IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) A PERSON WHO IS BOTH A "QUALIFIED INSTITUTIONAL BUYER" ("QIB") (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) AND A "QUALIFIED PURCHASER" ("QUALIFIED PURCHASER") (AS DEFINED IN SECTION 2(A)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND RELATED RULES), IN EACH CASE PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB WHO IS ALSO A QUALIFIED PURCHASER AS TO WHICH THE PURCHASER EXERCISES SOLE INVESTMENT DISCRETION, IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, AND PROVIDED THAT EACH SUCH PERSON AND ACCOUNT FOR WHICH SUCH PERSON IS PURCHASING (A) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US$25,000,000 IN SECURITIES OF ISSUERS THAT ARE NOT ITS AFFILIATED PERSONS AND (B) IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER, 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.

PROHIBITION OF SALES TO UK AND EEA RETAIL INVESTORS - THE SECURITIES DESCRIBED IN THE OFFERING MEMORANDUM 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 UNITED KINGDOM ("UK") OR THE EUROPEAN ECONOMIC AREA ("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"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED OR SUPERSEDED, 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. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK AND THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK OR THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. THE OFFERING MEMORANDUM HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF SECURITIES IN THE UK OR ANY MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE EUROPEAN REGULATION 2017/1129 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, AS AMENDED OR SUPERSEDED, FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF SECURITIES.

IN ADDITION, IN THE UK, THE OFFERING MEMORANDUM AND ANY OTHER MATERIAL RELATING TO THE SECURITIES DESCRIBED HEREIN ARE ONLY BEING DISTRIBUTED TO, AND ARE DIRECTED ONLY AT, (I) PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"), OR (II) PERSONS WHO FALL WITHIN ARTICLE 43(2)(B) OF THE ORDER, OR (III) HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, OR (IV) PERSONS TO WHOM IT WOULD OTHERWISE BE LAWFUL TO DISTRIBUTE THEM, ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS." THE SECURITIES ARE ONLY AVAILABLE TO, AND ANY INVITATION, OFFER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE THE SECURITIES WILL BE ENGAGED IN ONLY WITH, RELEVANT PERSONS. THE OFFERING MEMORANDUM AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY ANY RECIPIENTS TO ANY OTHER PERSON IN THE UK. ANY PERSON IN THE UK THAT IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THE OFFERING MEMORANDUM OR ITS CONTENTS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED 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.

Confirmation of your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs who are also Qualified Purchasers or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States. This offering memorandum is being sent at your request and by accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs who are also Qualified Purchasers or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States and that the electronic mail address that you gave us and to which this offering memorandum has been delivered is not located in the United States, and (2) that you consent to delivery of this 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.

This offering memorandum does 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 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.

U.S.$550,000,000

Fueling Sustainability

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)*

10.00% Senior Secured Notes due 2025

Unconditionally and Irrevocably Guaranteed By

FS Agrisolutions Indústria de Biocombustíveis Ltda.

(Incorporated in the Federative Republic of Brazil)

We are offering U.S.$550,000,000 aggregate principal amount of our 10.00% senior secured notes due 2025 (the "Notes"). The Notes will mature on December 15, 2025. Interest on the Notes offered hereby will accrue from December 15, 2020 and will be payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2021.

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 December 15, 2023 at the applicable redemption prices set forth in this offering memorandum, plus accrued and unpaid interest. Prior to December 15, 2023, 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 December 15, 2023, we may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price equal to 110.00% 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 Agrisolutions Indústria de Biocombustíveis Ltda. and certain of our future subsidiaries (any such subsidiary, a "Subsidiary Guarantor"). We refer to FS Agrisolutions Indústria de Biocombustíveis Ltda. as the "Parent Guarantor" or "FS" (each of the Parent Guarantor and Subsidiary Guarantors, a "Guarantor" and, the Parent Guarantor together with any Subsidiary Guarantor, the "Guarantors") and the guarantees as the "Note Guarantees."

The Notes and the Note Guarantees will be secured by the Collateral pursuant to the Security Documents, each, as defined in "Description of the Notes—Certain Definitions," which will include certain real estate property and equipment of the Company. The security interest in the Collateral is to be created and perfected no later than 120 days (except that such period may be extended once for 30 days) from the closing of this Notes offering in accordance with the Indenture. The Notes and the Note Guarantees will be senior to all of our existing and future unsecured indebtedness, to the extent of the value of the Collateral securing the Notes and the Note Guarantees, and senior to any future subordinated indebtedness that we may incur.

The Notes offered hereby (i) will be senior secured obligations of FS Luxembourg S.à r.l. to the extent of the value of the Collateral, (ii) with respect to any outstanding amounts due after the foreclosure of the Collateral, 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. that is secured by assets that do not constitute the Collateral to the extent of the assets securing that indebtedness 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 secured obligations of the applicable Guarantor to the extent of the value of the Collateral, (ii) with respect to any outstanding amounts due after the foreclosure of the Collateral, 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 that is secured by assets that do not constitute the Collateral to the extent of the assets securing that indebtedness 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 28.

Issue Price: 100.00% and accrued interest, if any, from December 15, 2020.

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) qualified institutional buyers in accordance with Rule 144A under the Securities Act ("Rule 144A") that are also qualified purchasers (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act") 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 does not constitute a prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (as such regulation may be amended or superseded from time to time) (the "Prospectus Regulation"). We are not offering the Notes in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the Prospectus Regulation.

No public market currently exists for the Notes. Application will be made for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited (the "Singapore Stock Exchange"). We cannot guarantee the listing will be obtained. The Singapore Stock Exchange 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 and quotation of the Notes and admission of the Notes to the Official List of the Singapore Stock Exchange are not to be taken as an indication of the merits of FS Luxembourg S.à r.l., the Guarantors or any of their associated companies or the Notes. For as long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, the Notes will be traded on the Singapore Stock Exchange in a minimum board lot size of U.S.$200,000. The Notes will be issued only in registered form in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

Section 309B Notification – In connection with section 309B of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "SFA"), we have determined, and hereby notify all persons (including relevant persons (as defined in Section 309A(1) of the SFA)) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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).

The Initial Purchaser (as defined herein) expects 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 December 15, 2020.

Sole Global Coordinator and Bookrunner

Morgan Stanley

The date of this offering memorandum is December 3, 2020.

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Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to (1) "FS" or the "Parent Guarantor" refer to FS Agrisolutions Indústria de Biocombustíveis Ltda.; (2) the "Issuer" refer to FS Luxembourg S.à r.l., the issuer of the Notes, a wholly-owned subsidiary of FS; (3) "Summit" refer to Summit Brazil Renewables I, LLC, our controlling shareholder; (4) "Tapajós" refer to Tapajós Participações SA, and (5) the "Company," "we," "our," "ours" and "us" or similar terms refer to FS together with the Issuer.

In this offering memorandum, references to the "Initial Purchaser" are to Morgan Stanley & Co. LLC.

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$5.6407 to US$1.00, the U.S. dollar selling rate as of September 30, 2020, as reported by the Central Bank of Brazil (*Banco Central do Brasil*) (the "Central Bank").

The selling rate was R$5.6407 to US$1.00 as of September 30, 2020, R$5.1987 to US$1.00 as of March 31, 2020, R$3.8967 to US$1.00 as of March 31, 2019 and R$3.3238 to US$1.00 as of March 31, 2018, 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 Parent Guarantor and the Initial Purchaser have not authorized anyone to provide any information other than that contained in this offering memorandum. The Issuer, the Parent Guarantor and the Initial Purchaser 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 us, the Issuer, or the Initial Purchaser is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted.

The Initial Purchaser makes no assurances as to (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. The Initial Purchaser has not undertaken, nor is 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. The Second-Party Opinion is not incorporated into and does not form part of this offering memorandum.

The Issuer and the Parent Guarantor 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 Parent Guarantor have prepared this offering memorandum for use solely in connection with the proposed offering of the Notes and the Note Guarantee outside of Brazil.

This offering memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Parent Guarantor, any Initial Purchaser or the Trustee (as defined herein) 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 us, the Issuer, each of the Initial Purchaser and the Trustee to inform themselves about and to observe any such restrictions. Neither us, the Issuer nor any Initial Purchaser 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 Parent Guarantor or any Initial Purchaser that is intended to permit a public offering of any 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 Parent Guarantor 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 Purchaser 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 Trustee nor the Initial Purchaser accepts any liability in relation to the information contained in this offering memorandum or any other information provided by us or the Issuer in connection with the Notes. In addition, no representation, warranty or undertaking, express or implied, is made by any Initial Purchaser 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 any Initial Purchaser or the Trustee, whether as to the past or to the future.

We and the Initial Purchaser 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 Purchaser 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 Guarantor. 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 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 Law No. 6,385, of December 7, 1976, as amended, under CVM Rule No. 400, of December 29, 2003, as amended, or under CVM Rule No. 476, of January 16, 2009, as amended. 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.

Neither the U.S. Securities and Exchange Commission (the "SEC"), nor any state securities' commission has approved or disapproved of these securities 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 us, the Issuer, the Initial Purchaser, or our or their respective affiliates will have any responsibility therefor.

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes to the public. Accordingly, any person making or intending to make any offer within the EEA or the United Kingdom of the Notes to the public should only do so under circumstances which do not require the publication by the Initial Purchaser or by us of a prospectus pursuant to Article 1(4) of the Prospectus Regulation.

PROHIBITION OF SALES TO UK AND 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 United Kingdom or the European Economic Area (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"); or (ii) a customer within the meaning of Directive 2016/97/EC, 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. 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 United Kingdom or in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom or in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of the Notes to the public in the United Kingdom or any member state of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes to the public.

MiFID II PRODUCT GOVERNANCE

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MIFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (each a distributor) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

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 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 (as amended from time to time and including any successor provision).

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 herein 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:

- the effects of the outbreak of the novel coronavirus ("COVID-19") pandemic on the global and Brazilian economy, including our operations (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting the Comparability of Our Financial Results—COVID 19 Pandemic" and "Risk Factors—Risks Related to our Business and Industry—The recent global outbreak of novel coronavirus disease (COVID-19) or other epidemics or pandemics could potentially disrupt our operations").
- 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 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;
- changes in general economic, political and business conditions in Brazil and in the U.S., including, for example, inflation and exchange rates;
- 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;
- the outbreak of communicable diseases in Brazil and other countries; 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.

Financial Statements and Interim Financial Statements

The financial information contained in this offering memorandum has been derived from the following financial statements, included elsewhere in this offering memorandum:

- our unaudited interim consolidated financial statements as of and for the six-month period ended September 30, 2020 (with the corresponding figures for the six-month period ended September 30, 2019, or the unaudited interim consolidated financial statements. The consolidated financial statements include 100% of the equity interest held by the Company in FS Luxembourg S.à.r.l. As this subsidiary was incorporated on September 8, 2020, the amounts presented in the consolidated statements of income, comprehensive income, cash flows and added value for the six-month period ended September 30, 2020 consist of the sum of: (i) the results from the Company from April 1, 2020 to September 8, 2020; and (ii) the consolidated results from September 9, 2020 to September 30, 2020. The amounts presented as consolidated amounts for the comparative periods are those of the Company;
- our audited financial statements as of and for the fiscal year ended March 31, 2020 (with the corresponding figures for the fiscal year ended March 31, 2019, the "2020 audited financial statements"); and
- our audited financial statements as of and for the fiscal year ended March 31, 2019 (with the corresponding figures for the fiscal year ended March 31, 2018, the "2019 audited financial statements" and, together with our 2020 audited financial statements, the "audited financial statements").

See also "Independent Auditors" and "Index to Financial Statements."

Our audited financial statements are prepared in accordance with (i) accounting practices adopted in Brazil ("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*), and (ii) International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). We prepare our unaudited interim consolidated financial statements in accordance with Technical Pronouncement CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting 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.

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 LTM, EBITDA Margin, EBIT, EBIT Margin, EBITDA Minus Maintenance Capex, Net Debt and Changes in Working Capital. The presentation of EBITDA, EBITDA LTM, EBITDA Margin, EBIT, EBIT Margin, EBITDA Minus Maintenance Capex, Net Debt, Changes in Working Capital, Maintenance Capex and Growth Capex 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 our unaudited interim consolidated financial statements and audited 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 Instruction No. 527, dated October 4, 2012, or CVM Instruction No. 527. We calculate EBITDA as 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, 2020 as EBITDA for the year ended March 31, 2020 *plus* EBITDA for the six-month period ended September 30, 2020 *minus* EBITDA for the six-month period ended September 30, 2019. We calculate EBITDA LTM for the twelve-month period ended September 30, 2019 as EBITDA for the year ended March 31, 2019 *plus* EBITDA for the six-month period ended September 30, 2019 *minus* EBITDA for the six-month period ended September 30, 2018.

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, EBITDA LTM and EBITDA Margin as calculated by us may not be comparable with EBITDA and EBITDA Margin as calculated by other companies.

For a reconciliation of EBITDA, EBITDA LTM and EBITDA Margin to profit (loss), see "Selected Financial and Operating Information."

EBIT and EBIT Margin

EBIT (earnings before interest and taxes) and EBIT Margin are non-GAAP 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 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."

Maintenance Capex and Growth Capex

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

Growth Capex is a non-GAAP measure calculated as the sum of additions, acquisitions disposals and transfers for the following line items in the note to the financial statements entitled "Property, plant and equipment": Land, Construction in progress, Advances to suppliers, Right of use, Bearer plant, building, machinery and equipment and installations

Maintenance Capex and Growth Capex are used by our management as an overall business performance indicator. Maintenance Capex and Growth Capex are not recognized measures under IFRS and Brazilian GAAP, do not have a standardized meaning, and may not be comparable to any similarly defined measurement used by other companies. For the calculation of our Maintenance Capex and Growth Capex, see "Selected Financial and Operating Information."

EBITDA Minus Maintenance Capex

EBITDA Minus Maintenance Capex is a non-GAAP measure calculated as 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 for the applicable period as the *sum* of additions, acquisitions, disposals and transfers for the following line items in the note to the financial statements entitled "Property, plant and equipment": Buildings, Machinery and equipment, Furniture and computers, Vehicles, and Installations.

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 (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.

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. For a reconciliation of our EBITDA Minus Maintenance Capex to profit (loss), see "Selected Financial and Operating Information."

Net Debt

Net Debt is a non-GAAP measure calculated as (i) Debt, which is calculated as the *sum* of current and noncurrent loans and borrowings, which does not include loans with related parties, *less* (ii) cash and cash equivalents, restricted cash, and financial investments, in each case as set forth in the audited financial statements or unaudited interim consolidated financial statements. 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 the calculation of our Net Debt, see "Selected Financial and Operating Information."

Changes in Working Capital

Changes in Working Capital is a non-GAAP measure. We define Changes in Working Capital for the applicable period as (i) cash flow (used in) from operating activities *less* (ii) 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 related to our loans with related parties, (vi) adjustment to present value related to our trade payables, (vii) adjustment to present value related to our trade receivables, (viii) financial investment income, (ix) provision for interest on loans, (x) provision for interest on loans with related parties, (xi) adjustment to fair value related to derivative transactions, (xii) expected losses on credit, (xiii) expected losses on advances to suppliers, (xiv) foreign exchange rate gains or losses, (xv) adjustment to fair value related to the bearer plant of bamboo and (xvi) adjustment of fair value of the CBIOs. 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."

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.

Although we have not independently verified the accuracy or completeness of the third-party information included in this offering memorandum, 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.

“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.

“Collateral” means (i) the LRV Plant Real Estate Property, (ii) the LRV Plant Encumbered Equipment, (iii) the SRS Plant Real Estate Property, (iv) the SRS Plant Encumbered Equipment, and (v) all Property that, in accordance with the terms of any Security Document securing the obligations under the Financing Documents is intended to be subject to any Lien in favor of the Secured Parties.

"Collateral Agent” means TMF Brasil Administração e Gestão de Ativos Ltda.

“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 total cash production, 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.

“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 noncurrent loans and borrowings.

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

“Equipment” means collectively the LRV Plant Encumbered Equipment and the SRS Plant Encumbered Equipment.

“Equipment Fiduciary Transfer Agreement” means the equipment fiduciary transfer agreement (*instrumento particular de contrato de alienação fiduciária de ativos em garantia*) entered into or to be entered into among the Company and the Collateral Agent with respect to the LRV Plant Encumbered Equipment and the SRS Plant Encumbered Equipment.

“Financing Documents” means, collectively, the following documents: (a) the Indenture; (b) the Notes; (c) the Note Guarantees; (d) the Security Documents; and (e) 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.

"Green Bond Framework" has the meaning set forth under "Use of Proceeds."

"Instruments of Mortgage" means, collectively, the LRV Plant Mortgage and the SRS Plant Mortgage.

"LCFS" means California's Low Carbon Fuel Standard.

"LRV Plant Encumbered Equipment" means the equipment of the LRV Plant described in the Equipment Fiduciary Transfer Agreement to be transferred on a fiduciary basis by the Company for the benefit of the Secured Parties under that agreement.

"LRV Plant Mortgage" means the mortgage deed (*escritura pública de constituição de hipoteca*) entered into or to be entered into among the Company and the Collateral Agent with respect to the LRV Plant Real Estate Property as security for the Notes.

"LRV Plant Real Estate Property" means the areas described in the entries (*matrículas*) 34.702 and 30.867 of the Real Estate Registry Office of Lucas do Rio Verde, State of Mato Grosso, which is subject to mortgage by the Company for the benefit of the Secured Parties under the LRV Plant Mortgage.

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

"MLPY" means million liters per year.

"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.

"Real Estate Property" means collectively the LRV Plant Real Estate Property and the SRS Plant Real Estate Property.

"Security Documents" means, collectively, the following documents:

(i) the LRV Plant Mortgage;

(ii) The SRS Plant Mortgage;

(iii) the Equipment Fiduciary Transfer Agreement; and

(iv) any additional document providing for granting of a Lien to the Secured Parties, represented by the Collateral Agent on any Property of the Company or any Subsidiaries entered into after the Issue Date pursuant to the terms of the Financing Documents.

"SMT" means "Selective Milling Technology."™

"SRS Plant Encumbered Equipment" means the equipment of the SRS Plant described in the Equipment Fiduciary Transfer Agreement to be transferred on a fiduciary basis by the Company for the benefit of the Secured Parties under that agreement.

"SRS Plant Mortgage" means the mortgage deed (*escritura pública de constituição de hipoteca*) entered into or to be entered into among the Company and the Collateral Agent with respect to the SRS Plant Real Estate Property as security for the Notes.

"SRS Plant Real Estate Property" means the areas described in the entry (*matrícula*) 63.837 of the Real Estate Registry Office of Sorriso, State of Mato Grosso, which is subject to mortgage by the Company for the benefit of the Secured Parties under the SRS Plant Mortgage.

"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.

"Sugarcane Ethanol Production Cost" per liter is an estimate calculated by us as (i) (x) total cash production costs 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, 2020, using the publicly available financial statements of each such sugarcane ethanol producer: Raízen, Sao Martinho, Atvos, Coruripe, Biosev and Adecoagro (in the case of Adecoagro, for the fiscal year ended December 31, 2019). 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).

Volcker Rule

Under the final regulations implementing Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (commonly known as the "Volcker Rule"), "banking entities" are generally restricted from sponsoring, or acquiring "ownership interests" in, "covered funds." The definition of "covered fund" in the Volcker Rule includes any entity that would be an investment company under the Investment Company Act but for the exemption provided by Section 3(c)(1) or 3(c)(7) thereunder, unless an exception from the "covered fund" definition applies. Because the Issuer relies on the exemption provided by Section 3(c)(7) of the Investment Company Act, it may be considered a "covered fund" for purposes of the Volcker Rule. However, based on the characteristics of the Notes, including in particular the absence of any right of the holders thereof to (a) participate in the selection or removal of directors or management of the Issuer, (b) share in the income, gains or profits of the Issuer, or (c) have any claim on or interest in any assets of the Issuer or any of the proceeds thereof (excluding rights to exercise remedies upon occurrence of an event of default) and the existence of the Note Guarantees, the Issuer does not believe that the Notes will be considered "ownership interests" in the Issuer for purposes of the Volcker Rule. Moreover, under amendments to the Volcker Rule that became effective on October 1, 2020, a safe harbor has been added clarifying that an "ownership interest" does not include senior debt interests having certain characteristics, including that, generally: (1) under the terms of the interest the holders do not have the right to receive a share of the income, gains, or profits of the issuer, but are entitled to receive only (i) interest at a stated interest rate, as well as commitment fees or other fees, which are not determined by reference to the performance of the issuer's underlying assets, and (ii) repayment of a fixed principal amount, on or before a maturity date, in a contractually-determined manner (which may include prepayment premiums intended solely to reflect, and compensate holders of the interest for, forgone income resulting from an early prepayment); (2) the entitlement to payments under the terms of the interest is absolute and could not be reduced based on losses arising from the underlying assets; and (3) holders are not entitled to receive the underlying assets of the issuer after all other interests have been redeemed or paid in full (excluding the rights to exercise remedies upon the occurrence of an event of default). The Issuer believes that the Notes satisfy the conditions of this safe harbor.

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 our 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 a low-cost, low-carbon producer of biofuels, animal nutrition products and renewable energy in Brazil. We operate the two single largest ethanol production facilities in Brazil and are currently completing the expansion of our second facility. Upon completion of such expansion by March 2021, we expect to become the fourth largest producer of ethanol in Brazil, with 1.4 billion liters of ethanol per year of production capacity, and the largest producer of corn ethanol in South America. We believe we are also the largest producer of animal nutrition products derived from corn in Brazil, with annual production capacity of approximately 1 million tons per year. For the fiscal year ended March 31, 2020, our EBITDA per liter was R$0.93, with an EBITDA Margin of 39.0%.

Corn has become the most 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 34.6% of Brazil's 102.5 million tons of total corn production in the 2019-2020 crop year. 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 2009-2010 to 35.5 million tons in 2019-2020. 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 the largest beef cattle herd 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. Being located in the state of Mato Grosso provides: (i) access to abundant and low-cost corn; (ii) the ability to source 100% of our energy needs from renewable biomass; (iii) access to a thriving livestock market for our animal nutrition products; and (iv) access to 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 the lowest carbon footprint at-scale globally, with an overall cost profile that we believe to be significantly advantageous compared to the average sugarcane-based producer of ethanol in Brazil. We estimate that our Corn Ethanol Production Cost of R$0.98/liter during our fiscal year ended March 31, 2020 was approximately 33% lower than Sugarcane Ethanol Production Cost of R$1.46/liter of ethanol.

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 with the highest operational efficiency standards; (4) wide-ranging commercial optionality; and (5) the lowest carbon intensity in the industry.

Our two operating facilities, which are located in the cities of Lucas do Rio Verde (the "LRV Plant") and Sorriso (the "SRS Plant") in the state of Mato Grosso have an aggregate production capacity of 1.12 billion liters of ethanol per year. We expect this capacity to reach 1.4 billion liters of ethanol per year by March 2021 with the completion of the expansion work currently underway at our SRS Plant. Our plants typically operate 355 days per year with greater than 98.0% 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 this is a significant advantage compared to sugarcane-based producers, which average only 240 days per year of production.

The key drivers of our low-cost profile are: (i) low-cost feedstock; (ii) state-of-the-art processing technology; (iii) high operational efficiency; (iv) minimal Maintenance Capex (R$0.02/liter for the fiscal year ended March 31, 2020, compared to the comparable average maintenance capital expenditures of R$0.50/liter of the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost); and (v) premium value from our animal nutrition products.

Our animal nutrition products are dried distiller's 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 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. For the six-month period ended September 30, 2020 our segment revenue from animal nutrition products was equivalent to 51.8% of our corn cost of goods sold for that period. We believe the revenue from our animal nutrition products will continue to cover approximately 40% of our corn costs and, therefore, is a key driver for our low production cost per liter of ethanol, and also 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 65% of our annual corn needs, which allows us to purchase most of our corn for delivery during the harvest season when prices are typically lower.

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 **zero** stillage discharge[1] (compared to sugarcane-based producers that generate 12 liters of stillage vinasse for every liter of ethanol produced). In April 2020, our anhydrous ethanol was ranked as the fuel with the lowest carbon footprint score in Brazil and our hydrous ethanol was ranked second in Brazil under the RenovaBio program, which is a Brazilian biofuels program similar to California's Low Carbon Fuel Standard ("LCFS").

