65	194,979	48,745	97,490	(48,745)	(97,490)
Financial investments and committed operations	132,298	CDI	11.65	15,413	3,853	7,706	(3,853)	(7,706)
Short-term investment linked to loans	400,523	CDI	11.65	46,661	11,665	23,330	(11,665)	(23,330)
Loans for working capital	(2,102,153)	CDI	11.65	(244,901)	(61,225)	(122,450)	61,225	122,450
Total	104,309			12,152	3,038	6,076	(3,039)	(6,076)
Impact on net income and equity					(9,114)	(6,076)	(15,191)	(18,228)

Reference: CDI information was obtained from CETIP's (clearinghouse for the custody and financial settlement of securities), considering the last business day of March, 2022.

Derivative financial instruments

The Company has operations that may be impacted by the variation of foreign currencies. Among these exposures is a USD denominated loan for investments net of USD 672,462 (R\$ 3,185,992) as of March 31, 2022 (USD 621,096 (R\$ 3,538,573) as of March 31, 2021).

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

The open positions as of March 31, 2022, and March 31, 2021, including maturity dates, weighted average strike rates and fair value are detailed below.

Type	Sold/Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Consolidated
							Fair value at 03/31/2022
Swap	IPCA x CDI	09/15/2021	15/09/2025	1461	BRL	300,000	8,798
Corn	Venda	03/31/2022	20/09/2022	173	MILHO	236,340	68,825
Total Derivative financial instruments (assets)							77,623
							Current
							Non-current
							75,063
							2,560

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							Consolidated
Type	Sold/Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2022
NDF	Compra	06/01/2021	12/11/2022	558	USD	310,007	(140,502)
Swap	USD x CDI	01/31/2022	01/31/2023	365	USD	5,496	(4,976)
Swap	SOFR x CDI	01/31/2022	02/02/2023	367	USD	5,000	(3,417)
Swap	USD x CDI	12/08/2020	12/09/2023	1096	USD	300,000	(505,792)
Swap	USD x CDI	01/21/2021	12/11/2023	1054	USD	49,444	(83,047)
Milho	Compra	03/31/2022	09/30/2022	183	Com	176,639	(38,157)
Total Derivative financial instruments (liabilities)							(775,891)
							Current (584,884)
							Non-current (191,007)

							Consolidated
Type	Sold/Purchased	Acquisition Date	Expiration date ended	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2021
NDF	Purchased	11/18/2020	04/30/2021	163	USD	130	38
NDF	Purchased	07/22/2020	07/30/2021	373	USD	1,800	765
NDF	Purchased	11/18/2020	07/30/2021	254	USD	35	10
NDF	Purchased	12/01/2020	07/30/2021	241	USD	35	13
NDF	Purchased	12/03/2020	07/30/2021	239	USD	600	291
Swap	Sold	03/30/2021	07/30/2021	122	ETH	1,500	1
NDF	Purchased	03/03/2020	08/02/2021	517	USD	433	443
NDF	Purchased	12/03/2020	08/16/2021	256	USD	400	192
NDF	Purchased	07/22/2020	08/30/2021	404	USD	983	416
NDF	Purchased	11/10/2020	08/30/2021	293	USD	1,497	336
NDF	Purchased	11/18/2020	08/30/2021	285	USD	196	55
NDF	Purchased	12/01/2020	08/30/2021	272	USD	718	269
NDF	Purchased	11/10/2020	09/15/2021	309	USD	825	205
NDF	Purchased	12/01/2020	09/15/2021	288	USD	639	238
NDF	Purchased	02/20/2020	12/31/2021	588	USD	279	317
NDF	Purchased	05/21/2020	12/31/2021	497	USD	8,500	43
NDF	Purchased	05/21/2020	12/31/2021	497	USD	2,828	33
NDF	Purchased	11/09/2020	12/31/2021	325	USD	17,021	3,679
NDF	Purchased	11/10/2020	12/31/2021	324	USD	803	199
NDF	Purchased	11/18/2020	12/31/2021	316	USD	2,147	607
NDF	Purchased	11/10/2020	10/29/2021	353	USD	700	173
NDF	Purchased	11/09/2020	11/01/2021	357	USD	974	211
NDF	Purchased	11/10/2020	11/01/2021	356	USD	76	19
NDF	Purchased	11/18/2020	11/01/2021	348	USD	346	96
NDF	Purchased	11/10/2020	11/29/2021	384	USD	1,359	332
NDF	Purchased	11/10/2020	11/30/2021	385	USD	1,664	404
NDF	Purchased	11/18/2020	11/30/2021	377	USD	1,819	502
Futures	Sold	03/31/2021	11/30/2021	244	ETH	3,300	19
NDF	Purchased	12/09/2020	01/31/2022	418	USD	5,000	3,445
Total Derivative financial instruments (assets)							13,351

							Consolidated
Type	Sold/Purchased	Acquisition Date	Expiration date	Days remaining until maturity	Currency	Notional	Fair value at 03/31/2021
Swap	Purchased	12/09/2020	06/07/2021	180	USD	5,000	(109)
Futures	Sold	03/31/2021	08/31/2021	153	ETH	12,150	(346)
Swap	Sold	03/30/2021	08/31/2021	154	ETH	1,500	(69)
Futures	Sold	03/31/2021	12/31/2021	183	ETH	12,300	(283)
Swap	Sold	03/30/2021	12/31/2021	184	ETH	1,500	(52)
Futures	Sold	03/31/2021	10/29/2021	212	ETH	12,270	(834)
Swap	Sold	03/30/2021	10/29/2021	213	ETH	1,500	(56)
Swap	Purchased	12/09/2020	12/06/2021	362	USD	5,000	(447)
Swap	Purchased	12/09/2020	01/31/2022	418	USD	5,000	(186)
Swap	Purchased	12/08/2020	12/09/2023	1096	USD	50,000	(7,878)
Swap	Purchased	12/08/2020	12/09/2023	1096	USD	50,000	(7,878)
Swap	Purchased	12/08/2020	12/09/2023	1096	USD	50,000	(7,878)
Swap	Purchased	12/08/2020	12/09/2023	1096	USD	50,000	(7,878)
Swap	Purchased	12/08/2020	12/09/2023	1096	USD	50,000	(7,878)
Swap	Purchased	12/08/2020	12/09/2023	1096	USD	50,000	(7,878)
Swap	Purchased	01/21/2021	12/11/2023	1054	USD	50,000	(9,418)
Total Derivative financial instruments (liabilities)							(59,068)

Income from derivative financial instruments

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Gain with derivative operations	145,361	147,478	145,361	147,478
Losses with derivative operations	(927,764)	(74,016)	(928,543)	(74,407)
Gain with derivative operations (Corn resale)	24,801	-	24,801	-
Total	(757,602)	73,462	(758,381)	73,071

25 Income taxes and social contribution

a. Current income tax recoverables and social contributions

	Parent company and Consolidated	
	2022	2021
Income tax recoverable (IRPJ)	-	164
Income tax recoverable (CSLL)	-	5
Total	-	169

b. Current income tax payables and social contribution

	Parent company and Consolidated	
	2022	2021
Income tax payables (IRPJ)	18,911	-
Income tax payables (CSLL)	49,734	-
Total	68,645	-

c. Deferred income taxes and social contribution

Deferred taxes on assets, liabilities and income are as follows:

	Consolidated							
	Assets		Liabilities		Equity		Income statements	
	2022	2021	2022	2021	2022	2021	2022	2021
Deferred income and social contribution taxes								
Allowance for expected losses on credit	39	49	-	-	-	-	(10)	(148)
Bonus provisions	9,339	4,416	-	-	-	-	4,923	524
Trade payables provision	2,751	6,612	-	-	-	-	(3,861)	(2,336)
Capitalized loan interest	-	-	50,832	60,872	-	-	10,040	(18,259)
Transaction costs	-	-	49,400	-	-	-	(49,400)	159
Deferred income and social contribution taxes of financial instruments	265,798	20,207	29,151	4,630	16,520	-	204,550	11,693
Right of use and Lease liabilities	78,345	-	78,889	214	-	-	(330)	-
Adjustment to present value	6,430	2,515	3,616	-	-	289	298	1,431
Fair value adjustment - biological assets	-	-	11,053	5,889	-	-	(5,164)	(5,889)
Accrued tax loss	-	146,463	-	-	-	-	(146,463)	(66,630)
Depreciation	-	-	204,028	120,395	-	-	(83,633)	(48,234)
Others	18,704	4,473	15,444	1,886	-	-	675	2,712
	381,406	184,735	442,413	193,886	16,520	289	(68,375)	(124,977)
Offsetting (*)	(381,406)	(184,735)	(381,406)	184,735	-	-	-	-
Net deferred tax Liabilities	-	-	61,007	9,151	16,520	289	(68,375)	(124,977)