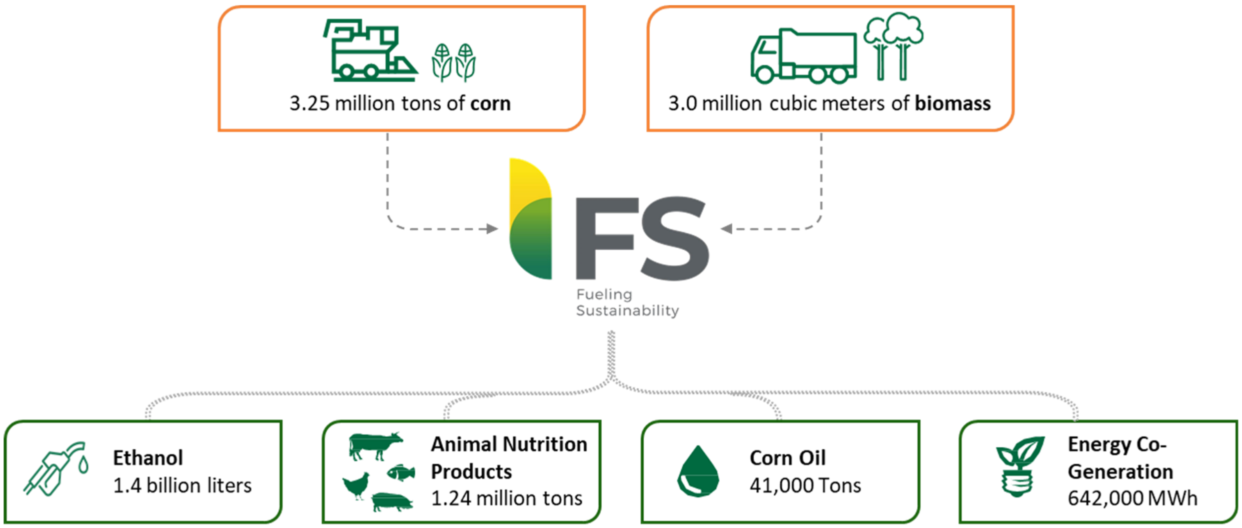
Our strategic goals are to use our competitive strengths and favorable industry fundamentals to take advantage of the growing demand for ethanol and animal nutrition products in Brazil and globally, generating strong results with managed risk, and to position ourselves amongst the leading companies in the industry.

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 image below illustrates our operational flow and expected installed capacity by March 2021:

[1] Stillage discharge refers to the wastewater generated in the distillation process during ethanol production.



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

- *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 2020-2021 Crop Year[2] we estimate we will have procured 2.8 million tons of corn for such crop year, which represents 7.8% of the estimated corn production in the state of Mato Grosso in the same year.
- *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 and eucalyptus, that can be used interchangeably in our flexible co-generation equipment.
- *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 hydrous or anhydrous ethanol, which we sell to fuel distributors in all regions of Brazil, utilizing our access to multiple logistics modalities.
- *Animal nutrition products:* We are the largest producer of animal nutrition products derived from corn in Brazil, with annual production capacity of approximately 1 million tons per year of high-protein DDG, high-fiber DDG and wetcake. We also produce corn oil, which is primarily utilized as an animal nutrition product, and we also sell corn oil to biodiesel producers and other industrial end-users.
- *Energy co-generation:* Our two production facilities are energy self-sufficient through the co-generation of steam and energy, with an installed capacity of approximately 72 MW, which also allows us to sell excess energy to the national energy grid.

In the fiscal year ended March 31, 2020, we produced 520 million liters of ethanol at the LRV Plant. The LRV Plant currently has a corn processing capacity of approximately 1.3 million tons per year and ethanol production capacity of about 550 million liters per year ("MLPY"), as well as annual production capacity of up to 400,000 tons of DDG Products, 16,000 tons of corn oil and co-generation of 292,000 MWh of energy, 169,000 MWh of which is for sale into the Brazilian energy grid.

The SRS Plant began operating in February 2020. As a result, it produced 23 million liters of ethanol in the fiscal year ended March 31, 2020 during its ramp-up phase. During the six-month period ended on September 30, 2020, the SRS Plant produced 272.4 million liters of ethanol. The SRS Plant has a corn processing capacity of approximately 1.3 million tons per year and ethanol production capacity of approximately 570 MLPY. Including the

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

ongoing expansion, we expect to increase SRS Plant production capacity to about 850 MLPY by March 2021, as well as 840,000 tons of DDG Products, 25,000 tons of corn oil and co-generation of 350,000 MWh of energy, 156,000 MWh of which is for sale 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 five-year exclusivity agreements with ICM for plants within a 50-mile radius of each of our two 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 in terms of access to the market's most efficient process technology being unavailable to potential competitors in the regions in which we operate.

Our plants were specifically designed for the requirements of our operations, with enhanced productivity features such as FST and SMT, and we have also developed projects to improve productivity, such as incremental improvements to our fermenters and the introduction of GMO (genetically modified organism) yeast, all of which have increased our conversion yields. In our first fiscal year of production (2017-2018), our industrial yield was 393.8 liters of ethanol per ton of corn crushed, while in the 2019-2020 fiscal year we reached 416.9 liters of ethanol per ton of corn crushed. In the first two quarters of the 2020-2021 fiscal year, we have already achieved 425.9 liters of ethanol per ton of corn crushed, solely on the basis of such improvements.

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,		
FS Highlights	**Unit**	**2020**	**2019**	**2020**	**2019**	**2018**
		(in volume, percentage and millions of R$)				
Key operating data:						
Installed ethanol production capacity	MLPY	1,120.0	550.0	1,120.0	550.0	265.0
Corn crushed	thousand tons	1,241.6	595.7	1,288.9	625.4	348.5
Ethanol produced	million liters	528.8	247.4	543.2	259.0	139.0
DDG Products produced	thousand tons	456.5	221.3	479.6	248.4	135.2
Corn Oil produced	thousand tons	16.2	7.3	15.5	7.5	2.8
Ethanol sold	million liters	509.3	209.6	516.6	257.8	137.9
DDG Products sold	thousand tons	458.1	217.6	467.5	237.4	118.8
Corn Oil sold	thousand tons	16.1	7.2	15.0	7.3	2.7
Energy sold	thousand MWh	57.5	30.6	72.2	41.0	22.7
Key financial data:						
Total net revenue from segments	R$ million	1,163.9	453.1	1,170.9	544.8	269.0
Ethanol segment	R$ million	785.2	369.9	974.3	456.5	233.9
Animal nutrition segment	R$ million	245.3	76.0	171.1	78.4	29.3
Energy co-generation segment	R$ million	11.5	6.1	15.9	9.9	5.7
Other segment	R$ million	121.9	1.1	9.7	–	–
Net revenue	R$ million	1,271.9	476.5	1,231.8	565.3	285.6
Corn Ethanol Production Cost per liter[1]	R$/liter	0.79	1.01	0.98	1.06	1.16
Maintenance Capex per liter[2]	R$/liter	(0.00)	0.01	0.02	0.11	0.03
Profit before net finance costs and taxes	R$ million	372.4	148.1	438.8	195.6	67.1
EBITDA[3]	R$ million	414.9	166.0	480.5	212.6	78.2
EBITDA Margin[3]	%	32.6%	34.8%	39.0%	37.6%	27.4%
EBITDA per liter	R$/liter	0.81	0.79	0.93	0.82	0.57
Net Debt[4]	R$ million	2,839.7	1,484.1	2,571.8	695.9	203.5
EBITDA (LTM)[3][5]	R$ million	729.1	285.4	480.5	212.6	78.2
Net Debt to EBITDA[4]	x	3.9	5.2	5.4	3.3	2.6
EBIT[6]	R$ million	372.4	148.1	438.8	195.6	67.1
EBIT Margin[6]	%	29.3%	31.1%	35.6%	34.6%	23.5%
EBITDA Minus Maintenance Capex[7]	R$ million	415.1	163.6	471.5	182.8	74.1

EBITDA Minus Maintenance Capex per liter[7]	R$/liter	0.82	0.78	0.91	0.71	0.54

(1) "Corn Ethanol Production Cost" per liter is calculated as (i) the sum of (x) our total cash production, 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.

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

(3) EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Instruction No. 527, dated October 4, 2012, or CVM Instruction No. 527. We calculate EBITDA as 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.

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, EBITDA LTM and EBITDA Margin as calculated by us may not be comparable with EBITDA and EBITDA Margin as calculated by other companies. For a reconciliation of EBITDA and EBITDA Margin to profit (loss), see "Selected Financial and Operating Information."

(4) Net Debt is a non-GAAP measure calculated as (i) Debt, which is calculated as the *sum* of current and noncurrent loans and borrowings, which does not include loans with related parties, *less* (ii) cash and cash equivalents, restricted cash, and financial investments, in each case as set forth in the audited financial statements or unaudited interim consolidated financial statements. 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 the calculation of our Net Debt, see "Selected Financial and Operating Information."

The Net Debt/EBITDA ratio as of September 30, 2020 and 2019 is calculated by *dividing* (1) Net Debt at the end of the applicable period by (2) EBITDA (LTM) for the applicable period. The Net Debt/EBITDA ratio as of March 31, 2020, 2019 and 2018 is calculated by *dividing* (1) Net Debt at the end of the applicable year by (2) EBITDA (LTM) for the corresponding fiscal year.

(5) We calculate EBITDA LTM for the twelve month period ended September 30, 2020 as EBITDA for the year ended March 31, 2020 plus EBITDA for the six-month period ended September 30, 2020 minus EBITDA for the six-month period ended September 30, 2019. We calculate EBITDA LTM for the twelve month period ended September 30, 2019 as EBITDA for the year ended March 31, 2019 plus EBITDA for the six-month period ended September 30, 2019 minus EBITDA for the six-month period ended September 30, 2018. For a reconciliation of EBITDA (LTM) to profit (loss), see "Selected Financial and Operating Information."

(6) EBIT (earnings before interest and taxes) and EBIT Margin are non-GAAP 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 (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." We calculate EBIT Margin as profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives) (or EBIT) *divided by* net revenue.

(7) EBITDA Minus Maintenance Capex is a non-GAAP measure calculated as 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 for the applicable period as the *sum* of additions, acquisitions, disposals and transfers for the following line items in the note to the financial statements entitled "Property, plant and equipment": Buildings, Machinery and equipment, Furniture and computers, Vehicles, and Installations.

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. For a reconciliation of our EBITDA Minus Maintenance Capex to profit (loss), see "Selected Financial and Operating Information."
EBITDA Minus Maintenance Capex per liter is calculated as EBITDA Minus Maintenance Capex *divided by* liters of ethanol sold.

Ethanol

We produce corn-based ethanol (anhydrous and hydrous) from the starch extracted from corn. Because we can produce up to 100% anhydrous ethanol in our production process, we have complete control over our production mix between hydrous and anhydrous ethanol (compared to sugarcane-based ethanol producers, who have only partial flexibility between the two ethanol products). 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 is primarily used in flex-fuel vehicles as it is utilized with any mix of gasoline (up to 100% ethanol). Drivers of flex-fuel vehicles, which today represent approximately 70% 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).

We sell our ethanol (anhydrous and hydrous) to a varied client base, comprised mainly of fuel distributors in Brazil. In the fiscal year ended March 31, 2020, we sold to more than 40 different clients, and sales to Brazil's three main fuel distribution companies (Raízen, BR Distribuidora and Ipiranga) corresponded to 52.2% of our ethanol gross operating revenues, which is less than the general market concentration represented by those three companies, which accounted for 58.8% of the gasoline and ethanol markets in Brazil for the same period, according to data from FGV and ANP.

We enjoy leading market positions in some of the key markets in which we operate. For the six-month period ending September 30, 2020, our market share in anhydrous ethanol (by volume) stood at 62.1% in the state of Mato Grosso and 25.6% in the North region of Brazil.

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 two years we have steadily increased our access to logistics assets in order to reach multiple final markets. 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 has allowed us to actively adjust our ethanol sales mix, between anhydrous and hydrous, and geographic destination, to achieve better pricing than the market reference. For instance, in the fiscal year ended March 31, 2020 we sold 516.6 million liters of ethanol with an average positive Basis of R$0.06/liter relative to the average SP Hydrous ESALQ Price.

We also 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, 2020, we sold 509.3 million liters of ethanol, recording segment revenue from ethanol of R$785.2 million, representing 67.5% of our total net revenue from segments for such period. In the fiscal year ended March 31, 2020, we sold 516.6 million liters of ethanol, recording segment revenue from ethanol of R$974.3 million, representing 83.2% of our total net revenue from segments for such period.

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	2019	2020	2019	2018
Segment revenue – ethanol	*(in millions of R$, except percentages)*				
Anhydrous ethanol	322.3	259.8	611.2	327.9	85.7
Anhydrous ethanol mix volume sold %	38.3%	68.0%	61.1%	71.0%	34.0%
Hydrous ethanol	462.9	110.1	363.1	128.6	148.2
Segment revenue – ethanol	**785.2**	**369.9**	**974.3**	**456.5**	**233.9**

Animal Nutrition

We produce animal nutrition products in the form of high-fiber DDG, high-protein DDG, wetcake and corn oil. Because we have integrated FST technology into our production process, instead of the more conventional DDG products offered by other corn-ethanol producers, we have three highly differentiated, specialty DDG Products, branded as *FS Ouro*, *FS Essencial* and *FS Úmido*. 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 the majority 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 2020 fiscal year serving over 460 clients across 12 states of Brazil. The state of Mato Grosso remains our key market, representing 74.1% of total gross segment revenue from animal nutrition products in the fiscal year ended March 31, 2020, with the Center-South, North and Northeast regions representing 24.3%, 1.6% and 0.1% of gross segment revenue from animal nutrition for such period, respectively. We significantly increased our client portfolio, with our top five clients accounting in the aggregate for 1.7% and 31.5% of our gross operating revenues and segment revenue from animal nutrition products, respectively, in the fiscal year ended March 31, 2020.

We believe our animal nutrition revenues provide us with a natural hedge against our cost of corn, which is the largest component of our cost of goods sold. For the six-month period ended September 30, 2020, segment revenue for animal nutrition products represented 51.8% of our corn cost of goods sold.

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	2019	2020	2019	2018
Segment revenue – animal nutrition	*(in millions of R$, except percentages)*				
FS Essencial (High-protein)	129.7	36.2	82.6	37.4	15.3
FS Ouro (High-fiber)	58.4	21.0	47.1	19.9	7.6
FS Úmido (Wetcake)	18.7	6.4	17.3	8.7	3.0
FS Vital (Corn Oil)	38.6	12.3	24.1	12.3	3.4
Segment revenue – animal nutrition	**245.3**	**76.0**	**171.1**	**78.4**	**29.3**
Cost of goods sold - Corn	473.6	184.1	461.2	193.8	98.2
Coverage of cost of goods sold - Corn	51.8%	41.3%	37.1%	40.4%	29.9%

Energy Co-Generation

Our energy needs are met through co-generation systems integrated into our plants that utilize renewable biomass, such as eucalyptus chips, as a fuel to produce the energy required for our production process.

The excess co-generated energy is sold into the Brazilian energy grid. The LRV Plant has a total energy production capacity of 33 MW, out of which 19 MW are sold into the grid. Once fully developed, the co-generation system at the SRS Plant will have a production capacity of 39 MW, out of which 18 MW will be sold into the grid.

On an annual basis, we have the capacity to produce approximately 632,000 MWh of energy, of which nearly 325,000 MWh is available for sale into the Brazilian energy grid, which includes the expansion of the SRS Plant currently underway. 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.

Corn Procurement

Each year corn is planted 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. During the harvest period ending in August 2020, we received 77% of the total volume that will be crushed during the current Crop Year; we typically store a significant part of this volume for most of the Crop Year.

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

- *Diversified supplier base.* We acquire our corn from over 400 corn suppliers. Our strategy is to increase and diversify our sources of corn, which for the current Crop Year is distributed among farmers (25.4%), farmer cooperatives and conglomerates (45.9%), corn resales (9.2%) and trading companies (19.5%).
- *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 are currently exposed to spot markets for a small volume of corn (typically less than 2.5% of our expected corn requirements between June 1, 2020 and May 31, 2021 (our Crop Year)).

	Estimated Corn Requirements	Contracted	Percentage Contracted	Average price per sac
Corn Forward Purchasing Summary	*(million tons)*[(1)]		*(%)*	*(R$/sac)*
Crop Year				
2020-2021	2.8	2.7	97.6%	28.0
2021-2022	3.2	1.7	52.4%	32.7
2022-2023	3.2	0.5	15.1%	39.2

(1) As of November 18, 2020.

- *Storage capacity.* We have storage capacity for 1.7 million tons of corn, which represents approximately 65% of our annual corn needs. This capacity allows us to purchase most of our corn for delivery during the harvest season when prices are typically lower.

- *Extended payment terms.* The average payment term of our corn purchases was 97 days after full delivery of each corn contract for the 2019-2020 Crop Year, 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 8%), 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).

Biomass Procurement

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 biomass 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.

Our biomass procurement activities include (i) sourcing of agricultural residues in the spot markets; (ii) acquisition of standing timber; (iii) development of eucalyptus farms with local farmers (for which we provide technical and financial support associated with off-take agreements, but do not own or operate the farms); (iv) supply agreements with TIMOs (Timber Investment Management Organizations), who develop and operate eucalyptus farms to supply our plants; and (v) cultivation of bamboo as an alternative source of biomass.

Our Competitive Strengths

We believe our competitive strengths have been tested and proven by our results during the first six months of the 2020-2021 fiscal year, when we operated at a high-performance level despite challenging market conditions resulting from the COVID-19 pandemic. 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 benefit from a lower cost of production when compared to other ethanol producers in Brazil that rely on sugarcane as a feedstock. 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$0.98/liter in the fiscal year ended March 31, 2020, while the Sugarcane Ethanol Production Cost was R$1.46/liter, 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 2019 and 2020 from a sample of six Brazilian sugar and ethanol producers (São Martinho, Atvos, Coruripe, Adecoagro, Raízen Energia and Biosev).

In addition, for comparison purposes, the Corn Ethanol Production Cost in Iowa is R$1.67/liter, or 69.9% higher than our Corn Ethanol Production Cost, according to data from the Iowa State University Extension Ethanol Model, which considers the three-year average ending in September 2020.

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 production facilities is located near abundant, low-cost corn supplies. We believe the state of Mato Grosso, where our production facilities are located, produces 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. 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. 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, 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 two 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, 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 facility sites as well as four additional sites that we have acquired for possible future expansion. This exclusivity serves as a barrier to entry in terms of 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 2019 was 110 MLPY. By comparison, our existing production facilities are each designed to have capacities of approximately 550 MLPY. Our production facilities typically run on a 24-7, 355 day-per-year schedule, with one extended maintenance shutdown per year for 10 days. For the six-month period ended September 30, 2020, our plants had an average combined uptime of 99.2%. In addition, we ranked amongst the top five plants globally with the highest fermentation efficiency, as benchmarked by Novozymes. 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 0.5 employees per million liters produced, approximately 16x fewer employees per liter than the average employee intensity from the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost analysis.
- *Efficient Deployment of Capital*. 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$0.02/liter for the fiscal year ended March 31, 2020, compared to estimated average comparable maintenance capital expenditures of R$0.50/liter for the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost analysis). Importantly, as a result, our operations convert a very high percentage of EBITDA into cash flow, as measured by our EBITDA Minus Maintenance Capex.
- *Value-added co-products.* Finally, ethanol production using corn allows us to produce value-added animal nutrition products, such as DDG Products and corn oil, which for the six-month period ended September 30, 2020 contributed, in aggregate, 21.1% of our total net revenue from segments, equal to 51.8% of our corn costs for the same period, and further lowering our Corn Ethanol Production Cost.

Strong Financial Performance

We have had strong operational results since commencing operations, including through the COVID-19 pandemic. 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 the competition (particularly with respect to sugarcane), which is illustrated by our strong performance in the first two quarters of the 2020-2021 fiscal year, despite the COVID-19 pandemic.

We have showed strong financial performance. For the year ended March 31, 2020, we had profit before net finance costs and taxes of R$438.8 million, an increase of R$243.2 million, compared to R$195.6 million for the year ended March 31, 2019.

Attractive Margins. Our low-cost advantage allows us to achieve high EBITDA Margins and strong EBITDA Minus Maintenance Capex generation. We delivered EBITDA Margins of 39.0% and 37.6% for the fiscal years ended March 31, 2020 and 2019 respectively. We believe that our performance for the six-month period ended September 30, 2020 was notable due to the COVID-19 pandemic and the challenging environment in which we operated during that period, and we experienced quick recovery of our margins in the months following May 2020, the peak of the impact of COVID-19 on ethanol markets. We delivered EBITDA Margins of 32.6% and 34.8% for the six-month periods ended September 30, 2020 and 2019, respectively. For a reconciliation of EBITDA Margin and EBITDA Minus Maintenance Capex to profit (loss), see “Selected Financial and Operating Information.”

- *Strong Cash Flow Conversion.* The absence of material Maintenance Capex allows us to convert most of our EBITDA into EBITDA Minus Maintenance Capex. In the fiscal years ended March 31, 2020, 2019 and 2018, our Maintenance Capex amounted to approximately 2.0%, 14.0% and 5.2% of EBITDA, respectively. For the six-month periods ended September 30, 2020 and September 30, 2019, our Maintenance Capex amounted to approximately (0.1%) and 1.4% of EBITDA, respectively. For the fiscal year ended March 31, 2020, we generated EBITDA Minus Maintenance Capex of R$0.91/liter of ethanol sold while the average unlevered cash flow generation from the sugarcane-based producers that we consider to calculate the Sugarcane Ethanol Production Cost was R$0.46/liter of ethanol sold.
- *Managed Exposure to Corn Prices and Currency.* Our production and sale of animal nutrition products result in a natural hedge that is equivalent to approximately 40% of our cost of corn. We actively manage the balance of our corn costs 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. Our expected corn requirements for the Crop Year ended May 31, 2021 are 97.6% secured at an average cost of R$28.0 per sac, compared to our average realized cost of R$22.2 per sac for the fiscal year ended March 31, 2020. 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 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 high-fiber DDG and wetcake, 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 five-year rail 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—allow us access to the biggest markets in Brazil, and also enable 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, increasing our margins while adding value to the clients.
- *Storage capacity.* We have corn storage capacity of 845,000 tons at our plants and also have contracted corn storage from third parties comprising 895,000 tons, allowing us to receive corn on a large scale during the harvest and store it during the year, which 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")

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 our purpose, and being conscientious of our essential responsibility before society, we have developed a number of practices and policies focused on environmental and social concerns, all anchored in high standards of governance. We have invested 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 August 2020, we obtained our GRI stamp with respect to our most recent sustainability report. Our sustainability report contains an assurance report issued by KPMG and is available at www.fsbioenergia.com.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.

Environmental and Social

- *Low carbon footprint.* We believe we have the lowest carbon score 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 April 2020 our anhydrous ethanol was ranked as the fuel with the lowest carbon footprint score in Brazil, with a score of 16.3 under the RenovaBio program. Our hydrous ethanol was ranked second lowest, with a score of 16.7. These scores imply that FS avoided in the fiscal year ended March 31, 2020 the emission of more than 0.8 million tons of carbon dioxide. We are currently developing feasibility studies for a carbon capture and storage ("CCS") project that could further reduce our carbon footprint.
- *Social-environmental policy.* 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 partnered with Agrotools, a digital platform designed to promote Brazilian agriculture by using state-of-the-art geomonitoring, competitive intelligence and strategic tools, to create a social-environmental policy and tracking system that is stricter than existing Brazilian legislation. Under this partnership, all of our suppliers and customers are audited by our sustainability team with the support of Agrotools and must pass through a decision matrix prior to approval to ensure that we do not source corn or biomass from suppliers, or sell to customers, connected to deforestation, protected lands, any type of embargo, slavery or child labor.
- *Zero fossil fuels.* Our plants utilize 100% renewable biomass as 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 12 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.

Corporate Governance

At the top of our corporate organization chart is the Advisory Board, which monitors the execution of our strategy and business plan. We also have an internal audit department that is directly linked to the Advisory Board and board of executive officers, an ethics committee that includes representatives from our various departments, and a sustainability committee that discusses all of our ESG aspects. These committees have an external, independent reporting channel and are governed by formal policies, which are also in place for anticorruption and FCPA mitigation purposes. We conduct formal workshops and trainings with all employees to ensure awareness of and effective compliance with anticorruption efforts, FCPA and the Code of Ethics.

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 18 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 70% 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 the best carbon footprint scores under the RenovaBio framework and are well poised to capitalize on this government-mandated demand increase. By 2029, we expect a 8.7 billion liter-differential between domestic demand and current installed supply capacity of ethanol.

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 September 30, 2020 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.
- *Prudently grow production capacity while maintaining financial discipline*. We may choose to capitalize on the growing Brazilian demand for ethanol by prudently expanding our production capacity over the next

several years, while maintaining a balanced capital structure and adequate level of financial leverage. We are focused on finalizing the ongoing expansion of our SRS Plant, and we are evaluating the option to expand through one or more of the four sites we have acquired in the state of Mato Grosso. If we choose to expand through new construction on one or more of these sites, we may consider raising additional equity capital as a pre-requisite 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, that we may operationalize in the future. 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. 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, is an important player in the Brazilian agribusiness industry with investments in procurement, distribution and trading of grains and biodiesel production, which provided us with important connections to local farmers. We started our operational phase in June 2017, when we completed construction of the LRV Plant and commenced operations with an initial ethanol production capacity of 265 million liters per year (“MLPY”). We completed an expansion of the LRV Plant on schedule in February 2019, which increased our ethanol production capacity at the LRV Plant to approximately 550 MLPY. In February 2020 we completed phases 1 and 2 of the SRS Plant, which now has ethanol production capacity of approximately 570 MLPY. Phase 3 of the SRS Plant is currently under construction and is expected to be operational by March 2021, which is expected to increase production capacity at that plant to about 850 MLPY.

The Issuer

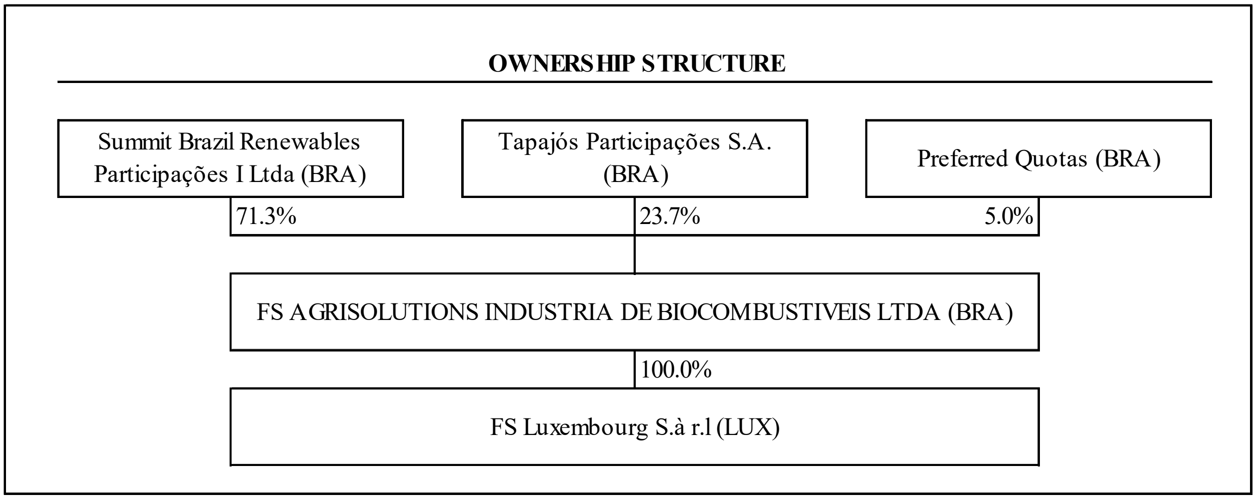
FS Luxembourg S.à r.l. is a private limited liability company *(société à responsabilité limitée)* organized and incorporated and existing under the laws of the Grand Duchy of Luxembourg since September 8, 2020, having its registered office at 19, rue de Bitbourg, L-1273 Luxembourg, and registered with 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 Atílio Fontana, Lucas do Rio Verde – MT, and our general telephone number is +55 65 3548 1500, respectively. Our internet address is http://fsbioenergia.com.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.

FS

FS is a limited liability company (*sociedade limitada*) organized and existing under the laws of Brazil (Brazilian Civil Code (Law No. 10,406 of January 10, 2002, as amended) and complementarily by the Brazilian Corporate Law (Law No. 6,404 of December 15, 1976)). It was incorporated on March 28, 2014 for an indefinite period. Its registered office is at Linha 01-A, s/n, a 900 metros do 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

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



Recent Developments

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 outbreak a pandemic. Most governments around the world have adopted restrictive measures to contain the spread of the virus, which has significantly affected the global economy, in view of the interruption or deceleration of the supply chain and the significant increase in economic uncertainty (including as a result of the increase in asset price volatility, exchange rates and the fall in long-term interest rates). Social isolation measures taken to combat the pandemic have affected the global economic environment, reducing the demand for oil and oil products and negatively impacting the oil and gas industry.

The unprecedented supply and demand dynamics created by significant demand decreases resulting from COVID-19 and supply increases resulting from recent periods of increased production by members of the Organization of Petroleum Exporting Countries ("OPEC") and other counties beginning in March 2020, have resulted in severe declines in commodity prices and created volatility, uncertainty, and turmoil in the oil and gas industry. While in April 2020 OPEC agreed to cut production, the production cuts have yet to offset the decrease in demand resulting from the COVID-19 pandemic and related economic repercussions. As a result, oil prices reached the lowest point since early 1999. While the price of oil has partially recovered, it has remained depressed and highly volatile.

In Brazil, the Brazilian government took several measures to prevent and contain the pandemic, as well as to mitigate its impacts on the economy. State and municipal governments have also taken several measures seeking to restrict the free movement of people and commercial and service activities, in addition to enabling emergency investments in healthcare. We have continued to operate our business as usual and as of the date of this offering memorandum have not experienced any interruptions in our operations as our activity has been declared essential by certain governmental entities.

Partly as a result of the measures restricting free movement taken in response to the pandemic, there has been a significant decrease in the consumption of fuel in Brazil, which, coupled with the decrease in oil prices globally, has caused a significant reduction in ethanol prices during the six-month period ended September 30, 2020. As a consequence, Brazilian sugarcane producers have turned most of their production capacity towards producing sugar, which has in turn allowed us to supply ethanol to underserved consumer markets during the pandemic, especially in the North and Northeast regions of Brazil. In addition, because the price of corn also increased as a result of volatility, foreign exchange movements, and uncertainty caused by the pandemic, we were able to benefit from the increase in corn prices through sales of our animal nutrition products as well as of sales of a portion of our excess corn inventory, due to the postponement of the start-up of the expansion of the SRS Plant.

We have simulated various scenarios and assessed the possible impacts on our operations of the COVID-19 pandemic, taking into account the micro- and macroeconomic impacts and effects arising from the efforts implemented to contain the spread of the epidemic. Based on this assessment, we have adopted a series of measures to mitigate and preserve the health and safety of employees, as well as to ensure the continuity of our business. Actions taken include:

- Restriction of third-party access to production facilities;
- daily temperature checks of employees when accessing the production facilities;
- implementation of a “work-from-home” policy for all employees whose physical presence was not required;
- distribution of alcohol gel to employees;
- donation of alcohol gel to local public institutions to help stop the spread of the virus;
- adherence to the tax and labor benefits package offered by the government of Brazil;
- renegotiation of certain contracts and agreements to preserve cash and increase our financial liquidity;
- postponement of commencement of the expansion of the SRS Plant;
- monitoring of accounts receivable position;
- prospecting for customers and effecting sales in new markets, including exports; and
- organizational improvement.

During the COVID-19 pandemic, the *real* suffered a significant devaluation in relation to the U.S. dollar, from an exchange rate of R$4.1644/US$1.00 as of September 30, 2019 to R$5.6407/US$1.00 as of September 30, 2020. The currency devaluation caused a negative impact on our outstanding loans denominated in U.S. dollars. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting the Comparability of Our Financial Results—Recent Significant Fluctuation in Exchange Rates.”

In addition, as of the date of this offering memorandum, FS has not experienced any significant interruptions in its supply chain as its suppliers also perform essential activities and continued to operate and provide services; similarly, FS’ customers have mostly continued to operate during the pandemic. Due to COVID-19, the starting date of phase 3 of the expansion of the SRS Plant has been postponed from August 2020 to March 2021.

We believe that the economic effects of the effort to contain the epidemic will not significantly impact the recoverable value of our assets and will not compromise FS’ operational capacity and business (as a going concern).

Issuance of Preferred Equity Interests

On November 6, 2020, we issued 4,425,441 preferred equity interests to some members of our management and to OMH Brazil, LLC in an aggregate amount corresponding to 5.0% of our capital stock. For more information, see “Management —Preferred Equity Interests.”

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" and our financial statements.

Issuer..	FS Luxembourg S.à r.l.
Guarantor..	FS Agrisolutions Indústria de Biocombustíveis Ltda.
Notes Offered	U.S.$550,000,000 aggregate principal amount of 10.00% senior secured notes due 2025 (the "Notes").
Issue Price..	100.00% plus accrued interest, if any, from December 15, 2020.
Maturity Date..	December 15, 2025.
Interest Payment Dates	June 15 and December 15, commencing June 15, 2021.
Interest..	The Notes will bear interest from December 15, 2020 at the annual rate of 10.00%, payable semiannually in arrears on each interest payment date.
Note Guarantee..	The Guarantor 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.
Collateral..	"Collateral" means (i) the LRV Plant Real Estate Property, (ii) the LRV Plant Encumbered Equipment, (iii) the SRS Plant Real Estate Property, (iv) the SRS Plant Encumbered Equipment, and (v) all Property that, in accordance with the terms of any Security Document securing the obligations under the Indenture, the Notes, the Note Guarantees and the Security Documents is intended to be subject to any Lien in favor of the Secured Parties.
Security..	The Notes and all other obligations of the Issuer and the Guarantors under the Financing Documents will be secured by the Collateral, which, pursuant to the Security Documents, will consist of the fiduciary transfer of the Equipment and the mortgages of Real Estate Property. The Equipment transferred on a fiduciary basis are considered non-fungible assets (*bens infungíveis*) for the purpose of Brazilian law. The security interest in the Collateral shall be created and perfected no later than 120 days from the issue date (except that such period may be extended once for 30 days) in accordance with the Indenture. "Secured Parties" means, collectively, the Collateral Agent and the Trustee for the benefit of the holders of

Notes and any other Person (other than the Issuer, Guarantors or their Affiliates) that has a right to receive any payment from any of the Issuer or the Guarantors under the Financing Documents.

Security Documents" means, collectively, (i) the LRV Plant Mortgage, (ii) the SRS Plant Mortgage, (iii) the Equipment Fiduciary Transfer Agreement, and (iv) any additional document providing for granting of a Lien to the Secured Parties, represented by the Collateral Agent on any Property of the Company or any Subsidiaries entered into after the Issue Date pursuant to the terms of the Financing Documents.

A fiduciary transfer (*alienação fiduciária*) is a collateralized transaction under Brazilian law consisting of a provisional transfer of a debtor's ownership rights in specified assets to a creditor, by which these assets serve as collateral for the debtor's obligation.

A mortgage (*hipoteca*) is an agreement between a debtor and a lender that gives the lender the right to take such debtor's property if the debtor fails to repay the amount owed.

If we default under the Notes and the Note Guarantees, the holders of the Notes are entitled to sell the Collateral to third parties, provided that certain requirements for the enforcement of the rights are met.

Payment obligations secured by the Collateral under the Instruments of Mortgage are subject to a judicial recovery proceeding.

Payment obligations secured by the Collateral under the Equipment Fiduciary Transfer Agreement are not subject to a judicial recovery proceeding, up to the amount secured by the Collateral. The Collateral under the Equipment Fiduciary Transfer Agreement will not be part of a liquidation proceeding and the holders of the Notes may seize the Collateral to satisfy payment obligations under the Notes and the Note Guarantees. Obligations secured by the Collateral under the Equipment Fiduciary Transfer Agreement are not subordinated to liabilities preferred by statute under Brazilian Bankruptcy Law in any liquidation proceeding.

For further information on the Equipment Fiduciary Transfer Agreements and the Instruments of Mortgage and the enforcement of rights in the Collateral, see "Description of the Collateral." For a discussion of the risks related to the Collateral and enforcement of rights in the Collateral, see "Risk Factors."

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 December 15, 2023 at the applicable redemption prices set forth in "Description of the Notes—Optional Redemption—Optional Redemption without a Make-Whole Premium."

Prior to December 15, 2023, 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 December 15, 2023, we may redeem up to 35% of the aggregate principal amount of the outstanding Notes at a redemption price equal to 110.00% of their principal amount, plus 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 plus 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."

Ranking .... The Notes will be senior secured obligations of the Issuer to the extent of the value of the Collateral and will (i) after the creation and perfection of the security interest granted by the Security Documents in the Collateral, be secured by a first-priority security interest over the Collateral pursuant to the terms of the Security Documents, subject to Permitted Liens; (ii) after the creation and perfection of the security interest granted by the Equipment Fiduciary Transfer Agreement over the Equipment, not be subordinated to liabilities preferred by statute under the Brazilian Bankruptcy Law in any liquidation proceeding and after the creation and perfection of the security interest granted by the LRV Plant Mortgage and the SRS Plant Mortgage over the Real Estate Property, be subordinated to liabilities preferred by statute under Brazilian Bankruptcy Law in any liquidation proceeding. Any outstanding amounts due after the foreclosure of the Collateral will rank equally in right of payment with all other existing and future unsecured Senior Indebtedness and will be subordinated to claims that have statutory preference 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 the Issuer; (iv) be effectively subordinated to all existing and future secured Indebtedness of the Issuer that is secured by assets that do not constitute Collateral, to the extent of the value of the assets securing such secured Indebtedness; (v) be fully and unconditionally Guaranteed by the Company and any Subsidiary 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 be a senior secured obligation of such Guarantor to the extent of the value of the Collateral and will (i) after the creation and perfection of the security interest granted by the Security Documents in the Collateral, be secured by a first-priority security interest over the Collateral pursuant to the terms of the Security Documents, subject to Permitted Liens; (ii) after the creation and perfection of the security interest granted by the Equipment Fiduciary Transfer Agreement over the Equipment, not be subordinated to liabilities preferred by statute under the Brazilian Bankruptcy Law in any liquidation proceeding and after the creation and perfection of the security interest granted by the LRV Plant Mortgage and the SRS Plant Mortgage over the Real Estate Property, be subordinated to liabilities preferred by statute under Brazilian Bankruptcy Law in any liquidation proceeding. Any outstanding amounts due after the foreclosure of the Collateral will rank equally in right of payment with all other existing and future unsecured Senior Indebtedness 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 assets that do not constitute Collateral, to the extent of the value of the 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. See "Risk Factors—Risks Relating to the Notes, the Note Guarantees and the Collateral—Payments on the Notes and the Note Guarantees will be effectively subordinated to any of our debt obligations or any debt obligations of the Guarantors secured by assets not comprising the Collateral and structurally subordinated to our liabilities or the liabilities of the Guarantors to our and their own creditors."

As of September 30, 2020, we had total liabilities of R$4,553.3 million (U.S.$ 807.2 million), including total Debt of R$3,589.8 million (U.S.$ 636.4 million). As of September 30, 2020, we had R$3,366.8 million (U.S.$ 596.9) million in secured debt outstanding.

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, including our failure to create and perfect the Collateral within 120 days from the issue date (except that such period may be extended once for 30 days) in accordance with the Indenture, see "Description of the Notes—Events of Default."

Financing Documents.. Collectively (a) the Indenture; (b) the Notes; (c) the Note Guarantees; (d) the Security Documents; and (e) each other agreement or instrument designated as a "Financing Document" by the Issuer, Guarantors and the Trustee, from time to time.

Use of Proceeds .... We intend to allocate an amount equivalent to the net proceeds from the sale of the Notes to finance or refinance, in whole or in part, new or existing Eligible Green Projects (as defined in this offering memorandum). Pending allocation to Eligible Green Projects, proceeds will be used to repay outstanding amounts under the existing debt facility entered with Midwest Oilseeds Global, LLC or invested in bank certificates of deposit (CDB) or equivalent investment instruments.

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 U.S.$200,000 and integral multiples of U.S.$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 and quotation of the Notes on the Singapore Stock Exchange. 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 U.S.$200,000 as long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require. So long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange 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 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.
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. The Security Documents will be governed by the laws of Brazil.
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
Collateral Agent	TMF Brasil Administração e Gestão de Ativos Ltda.

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."
Ratings	The Notes have been assigned a rating of B1 by Moody's and of BB- by Fitch. These ratings are not a recommendation to purchase, hold or sell Notes, and they do not comment as to market price or suitability for a particular investor. These ratings are based upon current information furnished to Moody's and Fitch by us and information obtained by Moody's and Fitch from other sources. These ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present a summary of our financial and other information derived from (1) our unaudited interim consolidated financial statements as of and for the six-month period ended September 30, 2020 (with the corresponding figures for the six-month period ended September 30, 2019), (2) our audited financial statements as of and for the fiscal year ended March 31, 2020 (with the corresponding figures for the fiscal year ended March 31, 2019), and (3) our audited financial statements as of and for the fiscal year ended March 31, 2019 (with the corresponding figures for the fiscal year ended March 31, 2018). We commenced our operations on June 26, 2017 and therefore our results prior to commencement of operations do not provide a meaningful comparable period with which you could analyze our operating results.

Our unaudited interim consolidated financial statements as of and for the six-month period ended September 30, 2020 (with the corresponding figures for the six-month period ended September 30, 2019) are unaudited. According to our management, such interim financial statements includes all relevant information necessary for a fair presentation of the results of the interim periods. The results of operations for the six-month period ended September 30, 2020 are not necessarily indicative of future results.

You should read and analyze the information below in conjunction with our 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."

Statement of Income Data

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

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	**2019**	**2020**	**2019**	**2018**
			(in millions of R$)		
Statements of Income Data:					
Net revenue	1,271.9	476.5	1,231.8	565.3	285.6
Cost of goods sold	(764.2)	(274.6)	(673.9)	(311.7)	(167.4)
Gross profit	507.7	202.0	557.9	253.6	118.3
Operational expenses:					
Selling expenses	(119.6)	(28.0)	(73.4)	(30.1)	(21.8)
Administrative expenses	(28.4)	(25.4)	(52.2)	(24.9)	(27.4)
Other operating results	12.7	(0.4)	6.5	(3.0)	(1.9)
Profit before net finance costs and taxes	**372.4**	**148.1**	**438.8**	**195.6**	**67.1**
Finance income	146.7	25.2	84.1	26.6	2.6
Finance costs	(208.0)	(122.6)	(287.5)	(87.6)	(28.9)
Foreign exchange rate variations, net	(217.0)	(74.1)	(563.3)	(79.9)	(17.7)
Net finance costs	**(278.3)**	**(171.6)**	**(766.7)**	**(140.9)**	**(44.0)**
Profit (loss) before income and social contribution taxes	**94.1**	**(23.5)**	**(327.9)**	**54.7**	**23.1**
Current income and social contribution taxes	–	9.9	4.1	(20.9)	(11.2)
Deferred income and social contribution taxes	(28.8)	5.0	115.1	4.5	2.5
Income tax incentives	–	(5.9)	–	22.8	–
Profit (loss) for the period	**65.3**	**(14.5)**	**(208.6)**	**61.1**	**14.4**

Statement of Financial Position Data

The following table sets forth certain of our financial position data for each of the periods presented:

	As of September 30,	As of March 31,		
	2020	2020	2019	2018
	(in millions of R$)			
Assets				
Current assets	1,777,0	1,036.6	242.5	303.7
Non-current assets	2,753,2	2,337.3	953.7	436.1
Total assets	**4,530,3**	**3,373.9**	**1,196.2**	**739.8**
Liabilities				
Current liabilities	1,511,0	870.5	218.5	54.5
Non-current liabilities	3,042,3	2,591.8	801.5	537.9
Total liabilities	**4,553,3**	**3,462.2**	**1,020.0**	**592.4**
Equity				
Total equity	**(23.0)**	**(88.3)**	**176.2**	**147.4**
Total liabilities and equity	**4,530.3**	**3,373.9**	**1,196.2**	**739.8**

Other Financial and Operating Information

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

FS Highlights	Unit	For the Six-Month Period Ended September 30, 2020	2019	For the Fiscal Year Ended March 31, 2020	2019	2018
		(in volume, percentage and millions of R$)				
Key operating data:						
Installed ethanol production capacity	MLPY	1,120.0	550.0	1,120.0	550.0	265.0
Corn crushed	thousand tons	1,241.6	595.7	1,288.9	625.4	348.5
Ethanol produced	million liters	528.8	247.4	543.2	259.0	139.0
DDG Products produced	thousand tons	456.5	221.3	479.6	248.4	135.2
Corn Oil produced	thousand tons	16.2	7.3	15.5	7.5	2.8
Ethanol sold	million liters	509.3	209.6	516.6	257.8	137.9
DDG Products sold	thousand tons	458.1	217.6	467.5	237.4	118.8
Corn Oil sold	thousand tons	16.1	7.2	15.0	7.3	2.7
Energy sold	thousand MWh	57.5	30.6	72.2	41.0	22.7
Key financial data:						
Total net revenue from segments	R$ million	1,163.9	453.1	1,170.9	544.8	269.0
Ethanol segment	R$ million	785.2	369.9	974.3	456.5	233.9
Animal nutrition segment	R$ million	245.3	76.0	171.1	78.4	29.3
Energy co-generation segment	R$ million	11.5	6.1	15.9	9.9	5.7
Other segment	R$ million	121.9	1.1	9.7	–	–
Net revenue	R$ million	1,271.9	476.5	1,231.8	565.3	285.6
Corn Ethanol Production Cost per liter(1)	R$/liter	0.79	1.01	0.98	1.06	1.16
Maintenance Capex per liter(2)	R$/liter	(0.00)	0.01	0.02	0.11	0.03
Profit before net finance costs and taxes	R$ million	372.4	148.1	438.8	195.6	67.1
EBITDA(3)	R$ million	414.9	166.0	480.5	212.6	78.2
EBITDA Margin(3)	%	32.6%	34.8%	39.0%	37.6%	27.4%
EBITDA per liter	R$/liter	0.81	0.79	0.93	0.82	0.57
Net Debt(4)	R$ million	2,839.7	1,484.1	2,571.8	695.9	203.5
EBITDA (LTM)(3)(5)	R$ million	729.1	285.4	480.5	212.6	78.2
Net Debt to EBITDA(4)	x	3.9	5.2	5.4	3.3	2.6
EBIT(6)	R$ million	372.4	148.1	438.8	195.6	67.1
EBIT Margin(6)	%	29.3%	31.1%	35.6%	34.6%	23.5%
EBITDA Minus Maintenance Capex(7)	R$ million	415.1	163.6	471.5	182.8	74.1

EBITDA Minus Maintenance Capex per liter[7]..	R$/liter	0.82	0.78	0.91	0.71	0.54

(1) "Corn Ethanol Production Cost" per liter is calculated as (i) the sum of (x) our total cash production, 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.

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

(3) EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Instruction No. 527, dated October 4, 2012, or CVM Instruction No. 527. We calculate EBITDA as 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.

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, EBITDA LTM and EBITDA Margin as calculated by us may not be comparable with EBITDA and EBITDA Margin as calculated by other companies. For a reconciliation of EBITDA and EBITDA Margin to profit (loss), see "Selected Financial and Operating Information."

(4) Net Debt is a non-GAAP measure calculated as (i) Debt, which is calculated as the *sum* of current and noncurrent loans and borrowings, which does not include loans with related parties, *less* (ii) cash and cash equivalents, restricted cash, and financial investments, in each case as set forth in the audited financial statements or unaudited interim consolidated financial statements. 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 the calculation of our Net Debt, see "Selected Financial and Operating Information."