(*) Balances of assets and liabilities are offset since they are related to taxes controlled by the same tax authority.

d. Effective rate reconciliation

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

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Effective rate reconciliation				
Profit before income and social contribution taxes	1,726,569	446,103	1,726,662	446,103
Nominal rate	34%	34%	34%	34%
Tax expense at nominal rate	(587,033)	(151,675)	(587,065)	(151,675)
Adjustment of income and social contribution taxes				
Permanent exclusion - tax incentive - (PRODEIC)	59,267	30,538	59,267	30,538
Other permanent exclusion (addition), net	1,460	(3,840)	1,460	(3,840)
Income tax incentives – (PAT)	2,957	-	2,957	-
Others	892	-	830	-
	-	-	-	-
Tax and social contribution	(522,457)	(124,977)	(522,550)	(124,977)
Reconciliation with values presented in the year				
Current tax	(454,082)	-	(454,175)	-
Deferred tax	(68,375)	(124,977)	(68,375)	(124,977)
Tax and social contribution	(522,457)	(124,977)	(522,550)	(124,977)
Tax incentive (SUDAM)	280,961	-	280,961	-
Tax and social contribution in the end of the year	(241,496)	(124,977)	(241,589)	(124,977)
Effective rate	14%	28%	14%	28%

Realization

Deferred tax assets were recognized once Management analyzed its estimates of future results and considered it probable that future taxable profits would be available and could be used against such expenses.

26 Information by segment

The Company has four strategic divisions which are its reportable segments. These divisions offer specific products and are managed separately, as they require different sales and marketing strategies. Management bases its decisions with regards to each segment separately utilizing both internal and external information, and parent company and consolidated financial statements and considering both the micro and macroeconomic indicators for each segment.

The following table describes the operations of each of the Company's reportable segments:

Ethanol	Sales of anhydrous and hydrous ethanol.
Animal Nutrition	Sales of DDG (<i>Distiller's dried grains</i>) and corn oil
Energy co-generation	Sales and resale of energy co-generation
Corn marketing	Sale of corn purchased from third parties

Other aspects of the Company's operations consist of the selling of excess steam produced as a consequence of production and selling of corn inventories, when necessary, the management presents these other activities as 'other segment'. The operating assets related to these segments are all located in Brazil.

Information about reportable segments

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

Management's decision about resource allocation and monitoring of performance of each segment, is based on the net revenue less freight expenses. The products sold by the Company all originate from operational process – the grinding of corn and Corn marketing– and therefore management does not allocate costs and expenses between the segments in its internal reporting. Furthermore, the Company's assets and liabilities are not allocated by segment.

Segment revenue	Parent company		Consolidated	
	2022	2021	2022	2021
Anhydrous	2,238,970	796,074	2,238,970	796,074
Hydrous	2,420,072	1,326,922	2,420,072	1,326,922
Ethanol	4,659,042	2,122,996	4,659,042	2,122,996
High protein	621,141	309,648	621,141	309,648
High fiber	246,401	128,934	246,401	128,934
Wet cake	93,763	43,248	93,763	43,248
Corn oil	252,266	115,920	252,266	115,920
Animal nutrition	1,213,571	597,750	1,213,571	597,750
Corn resale (i)	285,632	119,849	285,632	119,849
Energy co-generation	49,725	29,936	49,725	29,936
Others	3,006	4,121	3,006	4,121
Total net revenue from segments	6,210,976	2,874,652	6,210,976	2,874,652
Reclassification - Sales Freight (ii)	424,326	233,051	424,326	233,051
Total net revenue	6,635,302	3,107,703	6,635,302	3,107,703
Cost of goods sold	(3,612,840)	(1,724,516)	(3,612,840)	(1,724,516)
Gross profit	3,022,462	1,383,187	3,022,462	1,383,187
Operational expenses	(105,399)	(68,642)	(106,204)	(69,459)
Equity accounted investees, net of tax	(16,192)	(2,566)	-	-
Reclassification - Sales Freight	(424,326)	(233,051)	(424,326)	(233,051)
Total operational expenses	(545,917)	(304,259)	(530,530)	(302,510)
Net finance costs	(749,976)	(632,825)	(765,270)	(634,574)
Profit before income and social contribution taxes	1,726,569	446,103	1,726,662	446,103