The Net Debt/EBITDA ratio as of September 30, 2020 and 2019 is calculated by *dividing* (1) Net Debt at the end of the applicable period by (2) EBITDA (LTM) for the applicable period. The Net Debt/EBITDA ratio as of March 31, 2020, 2019 and 2018 is calculated by *dividing* (1) Net Debt at the end of the applicable year by (2) EBITDA (LTM) for the corresponding fiscal year.

(5) We calculate EBITDA LTM for the twelve month period ended September 30, 2020 as EBITDA for the year ended March 31, 2020 plus EBITDA for the six-month period ended September 30, 2020 minus EBITDA for the six-month period ended September 30, 2019. We calculate EBITDA LTM for the twelve month period ended September 30, 2019 as EBITDA for the year ended March 31, 2019 plus EBITDA for the six-month period ended September 30, 2019 minus EBITDA for the six-month period ended September 30, 2018. For a reconciliation of EBITDA (LTM) to profit (loss), see "Selected Financial and Operating Information."

(6) EBIT (earnings before interest and taxes) and EBIT Margin are non-GAAP 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 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."

We calculate EBIT Margin as profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives) (or EBIT) *divided by* net revenue.

(7) EBITDA Minus Maintenance Capex is a non-GAAP measure calculated as 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 for the applicable period as the *sum* of additions, acquisitions, disposals and transfers for the following line items in the note to the financial statements entitled "Property, plant and equipment": Buildings, Machinery and equipment, Furniture and computers, Vehicles, and Installations.

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. For a reconciliation of our EBITDA Minus Maintenance Capex to profit (loss), see "Selected Financial and Operating Information."
EBITDA Minus Maintenance Capex per liter is calculated as EBITDA Minus Maintenance Capex *divided by* liters of ethanol sold.

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	**2019**	**2020**	**2019**	**2018**
			(in millions of R$)		
Cash Flow Data					
Net cash generated by (used in):					
Operating activities	401.0	(73.4)	(36.3)	72.2	6.5
Investing activities	(556.8)	(691.8)	(1,335.1)	(244.0)	(344.6)
Financing activities	344.8	785.6	1,670.1	173.6	341.3

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), 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. These uncertainties 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.

Ongoing political instability has adversely affected the Brazilian economy, which may adversely affect the trading price of our Notes.

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. Recently, the Brazilian political and economic scenario has experienced high levels of volatility and instability, including the contraction of its gross domestic product, or GDP, sharp fluctuations in the *real* against the U.S. dollar, increased unemployment and lower levels of spending and consumer confidence. This scenario may intensify with the Brazilian presidential election to be held in October 2022, and we cannot predict the potential impacts of the policies to be adopted by the new Brazilian government.

Brazilian markets have experienced heightened volatility due to uncertainties derived from ongoing investigations conducted by the Brazilian Federal Police and the Federal Prosecutor's Office, and the impact of these investigations on the Brazilian economy and political environment. Numerous members of the Brazilian government and of the legislative branch, as well as senior officers of large state-owned and private companies were convicted of political corruption related to bribes by means of kickbacks on contracts granted by the government to several infrastructure, oil and gas and construction companies, among others.

These investigations have had an adverse impact on the image and reputation of the implicated companies, and on the general market perception of Brazil. In particular, the Brazilian oil and gas industry was significantly adversely affected by these investigations in the past. We cannot predict whether future developments and investigations will cause economic and political volatility in Brazil, which may adversely affect the trading price of securities issued by Brazilian companies, including ours.

Moreover, the president of Brazil has the power to determine policies and issue governmental acts relating to the Brazilian economy that affect the operations and financial performance of companies in Brazil, including us. We cannot predict which policies the president will adopt or if these policies or changes in current policies may have an adverse effect on the Brazilian economy or us. Political and economic uncertainty and any new policies or changes in current policies may have a material adverse effect on our business, results of operations, financial condition and prospects.

As of the date of this offering memorandum, President Jair Bolsonaro and members of his family were being investigated for alleged improper acts and misconduct. Any consequences arising from these investigations, including the initiation of an impeachment proceeding against the President, may have a material adverse effect on the political and economic environment in Brazil, as well as on Brazilian companies, including us.

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 inflation of 7.30% in 2019, 7.54% in 2018, and 2.95% in 2017. 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. The Monetary Policy Committee (*Comitê de Política Monetária*), or COPOM, has adjusted the official interest rates in situations of economic uncertainty to meet the economic goals established by the Brazilian government. More recently, the COPOM has decreased official interest rates, which have reached historical record lows; however, we cannot assure that interest rates will remain at current low levels in the future.

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 trigger inflation, adversely affecting the overall performance of the Brazilian economy. If Brazil experiences high inflation in the future, there could be a significant increase in our operating expenses and negatively impact our financial condition.

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.

As of March 31, 2018, the U.S. dollar selling rate was R$3.3238 per US$1.00. In 2018 and 2019, the *real* depreciated against the U.S. dollar and the U.S. dollar selling rate was R$3.8967 per US$1.00 as of March 31, 2019 and R$5.1987 per US$1.00 as of March 31, 2020, as reported by the Central Bank. As of September 30, 2020, the U.S. dollar selling rate was R$5.6407 per US$1.00, as reported by the Central Bank, representing an 8.5% depreciation of the *real* against the U.S. dollar in 2020 to date.

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, including securities issued by us, may be affected in varying degrees by economic and market conditions in other countries, including in developed countries, such as the United States and certain European countries, as well as in emerging market countries. The reaction of investors to developments in these countries may have an adverse effect on the market value of securities of Brazilian issuers. Any increase in other countries' interest rates, especially the United States, may reduce global liquidity and investors' interest in securities issued by Brazilian companies, adversely affecting 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.

In addition, crises in world financial markets, such as in 2008, as well as global economic challenges as of the date of this offering memorandum deriving from the global health pandemic which was caused by the outbreak of the novel coronavirus, or COVID-19, and government measures to contain it, could affect investors' views of securities issued by companies that operate in emerging markets.

On November 7, 2020, Joseph Biden won the presidential election of the United States and will assume office as the 46th President of the United States on January 20, 2021. We have no control over and cannot predict the effect of the Biden administration or its policies. These developments, as well as potential crises and forms of political instability arising therefrom or any other unforeseen development, may adversely affect us. The President of the United States has considerable power to determine governmental policies and actions that can have a significant adverse effect on the global economy and global political stability. We cannot guarantee that the new administration will maintain policies aimed at promoting macroeconomic stability, fiscal discipline, and domestic and foreign investment, which may have a significant adverse effect on the financial and securities markets in Brazil, on Brazilian businesses, including ours, and on securities of Brazilian issuers.

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.

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.

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 a negative 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;
- foreign exchange rate variations;
- increased global or domestic demand for corn, including due to increases in corn-based ethanol production;
- 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%;
- 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.

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 costs 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 costs for the fiscal years ended March 31, 2020, 2019 and 2018 constituted 68.4%, 62.2% and 58.7% 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. 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.

Our business is highly dependent on the production and sale of ethanol.

For the six-month period ended September 30, 2020 and the fiscal year ended March 31, 2020, ethanol segment revenue represented 67.5% and 83.2% of our total net 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, ethanol is used (in the case of hydrous ethanol) as a substitute fuel for gasoline for flex-fuel based vehicles (that is, hybrid vehicles that run with ethanol or gasoline or both combined in any proportion) and, in the case of anhydrous ethanol, 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 and financial 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 Brazil, ethanol prices have become increasingly 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 changes to governmental mandates and other regulatory regimes, public perception and overall consumer demand for transportation fuel, any of which could negatively affect demand for ethanol and our results of operations.

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 Álcool*), or CIMA, has set the percentage of anhydrous ethanol that must be used as an additive to gasoline. According to CIMA Resolution No. 1 dated March 04, 2015, the current anhydrous ethanol percentage for 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, since 2002, of such vehicles compared to gasoline-only cars. 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.

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, that 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. 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, on May 21, 2018, a national truckers' strike commenced in Brazil regarding increases in fuel prices. The strike materially disrupted the supply chain of various industries across the country. There can be no assurance that the truckers will not seek to engage in any further strikes, that the Brazilian federal government or any other relevant party will be able to meet the demands of the truckers in a satisfactory manner or that any such strike 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 transport system are underdeveloped and demand investments by the Brazilian government to operate efficiently. 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, if applicable, 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 are currently standing timber stock owned by us and the spot market, through which we source biomass such as wood slash, eucalyptus chips, cotton pie, soybean hull, sawmill waste, 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 crops 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 exporting to such 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 or more of our locations, 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 highly competitive. The specialty animal nutrition products that we produce are 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, corn, cottonseed, barley, among others.

Availability and pricing dynamics of competing alternative animal feed products will 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 than we are able. 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 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.

We have a limited operating history with financial results that may not be indicative of future performance.

We began operating our current business in 2017. As a result of our limited operating history, we have limited financial data that can be used to evaluate our current business, and such data may not be indicative of future performance. In particular, we have experienced periods of high revenue growth since we began our activities, and you should not assume that we will be able to maintain the same rate of revenue growth as our business matures. Estimates of future revenue growth are subject to many risks and uncertainties and our future revenue may be materially lower than projected.

Increased use of fuel cells, plug-in hybrids and electric cars, and competition from the advancement of alternative fuels, may lessen the demand for ethanol.

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 recently grown 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.

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.

Future 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 existing and target markets, which could adversely affect our financial performance.

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, petroleum products, ethanol or vehicular natural gas, but we cannot assure that this will continue in the future. In addition, 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.

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

The top three players in the Brazilian fuel distribution market hold approximately 58.8% share of the ethanol distribution market. 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 fiscal years ended March 31, 2020, 2019 and 2018, our five largest customers accounted for 71.7%, 72.4% and 48.6%, 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 of our customers 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.

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

We consider the potential effects of climate change when evaluating and managing our operations, recognizing the vulnerability of agricultural inputs that are essential for our activities. The main risks we have identified with respect to climate change relate to the changes in temperature, changes in rainfall, including drought, flooding, storms and lack of water, which may affect agricultural productivity. 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.

Climate changes and their effects, such as costs of complying with current and future environmental laws and regulations, including de-commissioning and remediation requirements, and any liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our costs and results of operations, including by raising the price of agricultural commodities as a result of long periods of drought or excessive rainfall. 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.

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;
- 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, 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. We maintain insurance at levels that are customary in our industry to protect against these liabilities; however, 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 comply with the licenses, authorizations and permits required for our business may have a material adverse effect on us.

We are required to obtain specific licenses, authorizations, 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. We may also be required to renew some of our current licenses and permits, which is a process that must be carried out in a timely manner. In addition, we are currently in the process of renewing the Fire Brigade Department License of the LRV Plant, which is required for us to operate. 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 and permits, including the renewal of our applicable licenses and permits and the Fire Brigade Department License of the LRV Plant, 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. 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 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 sphere. 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 possibility to disregard the corporate form when the latter 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 permits 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 permits.

We may be liable for the investigation and cleanup 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, cleanup 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 make additional significant expenditures. 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.

In addition, we 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, 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.

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 export 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. 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. In case they fail to comply with applicable laws, we 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 capital expenditures 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 or make new investments. Most of our real properties, including our plants, are encumbered to secure financing arrangements. A breach of these covenants may result in a mandatory prepayment or acceleration of the maturity of our outstanding debt. 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, tax reforms or review of the tax treatment of our activities, 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.

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 a tax reform, including proposals to completely change the consumption taxation system. One such proposal would end three federal taxes – the federal tax on manufactured products (*Imposto sobre Produtos Industrializados*, or "IPI"), PIS and COFINS – in addition to the State Value Added Tax (*Imposto sobre Circulação de Mercadorias e Serviços* ("ICMS") at the state level, and Municipal Tax on Services (*Imposto sobre Operações com Bens e Serviços* ("ISS") at the municipal level, in favor of a new tax on transactions with goods and services (*Imposto sobre Operações com Bens e Serviços*, or "IBS"). Another proposal would create a social contribution on transactions with goods and services (*Contribuição Social sobre Operações com Bens e Serviços*, or "CBS"), which would substitute PIS and COFINS for a unique social contribution at a 12% rate on consumption. Additional bills may also be presented in the context of such wide-ranging tax reform envisaged by the Brazilian government. In addition, there are recent discussions concerning the potential imposition of new taxes, including new taxes on compulsory loans, taxes on substantial wealth and a contribution on financial transactions, as well as discussions on the repeal of the income tax exemption applicable on the distribution of dividends. A tax reform or any change in the laws and regulations that affect the taxes or tax incentives applicable to us may directly or indirectly adversely impact our business and results of operations.

In addition, certain tax laws may be subject to controversial interpretations. If the tax authorities interpret the tax laws 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.

Moreover, as a result of the economic impact of the COVID-19 pandemic, tax revenues in Brazil will likely be temporarily reduced, while government spending on public health and other key sectors has increased and may continue to increase. In this scenario, federal, state and municipal governments may promote legislative changes to impose, permanently or temporarily, an increased tax burden on our activities, which would have an adverse impact on our business and results of operations.

In addition, we have tax incentives in the state of Mato Grosso under a program called Mato Grosso PRODEIC (*Programa de Desenvolvimento Industrial e Comercial do Mato Grosso*), which reduces the state value-added tax charged on gross revenue in transactions with hydrous ethanol. We also benefit from special treatment for import transactions and special tax regimes regarding ancillary obligations for transactions with hydrated ethanol and for export transactions. With respect to our LRV Plant, we benefit from the SUDAM (*Superintendência do Desenvolvimento da Amazônia*) tax incentive, 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; the SUDAM tax incentive reduces our tax liability and improves our profit (loss). Further, we benefit from tax incentive programs in the cities of Lucas do Rio Verde and Sorriso, where our LVR and SRS Plants are located, which provide an exemption and/or reduction of up to 60% of the real property tax and/or 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 as from November 2019 in Sorriso. In the city of Nova Mutum, we benefit from an incentive that provides an exemption and/or reduction on real property tax, tax levied on services and/or other municipal taxes until December 31, 2024.

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.

If we lose our existing tax incentives, 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.

Moreover, given the historical competition among states to attract investments and new companies through the granting of tax benefits, we are subject to the risk of legal challenges before the Brazilian Supreme Court with respect to 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.

In addition, the impacts of the application of Supplementary Law 160/2017, regulated by ICMS Agreement No. 190/2017, with respect to the validation of tax benefits, the establishment of a transition period through which date the tax benefits must be extinguished, as well as its impact on ongoing tax benefits, must be evaluated. Local laws enacted by the states and the Federal District are indicating the tax benefits subject to the validation procedure. Validation of the tax benefits depends on a combination of political and economic issues, wherein several obligations must be complied by the states. Failing validation, these tax benefits must be revoked, generating an impact on the entire market, since it will affect all the taxpayers that enjoy the benefit.

In relation to the benefits granted in the state or municipal spheres, 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.

For the six-month period ended September 30, 2020, the impact of all the tax incentives listed above recognized in the statement of income was R$30.6 million, compared to no benefits for the same period in 2019. In the year ended March 31, 2020, 2019 and 2018, the impact of tax incentives recognized in the statement of income was a tax benefit of R$9.1 million, R$26.1 million and R$1.6 million, respectively.

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 increase in the amount of taxation as a result of challenges to our tax positions may adversely affect our business, results and financial condition.

Brazilian tax authorities have recently intensified the number of inspections. 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 the Company.

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

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, 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 lease agreements of warehouses for inventory of corn.

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. 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.

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 recent 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. Any deterioration in the overall condition of the Brazilian agribusiness sector 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 highly 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.

The loss of key personnel could adversely affect our ability to operate.

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. The services of these individuals may not be available to us in the future. Because competition for experienced personnel in our industry is intense, 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 finding 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 regulatory penalties from regulatory agencies in the event of non-compliance with the terms and conditions of regulatory authorizations, including the possible revocation of the authorizations.

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 agencies 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 for 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.

We are subject to anti-corruption laws in the jurisdictions in which we operate.

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 anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to foreign 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 (such as in the case of Brazil) or are currently debating the introduction of new laws in this area. Despite our ongoing efforts to ensure compliance with anti-corruption laws, 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 anti-corruption policies and we may be ultimately held responsible for any such non-compliance. If we, our direct or indirect shareholders, directors, officers, employees and other third-parties are not in compliance with anti-corruption laws and other laws governing the conduct of business with government entities (including local laws), we, our direct or indirect shareholders, directors, officers, employees and other third-parties may be subject to criminal, administrative and civil penalties or other remedial measures, which could harm our reputation and have a material adverse impact on our business, financial condition, results of operations and prospects.

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

We may be exposed to behavior and practices that are 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.

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.

Further, we are subject to the risks that our direct or indirect shareholders, directors, officers, employees and other third-parties (including agents, suppliers and service providers) or any person who may do business with us may become involved in fraud, corruption or bribery, in violation of our internal controls and procedures, or misappropriate our assets or use them for private benefit to the detriment of our interests.

We cannot guarantee that we will be able to prevent or detect any inappropriate practices, fraud or violations of laws by our management, managers, employees and contractors (including suppliers and service providers). Moreover, we cannot guarantee that our corporate governance and risk management processes will be fail-proof. Accordingly, if any of our direct or indirect shareholders, directors, officers, employees or other third-parties (including agents, suppliers and service providers) becomes involved in fraud, corruption or violates any applicable laws, regulations or internal policies, including anti-corruption laws, we may be held liable for the violation of these laws, regulations or policies and subject to fines and penalties, which could harm our reputation and have a material adverse impact on our business, financial condition, results of operations and prospects.

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

Outbreaks or potential disease outbreaks (such as the current COVID-19 pandemic) may adversely affect the global capital markets, the global economy (including the Brazilian economy) and the trading market for our Notes.

COVID-19, first identified in Wuhan, China in December 2019, has now spread to nearly all regions around the world. On March 11, 2020, COVID-19 was officially declared a pandemic by the World Health Organization. The outbreak and measures taken to contain or mitigate it have had dramatic adverse consequences for the global economy. The continued spread of COVID-19 has generally led to supply chain destabilization, facility closures, workforce disruption and volatility in the Brazilian economy, and its full impact is impossible to predict. Social isolation measures arising from the pandemic have affected the global economic environment, reducing the demand for fuel products of all kind and negatively impacting the fuel industry.

The unprecedented supply and demand dynamics created by demand decreases resulting from COVID-19 and supply increases of oil, which ethanol competes with indirectly, resulting from recent periods of increased production by members of OPEC and other counties beginning in March 2020, have resulted in severe declines in commodity prices and created volatility, uncertainty, and turmoil in the ethanol industry. The current commodity price and demand environment may remain depressed, adversely affecting the demand for our core product.

While the Brazilian government has determined that certain services are essential, including our ethanol production services, the COVID-19 pandemic could adversely impact our business operations or the health of our workforce by rendering employees or contractors unable to work or unable to access our facilities due to health or regulatory reasons. Although we were not required to close any of our facilities, our continuing operations would likely become increasingly difficult if our employees are infected by COVID-19 and if the practical difficulties of social distancing and other restrictive measures that we may be required to implement impact productivity. Moreover, the COVID-19 pandemic could adversely affect our customers' and suppliers' operations if they are unable to control COVID-19 infections and are required to close their operations. If our customers are under financial pressure, their willingness to perform their obligations under our contracts may be negatively affected and we may experience a decline in payments under our contracts.

To date, no fully effective vaccines or treatments have been developed and effective vaccines or treatments may not be discovered in time to protect against a further spread of the virus. The effects of the COVID-19 pandemic 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 the COVID-19 pandemic may exacerbate the effects of the other risk factors disclosed in this section of the offering memorandum.

Historically, some epidemics and regional or global outbreaks, such as the Zika virus, Ebola, H5N5 virus (popularly known as avian influenza), foot-and-mouth disease, H1N1 virus (influenza A, popularly known as swine flu), middle east respiratory syndrome (MERS) and severe acute respiratory syndrome (SARS) have affected certain sectors of the economy in the countries where these diseases have spread.

We and/or members of our management may be subject to unfavorable results in judicial or administrative 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 and administrative 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. 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 two of our indirect minority individual shareholders who have been politically exposed persons.

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 and one of our indirect minority individual shareholders was recently elected as mayor of the city of Lucas, for a four-year term from January 2021 to December 2024, with eligibility for re-election. These individuals have been subject to legal proceedings involving civil, criminal and administrative matters related 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 issued in these legal proceedings against these individuals. We cannot assure you that these individuals will not hold public office again, or that other indirect minority individual shareholders will not become politically exposed persons. Moreover, we cannot ensure that indirect minority 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 the Collateral

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 Koan Finanças Sustentáveis Ltda. ("SITAWI") 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 Guarantor, the Initial Purchaser 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 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. Other than the Issuer, FS currently has no 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'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, 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.

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 December 15, 2025. Except in limited circumstances, neither the Issuer nor the Parent Guarantor 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 Parent Guarantor. 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 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 Purchaser's 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 Purchaser 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 may not develop for the Notes, which may hinder your ability to liquidate your investment.

The Notes offered hereby are a new issue of securities with no established trading market. Although application will be made for listing and quotation of the Notes on the Singapore Stock Exchange, we cannot assure you that a trading market for the Notes will develop, or if a trading market does develop, that it will be maintained. However, the Initial Purchaser is not obligated to do so and may cease their market-making at any time. In addition, 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. As a result, we cannot assure you that an active trading market will develop for the Notes. If no active trading market develops, you may not be able to resell your Notes at their fair market value or at all. The reoffering and resale of the Notes is subject to significant legal restrictions.

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.

The Notes are subject to transfer restrictions.

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 that are also qualified purchasers as defined in Section 2(a)(51) of the Investment Company Act. See "Transfer Restrictions."

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

The Notes have been assigned a rating of B1 by Moody's and of BB- by Fitch. The 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 Parent Guarantor is incorporated under the laws of Brazil. None of the Issuer or the Parent Guarantor have any assets in the United States. All or a majority of the members of our advisory board (the "Advisory Board") (such expression includes for the avoidance of doubt any *gérant* of the Issuer) and executive officers of the Issuer and the Parent Guarantor 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 Parent Guarantor 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, the Guarantor's obligations under the Note Guarantees or the Company's obligations under the Collateral would be payable only in reais.

If proceedings were brought in Brazil seeking to enforce our obligations under the Notes, the Guarantor's obligations under the Note Guarantees or the Company's obligations under the Collateral, we would not be required to discharge our obligations in a currency other than *reais*. Any judgment obtained against us, the Guarantor or the Company in Brazilian courts in respect of any payment obligations under the Notes, the Note Guarantees or the Collateral 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 "Enforcement of Judgments."

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 Parent Guarantor, on any Note Guarantee may be subject to taxation and/or withholding in Brazil. See "Taxation—Brazilian Taxation."

The Collateral will only be granted and perfected after all of our outstanding obligations under some of our existing financings are paid in full and the existing security interests in the Collateral are otherwise fully released by the relevant lenders. Before the granting and perfection of a security interest in the Collateral, the obligations under the Notes and the Note Guarantees will be unsecured.

The security interests in the Collateral will not be granted and perfected on the Issue Date. The granting and perfection of the Collateral in favor of the Secured Parties, represented by the Collateral Agent, will depend on certain actions and filings, including, without limitation, the prepayment of the outstanding obligations under some of our existing financings, the release by lenders under such facilities of the existing security interest in the Collateral and certain required registrations and recordations with the applicable notaries or registries. Before the granting and perfection of a security interest in the Collateral, our obligations under the Notes and the Guarantors' obligations under the Note Guarantees will be unsecured.

Accordingly, in the event of a foreclosure, liquidation, bankruptcy or similar proceeding before a security interest in the Collateral in favor of the Secured Parties, represented by the Collateral Agent, is granted and perfected, our obligations under the Notes and the Guarantors' obligations under the Note Guarantees will rank equally in right of payment to all of our and their respective unsecured unsubordinated indebtedness and the proceeds from any sale or liquidation of Collateral would not be required to be applied to the payment of our obligations under the Notes and the Guarantors' obligations under the Note Guarantees.

Pursuant to the Indenture, we only have the obligation to ensure that all security interests in the Collateral are duly granted and perfected no later than 120 days after the Issue Date (except that such period may be extended once for 30 days as set forth under the Indenture). As a result, the holders of the Notes will not have the ability to foreclose, or control decisions in respect of, a portion or all of any Collateral until such time as an enforceable and perfected security interest, as applicable, has been created in such Collateral.