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

(ii) As a result of the inclusion of Corn resale segment, the Company has re-presented the previously reported information for consistency of presentation.

During the years ended March 31, 2022, and 2021, the Company had customers that represented over 10% of its net revenues. The top 5 customers account for 59% and 60%, respectively, of the gross revenue.

27 Net revenue

	Parent company		Consolidated	
	2022	2021	2022	2021
Internal market				
Ethanol	5,264,207	2,534,010	5,264,207	2,534,010
DDG	1,134,321	587,952	1,134,321	587,952
Corn oil	313,300	153,769	313,300	153,769
Energy co-generation	51,679	32,915	51,679	32,915
Corn resale	368,640	121,122	368,640	121,122
Energy resale	2,971	17,727	2,971	17,727
Other	3,313	4,961	3,313	4,961
External market				
Ethanol	121,843	24,396	121,843	24,396
	-	216	-	216
Gross operating revenue	7,260,274	3,477,068	7,260,274	3,477,068
Deductions				
Sales tax and other deductions	(534,168)	(351,934)	(534,168)	(351,934)
Return of sales	(90,804)	(17,431)	(90,804)	(17,431)
	(624,972)	(369,365)	(624,972)	(369,365)
Net revenue	6,635,302	3,107,703	6,635,302	3,107,703

Performance obligations and revenue recognition policies

The revenue is measured on the basis of the consideration specified in the contract with the customer. The Company recognizes the revenue when it transfers control over the product to the customer.

Ethanol	The Company recognizes revenue by reflecting the consideration it expects to receive in exchange for the control of goods. There is no estimate of losses in relation to sales and there is no loyalty program. The Company considers that all performance obligations are fulfilled at the time the final product is delivered, which is also the time when revenue is recognized. For energy co-generation, the revenue is recognized when it is available on the transmission line.
DDG	
Corn Oil	
Energy co-generation	
Corn resale	

For the year ended March 31, 2022, sales to external market are composed of sales to India and Netherlands, with a revenue of R\$ 61,392 and R\$ 8,139, respectively.

28 Cost of goods sold

Production costs for the year are allocated across the Company's product line utilizing the relative sales value methodology. Below is a table showing the cost of goods sold allocated by production inputs for the year ended March 31, 2022, and 2021:

	Parent company		Consolidated	
	2022	2021	2022	2021
Corn	(2,681,903)	(1,160,816)	(2,681,903)	(1,160,816)
Biomass	(224,550)	(155,416)	(224,550)	(155,416)
Labor	(62,087)	(52,237)	(62,087)	(52,237)
Enzymes	(62,668)	(46,906)	(62,668)	(46,906)
Depreciation	(125,078)	(75,744)	(125,078)	(75,744)
Production	(57,108)	(45,625)	(57,108)	(45,625)
Chemicals	(92,507)	(48,139)	(92,507)	(48,139)
Maintenance	(42,956)	(32,180)	(42,956)	(32,180)
Lab	(3,634)	(3,004)	(3,634)	(3,004)
Resale costs corn*	(264,122)	(104,449)	(264,122)	(104,449)
Resale costs energy*	(21,028)	-	(21,028)	-
Gain (loss) derivative	24,801	-	24,801	-
Total	(3,612,840)	(1,724,516)	(3,612,840)	(1,724,516)

* Not included in production costs, as they refer to the acquisition cost of corn and energy, which were sold in the period presented.