The failure to properly perfect liens on the Collateral could materially adversely affect the ability of the Secured Parties (represented by the Collateral Agent) to enforce their rights with respect to the Collateral, as applicable.

Payments on the Notes and the Note Guarantees will be effectively subordinated to any of our debt obligations or any debt obligations of the Guarantors secured by assets not comprising the Collateral and structurally subordinated to our liabilities or the liabilities of the Guarantors to our and their own creditors.

The Notes and the Note Guarantees will be effectively subordinated to our and the Guarantors' current indebtedness that is secured by our assets not comprising the Collateral to the extent of the value of the assets securing such indebtedness and structurally subordinated to the our and the Guarantors' current indebtedness secured, to the extent of the value of assets not comprising the Collateral. We have current financing agreements secured by our assets not comprising the Collateral, such as fiduciary assignment of credit rights, pledge on inventory, fiduciary assignment of equity interests, pledge on receivables, among others. Senior secured creditors will have a senior right to the collateral securing their indebtedness that is not securing the Notes and the Note Guarantees in case of an event of default under their secured indebtedness. This right would be to the exclusion of the holders of the Notes, even if we were in default under the Notes as well. In that event, such collateral would first be used to repay in full all indebtedness and other obligations of such secured creditors, resulting in all or a portion of such assets being unavailable to satisfy the claims of the holders of the Notes (to the extent that the Collateral that will secure the Notes is insufficient to repay the Notes in full in the event of its foreclosure) and other of our creditors of their unsecured debt. If any of the foregoing events were to occur, recovery by holders of Notes may be adversely affected.

To the extent there are any outstanding amounts due after the foreclosure of the Collateral, our obligations under the Notes and the Note Guarantees are subordinated to certain statutory preferences.

Under Brazilian law, to the extent there are any outstanding amounts due after the foreclosure of the Collateral, our obligations under the Notes and the Note Guarantees are subordinated to certain statutory preferences. In the event of our liquidation, bankruptcy or judicial reorganization, such statutory preferences, including post-petition claims, claims for wages, social security, taxes and court fees and expenses and claims secured by collateral, among others, will have preference over any other claims, including claims by any investor with respect to any outstanding amounts due after the foreclosure of the Collateral. In such event, enforcement of the Notes and the Note Guarantees may be unsuccessful, and holders of the Notes may be unable to collect amounts that are due under the Notes.

The value of the Collateral may be materially affected upon the occurrence of certain events.

As of September 30, 2020, the book value of the Collateral was R$2,468.2 million. We have not appraised the Collateral and cannot provide any assurance as to its market value, either at the Issue Date or at the time of any foreclosure. The fair market value of the Collateral may vary and will depend on various factors, including market and economic conditions, the state of the ethanol and animal nutrition products industry, the ability to sell the Collateral in an orderly process, the availability of potential buyers and similar factors.

In addition, we maintain insurance in a manner prudent and customary for our business. There are, however, certain losses (such as the occurrence of disasters, accidents or other events in connection with the Collateral) that may be not be covered by insurance. Also, insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the Collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the Notes and the Note Guarantees. The occurrence of disasters, accidents or other events in connection with the Collateral that result in partial or total loss may also reduce its value and consequently affect enforcement thereon and in such circumstances, we will be under no obligation to replace any such Collateral completely or partially lost.

Accordingly, we cannot assure you that the proceeds realized on any exercise of remedies will equal the book value or other value of the Collateral or be sufficient to satisfy in full payments due on the Notes.

We have no obligation under the Notes, the Indenture or the Security Documents to maintain the value of the Collateral at a minimum level.

Any foreclosure on the Collateral would be subject to Brazilian legal requirements and procedures, which may adversely affect the proceeds of any foreclosure.

The Security Documents will be governed by the laws of Brazil and the Collateral is located in Brazil. Any foreclosure will therefore need to comply with Brazilian legal and procedural requirements. In case a judicial proceeding is initiated for the foreclosure of the Collateral, it would be required to be initiated in a Brazilian court, and could involve significant delays. We may also have available to us defenses under Brazilian law not available under U.S. law to any foreclosure proceeding. These delays could result in a decrease in the value of the Collateral that would otherwise be realizable upon foreclosure.

Enforcement of rights in the assets under a fiduciary transfer is subject to several difficulties, which may hinder the holders of the Notes from exercising their rights under the Equipment Fiduciary Transfer Agreement.

In some circumstances, Brazilian courts have not permitted the seizure and sale of the assets under a fiduciary transfer either in a legal proceeding arising from a default under notes and note guarantees or during a judicial recovery proceeding (after the expiration of the stay period), if the relevant assets are deemed essential to the continuation of the Company's operations and business activities. A legal proceeding of this nature may last for several years.

If the court accepts such defense in a legal proceeding against us outside of the context of a judicial recovery, we will have to post a bond to secure such legal proceeding consisting of other assets. We may not have other assets of sufficient value to offer in lieu of the Collateral.

In a judicial recovery proceeding, payment obligations under the Notes would not be included in a restructuring plan to the extent that they are secured by assets under a fiduciary transfer, and the holders of the Notes would not be able to enforce their rights in the assets under a fiduciary transfer during the stay period. According to the Brazilian Bankruptcy Law, the stay period is 180 days, which Brazilian courts have extended for an additional 180-day period, and in some cases the stay period has lasted for years. Moreover, after the expiration of the stay period, if the court finds that the assets under a fiduciary transfer are essential to the continuation of our operations and business activities, the holders of the Notes will not be permitted to seize and sell the assets secured by a fiduciary transfer pursuant to the terms of the Equipment Fiduciary Transfer Agreement while the judicial recovery proceeding is pending.

In addition, we cannot assure you that you would be successful in excluding the assets subject to the Equipment Fiduciary Transfer Agreement from the assets affected by liquidation proceedings, because your restitution request may not be granted by the applicable court.

Enforcement of a foreign judgment in Brazil will likely be required for the holders of the Notes to enforce rights in the assets under the Equipment Fiduciary Transfer Agreement and the Instruments of Mortgage.

If a default occurs under the Notes and Note Guarantees, the Collateral Agent, on behalf of the Secured Parties, if and as instructed by the Trustee, may initiate a legal proceeding in a Brazilian court against us authorizing the seizure of the assets based on the Equipment Fiduciary Transfer Agreement and the Instruments of Mortgage. If there is a dispute as to whether a default has occurred under the Indenture according to the laws of the State of New York, it is likely that the Brazilian court will require a New York court ruling confirming that a default under the Notes or Note Guarantees has occurred under the Indenture and given rise to the Collateral Agent's right to enforce the rights of the holders of the Notes in the assets under the Equipment Fiduciary Transfer Agreement and the Instruments of Mortgage. The New York court ruling will need to be recognized in Brazil. See "Enforceability of Civil Liabilities." We cannot assure you that recognition would be obtained, that the recognition process would be conducted in a timely manner or that a Brazilian court would enforce the New York law judgment related to the default under the Notes and Note Guarantees.

USE OF PROCEEDS

Our gross proceeds from this offering are expected to be R$3,102.4 million (or US$550.0 million using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2020 of R$5.6407 per US$1.00).

We expect the net proceeds from the sale of the Notes to be approximately R$3,050.8 million (or US$540.9 million using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2020 of R$5.6407 per US$1.00), after deducting the fees and estimated expenses of the offering. We intend to allocate an amount equivalent to the net proceeds from the sale of the Notes to finance or refinance, in whole or in part, new or existing Eligible Green Projects (as defined in this offering memorandum). Pending allocation to Eligible Green Projects, proceeds will be used to repay outstanding amounts under the existing debt facility entered with Midwest Oilseeds Global, LLC or invested in bank certificates of deposit (CDB) or equivalent investment instruments.

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 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 Green Bond Principles (June 2018) ("Second Party Opinion"). We believe the process described below is in alignment with the Green Bond Principles (June 2018).

Eligible Green Projects

Eligible Green Projects means projects related to Bioenergy and Forestry, as defined below:

1. Bioenergy: 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.

2. Forestry: Projects related to the purchase, development and maintenance of forests and biomass from forests, including:

   i. capital expenditures for development, purchase, planting and maintenance of forests and bamboo plantations to produce biomass feedstock for co-generation of steam and electricity primarily dedicated to biofuel production facilities; or

   ii. operational expenditures for purchase of forest biomass feedstock for co-generation of steam and electricity primarily dedicated to biofuel production facilities that seeks to promote sustainable forest management through forward contracts with small producers.

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 some 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 Notes and allocate an amount equal to the net proceeds to Eligible Green Projects. The 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 used to repay outstanding amounts under the existing debt facility entered with Midwest Oilseeds Global, LLC or 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 in our investor relations website. (*www.fsbioenergia.com.br/ri*). This website is not incorporated by reference into this offering memorandum.

The report will include descriptions of Eligible Green Projects, amounts allocated for Bioenergy and Forestry, 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 the overall operations of the issuer, 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.

The Initial Purchaser makes no assurances as to (i) whether the Notes will meet the criteria and expectations of investors with 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 (as defined herein) or the Notes to fulfill such environmental and sustainability criteria.

The Initial Purchaser has not undertaken, nor is 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 or any monitoring of the use of proceeds. The Second-Party Opinion is not incorporated into and does not form part of this offering memorandum.

CAPITALIZATION

The following table sets forth our current and noncurrent loans and borrowings, total equity and total capitalization (i) on an actual basis as of September 30, 2020; (ii) adjusted to give effect to the issuance of 4,425,441 preferred equity interests in the amount of R$4.4 million; and (iii) 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 R$3,050.8 million (which amounts to US$540.9 million using the U.S. dollar selling rate reported by the Central Bank as of September 30, 2020 of R$5.6407 per US$1.00) and the use of the proceeds as described in "Use of Proceeds."

The information set forth below in the column "Actual" is derived from our September 30, 2020 unaudited interim consolidated financial statements.

You should read this table 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 our financial statements and the related notes included elsewhere in this offering memorandum.

	As of September 30, 2020		**As Adjusted[2]**		**As further adjusted for this offering[3]**	
	(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[4]	123.2	694.7	123.2	694.7	123.2	694.7
Non-current loans and borrowings[5]	513.2	2,895.1	513.2	2,895.1	1,054.1	5,495.9
Total loans	**636.4**	**3,589.8**	**636.4**	**3,589.8**	**1,177.3**	**6,640.6**
Total equity	(4.1)	(23.0)	(3.3)	(18.6)	(3.3)	(18.6)
Total capitalization[6]	**632.3**	**3,566.8**	**633.1**	**3,571.2**	**1,174.0**	**6,622.0**

(1) Solely for the convenience of the reader, Brazilian *real* amounts have been translated into U.S. dollars using the U.S. dollar closing selling rate as of September 30, 2020 of R$5.6407 to US$1.00, as reported by the Central Bank.
(2) Adjusted to give effect to the issuance of 4,425,441 preferred equity interests in the amount of R$4.4 million.
(3) Adjusted to give effect to R$3,050.8 million (or US$540.9 milion) in net proceeds from this offering, excluding accrued interest payable by purchasers of the Notes, after the deduction of estimated expenses and commissions payable by us.
(4) Amounts of our current loans and borrowings maturing within 12 months.
(5) Amounts of our non-current loans and borrowings maturing after 12 months.
(6) Total capitalization represents the sum of our loans and borrowings and total equity.

Other than as described in this section, there has been no material change in our capitalization since September 30, 2020.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following tables present a summary of our financial and other information derived from (1) our unaudited interim consolidated financial statements as of and for the six-month period ended September 30, 2020 (with the corresponding figures for the six-month period ended September 30, 2019), (2) our audited financial statements as of and for the fiscal year ended March 31, 2020 (with the corresponding figures for the fiscal year ended March 31, 2019), and (3) our audited financial statements as of and for the fiscal year ended March 31, 2019 (with the corresponding figures for the fiscal year ended March 31, 2018).

You should read and analyze the information below in conjunction with our 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,		
	2020	2019	2020	2019	2018
			(in millions of R$)		
Net revenue	1,271.9	476.5	1,231.8	565.3	285.6
Cost of goods sold	(764.2)	(274.6)	(673.9)	(311.7)	(167.4)
Gross profit	507.7	202.0	557.9	253.6	118.3
Operational expenses:					
Selling expenses	(119.6)	(28.0)	(73.4)	(30.1)	(21.8)
Administrative expenses	(28.4)	(25.4)	(52.2)	(24.9)	(27.4)
Other operating results	12.7	(0.4)	6.5	(3.0)	(1.9)
Profit before net finance costs and taxes	**372.4**	**148.1**	**438.8**	**195.6**	**67.1**
Finance income	146.7	25.2	84.1	26.6	2.6
Finance costs	(208.0)	(122.6)	(287.5)	(87.6)	(28.9)
Foreign exchange rate variations, net	(217.0)	(74.1)	(563.3)	(79.9)	(17.7)
Net finance costs	**(278.3)**	**(171.6)**	**(766.7)**	**(140.9)**	**(44.0)**
Profit (loss) before income and social contribution taxes	**94.1**	**(23.5)**	**(327.9)**	**54.7**	**23.1**
Current income and social contribution taxes	–	9.9	4.1	(20.9)	(11.2)
Deferred income and social contribution taxes	(28.8)	5.0	115.1	4.5	2.5
Income tax incentives	–	(5.9)	–	22.8	–
Profit (loss) for the period	**65.3**	**(14.5)**	**(208.6)**	**61.1**	**14.4**

Statements of Financial Position Data

The following table sets forth our financial position data for each of the periods presented:

	As of September 30,	As of March 31,		
	2020	2020	2019	2018
		(in millions of R$)		
Assets				
Current assets				
Cash and cash equivalents	499.0	310.0	11.3	9.5
Financial investments	0.1	79.6	16.8	209.4
Restricted cash	251.0	75.8	22.5	15.5
Trade and other receivables	45.1	104.2	37.7	25.3
Inventories	802.1	305.2	122.7	36.8
Advances to suppliers	10.5	60.7	6.8	5.7
Income tax and social contribution	2.6	3.9	14.9	–
Recoverable taxes assets	127.2	64.4	8.4	0.7
Prepaid expenses	12.3	2.9	1.1	0.8
Biological assets	4.7	5.6	–	–
Derivative financial instruments	21.4	24.0	–	–

Other credits	1.1	0.4	0.4	–
Total current assets	**1,777.0**	**1,036.6**	**242.5**	**303.7**
Non-current assets				
Long-term assets				
Deferred taxes assets	86.7	115.5	–	–
Biological assets	20.1	10.0	–	–
Judicial deposits	3.6	3.6	3.4	–
Advances to suppliers	13.0	9.1	6.9	1.8
Total long-term assets	**123.3**	**138.3**	**10.2**	**1.8**
Property, plant and equipment	2,621.5	2,190.8	939.5	433.4
Intangible assets	8.4	8.2	3.9	0.9
Total non-current assets	**2,753.2**	**2,337.3**	**953.7**	**436.1**
Total assets	**4,530.3**	**3,373.9**	**1,196.2**	**739.8**

	As of September 30,	**As of March 31,**		
	2020	**2020**	**2019**	**2018**
	(in millions of R$)			
Liabilities				
Current liabilities				
Trade payables	736.5	233.5	102.4	20.3
Loans and borrowings	694.7	538.9	66.6	12.2
Advances from customers	16.4	29.3	10.8	8.9
Lease payables	1.3	–	–	–
Income tax and social contribution	–	–	4.1	5.1
Taxes and contributions payable	24.9	9.3	5.4	5.4
Payroll and related charges	37.1	23.9	5.7	2.7
Derivative financial instruments	0.0	35.5	23.4	–
Total current liabilities	**1,511.0**	**870.5**	**218.5**	**54.5**
Non-current current liabilities				
Trade payables	42.8	3.6	17.6	–
Lease payables	8.9	–	–	–
Loans and borrowings	2,895.1	2,498.2	679.8	425.8
Loans with related parties	62.4	59.4	78.0	83.7
Deferred tax liabilities	–	–	12.3	25.2
Other non-current liabilities	33.1	30.5	13.8	3.3
Total non-current liabilities	**3,042.3**	**2,591.8**	**801.5**	**537.9**
Equity				
Capital	83.4	83.4	83.4	83.4
Capital reserve	0.6	0.6	26.6	45.8
Tax incentive reserve	63.2	16.7	22.8	–
Accumulated losses	(170.2)	(189.1)	43.5	18.3
Total equity	**(23.0)**	**(88.3)**	**176.2**	**147.4**
Total liabilities	**4,553.3**	3,462.2	1,020.0	592.4
Total liabilities and equity	**4,530.3**	**3,373.9**	**1,196.2**	**739.8**

Other Financial and Operating Information

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

FS Highlights	Unit	For the Six-Month Period Ended September 30, 2020	2019	For the Fiscal Year Ended March 31, 2020	2019	2018
		(in volume, percentage and millions of R$)				
Key operating data:						
Installed ethanol production capacity ..	MLPY	1,120.0	550.0	1,120.0	550.0	265.0
Corn crushed	thousand tons	1,241.6	595.7	1,288.9	625.4	348.5
Ethanol produced.................................	million liters	528.8	247.4	543.2	259.0	139.0
DDG Products produced	thousand tons	456.5	221.3	479.6	248.4	135.2
Corn Oil produced...............................	thousand tons	16.2	7.3	15.5	7.5	2.8
Ethanol sold...	million liters	509.3	209.6	516.6	257.8	137.9
DDG Products sold	thousand tons	458.1	217.6	467.5	237.4	118.8
Corn Oil sold	thousand tons	16.1	7.2	15.0	7.3	2.7
Energy sold..	thousand MWh	57.5	30.6	72.2	41.0	22.7
Key financial data:						
Total net revenue from segments.........	R$ million	1,163.9	453.1	1,170.9	544.8	269.0
Ethanol segment	R$ million	785.2	369.9	974.3	456.5	233.9
Animal nutrition segment.................	R$ million	245.3	76.0	171.1	78.4	29.3
Energy co-generation segment..........	R$ million	11.5	6.1	15.9	9.9	5.7
Other segment	R$ million	121.9	1.1	9.7	–	–
Net revenue..	R$ million	1,271.9	476.5	1,231.8	565.3	285.6
Corn Ethanol Production Cost per liter[(1)]	R$/liter	0.79	1.01	0.98	1.06	1.16
Maintenance Capex per liter[(2)]	R$/liter	(0.00)	0.01	0.02	0.11	0.03
Profit before net finance costs and taxes	R$ million	372.4	148.1	438.8	195.6	67.1
EBITDA[(3)]	R$ million	414.9	166.0	480.5	212.6	78.2
EBITDA Margin[(3)]	%	32.6%	34.8%	39.0%	37.6%	27.4%
EBITDA per liter..............................	R$/liter	0.81	0.79	0.93	0.82	0.57
Net Debt[(4)]..	R$ million	2,839.7	1,484.1	2,571.8	695.9	203.5
EBITDA (LTM)[(3)(5)]	R$ million	729.1	285.4	480.5	212.6	78.2
Net Debt to EBITDA[(4)]........................	x	3.9	5.2	5.4	3.3	2.6
EBIT[(6)]	R$ million	372.4	148.1	438.8	195.6	67.1
EBIT Margin[(6)]	%	29.3%	31.1%	35.6%	34.6%	23.5%
EBITDA Minus Maintenance Capex[(7)]	R$ million	415.1	163.6	471.5	182.8	74.1
EBITDA Minus Maintenance Capex per liter[(7)]	R$/liter	0.82	0.78	0.91	0.71	0.54

(1) "Corn Ethanol Production Cost" per liter is calculated as (i) the sum of (x) our total cash production, 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.

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

(3) EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Instruction No. 527, dated October 4, 2012, or CVM Instruction No. 527. We calculate EBITDA as 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.
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, EBITDA LTM and EBITDA Margin as calculated by us may not be comparable with EBITDA and EBITDA Margin as calculated by other companies.

(4) Net Debt is a non-GAAP measure calculated as (i) Debt, which is calculated as the *sum* of current and noncurrent loans and borrowings, which does not include loans with related parties, *less* (ii) cash and cash equivalents, restricted cash, and financial investments, in each case as set forth in the audited financial statements or unaudited interim consolidated financial statements. 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.

The Net Debt/EBITDA ratio as of September 30, 2020 and 2019 is calculated by *dividing* (1) Net Debt at the end of the applicable period by (2) EBITDA (LTM) for the applicable period. The Net Debt/EBITDA ratio as of March 31, 2020, 2019 and 2018 is calculated by *dividing* (1) Net Debt at the end of the applicable year by (2) EBITDA (LTM) for the corresponding fiscal year.

(5) We calculate EBITDA LTM for the twelve month period ended September 30, 2020 as EBITDA for the year ended March 31, 2020 plus EBITDA for the six-month period ended September 30, 2020 minus EBITDA for the six-month period ended September 30, 2019. We calculate EBITDA LTM for the twelve month period ended September 30, 2019 as EBITDA for the year ended March 31, 2019 plus EBITDA for the six-month period ended September 30, 2019 minus EBITDA for the six-month period ended September 30, 2018.

(6) EBIT (earnings before interest and taxes) and EBIT Margin are non-GAAP 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 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."

We calculate EBIT Margin as profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives) (or EBIT) *divided by* net revenue.

(7) EBITDA Minus Maintenance Capex is a non-GAAP measure calculated as 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 for the applicable period as the *sum* of additions, acquisitions, disposals and transfers for the following line items in the note to the financial statements entitled "Property, plant and equipment": Buildings, Machinery and equipment, Furniture and computers, Vehicles, and Installations.

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.

EBITDA Minus Maintenance Capex per liter is calculated as EBITDA Minus Maintenance Capex *divided by* liters of ethanol sold.

	For the Six-Month Period Ended September 30,		**For the Fiscal Year Ended March 31,**		
	2020	**2019**	**2020**	**2019**	**2018**
			(in millions of R$)		
Other Financial Data:					
Depreciation and amortization	42.5	17.9	41.7	17.0	11.1
EBITDA(1)	414.9	166.0	480.5	212.6	78.2
EBITDA Minus Maintenance Capex(2)	415.1	163.6	471.0	182.8	74.1
Changes in Working Capital	(42.9)	(188.0)	(410.1)	(141.8)	(68.0)
Net cash generated by (used in):					
Operating activities	401.0	(73.4)	(36.3)	72.2	6.5
Investing activities	(556.8)	(691.8)	(1,335.1)	(244.0)	(344.6)
Financing activities	344.8	785.6	1,670.1	173.6	341.3

(1) EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Instruction No. 527, dated October 4, 2012, or CVM Instruction No. 527. We calculate EBITDA as 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.

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, EBITDA LTM and EBITDA Margin as calculated by us may not be comparable with EBITDA and EBITDA Margin as calculated by other companies.

(2) EBITDA Minus Maintenance Capex is a non-GAAP measure calculated as 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 for the applicable period as the *sum* of additions, acquisitions, disposals and transfers for the following line items in the note to the financial statements entitled “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, and Installations.

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.

EBITDA Minus Maintenance Capex per liter is calculated as EBITDA Minus Maintenance Capex *divided by* liters sold.

(3) Changes in Working Capital is a non-GAAP measure. We define Changes in Working Capital for the applicable period as (i) cash flow (used in) from operating activities *less* (ii) 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 related to our loans with related parties, (vi) adjustment to present value related to our trade payables, (vii) adjustment to present value related to our trade receivables, (viii) financial investment income, (ix) provision for interest on loans, (x) provision for interest on loans with related parties, (xi) adjustment to fair value related to derivative transactions, (xii) expected losses on credit, (xiii) expected losses on advances to suppliers, (xiv) foreign exchange rate gains or losses, (xv) adjustment to fair value related to the bearer plant of bamboo and (xvi) adjustment of fair value of the CBIOs. 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.

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

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

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	**2019**	**2020**	**2019**	**2018**
			(in millions of R$)		
Net revenue	**1,271.9**	**476.5**	**1,231.8**	**565.3**	**285.6**
(Loss)/profit for the period	**65.3**	**(14.5)**	**(208.6)**	**61.1**	**14.4**
(+) Finance costs	208.0	122.6	287.5	87.6	28.9
(-) Finance income	(146.7)	(25.2)	(84.1)	(26.6)	(2.6)
(+) Foreign exchange rate variations, net	217.0	74.1	563.3	79.9	17.7
(+) Income tax and social contribution (including income tax incentives)	28.8	(9.0)	(119.2)	(6.4)	8.7
EBIT(1)	**372.4**	**148.1**	**438.8**	**195.6**	**67.1**
(+) Depreciation and amortization	42.5	17.9	41.7	17.0	11.1
EBITDA(2)	**414.9**	**166.0**	**480.5**	**212.6**	**78.2**
(-) Maintenance Capex(3)	(0.2)	2.4	9.5	29.8	4.1
EBITDA Minus Maintenance Capex(4)	**415.1**	**163.6**	**471.0**	**182.8**	**74.1**
EBITDA Margin(2)	32.6%	34.8%	39.0%	37.6%	27.4%
EBIT Margin(1)	29.3%	31.1%	35.6%	34.6%	23.5%

(1) EBIT (earnings before interest and taxes) and EBIT Margin are non-GAAP 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 profit (loss) *adding back* net finance costs, income tax and social contribution; 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. We calculate EBIT Margin as profit (loss) *adding back* net finance costs, income tax and social contribution (or EBIT) *divided by* net revenue.

(2) EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Instruction No. 527, dated October 4, 2012, or CVM Instruction No. 527. We calculate EBITDA as 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.
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, EBITDA LTM and EBITDA Margin as calculated by us may not be comparable with EBITDA and EBITDA Margin as calculated by other companies.

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

(4) EBITDA Minus Maintenance Capex is a non-GAAP measure calculated as 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 for the applicable period as the *sum* of additions, acquisitions, disposals and transfers for the following line items in the note to the

financial statements entitled “Property, plant and equipment”: Buildings, Machinery and equipment, Furniture and computers, Vehicles, and Installations.
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.

Calculation of Maintenance Capex and Growth Capex

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,**		
	2020	**2019**	**2020**	**2019**	**2018**
	(in millions of R$)				
Land	69.0	26.9	26.9	47.8	1.5
Construction in progress	334.5	542.5	244.3	10.8	103.4
Advance to suppliers	47.6	85.5	53.6	46.6	23.3
Right of use	10.8	-	1.8	0.2	-
Bearer plant	27.7	-	-	-	-
Built plants [1]	(12.1)	(6.7)	960.7	390.7	-
Growth Capex	**477.6**	**648.3**	**1,287.3**	**496.0**	**128.1**
Buildings	-	-	(0.3)	0.3	-
Machinery and equipment	0.3	-	4.4	25.8	1.7
Furniture and computers	0.1	0.7	3.1	1.4	2.0
Vehicles	(0.5)	1.7	1.8	0.1	0.4
Installations	-	-	-	2.3	-
Maintenance Capex	**(0.2)**	**2.4**	**9.0**	**29.8**	**4.1**
Total	**477.4**	**650.6**	**1,296.4**	**525.8**	**132.2**

(1) Refers to the fixed assets of the plants in operation, and include: building, machinery and equipment and installations.

Calculation of Net Debt and Net Debt divided by EBITDA (LTM)

The table below sets forth the calculation of Net debt and Net Debt *divided by* EBITDA (LTM) for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	**2019**	**2020**	**2019**	**2018**
			(in millions of R$)		
Cash and cash equivalents	499.0	31.7	310.0	11.3	9.5
Financial investments	0.1	49.3	79.6	16.8	209.4
Restricted cash	251.0	42.9	75.8	22.5	15.5
Total cash and investments	**750.1**	**123.9**	**465.4**	**50.6**	**234.5**
Current loans and borrowings	694.7	291.6	538.9	66.6	12.2
Non-current loans and borrowings	2,895.1	1,316.4	2,498.2	679.8	425.8
Debt	**3,589.8**	**1,608.0**	**3,037.2**	**746.5**	**437.9**
(-) Total cash and investments	(750.1)	(123.9)	(465.4)	(50.6)	(234.5)
Net Debt[(1)]	**2,839.7**	**1,484.1**	**2,571.8**	**695.9**	**203.5**
EBITDA (LTM)[(1)(2)]	729.1	285.4	480.5	212.6	78.2
Net Debt to EBITDA[(1)]	3.9	5.2	5.4	3.3	2.6

(1) Net Debt is a non-GAAP measure calculated as (i) Debt, which is calculated as the *sum* of current and noncurrent loans and borrowings, which does not include loans with related parties, *less* (ii) cash and cash equivalents, restricted cash, and financial investments, in each case as set forth in the audited financial statements or unaudited interim consolidated financial statements. 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.
The Net Debt/EBITDA ratio as of September 30, 2020 and 2019 and as of March 31, 2020, 2019 and 2018, is calculated by *dividing* (1) Net Debt at the end of the applicable period by (2) EBITDA (LTM).

(2) EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Instruction No. 527, dated October 4, 2012, or CVM Instruction No. 527. We calculate EBITDA as 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, 2020 as EBITDA for the year ended March 31, 2020 plus EBITDA for the six-month period ended September 30, 2020 minus EBITDA for the six-month period ended September 30, 2019. We calculate EBITDA LTM for the twelve month period ended September 30, 2019 as EBITDA for the year ended March 31, 2019 plus EBITDA for the six-month period ended September 30, 2019 minus EBITDA for the six-month period ended September 30, 2018.
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, EBITDA LTM and EBITDA Margin as calculated by us may not be comparable with EBITDA and EBITDA Margin as calculated by other companies.

Reconciliation of EBITDA (LTM) to 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,		
	2020[(1)]	2019[(2)]	2020	2019	2018	2020	2019	2018
				(in millions of R$)				
	A + D - B	B + E - C	A	B	C	D	E	F
Profit (loss) for the period	**(128.9)**	**40.8**	**65.3**	**(14.5)**	**5.8**	**(208.6)**	**61.1**	**14.4**
(+) Finance costs	372.9	187.5	208.0	122.6	22.7	287.5	87.6	28.9
(-) Finance income	(205.8)	(44.6)	(146.7)	(25.0)	(7.0)	(84.1)	(26.6)	(2.6)
(+) Foreign exchange rate variations, net	706.2	66.0	217.0	74.1	88.0	563.3	79.9	17.7
(+) Income and social contribution taxes	(81.4)	7.6	28.8	(9.0)	(23.0)	(119.2)	(6.4)	8.7
(+) Depreciation and amortization	66.2	27.9	42.5	18.0	7.1	41.7	17.0	11.1
EBITDA (LTM)[(1)(2)]	**729.1**	**285.4**	**414.9**	**166.2**	**93.6**	**480.5**	**212.6**	**78.2**

(1) We calculate EBITDA LTM for the twelve month period ended September 30, 2020 as EBITDA for the year ended March 31, 2020 plus EBITDA for the six-month period ended September 30, 2020 minus EBITDA for the six-month period ended September 30, 2019. 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."

(2) We calculate EBITDA LTM for the twelve month period ended September 30, 2019 as EBITDA for the year ended March 31, 2019 plus EBITDA for the six-month period ended September 30, 2019 minus EBITDA for the six-month period ended September 30, 2018. 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

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	2019	2020	2019	2018
			(in millions of R$)		
Cash flow (used in) from operating activities	**401.0**	**(73.4)**	**(36.3)**	**72.2**	**6.5**
(-) Profit (loss) for the year	(65.3)	14.5	208.6	(61.1)	(14.4)
(-) Adjustment for:					
Depreciation and amortization	(42.5)	(17.9)	(41.7)	(17.0)	(11.1)
Current and deferred income tax, net of tax incentives	(28.8)	9.0	119.2	6.4	(8.7)
Adjustment to present value - loans with related parties	-	(1.6)	(2.1)	(4.4)	(5.2)
Adjustment to present value - trade payables	10.8	5.3	14.3	5.6	(1.7)
Adjustment to present value - trade receivables	(3.8)	(2.2)	(2.3)	(3.6)	-
Financial investment income	-	-	-	-	2.3
Provision for interest on loans	(144.0)	(36.0)	(105.7)	(29.3)	(16.2)
Provision for interest on loans with related parties	(2.9)	(2.6)	(5.4)	(4.9)	(1.9)
Adjustment to fair value - derivatives	32.8	(7.8)	12.0	(23.4)	-
Adjustment to fair value - Bearer plant (bamboo)	12.8	-	-	-	-
Adjustment to fair value - CBIOSs	0.5	-			
Expected losses on credit	0.2	-	0.0	(0.6)	-
Expected losses on advances to suppliers	-	-	-	(1.8)	-
Foreign exchange rate gains or losses	(213.6)	(75.3)	(570.8)	(79.8)	(17.6)
Changes in Working Capital[(1)]	**(42.9)**	**(188.0)**	**(410.1)**	**(141.8)**	**(67.9)**

(1) Changes in Working Capital is a non-GAAP measure. We define Changes in Working Capital for the applicable period as (i) cash flow (used in) from operating activities *less* (ii) 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 related to our loans with related parties, (vi) adjustment to present value related to our trade payables, (vii) adjustment to present value related to our trade receivables, (viii) financial investment income, (ix) provision for interest on loans, (x) provision for interest on loans with related parties, (xi) adjustment to fair value related to derivative transactions, (xii) expected losses on credit, (xiii) expected losses on advances to suppliers, (xiv) foreign exchange rate gains or losses, (xv) adjustment to fair value related to the bearer plant of bamboo and (xvi) adjustment of fair value of the CBIOs. 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.

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

The following discussion should be read in conjunction with our audited financial statements and our unaudited condensed interim 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 two single largest ethanol production facilities in Brazil and are currently completing the expansion of our second facility. Upon completion of such expansion by March 2021, we expect to become the 4th largest producer of ethanol in Brazil[3], with 1.4 billion liters of ethanol per year of production capacity, and the largest producer of corn ethanol in South America. We are also the largest producer of animal nutrition products derived from corn in Brazil, with annual production capacity of approximately 1 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 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%. At the same time, gasoline prices in Brazil are 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

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[3] According to data from NovaCana (www.novacana.com) and ANP (www.anp.gov.br).

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, trade wars, climate, among others.

Due to the global nature of this commodity, gasoline is traded in U.S. dollars and, therefore, the increase or decrease of the U.S. dollar against the *real* also impacts the gasoline pump price and the ethanol price. Therefore, 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 8.8% to 18.8% 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,**		
	2020	**2019**	**2020**	**2019**	**2018**
	(in reais per liters, except percentages)				
Hydrous Price[(1)]	1.590	1.702	1.827	1.624	1.572
Anhydrous Price[(1)]	1.889	1.906	2.025	1.786	1.710
Anhydrous premium over hydrous (%)	18.8%	12.0%	10.9%	10.0%	8.8%

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. As of November 18, 2020, we had secured 97.6% and 52.4% of our corn needs for the corn crop ending May 31, 2021 and May 31, 2022 at average prices of R$28.0 and R$32.7 per sac, respectively.

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.

Therefore, 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,		
	2020	2019	2020	2019	2018
	(in R$ per sac, except percentages)				
FS Corn COGS	24.12	21.42	22.07	18.91	15.82
Initial CBOT price(1)	44.49	38.12	35.55	32.41	30.25
Closing CBOT price(1)	50.29	38.19	41.67	35.37	32.18
Low CBOT price(1)	39.75	34.12	34.12	32.33	29.69
Average CBOT price(1)	43.99	37.19	37.97	35.90	31.20
Discount FS Corn COGS vs average CBOT (%)	45.2%	42.4%	41.9%	47.3%	49.3%

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

Animal Nutrition

Corn and soybean prices directly impact our animal nutrition prices. Our animal nutrition products comprise: high-protein DDG, branded as *FS Essential*; high-fiber DDG, branded as *FS Ouro*; wetcake branded as *FS Úmido* and 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. The principal sources for our biomass are currently standing timber stock owned by the Company and the spot market, through which we source biomass such as wood slash, eucalyptus chips, sugarcane bagasse, cotton stems and rice rusk.

As a strategy for the medium and short term to secure the supply of biomass on our steam and energy cogeneration process and also to guarantee its costs in the coming years, we developed a series of projects for development of forestry in the region. Such projects include our forest development program high scale eucalyptus planting with Timber Funds and the development of alternative biomass sources, such as bamboo. Through these initiatives, we have secured approximately 85% of the demand for the next 7 years of our two existing plants.

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

The Brazilian economic environment has historically been characterized by significant variations in economic growth, inflation and currency exchange rates. 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 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:

	As of and for the Six-Month Period Ended September 30,	As of and for the Year Ended March 31,			
	2020	2020	2019	2018	2017
Brazil GDP growth	(3.89)%	0.9%	1.1%	1.3%	1.3%
Brazilian inflation (IGP-M)[1]	5.08%	6.8%	7.3%	7.5%	(0.5)%
Brazilian inflation (IPCA)[2]	0.98%	3.3%	4.3%	3.7%	2.9%
CDI rate[3]	0.50%	5.4%	5.9%	6.5%	10.1%
SELIC[4]	2.00%	5.4%	4.4%	6.4%	6.9%
Real appreciation/(depreciation) in relation to the U.S. dollar	(2.92)%	(22.4)%	(3.7)%	(14.4)%	(1.8)%
Period-end exchange rate (in R$ per US$1.00)[5]	5.6407	5.1774	4.0196	3.8713	3.3126
Average exchange rate (R$ per US$1.00)[6]	5.3766	4.1140	3.9438	3.6544	3.1939

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.

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.

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 loans 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 net revenue from ethanol and animal nutrition products and negatively affect our finance costs related to our outstanding loans denominated in U.S. dollars, while an appreciation of the *real* in relation to the U.S. dollar may have the inverse effect.

Our results of operations and financial condition are also affected by changes in Brazilian inflation and interest rates. Some of our loans accrue interest at the CDI rate plus a spread. 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.

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;
- 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."

Factors Impacting the Comparability of Our Financial Results

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Most governments around the world have adopted restrictive measures to contain the spread of the virus, which has significantly affected the global economy, including as a result of the interruption or deceleration of the supply chain and the significant increase in economic uncertainty (including an increase in asset price and exchange rates volatility and the fall in long-term interest rates). Social isolation measures put in place to combat the pandemic have affected the global economic environment, reducing the demand for oil and oil products and negatively impacting the oil and gas industry.

The unprecedented supply and demand dynamics created by demand decreases resulting from COVID-19 and supply increases resulting from recent periods of increased production by members of the Organization of Petroleum Exporting Countries ("OPEC") and other countries, particularly beginning in March 2020, have resulted in severe declines in commodity prices and created volatility, uncertainty, and turmoil in the oil and gas industry. While in April 2020, OPEC agreed to cut production, the production cuts have yet to offset the decrease in demand resulting from the COVID-19 pandemic and related economic repercussions. As a result, oil prices reached the lowest point since early 1999. Although it has increased since the low-point of April 2020, the price of oil has remained depressed and highly volatile.

In Brazil, the Brazilian government took several measures to prevent and contain the pandemic, as well as to mitigate its impacts on the economy. State and municipal governments have also taken several measures seeking to restrict the free movement of people and commercial and service activities, in addition to enabling emergency investments in healthcare. We have continued to operate our business as usual and as of the date of this offering memorandum have not experienced any interruptions in our operations as our activity has been considered essential by certain governmental entities.

Partly as a result of the measures restricting free movement taken in response to the pandemic, there has been a significant decrease in the consumption of fuel in Brazil, which, coupled with the decrease in oil prices globally, has caused a significant reduction in ethanol prices during the six-month period ended September 30, 2020. As a consequence, Brazilian sugarcane producers have turned most of their production capacity towards producing sugar, which has in turn allowed us to supply ethanol to underserved consumer markets during the pandemic, especially in the North and Northeast regions of Brazil. In addition, because the price of corn also increased as a result of volatility, foreign exchange movements, and uncertainty caused by the pandemic, we were able to benefit from the increase in corn prices through sales of our animal nutrition products as well as of sales of a portion of our excess corn inventory, due to the postponement of the start-up of the expansion of the SRS Plant.

We have simulated various scenarios and assessed the possible impacts on our operations of the COVID-19 pandemic, considering the micro- and macroeconomic impacts and effects arising from the efforts implemented to contain the spread of the epidemic. Based on this assessment, we have adopted a series of measures designed to mitigate and preserve the health and safety of our employees, as well as to ensure the continuity of our business. Actions taken include:

- restriction of third-party access to production facilities;
- daily temperature checks of employees when accessing the production facilities;
- implementation of a "work-from-home" policy for all employees whose physical presence was not required;
- distribution of hand sanitizer to employees;
- donation of sanitation alcohol to local public institutions to help stop the spread of the virus;
- adherence to the tax and labor benefits package offered by the government of Brazil;
- renegotiation of certain contracts and agreements to preserve cash in order to maintain operations;
- monitoring of accounts receivable position;
- prospecting for customers and effecting sales in new markets, including exports; and
- organizational improvement.

In addition, as of the date of this offering memorandum, 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. Similarly, our customers have mostly continued to operate during the pandemic.

The extent to which COVID-19 may impact our operations, liquidity, financial condition and results of operations will depend on future developments and numerous evolving factors that cannot be predicted, including, but not limited to, the duration and spread of the pandemic, including a "second wave" of infection, its severity, the actions to contain the virus or treat its impact, and the duration, timing and severity of the impact on global financial markets, the ethanol and animal nutrition industry worldwide and the condition of the Brazilian economy. We will continue to closely monitor and evaluate the nature and extent of the impact of COVID-19 on our operations, liquidity, financial condition, results of operations and prospects. We may also take further actions that alter our business operations, as may be required by local authorities, or that we determine are in the best interests of our employees, suppliers and clients. Further, because of pandemic, we decided to postpone the starting date of phase 3 of the expansion of the SRS Plant from August 2020 to March 2021.

We believe that the economic effects of the effort to contain the pandemic will not significantly impact the recoverable value of our assets and will not compromise our operational capacity and business, as a going concern.

Recent Significant Fluctuation in Exchange Rates

Our results of operations as of and for the six-month period ended September 30, 2020 were affected by the abrupt and significant fluctuation in the real-U.S. exchange rate (from R$5.1987 as of March 31, 2020 to R$5.6407 as of September 30, 2020). As a result, the comparability of the six-month period ended September 30, 2020 with the six-month period ended September 30, 2019 reflects this impact.

Foreign Exchange Rate Variations, Net. Our foreign exchange rate variations, net increased by R$142.9 million, to R$217 million cost in the six-month period ended September 30, 2020 from R$74.1 million in the six-month period ended September 30, 2019. For the period ended September 30, 2019, the exchange rate increased by 6.9% to R$4.1644 as of September 30, 2019 from R$3.8967 as of March 31, 2019. For the period ended September 30, 2020, the exchange rate increased by 8.5% to R$5.641 as of September 30, 2020 from R$5.1987 as of March 31, 2020, which was reflected in our outstanding loans and borrowing denominated in U.S. dollars in the principal amount of US$500.10 million (R$2,820.9 million) as of September 30, 2020. Of the total variation of R$142.9 million, R$138.0 million related to unrealized results, with no cash effect, while the realized result, with cash effect, was R$4.8 million.

The volatility in currency rates also impacted the foreign exchange rate variations, net for the year ended March 31, 2020, which increased by R$483.4 million, to R$563.3 million in the fiscal year ended March 31, 2020 from R$79.9 million in the fiscal year ended March 31, 2019. For the fiscal year ended March 31, 2019, the exchange rate increased by 17.2% to R$3.8967 as of March 31, 2019 from R$3.3238 as of March 31, 2018. For the period ended March 31, 2020, the exchange rate increased by 33.4% to R$5.1967 as of March 31, 2020 from R$3.8967 as of

March 31, 2019, which was reflected in the outstanding loans denominated in U.S. dollars in the principal amount of US$476.1 million (R$2,607.1 million) as of March 31, 2020. Of the total variation of R$483.4 million, R$491.5 million related to unrealized losses, with no cash effect, while the realized gain, with cash effect, was R$8.1 million

Recent Expansion of Our Production Capacity

We constructed two plants from 2017 to 2019, which increased our production capacity and positively impacted our results of operations during this period.

Prior to June 2017, we did not generate revenues, since we were not yet operational. As a result, our results of operations and financial condition for periods prior to June 2017 do not provide meaningful measures to analyze our business.

We commenced operations on June 26, 2017, with an annual processing capacity of 650,000 tons of corn, and annual production capacity of 265 million liters of ethanol, 223,000 tons of DDG Products, 7,000 tons of corn oil and 100,000 MWh of electric energy. In February 2018, we started the expansion of our LRV Plant, which was concluded on March 26, 2019. The LRV Plant currently has processing capacity of 1.3 million tons of corn per year and annual production capacity of 550 million liters of ethanol, 400,000 tons of DDG Products, 16,000 tons of corn oil and production of 292,000 MW/h of electric energy, and 200 tons/h of steam.

In December 2018, we began the construction of the SRS Plant, with a three-phase completion schedule. The plant started operations in February 2020 with phases 1 and 2. Phase 3 construction is still in progress. We expect phase 3 to be completed by March 2021.

In the fiscal year ended March 31, 2020, we produced 23.6 million liters of ethanol at the SRS Plant. The plant currently has a corn processing capacity of 1,300 million tons per year and production capacity of 570 million liters of ethanol per year. We project to increase SRS Plant capacity to approximately 850 million liters of ethanol per year by March 2021, as we expect to complete phase 3 construction, as well as processing capacity of 1,950 million tons of corn per year, 840,000 tons of DDG Products, 25,000 tons of corn oil per year, and co-generation of 350,000 MWh of energy per year.

In addition to our operational assets, consisting of the LRV Plant and SRS Plant, we have also secured four additional sites for future potential expansion: Campo Novo do Parecis Plant, Primavera do Leste Plant, Nova Mutum Plant and Querência Plant, all located in the state of Mato Grosso, in the Center-West region of Brazil. There has been no decision to initiate any of these expansions to date.

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, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions that we believe are proper and reasonable under the circumstances. We regularly evaluate the appropriateness of estimates and assumptions used in the preparation of our financial statements. Actual results could differ materially from those estimates. Key accounting policies, including but not limited to those relating to revenue recognition, depreciation of property, plant and equipment and impairment of long-lived assets, adjustments to present value and inventories are impacted significantly by judgments, assumptions and estimates used in the preparation of the financial statements.

Revenue – Customer Contract Revenue

We have different contracts with customers depending on our 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 customer's location and shipping terms. We recognize revenue when it satisfies performance obligations under the terms of the contracts and control of the products is transferred to our 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. We recognize revenue when it satisfies performance obligations under the terms of the contracts and control of the products is transferred to our 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 we want to mitigate. The revenue is recognized when the energy is available on the transmission line.

Depreciation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. We calculate depreciation expense using the straight-line method, based on the estimated useful life of each asset. We assign useful lives to each asset based on reasonable estimates when an asset is placed into service. Periodically, we evaluate the estimated useful lives of our property, plant and equipment and revise our estimates when the facts and circumstances require us to do so. The determination of an asset's estimated useful life takes a number of factors into consideration, including technological change, normal depreciation and actual physical usage. We periodically evaluate whether events or circumstances have occurred that may warrant revision of the estimated useful life of fixed assets, which is accounted for prospectively.

Impairment of Long-Lived Assets

Our long-lived assets consist of property, plant and equipment. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. We measure recoverability of assets by comparing the carrying amount of an asset to the estimated discounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, we record an impairment charge in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges have been recorded during the periods presented.

Adjustments to Present Value

The credit risk of trade receivables arises from the possibility that we will not receive amounts due from sales operations. To mitigate this risk, we adopted the practice of performing a detailed credit analysis of the financial situation as well as assets and liabilities of our clients. The discount rate used to calculate the adjustment to present value in sales was 0.8% per month as of September 30, 2020, is based on the practice of discount market when the sales received in advance.

With regard to our trade payables, the discount rate used to calculate the present value adjustment was 0.8% per month as of September 30, 2020, based on market discount rates we experienced when prepaying trade obligations.