29 Selling expenses

Expenses incurred in the process of selling are as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Expenses with freight on sales	(424,326)	(233,051)	(424,326)	(233,051)
Personnel expenses	(24,124)	(21,158)	(24,124)	(21,158)
Expenses with contracted services	(3,110)	(934)	(3,110)	(934)
Allowance for expected credit losses	29	434	29	434
Travel expenses	(805)	(209)	(805)	(209)
Depreciation and amortization expenses	(133)	(122)	(133)	(122)
Other selling expenses	(1,347)	(220)	(1,347)	(220)
Total	(453,816)	(255,260)	(453,816)	(255,260)

30 General and administrative expenses

The general and administrative expenses incurred in the year are as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Personnel expenses	(53,985)	(37,355)	(53,985)	(37,355)
Expenses with contracted services	(34,901)	(12,451)	(35,706)	(13,236)
Depreciation and amortization expenses	(4,625)	(3,659)	(4,625)	(3,659)
Travel expenses	(4,590)	(1,697)	(4,590)	(1,697)
Expenses with taxes and fees	(1,308)	(545)	(1,308)	(577)
Office expenses	(3,247)	(1,887)	(3,247)	(1,887)
Expenses with marketing	(4,001)	(498)	(4,001)	(498)
Other operating income (expenses)	(4,367)	(3,217)	(4,367)	(3,217)
Total	(111,024)	(61,309)	(111,829)	(62,126)

31 Other results

The other results incurred in the year are as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Fair value of biological assets	15,190	17,319	15,190	17,319
Carbon credit (CBIOS)	25,708	2,035	25,708	2,035
Donations	4,860	1,400	4,860	1,400
Income from claims and scrap sales	3,691	-	3,691	-
Inventory differences	(1,782)	-	(1,782)	-
Tax reversal	(13,079)	-	(13,079)	-
Other income	4,728	-	4,728	-
Other expenses	(4,201)	(5,878)	(4,201)	(5,878)
Net other results (income)	35,115	14,876	35,115	14,876

32 Net finance income (costs)

	Parent company		Consolidated	
	2022	2021	2022	2021
Finance income				
Interests over short-term investments	54,614	14,350	412,830	113,289
Discounts obtained	1,283	-	1,283	-
Adjustment to present value - receivables	9,386	7,609	9,386	7,609
Gain with derivative operations	145,361	147,478	145,361	147,478
Interest income	497	256	497	256
	211,141	169,693	569,357	268,632
Finance expenses				
Interest expense on loans	(436,639)	(289,414)	(790,792)	(384,410)
Adjustment to present value - trade payables	(44,871)	(24,671)	(44,871)	(24,671)
Adjustment to present value - loans with related parties	-	(73)	-	(73)
Bank fees	(62,926)	(69,474)	(81,534)	(74,775)
Taxes (IOF)	(3,661)	(245)	(3,661)	(245)
Losses with derivative operations	(927,764)	(74,016)	(928,543)	(74,407)
Other	(74,287)	(41,799)	(74,287)	(41,799)
	(1,550,148)	(499,692)	(1,923,688)	(600,380)
Income foreign exchange rate variation	1,067,852	320,529	1,067,882	320,529
Expense foreign exchange rate variation	(478,821)	(623,355)	(478,821)	(623,355)
	589,031	(302,826)	589,061	(302,826)
Net finance income (expenses)	(749,976)	(632,825)	(765,270)	(634,574)

Gain (loss) on the derivative transaction is a consequence of fair value adjustments, as disclosed in note 24.

The result of the foreign exchange variation for the year ended March 31, 2022, and 2021 is presented according to the following breakdown:

	Parent company		Consolidated	
	2022	2021	2022	2021
Net exchange variations of payables				
Foreign exchange rate variation of trade payables unrealized	13,629	(7,426)	13,629	(7,426)
Foreign exchange rate variation of trade payables	(6,631)	6,383	(6,601)	6,383
	6,998	(1,043)	7,028	(1,043)
Foreign exchange rate variation on loan unrealized	599,800	301,762	599,800	301,762
Foreign exchange rate variation on loan	(17,767)	(603,545)	(17,767)	(603,545)
	582,033	(301,783)	582,033	(301,783)
Net income (loss) of exchange variation	589,031	(302,826)	589,061	(302,826)

33 Earnings per quota

The table below reconciles the profit for the year with the amounts used to calculate the basic and diluted profit per quota:

	Parent company		Consolidated	
	2022	2021	2022	2021
Profit for the year (a)	1,485,073	321,126	1,485,073	321,126
Average thousands of quota (b)	87,806	85,144	87,806	85,144
Earnings per quota basic and diluted (in Reais) (a) / (b) x 1000	16.91	3.77	16.91	3.77

Basic earnings per quota are calculated by dividing the net profit attributable to the quota holders by the weighted average number of outstanding quotas during the year.

Diluted earnings per quota are calculated by adjusting the net profit attributable to quota holders and the weighted average number of outstanding quotas during the year, taking into account the effects of all dilutive potential quota (equity instrument or contractual arrangements that are convertible into quotas).

Basic and diluted earnings are identical as the Company has no potential quotas in issue.

34 Commitments

The Company had the following commitments effective on March 31, 2022:

- a) Selling of ethanol of 17,024 cubic meters, which will occur until May 2022 with a price that fluctuates based on current market prices at the time of sale.
- b) Sale of steam of 20,634 tons, which will occur until April 2023, with a fixed price of R\$ 100.80 per ton.
- c) Selling of DDGs of 1,032,159 tons, which will occur until March 2024 at a gross average price of R\$ 1,188.99 per ton.
- d) Selling of corn oil of 11,461 tons, which will occur until January 2024 at a gross average price of R\$ 5,300 per ton.
- e) Selling of energy of 495,823 MWh, which will occur until December 2023 at a gross average price of R\$ 158.1 per MWh. and purchase of energy of 344,044 MWh that will occur until December 2022 at an average price of R\$ 112.82 per MWh.

- f) The Company carries out operations to purchase forward commodities (raw material - corn), with fixed prices, to avoid being exposed to price fluctuations in that commodity. The fair value of this financial instrument is not recognized for the open term contracts, as they are negotiated with the purpose to receive the corn in the facilities, in accordance with the Company's purchase and expected use requirements. For the year ended March 31, 2022, the Company had corn purchase contracts with a contracted price on volume of 2,957,863 tons of corn at a total cost of approximately R\$ 1,934 billion, which represents a gross average price of R\$ 57.03 per 60 kg bag that will occur until May 2023. The Company also conducts fixed prices commodity purchase and sale negotiations (Corn marketing, the grains traded in this operation are recorded, at their fair value. As of March 31, 2021, the Company had fixed-price corn sales contracts, with a volume of 168,802 tons at an approximate total of R\$ 167,515, representing an average price of R\$ 84.01 per 60 kg bag.
- g) Contracts for the purchase of eucalyptus and forest development at a gross average contracted price of R\$ 34.53 per cubic meter, which totals R\$ 154,940, of which R\$ 14,265 has already been advanced and the remainder of which will occur until October 2027.
- h) The Company has contracts for the purchase and sale of energy of 1089.32 MWh, which will take place until January 2026.

35 Related parties

a. Parent and ultimate controlling party

As of on March 31, 2022, and at the year ended March 31, 2021, the Company's direct parent company was Summit Brazil Renewables I LLC (Summit).

b. Remuneration of key management personnel

The directors are the key management personnel who have authority and responsibility for planning, directing and controlling the Company's activities. For the year ended on March 31, 2022, and 2021, short-term benefits (salaries, profit sharing, medical care, housing, among others) were accrued to managers and recorded under 'Personnel Expenses'.

The remuneration of key management personnel comprises:

	Parent company		Consolidated	
	2022	2021	2022	2021
Short term benefit	14,654	19,487	14,654	19,487

c. Related party transactions

The Company maintains balance in trade receivables with related parties referring to the sale of DDG over the year..