Finally, regarding our loans with related parties not subject to interest, we adjust each loan transaction to present value considering the term of the transaction (ten years) and the annual SELIC interest rate, which was 14.05% in 2016 and 12.15% and 9.15% in 2017. The gain on this adjustment was recorded in shareholders' equity as a net capital reserve of the taxable effects that are reconciled in non-current liabilities. The monthly amortization of the adjustment to present value was calculated based on the payment term of the contracts.

Inventories

Inventories are measured at the lower of cost and net realizable value and are stated at the average cost which does not exceed the market value. In the case of products under construction, the cost includes a portion of the general manufacturing costs based on the usual operating capacity.

Principal Components of Our Statements of Income

Net Revenue

Net revenue derives mainly from sales of anhydrous ethanol and hydrous ethanol and from sales of our animal nutrition products, corn oil, 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 and adjustments to present value.

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, which consequently increases our net revenue and profit (loss). In the fiscal years ended March 31, 2020, 2019 and 2018, we recognized tax incentives in the amount of R$15.1 million, R$3.3 million and R$1.6 million, respectively.

We recognize revenue when we satisfy performance obligations under the terms of the contracts and control of the product is transferred to the customer. This process involves identifying the customer contract, determining the performance obligations under the contract, determining the contract price, allocating the contract price to performance obligations under the contract, and recognizing revenue when the performance obligations have been satisfied. Typically, revenue derived from sales of ethanol and other products (including animal nutrition products) are recognized either upon delivery at the client premises (under the cost, insurance and freight method, or "CIF"), or upon acceptance of the product in our plant (under the free on-board method, or "FOB"). We recognize revenue derived from sales of electric energy upon availability on the transmission line.

Segment Net Revenue

In order to better understand and manage our business, we calculate our gross revenue, net of sales freight, and also by business segment, i.e., ethanol, animal nutrition, energy co-generation and others, and the respective breakdown of products within each of these business segments. This calculation allows us to capture the actual revenue we perceive from each of our business 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, as well as provides better comparison with market reference prices.

The table below sets forth our net revenue per segment for the periods indicated:

	For the Six-Month Period Ended September 30,		For the Year Ended March 31,		
	2020	2019	2020	2019	2018
	(in millions of R$)		*(in millions of R$)*		
Ethanol anhydrous	322.3	259.8	611.2	327.9	85.7
Ethanol hydrous	462.9	110.1	363.0	128.5	148.2
Total ethanol	**785.2**	**369.9**	**974.3**	**456.5**	**233.9**
High protein	129.7	36.2	82.6	37.4	15.3
High fiber	58.4	21.0	47.1	19.9	7.6
Wet cake	18.7	6.4	17.3	8.8	3.0
Corn oil	38.6	12.3	24.1	12.3	3.4
Total animal nutrition	**245.3**	**76.0**	**171.1**	**78.4**	**29.3**
Energy co-generation	**11.5**	**6.1**	**15.9**	**9.9**	**5.7**
Other segment	**121.9**	**1.1**	**9.7**	**–**	**–**
Total net revenue from segments	**1,163.9**	**453.1**	**1,170.9**	**544.8**	**268.9**
Reclassification – Sales freight	108.0	23.4	60.9	20.5	16.7
Net revenue	**1,271.9**	**476.5**	**1,231.8**	**565.3**	**285.6**

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) costs of corn, which represents most of our costs; (ii) biomass costs; and (iii) cost of chemicals and enzymes. Other components of our cost of goods sold also include, to a lesser extent, 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 in Brazil 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 derive from our sales activities and mainly consist of expenses with freight, personnel and contracted services, among other expenses. Administrative expenses derive from management and support of our operational activities. These expenses are predominantly related to the activities that are performed at our corporate level. Some of these expenses include personnel, contracted services, depreciation and amortization, travel and office expenses. Other operating results derive from other loss or income, such as sales of scrap, mill waste, benefits received or granted, among others.

Our main operational expenses are impacted either directly or indirectly by changes in the Brazilian inflation indices. As such, an increase in inflation rates in Brazil may cause an increase in our operational expenses.

Net Finance Costs

Net finance costs is the *sum* of finance income, finance costs and foreign exchange rate variations, net. Finance income comprises mainly income generated as a result of investing cash and cash equivalents in short-term investments, discounts obtained as well as realized and unrealized gains associated with derivative instrument transactions.

Finance costs mainly comprise interest expenses on loans, bank fees, realized and unrealized losses associated with derivative instrument transactions and adjustments to present value with respect to trade payables and loans entered to with related parties. 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 costs.

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. We have applied to also have our SRS Plant benefit from this tax program. 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, 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. We reinvest the amount related to tax savings in our business and operations; these amounts are not available for dividend payments.

Results of Operations

Six-Month Period Ended September 30, 2020 compared to the Six-Month Period Ended September 30, 2019

The table below sets forth our comparative financial information for the six-month periods ended September 30, 2020 and 2019.

	For the Six-Month Period Ended September 30,		
	2020	**2019**	**Variation**
	(in millions of R$)		*(%)*
Net revenue	**1,271.9**	**476.5**	166.9%
Cost of goods sold	(764.2)	(274.6)	178.3%
Gross profit	**507.7**	**202.0**	151.3%
Operational expenses			
Selling expenses	(119.6)	(28.0)	327.1%
Administrative expenses	(28.4)	(25.4)	11.8%
Other operating results	12.7	(0.4)	Not meaningful
Total operational expenses	**(135.3)**	**(53.8)**	151.5%
Profit before net finance costs and taxes	**372.4**	**148.1**	151.5%
Finance income	146.7	25.2	482.1%
Finance costs	(208.0)	(122.6)	69.7%
Foreign exchange rate variations, net	(217.0)	(74.1)	192.8%
Net finance costs	**(278.3)**	**(171.6)**	62.2%
Profit (loss) before income and social contribution taxes	**94.1**	**(23.5)**	**Not meaningful**
Current income and social contribution taxes	–	9.9	-
Deferred income and social contribution taxes	(28.8)	5.0	Not meaningful
Income tax incentives	–	(5.9)	-
Total income and social contribution taxes and income tax incentives	**(28.8)**	**9.0**	**Not meaningful**
Profit (loss) for the period	**65.3**	**(14.5)**	**Not meaningful**

Net Revenue

The table below sets forth total net revenue and our segment net revenue for the six-month periods ended September 30, 2020 and 2019:

	For the Six-Month Period Ended September 30,		
	2020	**2019**	**Variation**
	(in millions of R$)		*(%)*
Ethanol anhydrous	322.3	259.8	24.0%
Ethanol hydrous	462.9	110.1	320.5%
Total ethanol	**785.2**	**369.9**	**112.3%**

High protein	129.7	36.2	258.2%
High fiber	58.4	21.0	177.7%
Wet cake	18.7	6.4	191.7%
Corn oil	38.6	12.3	213.1%
Total animal nutrition	**245.3**	**76.0**	**223.0%**
Energy co-generation	**11.5**	**6.1**	**88.1%**
Other segment	**121.9**	**1.1**	**Not meaningful**
Total net revenue from segments	**1,163.9**	**453.1**	**156.9%**
Reclassification – Sales freight	108.0	23.4	361.9%
Net revenue	**1,271.9**	**476.5**	**166.9%**

The table below presents a breakdown of price net of taxes and freight per each product for the six-month periods ended September 30, 2020 and 2019:

	For the Six-Month Period Ended September 30,		
	2020	**2019**	**Variation**
	(in reais per liters, tons and mwh)		*(%)*
Ethanol anhydrous	1.653	1.822	(9.3)%
Ethanol hydrous	1.472	1.643	(10.4)%
Total ethanol	1.542	1.765	(12.6)%
High protein	925.8	654.2	41.5%
High fiber	416.7	308.9	34.9%
Wet cake	105.3	68.2	54.4%
Corn oil	2,397.1	1,715.7	39.7%
Energy co-generation	**200.7**	**200.3**	**0.2%**

The table below presents a breakdown of our volume sold of each product for the six-month periods ended September 30, 2020 and 2019:

	For the Six-Month Period Ended September 30,		
	2020	**2019**	**Variation**
Ethanol anhydrous (in million liters)	194.9	142.6	36.7%
Ethanol hydrous (in million liters)	314.4	67.0	369.1%
Total ethanol (in million liters)	**509.3**	**209.6**	**143.0%**
High protein (in thousand tons)	140.0	55.3	153.1%
High fiber (in thousand tons)	140.0	68.0	105.8%
Wet cake (in thousand tons)	178.0	94.2	88.9%
Corn oil (in thousand tons)	16.1	7.2	124.1%
Total animal nutrition (in thousand tons)	**474.2**	**224.8**	**110.9%**
Energy co-generation (in thousand mwh)	**57.5**	**30.6**	**87.7%**

Our net revenue increased by 166.9%, or R$795.4 million, to R$1,271.9 million in the six-month period ended September 30, 2020 from R$476.5 million in the six-month period ended September 30, 2019, as a result of the increase in freight and sales per segment.

Our total net revenue from segments increased by 156.9%, or R$710.8 million, to R$1,163.9 million in the six-month period ended September 30, 2020 from R$453.1 million in the six-month period ended September 30, 2019, due to increased sales of ethanol and, to a lesser extent, increased sales of animal nutrition products as described below.

Ethanol. Ethanol anhydrous sales increased by 24.1%, or R$62.5 million, to R$322.3 million in the six-month period ended September 30, 2020 from R$259.8 million in the six-month period ended September 30, 2019, as a result of increased volume sold from 142.6 thousand liters to 194.9 thousand liters due to the increase in our production capacity related to the beginning of operations at the SRS Plant. The increase in sales volume was partially offset by a decrease in ethanol anhydrous sales prices per liter of 9.3%, or R$0.169, to R$1.653 in the six-month period ended September 30, 2020 from R$1.822 in the six-month period ended September 30, 2019, while the SP Hydrous ESALQ Price for the six-month period ended September 30, 2020 was R$1.590 per liter, compared to R$1.702 per liter for the six-month period ended September 30, 2019. This price variation is explained mainly by the drop in global and Brazilian fuel demand caused by the COVID-19 pandemic, which caused a decrease in oil prices, gasoline and consequently in ethanol prices.

Ethanol hydrous sales increased by 320.4%, or R$352.8 million, to R$462.9 million in the six-month period ended September 30, 2020 from R$110.1 million in the six-month period ended September 30, 2019, as a result of increased volume sold from 67.0 thousand liters to 314.4 thousand liters due to the beginning of operations at the SRS Plant. The increase in sales volume was partially offset by a decrease in ethanol hydrous sales prices per liter of 10.4%, or R$0.171, to R$1.472 in the six-month period ended September 30, 2020 from R$1.643 in the six-month period ended September 30, 2019, while the SP Hydrous ESALQ Price for the six-month period ended September 30, 2020 was R$1.590 per liter, compared to R$1.702 per liter for the six-month period ended September 30, 2019. This price variation is explained mainly by the drop in global and Brazilian fuel demand caused by the COVID-19 pandemic, which caused a decrease oil prices, gasoline and consequently in ethanol prices.

Animal nutrition. Animal nutrition sales increased by 223.0%, or R$169.4 million, to R$245.3 million in the six-month period ended September 30, 2020 from R$76.0 million in the six-month period ended September 30, 2019, primarily due to:

- Increased sales of high-protein DDG, from 55.3 thousand tons to 140.0 thousand tons, as a result of the increase in our production capacity. Prices per ton increased from R$654.2 to R$925.8 due to the improvement of our marketing strategy and expansion of our animal nutrition customer base;
- Increased sales of high-fiber DDG, from 68.0 thousand tons to 140.0 thousand tons, as a result of the increase in our production capacity. Prices per ton increased from R$308.9 to R$416.7 due to the improvement of our marketing strategy with the development of a price policy and geographical expansion;
- Increased sales of wetcake, from 94.2 thousand tons to 178.0 thousand tons as a result of the increase in our production capacity. Prices per ton increased from R$68.2 to R$105.3 due to improvement of our marketing strategy and the increase in commodities prices; and
- Increased sales of corn oil, from 7.2 thousand tons to 16.1 thousand tons as a result of the increase in our production capacity. Prices per ton increased from R$1,715.7 to R$2,397.1 due to the increase in commodities prices.

Energy co-generation. Energy sales increased by 88.1%, to R$11.5 million in the six-month period ended September 30, 2020 from R$6.1 million in the six-month period ended September 30, 2019, due to increased volume sold from 30.6MWh (thousands) to 57.5MWh (thousands) and increased price per MWh from R$200.3 to R$200.7.

Others. Other revenues include revenues from steam sales and corn sales. Other revenues increased to R$121.9 million in the six-month period ended September 30, 2020 from R$1.1 million in the six-month period ended September 30, 2019, due to steam sales and non-recurrent sales of corn in 2020. Steam prices per ton increased from R$55.3 to R$80.6 due to commercial negotiation. Sale of corn was a selective market opportunity and should not occur with frequency going forward. As we were planning to expand our production capacity in the SRS Plant, we bought a certain amount of corn in advance. Due to the COVID-19 pandemic, we decided to postpone the start-up of phase 3 expansion of the SRS Plant from August 2020 to March 2021 and thus sold the corn we had purchased in advance.

Cost of Goods Sold

Our cost of goods sold increased by 178.3%, or R$489.6 million, to R$764.2 million in the six-month period ended September 30, 2020 from R$274.6 million in the six-month period ended September 30, 2019, due to the increase in our production capacity as a result of the beginning of operations at the SRS 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,		
	2020	2019	Variation
	(in millions of R$)		
Corn	(473.6)	(184.1)	157.3%
Biomass	(65.7)	(27.6)	137.6%
Labor	(24.5)	(11.2)	118.4%
Enzymes	(21.8)	(9.4)	133.4%
Depreciation	(39.6)	(16.5)	140.9%
Production	(10.6)	(3.6)	197.2%
Chemicals	(21.7)	(8.7)	148.6%
Maintenance	(11.5)	(8.6)	33.7%
Resale costs*	(94.1)	(4.2)	Not meaningful
Lab	(1.1)	(0.7)	52.1%
Total	(764.2)	(274.6)	178.3%

* Resale costs are not considered part of the production costs as these costs correspond to purchases of energy and corn which were subsequently sold.

The corn cost of goods sold represents 62.0% and 67.0% of our total cost of goods sold at a cost per sac of R$24.1 and R$21.4 for the six-month period ended September 30, 2020 and for the six-month period ended September 30, 2019 respectively.

Gross Profit

Our gross profit increased by 151.3%, or R$305.7 million, to R$507.7 million in the six-month period ended September 30, 2020 from R$202.0 million in the six-month period ended September 30, 2019, as described above.

Operational Expenses

Our operational expenses increased by 151.5%, or R$81.5 million, to R$135.3 million in the six-month period ended September 30, 2020 from R$53.8 million in the six-month period ended September 30, 2019, primarily due to the increase in selling expenses and, to a lesser extent, in administrative expenses, as described below.

Selling Expenses. Our selling expenses increased by 327.1%, or R$91.6 million, to R$119.6 million in the six-month period ended September 30, 2020 from R$28.0 million in the six-month period ended September 30, 2019, mainly due to the increase in volume sold utilizing CIF shipping terms as a result of our strategy to better manage our delivery routes, capture better logistics costs and more efficiently serve our customers. Freight expenses increased by 361.9%, or R$84.6 million. We have also invested in our sales staff, thus, personnel expenses increased by 232.0%, or R$7.7 million, to meet increased volume through the beginning of our operations at the SRS Plant.

Administrative Expenses. Our administrative expenses increased by 11.8%, or R$3.0 million, to R$28.4 million in the six-month period ended September 30, 2020 from R$25.4 million in the six-month period ended September 30, 2019, mainly due to the expansion of our corporate team, which increased our personnel expenses by 19.0%, or R$2.9 million.

Net Finance Costs

Our net finance costs, net increased by 62.2%, or R$106.7 million, to R$278.3 million of net finance costs in the six-month period ended September 30, 2020 from R$171.6 million of net finance costs in the six-month period ended September 30, 2019, due to the factors described below.

Finance Income. Our finance income increased by 483.1%, or R$121.5 million, to R$146.7 million in the six-month period ended September 30, 2020 from R$25.2 million in the six-month period ended September 30, 2019. This variation was mainly due to an increase in the gain recognized from derivatives by 563.8% or R$113.4 million as a result of the devaluation of the *real* in relation to the U.S. dollar of 8.5% during the period.

Finance Costs. Our finance costs increased by 69.7%, or R$85.4 million, to R$208.0 million in the six-month period ended September 30, 2020 from R$122.6 million in the six-month period ended September 30, 2019, primarily due to interests expenses incurred. This increase mainly derives from the increase in interest on loans, reflecting the increase in loans. This increase in loans is mainly due to the financing of the investment and additional working capital needs from the SRS Plant.

Foreign Exchange Rate Variations, Net. Our foreign exchange rate variations, net increased by 192.8%, or R$142.9 million, to R$217.0 million in the six-month period ended September 30, 2020 from R$74.1 million in the six-month period ended September 30, 2019. For the period ended September 30, 2020, the exchange rate increased by 8.5% to R$5.6407 from R$5.1987 as of March 31, 2020, which was reflected in our outstanding loans and borrowing denominated in U.S. dollars in the principal amount of US$488.7 million (R$2,756.9 million) as of September 30, 2020. Of the total variation of R$142.9 million, R$138.0 million related to unrealized results, with no cash effect, while the realized result, with cash effect, was R$4.8 million. For the period ended September 30, 2019, the exchange rate increased by 6.9% to R$4.1644 as of September 30, 2019 from R$3.8967 as of March 31, 2019.

Profit (Loss) before Income Tax and Social Contribution

Our profit (loss) before income tax and social contribution changed by 500.4%, or R$117.6 million, to a profit of R$94.1 million in the six-month period ended September 30, 2020 from a loss of R$23.5 million in the six-month period ended September 30, 2019, due to the aforementioned factors.

Income Taxes, Social Contribution Taxes and Income Tax Incentives

Our income tax, social contribution taxes and income tax incentives changed by 420.0%, or R$37.8 million, to an expense of R$28.8 million in the six-month period ended September 30, 2020 from a benefit of R$9.0 million in the six-month period ended September 30, 2019, due to the factors described below.

Current Income and Social Contribution Taxes. We recorded current income taxes and social contribution taxes of R$9.9 million in the six-month period ended September 30, 2019. We did not record any current income taxes and social contribution taxes in the six-month period ended September 30, 2020, due to the temporary differences that drives to a tax loss.

Deferred Income and Social Contribution Taxes. Our deferred income and social contribution taxes changed by 676.0%, or R$33.8 million, to a tax expense of R$28.8 million in the six-month period ended September 30, 2020 from a tax benefit of R$5.0 million in the six-month period ended September 30, 2019, mainly due to an increase in financial instruments and trade payable provisions which was partially offset by temporary differences during the six-month period ended September 30, 2020.

Income Tax Incentives. We did not record any income tax incentives in the six-month period ended September 30, 2020. For the six-month period ended September 30, 2019 we recorded an expense of R$5.9 million.

Profit (Loss)

As a result of the aforementioned factors, mainly related to the unrealized losses in foreign exchange rate variation over the outstanding loans denominated in U.S. dollars, our profit (loss) changed by 550.3%, or R$79.8 million, to a profit of R$65.3 million in the six-month period ended September 30, 2020 from a loss of R$14.5 million in the six-month period ended September 30, 2019.

Fiscal Year Ended March 31, 2020 compared to Fiscal Year Ended March 31, 2019

The table below sets forth our comparative financial information for the fiscal years ended March 31, 2020 and 2019.

	For the Fiscal Year Ended March 31,		
	2020	2019	Variation
	(in millions of R$)		(%)
Net revenue	**1,231.8**	**565.3**	**117.9%**
Cost of goods sold	(673.9)	(311.7)	116.2%
Gross profit	**557.9**	**253.6**	**120.0%**
Operational expenses			
Selling expenses	(73.4)	(30.1)	143.9%
Administrative expenses	(52.2)	(24.9)	109.6%
Other operating results	6.5	(3.0)	Not meaningful
Total operational expenses	**(119.1)**	**(58.0)**	**105.3%**
Profit before net finance costs and taxes	**438.8**	**195.6**	**124.3%**
Finance income	84.1	26.6	216.2%
Finance costs	(287.5)	(87.6)	228.2%
Foreign exchange rate variations, net	(563.3)	(79.9)	605.0%
Net finance costs	**(766.7)**	**(140.9)**	**444.1%**
Profit (loss) before income and social contribution taxes	**(327.9)**	**54.7**	**Not meaningful**
Current income and social contribution taxes	4.1	(20.9)	(119.6)%
Deferred income and social contribution taxes	115.1	4.5	Not meaningful
Income tax incentives	–	22.8	Not meaningful
Total income and social contribution taxes and income tax incentives	**119.2**	**6.4**	**Not meaningful**
Profit (loss) for the year	**(208.6)**	**61.1**	**(441.4)%**

Net Revenue

The table below sets forth total net revenue and our segment net revenue for the fiscal years ended March 31, 2020 and 2019:

	For the Fiscal Year Ended March 31,		
	2020	2019	Variation
	(in millions of R$)		(%)
Ethanol anhydrous	611.2	327.9	86.3%
Ethanol hydrous	363.1	128.6	182.3%
Total ethanol	**974.3**	**456.5**	**113.4%**
High protein	82.6	37.4	120.9%
High fiber	47.1	19.9	136.7%
Wet cake	17.3	8.8	96.6%
Corn oil	24.1	12.3	95.9%
Total animal nutrition	**171.1**	**78.4**	**118.2%**
Energy co-generation	**15.9**	**9.9**	**60.6%**
Other segment	**9.7**	**–**	**Not meaningful**
Total net revenue from segments	**1,170.9**	**544.8**	**114.9%**
Reclassification – Sales freight	60.9	20.5	197.1%
Net revenue	**1,231.8**	**565.3**	**117.9%**

The table below presents a breakdown of price net of taxes and freight per each product for the fiscal years ended March 31, 2020 and 2019:

	For the Fiscal Year Ended March 31,		
	2020	2019	Variation
	(in reais per liters, tons and mwh))		(%)
Ethanol anhydrous	1.936	1.792	8.0%
Ethanol hydrous	1.807	1.716	5.3%
Total ethanol	**1.886**	**1.770**	**6.5%**
High protein	669.2	604.4	10.7%
High fiber	334.3	292.7	14.2%

Wet cake	85.3	81.1	5.2%
Corn oil	1,592.8	1,687.0	(5.4%)
Energy co-generation	**219.7**	**232.1**	**(9.2%)**

The table below presents a breakdown of our volume sold for the fiscal years ended March 31, 2020 and 2019:

	For the Fiscal year Ended March 31,		
	2020	**2019**	**Variation** *(%)*
Ethanol anhydrous (in million liters)	315.6	183.0	72.5%
Ethanol hydrous (in million liters)	200.9	74.9	168.3%
Total ethanol (in million liters)	**516.6**	**257.9**	**100.3%**
High protein (in thousand tons)	123.4	61.8	99.6%
High fiber (in thousand tons)	141.0	68.1	107.0%
Wet cake (in thousand tons)	203.2	107.7	88.6%
Corn oil (in thousand tons)	15.1	7.3	106.3%
Total animal nutrition (in thousand tons)	**482.6**	**244.9**	**97.0%**
Energy co-generation (in thousand mwh)	**72.2**	**41.0**	**76.0%**

Our net revenue increased by 117.9%, to R$1,231.8 million in the fiscal year ended March 31, 2020 from R$565.3 million in the fiscal year ended March 31, 2019, as a result of the increase in freight and sales per segment.

Our total net revenue from segments increased by 115.0%, or R$626.2 million, to R$1,170.9 million in the fiscal year ended March 31, 2020 from R$544.7 million in the fiscal year ended March 31, 2019, primarily due to increased sales of ethanol and, to a lesser extent, increased sales of animal nutrition products as described below.

Ethanol. Ethanol anhydrous sales increased by 86.3%, or R$283.2 million, to R$611.2 million in the fiscal year ended March 31, 2020 from R$327.9 million in the fiscal year ended March 31, 2019, primarily due to the increase in our production capacity and volume sold from 183.0 thousand liters to 315.6 thousand liters. Ethanol prices per liter increased 8.0%, or R$0.144, from R$1.792 to R$1.936, while the SP Hydrous ESALQ Price for the period was R$1.624 per liter in the fiscal year ended March 31, 2019, compared to R$1.827 per liter in the fiscal year ended March 31, 2020.