Trade receivable Nature of relationship	Parent company		Consolidated	
	2022	2021	2022	2021
Other related parties	6,272	1,987	6,272	1,987
Non-controlling	188	601	188	601
	6,460	2,588	6,460	2,588

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FS Agrisolutions Indústria de Biocombustíveis Ltda.
Parent company and consolidated Financial statements as of and for the year ended
March 31, 2022

Related parties loans		Parent company		Consolidated	
Nature of relationship		2022	2021	2022	2021
Related parties loans (a)		-	-	251,035	-
		-	-	251,035	-
Advanced to suppliers		Parent company		Consolidated	
Nature of relationship		2022	2021	2022	2021
Non-controlling		191	191	191	191
14		191	191	191	191

a) On October 5, 2021, FS Lux, a subsidiary of FS Ltda., granted its ultimate controlling shareholders loans in the amount of USD 50,000 (R\$ 251,035) with a rate of 7.28% p.y. to maturity payment of semiannual interest and principal in October 2028.

The Company maintains adherence to the internal policies ensuring all transactions are conducted at an arm's length basis

The purchase of products and services from related parties are listed below:

April 01 to March 31, 2022			Consolidated
Nature of relationship	Cost acquisition	Product	
Other related parties	130,572	Corn	
Non-controlling	26,037	Corn	
April 01 to March 31, 2022	Cost acquisition	Service	
Other related parties	13,835	Warehouse monthly rent	
April 01 to March 31, 2021	Cost Acquisition	Product	Consolidated
Other related parties	93,361	Corn	
Non-controlling	1,683	Corn	
April 01 to March 31, 2021	Cost Acquisition	Service	
Other related parties	15,573	Warehouse monthly rent	

The sales of products to related parties are listed below:

April 01 to March 31, 2022			Consolidated
Nature of relationship	Revenue	Product	
Other related parties	8,762	DDG gold	
Non-controlling	1,268	DDG FS Essential	
Other related parties	5,641	DDG Wetcake	
Other related parties	24	DDG gold	
Other related parties	3,313	Steam	
Other related parties	48,043	Corn Oil	

April 01 to March 31, 2021			Consolidated
Nature of relationship	Revenue	Product	
Other related parties	5,591	DDG gold	
Non-controlling	20	DDG gold	
Non-controlling	3,851	DDG Wetcake	
Other related parties	601	DDG FS Essential	
Other related parties	4,027	Steam	
Other related parties	1,896	Corn Oil	
Other related parties	1,813	Corn	

36 Statements of cash flows

During the year ended on March 31, 2022, and 2021, property, plant and equipment were acquired at a total net cash outflow of R\$ 609,335 and R\$ 615,111, respectively, as follows (see note 11):

	Parent company		Consolidated	
	2022	2021	2022	2021
Cost of acquisition of fixed assets	587,115	804,234	587,115	804,234
Movement of payables related to fixed assets	152,065	(46,708)	152,065	(46,708)
Capitalization of loan costs	(1,499)	(72,259)	(1,499)	(72,259)
Right of use capitalized (bearer plant)	-	(1,474)	-	(1,474)
Right of use	(117,070)	(32,471)	(117,070)	(32,471)
Others	(11,276)	(36,211)	(11,276)	(36,211)
Net acquisition of property, plant and equipment	609,335	615,111	609,335	615,111

37 Subsequent events

a) Distribution of dividends

On April 13, 2022, the management approved the distribution of dividends in the amount of R\$170,000.

b) CRA

On May 10, 2022, the funding of R\$ 750,000 was completed through the issuance of a "CRA 476" *Cédula de Produto Rural Financeiro*, in two series, one due on May 13, 2026, at a cost of CDI+ 1.5% p.y. and the other maturing on May 11, 2029 at a cost of IPCA + 7.39% p.y.

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Bairro Distrito Industrial Senador Atilio Fontana
City of Lucas do Rio Verde, State of Mato Grosso, Brazil

FS I Indústria de Etanol S.A.
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Bairro Distrito Industrial Senador Atilio Fontana
City of Lucas do Rio Verde, State of Mato Grosso, Brazil

TRUSTEE, REGISTRAR, PAYING AGENT AND TRANSFER AGENT
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New York, New York 10286
Attention: Corporate Trust Administration

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US\$500,000,000

8.875% Senior Notes due 2031

OFFERING MEMORANDUM

**Morgan Stanley
Citigroup
Santander
BTG Pactual
J.P. Morgan
UBS Investment Bank
XP Inc.
BCP Securities**

January 30, 2024