Ethanol hydrous sales increased by 182.4%, or R$234.5 million, to R$363.1 million in the fiscal year ended March 31, 2020 from R$128.6 million in the fiscal year ended March 31, 2019, primarily due to the increase in our production capacity and in volume sold from 74.9 thousand liters to 200.9 thousand liters. Prices per liter also increased from R$1.716 to R$1.807, while the SP Hydrous ESALQ Price for the period was R$1.624 per liter in the fiscal year ended March 31, 2019, compared to R$1.827 per liter in the fiscal year ended March 31, 2020.

Animal nutrition. Animal nutrition sales increased by 118.2%, or R$92.7 million, to R$171.1 million in the fiscal year ended March 31, 2020 from R$78.4 million in the fiscal year ended March 31, 2019, primarily due to:

- Increased sales of high-protein DDG volume, from 61.8 thousand tons to 123.4 thousand tons due to the increase in our production capacity. Prices per ton increased from R$604.4 to R$669.2 due to the expansion of our animal nutrition customer base and the increase in commodities prices;
- Increased sales of high-fiber DDG volume, from 68.1 thousand tons to 141.0 thousand tons due to the increase in our production capacity. Net prices per ton increased from R$292.7 to R$334.3 due to the increase in commodities prices;
- Increased sales of wetcake volume, from 107.7 thousand tons to 203.2 thousand tons due to the increase in our production capacity. Net prices per ton increased from R$81.1 to R$85.3, due to the increase in commodities prices; and
- Increased sales of corn oil volume, from 7.3 thousand tons to 15.1 thousand tons due to the increase in our production capacity. Net prices per ton decreased from R$1,687.0 to R$1,596.8, mainly due to tax adjustments.

Energy co-generation. Energy sales increased by 60.6%, or R$6.0 million, to R$15.9 million in the fiscal year ended March 31, 2020 from R$9.9 million in the fiscal year ended March 31, 2019, due to increased volume sold from 41.0 thousand MWh to 72.2 thousand MWh, and increased sales price per megawatt hour from R$242.1 to R$219.7.

Others. Other revenues increased to R$9.7 million in the fiscal year ended March 31, 2020 from R$0 in the fiscal year ended March 31, 2019, due to the beginning of steam sales in May 2019 and non-recurrent sales of corn in 2020.

Cost of Goods Sold

Our cost of goods sold increased by 116.2%, or R$362.2 million, to R$673.9 million in the fiscal year ended March 31, 2020 from R$311.7 million in the fiscal year ended March 31, 2019, due to the increase in our production capacity.

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

	For the Fiscal Year ended March 31,		
	2020	2019	Variation
	(in millions of R$)		
Corn	(461.2)	(193.8)	138.0%
Biomass	(64.5)	(28.6)	125.9%
Labor	(24.7)	(19.9)	23.8%
Enzymes	(21.3)	(12.6)	68.7%
Depreciation	(37.4)	(15.5)	141.7%
Production	(12.2)	(13.6)	(10.3%)
Chemicals	(21.1)	(13.1)	61.2%
Maintenance	(18.4)	(13.3)	38.4%
Resale costs*	(11.3)	–	Not meaningful
Lab	(1.7)	(1.2)	40.0%
Total	**(673.9)**	**(311.7)**	**116.2%**

* Resale costs are not considered part of the production costs as these costs correspond to purchases of energy and corn which were subsequently sold.

The corn cost of goods sold represents 68.4% and 62.2% of our total cost of goods sold at a cost per sac of R$22.2 and R$18.3 for the fiscal year ended March 31, 2020 and for the fiscal year ended March 31, 2019 respectively.

Gross Profit

Our gross profit increased by 120.0%, or R$304.3 million, to R$557.9 million in the fiscal year ended March 31, 2020 from R$253.6 million in the fiscal year ended March 31, 2019, as described above.

Operational Expenses

Our operational expenses increased by 105.3%, or R$61.1 million, to R$119.1 million in the fiscal year ended March 31, 2020 from R$58.0 million in the fiscal year ended March 31, 2019, primarily due to the increase in selling expenses and administrative expenses, partially offset by a decrease in other results, as described below.

Selling Expenses. Our selling expenses increased by 143.7%, or R$43.3 million, to R$73.4 million in the fiscal year ended March 31, 2020 from R$30.1 million in the fiscal year ended March 31, 2019, mainly due to the increase in volume sold utilizing CIF shipping terms as a result of our strategy to better manage our delivery routes, capture better logistics costs, as well as more efficiently serve our clients. Freight expenses increased by 197.5%, or R$40.4 million. We also invested in the sales staff, and therefore personnel expenses increased by 87.6%, or R$4.7 million in the period.

Administrative Expenses. Our administrative expenses increased by 110.0%, or R$27.3 million, to R$52.2 million in the fiscal year ended March 31, 2020 from R$24.8 million in the fiscal year ended March 31, 2019, mainly due to the increase in personnel expenses, which increased by 164.9% or R$18.7 million, as we invested in the expansion of our corporate team to support the construction and operation of the plants. Expenses with third party contractors also increased by 64.4% or R$4.7 million, relating to audit services, HR consulting services and consulting services for the RenovaBio program, among others.

Other Operating Results. Our other results varied by R$9.5 million, to an income of R$6.5 million in the fiscal year ended March 31, 2020 from an expense of R$3.0 million in the fiscal year ended March 31, 2019, primarily due to gains recognized during the period.

Net Finance Costs

Our net finance costs increased by 444.1%, or R$625.8 million, to R$766.7 million in the fiscal year ended March 31, 2020 from R$140.9 million in the fiscal year ended March 31, 2019, due to the factors described below.

Finance Income. Our finance income increased by 216.2%, or R$57.5 million, to R$84.1 million in the fiscal year ended March 31, 2020 from R$26.6 million in the fiscal year ended March 31, 2019, primarily due to gains on derivatives contracted to protect against changes in the price of corn as well as foreign exchange protection on our loans denominated in U.S. dollars.

Finance Costs. Our financial costs increased by 228.2%, or R$199.9 million, to R$287.5 million in the fiscal year ended March 31, 2020 from R$87.6 million in the fiscal year ended March 31, 2019, primarily due to increased interest expense related to the funding of R$644.3 million of additional working capital financing and R$1,189.0 million of additional financing for investments, in addition to increased interest due on loans denominated in U.S. dollar as a result of the devaluation of the *real* in relation to the U.S. dollar of 33.4% during the year.

Foreign Exchange Rate Variations, Net. Our foreign exchange rate variations, net increased by R$483.4 million, to R$563.3 million in the fiscal year ended March 31, 2020 from R$79.9 million in the fiscal year ended March 31, 2019. For the fiscal year ended March 31, 2019, the exchange rate increased by 17.2% to R$3.8967 as of March 31, 2019 from R$3.3238 as of March 31, 2018. For the period ended March 31, 2020, the exchange rate increased by 33.4% to R$5.1967 as of March 31, 2020 from R$3.8967 as of March 31, 2019, which was reflected in the outstanding loans denominated in U.S. dollars in the principal amount of US$476.1 million (R$2,607.1 million) as of March 31, 2020. Of the total variation of R$483.4 million, R$491.5 million related to unrealized losses, with no cash effect, while the realized gain, with cash effect, was R$8.1 million.

Profit (Loss) before Income Tax and Social Contribution

Our profit (loss) before income tax and social contribution decreased to a loss of R$327.9 million in the fiscal year ended March 31, 2020 from a gain of R$54.7 million in the fiscal year ended March 31, 2019, due to the aforementioned factors.

Income Taxes, Social Contribution Taxes and Income Tax Incentives

Our income taxes, social contribution taxes and income tax incentives increased by R$112.8 million, to a gain of R$119.2 million in the fiscal year ended March 31, 2020 from a gain of R$6.4 million in the fiscal year ended March 31, 2019, due to the factors described below.

Current Income and Social Contribution Taxes. Our current income taxes and social contribution taxes varied by 119.6%, or R$25.0 million, to a tax gain of R$4.1 million in the fiscal year ended March 31, 2020 from a tax expense of R$20.9 million in the fiscal year ended March 31, 2019, due to the taxable loss recognized during the six-month period ended September 30, 2020 due to the aforementioned loss before income tax and social contribution.

Deferred Income and Social Contribution Taxes. Our deferred income taxes and social contribution taxes increased R$110.6 million, to a tax gain of R$115.1 million in the fiscal year ended March 31, 2020 from a tax gain of R$4.5 million in the fiscal year ended March 31, 2019, mainly due to the aforementioned loss before income tax and social contribution, and exchange rate variation that was not realized during the period.

Income Tax Incentives. Our income tax incentives decreased by R$22.8 million, to R$0 in the fiscal year ended March 31, 2020 from a tax incentive benefit of R$22.8 million in the fiscal year ended March 31, 2019, mainly due to discounts in our income tax for the 2019 fiscal year and reversal of tax incentives in the 2020 fiscal year.

Profit (Loss)

As a result of the aforementioned factors, mainly related to the unrealized losses in foreign exchange rate variation over the outstanding loans denominated in U.S. dollars, our profit (loss) decreased by R$269.7 million, to a loss of R$208.6 million in the fiscal year ended March 31, 2020 from a profit of R$61.1 million in the fiscal year ended March 31, 2019. Such loss gave rise to negative total equity balance position of R$88.3 million as of March 31, 2020.

Fiscal Year Ended March 31, 2019 compared to Fiscal Year Ended March 31, 2018

The table below sets forth our comparative financial information for the fiscal years ended March 31, 2019 and 2018.

	For the Fiscal Year Ended March 31,		
	2019	2018	Variation
	(in millions of R$)		(%)
Net revenue	**565.3**	**285.6**	**97.9%**
Cost of goods sold	(311.7)	(167.4)	86.2%
Gross profit	**253.6**	**118.3**	**114.4%**
Operational expenses			
Selling expenses	(30.1)	(21.8)	38.1%
Administrative expenses	(24.9)	(27.4)	(9.1)%
Other operating results	(3.0)	(1.9)	57.9%
Total operational expenses	**(58.0)**	**(51.1)**	**13.5%**
Profit before net finance costs and taxes	**195.6**	**67.1**	**191.5%**
Finance income	26.6	2.6	923.1%
Finance costs	(87.6)	(28.9)	203.1%
Foreign exchange rate variations, net	(79.9)	(17.7)	351.4%
Net finance costs	**(140.9)**	**(44.0)**	**220.2%**
Profit before income and social contribution taxes	**54.7**	**23.1**	**136.8%**
Current income and social contribution taxes	(20.9)	(11.2)	86.6%
Deferred income and social contribution taxes	4.5	2.5	80.0%
Income tax incentives	22.8	–	–
Total income and social contribution taxes and income tax incentives	**6.4**	**(8.7)**	**173.6%**
Profit for the year	**61.1**	**14.4**	**324.3%**

Net Revenue

The table below sets forth total net revenue and our segment net revenue for the fiscal years ended March 31, 2019 and 2018:

	For the Fiscal Year Ended March 31,		
	2019	2018	Variation
	(in millions of R$)		(%)
Ethanol anhydrous	327.9	85.7	282.7%
Ethanol hydrous	128.5	148.2	(13.3)%
Total ethanol	**456.5**	**233.9**	**95.2%**
High protein	37.4	15.3	144.2%
High fiber	19.9	7.6	161.8%
Wet cake	8.7	3.0	190.0%
Corn oil	12.3	3.4	261.8%
Total animal nutrition	**78.4**	**29.3**	**167.6%**
Energy co-generation	**9.9**	**5.7**	**73.7%**
Other segment	–	–	**Not meaningful**
Total net revenue from segments	**544.8**	**269.0**	**102.5%**
Reclassification – Sales freight	20.5	16.7	22.8%
Net revenue	**565.3**	**285.6**	**97.9%**

The table below presents a breakdown of our price net of taxes and freight per each product for the fiscal years ended March 31, 2019 and 2018:

	For the Fiscal Year Ended March 31,		
	2019	2018	Variation
	(in reais per liters, tons and mwh))		*(%)*
Ethanol anhydrous	1.792	1.824	(1.7)%
Ethanol hydrous	1.716	1.632	5.2%
Total ethanol	**1.770**	**1.697**	**4.3%**
High protein	604.4	498.4	21.3%
High fiber	292.7	202.0	44.9%
Wet cake	81.1	59.6	36.1%
Corn oil	1,687.0	1,294.6	30.3%
Energy co-generation	**242.1**	**250.8**	**(3.5)%**

The table below presents a breakdown of our volume sold for the fiscal years ended March 31, 2019 and 2018:

	For the Fiscal Year Ended March 31,		
	2019	2018	Variation
			(%)
Ethanol anhydrous (in thousand liters)	183.0	47.0	289.4%
Ethanol hydrous (in thousand liters)	74.9	90.9	(17.6)%
Total ethanol (in thousand liters)	**257.9**	**137.9**	**87.1%**
High protein (in thousand tons)	61.8	30.7	101.1%
High fiber (in thousand tons)	68.1	37.5	81.4%
Wet cake (in thousand tons)	107.7	50.6	112.9%
Corn oil (in thousand tons)	7.3	2.7	174.2%
Total animal nutrition (in thousand tons)	**244.9**	**121.5**	**101.6%**
Energy co-generation (in thousand mwh)	**41.0**	**22.7**	**80.6%**

Our net revenue increased by 97.9%, or R$279.7 million, to R$565.3 million in the fiscal year ended March 31, 2019 from R$285.6 million in the fiscal year ended March 31, 2018, primarily due to increased sales of ethanol and, to a lesser extent, increased sales of animal nutrition products as described below.

Our total net revenue from segments increased by 102.5%, or R$275.8 million, to R$544.8 million in the fiscal year ended March 31, 2019 from R$269.0 million in the fiscal year ended March 31, 2018, primarily due to increased sales of ethanol and, to a lesser extent, increased sales of animal nutrition products as described below.

Ethanol. Ethanol anhydrous sales increased by 282.7%, or R$242.3 million, to R$327.9 million in the fiscal year ended March 31, 2019 from R$85.7 million in the fiscal year ended March 31, 2018, primarily due to the increase in the volume sold from 47.0 thousand liters to 183.0 thousand liters, as a result of the increase in our production capacity and the decrease in the price per liter from R$1.824 to R$1.792, while the SP Hydrous ESALQ Price was R$1.624 per liter in the fiscal year ended March 31, 2019, compared to R$1.572 per liter in the fiscal year ended March 31, 2018.

Ethanol hydrous sales decreased by 13.3%, or R$19.7 million, to R$128.6 million in the fiscal year ended March 31, 2019 from R$148.2 million in the fiscal year ended March 31, 2018, primarily due to decreased volume sold from 90.9 thousand liters to 74.9 and increased price per liter from R$1.632 to R$1.716, while the SP Hydrous ESALQ Price for the period was R$1.624 per liter in the fiscal year ended March 31, 2019 and R$1.572 per liter in the fiscal year ended March 31, 2018.

Animal nutrition. Animal nutrition sales increased by 167.6%, or R$49.1 million, to R$78.4 million in the fiscal year ended March 31, 2019 from R$29.3 million in the fiscal year ended March 31, 2018, primarily due to:

- Increased sales of high-protein DDG volume from 30.7 thousand tons to 61.8 thousand tons, as a result of the increase in our production capacity and expansion of the LRV Plant. Prices per ton increased from R$498.4 to R$604.4 due to contractual negotiations and the devaluation of the exchange rate;

- Increased sales of high-fiber DDG volume from 37.5 thousand tons to 68.1 thousand tons, as a result of the increase in our production capacity and expansion of the LRV Plant. Prices per ton increased from R$202.0 to R$292.7 due to contractual negotiations, the devaluation of the exchange rate and the subsequent increase in corn prices (as high-fiber DDG is a substitute for corn);
- Increased sales of wetcake volume from 50.6 thousand tons to 107.7 thousand tons, as a result of the increase in our production capacity and expansion of the LRV Plant. Prices per ton increased from R$59.6 to R$81.1 due to contractual negotiations, the devaluation of the exchange rate and the subsequent increase in corn prices (as wetcake is a substitute for corn); and
- Increased sales of corn oil volume, from 2.7 thousand tons to 7.3 thousand tons, as a result of the increase in our production capacity and expansion of the LRV Plant. Prices per ton increased from R$1,294.6 to R$1,687.0 due to contractual negotiations, the devaluation of the exchange rate and an increase in commodities prices.

Energy co-generation. Energy sales increased by 73.7%, or R$4.2 million, to R$9.9 million in the fiscal year ended March 31, 2019 from R$5.7 million in the fiscal year ended March 31, 2018, primarily due to increased volume sold from 22.7MWh (thousands) to 41.0MWh (thousands) related to the expansion of our production capacity which was partially offset by a decreased sales price per MWh from R$250.8 to R$242.9.

Cost of Goods Sold

Our cost of goods sold increased by 86.2%, or R$144.3 million, to R$311.7 million in the fiscal year ended March 31, 2019 from R$167.4 million in the fiscal year ended March 31, 2018, primarily due to the increase in our production capacity.

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

	For the Fiscal Year ended March 31,		
	2019	2018	Variation
	(in millions of R$)		
Corn	(193.8)	(98.2)	97.4%
Biomass	(28.6)	(17.6)	62.5%
Labor	(19.9)	(13.3)	49.6%
Enzymes	(12.6)	(6.6)	90.9%
Depreciation	(15.5)	(10.2)	52.0%
Production	(13.6)	(9.4)	44.7%
Chemicals	(13.1)	(5.4)	142.6%
Maintenance	(13.3)	(6.1)	118.0%
Lab	(1.3)	(0.1)	Not meaningful
Total	**(311.7)**	**(167.4)**	**86.2%**

The corn cost of goods sold represents 62.2% and 58.7% of our total cost of goods sold at a cost per sac of R$18.3 and R$17.7 for the fiscal year ended March 31, 2019 and for the fiscal year ended March 31, 2018 respectively.

Gross Profit

Our gross profit increased by 114.4%, or R$135.3 million, to R$253.6 million in the fiscal year ended March 31, 2019 from R$118.3 million in the fiscal year ended March 31, 2018, as described above.

Operational Expenses

Our operational expenses increased by 13.5%, or R$6.9 million, to R$58.0 million in the fiscal year ended March 31, 2019 from R$51.1 million in the fiscal year ended March 31, 2018, primarily due to the increase in selling expenses and other results, partially offset by a decrease in administrative expenses, as described below.

Selling Expenses. Our selling expenses increased by 38.1%, or R$8.3 million, to R$30.1 million in the fiscal year ended March 31, 2019 from R$21.8 million in the fiscal year ended March 31, 2018, mainly due to the increase in volume sold utilizing CIF shipping terms and our strategy to better manage our delivery routes and more efficiently serve our clients. Freight expenses increased by 22.8%, or R$3.8 million. We also invested in the sales staff, and therefore personnel expenses increased by 61.4% or R$2.1 million in the period.

Administrative Expenses. Our administrative expenses decreased by 9.1%, or R$2.5 million, to R$24.9 million in the fiscal year ended March 31, 2019 from R$27.4 million in the fiscal year ended March 31, 2018, mainly due to the decreases in contracted services, tax expenses and travel expenses.

Other Operating Results. Other operating results increased by 57.9%, or R$1.1 million, to an expense of R$3.0 million in the fiscal year ended March 31, 2019 from an expense of R$1.9 million in the fiscal year ended March 31, 2018.

Net Finance Costs

Our net finance costs increased by 220.2%, or R$96.9 million, to a financial results, net expense of R$140.9 million during the fiscal year ended March 31, 2019 from a financial results, net expense of R$44.0 million during the fiscal year ended March 31, 2018, due to the factors described below.

Finance Income. Our finance income increased by 923.1%, or R$24.0 million, to R$26.6 million in the fiscal year ended March 31, 2019 from R$2.6 million in the fiscal year ended March 31, 2018, primarily due to an increase in income from derivative transactions related to foreign exchange protection on our loans denominated in U.S. dollars.

Finance Costs. Our finance costs increased by 203.1%, or R$58.7 million, to R$87.6 million during the fiscal year ended March 31, 2019 from R$28.9 million during the fiscal year ended March 31, 2018, primarily due to the increase in interest expense as a result of the loan obtained for investments in the SRS Plant.

Foreign Exchange Rate Variations, Net. Our foreign exchange rate variations, net, increased by 351.4%, or R$62.2 million, to an expense of R$79.9 million in the fiscal year ended March 31, 2019 from an expense of R$17.7 million in the fiscal year ended March 31, 2018, primarily due to the devaluation of the *real*/U.S. dollar exchange rate from R$3.229 as of March 31, 2018 to R$3.813 as of March 31, 2019, which was reflected in the outstanding loans in dollars of US$179 million as of March 31, 2019. Of the total variation of R$62.2 million, R$61.7 million was unrealized with no cash effect while the realized result with a cash effect was R$0.5 million.

Profit (Loss) before Income Tax and Social Contribution

Our profit (loss) before income tax and social contribution increased to an income of R$54.7 million in the fiscal year ended March 31, 2019 from an income of R$23.1 million in the fiscal year ended March 31, 2018, due to the aforementioned factors.

Income Taxes, Social Contribution Taxes and Income Tax Incentives

Our income taxes, social contribution taxes and income tax incentives varied by 173.6%, or R$15.1 million, to a tax gain of R$6.4 million in the fiscal year ended March 31, 2019 from a tax expense of R$8.7 million in the fiscal year ended March 31, 2018, due to the factors described below.

Current Income and Social Contribution Taxes. Our current income taxes and social contribution taxes increased by 86.9%, or R$9.7 million, to R$20.9 million in the fiscal year ended March 31, 2019 from R$11.2 million in the fiscal year ended March 31, 2018, due to our better performance in the period.

Deferred Income and Social Contribution Taxes. Our deferred income taxes and social contribution taxes increased by 80.0%, or R$2.0 million, to a tax gain of R$4.5 million in the fiscal year ended March 31, 2019 from a tax gain of R$2.5 million in the fiscal year ended March 31, 2018, primarily due to capitalized interest on loans and the net operating losses which increased our deferred income tax assets.

Income Tax Incentives. Our income tax incentives increased by R$22.8 million, to R$22.8 million in the fiscal year ended March 31, 2019 from R$0 in the fiscal year ended March 31, 2018, mainly due to the increase in our income tax for the period.

Profit (Loss)

Our profit increased by 324.3%, or R$46.7 million, to R$61.1 million in the fiscal year ended March 31, 2019 from R$14.4 million in the fiscal year ended March 31, 2018, as a result of the aforementioned factors.

Liquidity and Capital Resources

Our principal liquidity requirements are to finance current operations, fund Maintenance Capex and 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 you 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,		
	2020	2019	2020	2019	2018
			(in millions of R$)		
Net cash from (used in) operating activities	401.0	(73.4)	(36.3)	72.2	6.5
Net cash used in investing activities	(556.8)	(691.8)	(1,335.1)	(244.0)	(344.6)
Net cash from financing activities	344.8	785.6	1,670.1	173.6	341.3
Increase (decrease) in cash and cash equivalents, net	188.9	20.4	298.8	1.8	3.1
Cash and cash equivalents at the beginning of the period	310.0	11.3	11.3	9.5	6.4
Cash and cash equivalents at the end of the period	498.9	31.7	310.0	11.3	9.5

Our cash and cash equivalents amounted to R$498.9 million for the six-month period ended September 30, 2020 compared to R$31.7 million for the six-month period ended September 30, 2019. Our cash and cash equivalents amounted to R$310.0 million for the fiscal year ended March 31, 2020 compared to R$11.3 million for the fiscal year ended March 31, 2019.

Cash Flow from (Used in) Operating Activities

Our net cash from (used in) operating activities changed by 646.3%, or R$474.4 million, to cash generation of R$401.0 million in the six-month period ended September 30, 2020 from cash consumption of R$73.4 million in the six-month period ended September 30, 2019, primarily due to the increase in collections from clients due to the increase in sales as a result of the beginning of operations at the SRS Plant.

Our net cash from (used in) operating activities varied by 150.3%, or R$108.5 million, to cash consumption of R$36.3 million in the fiscal year ended March 31, 2020 from cash generation of R$72.2 million in the fiscal year ended March 31, 2019, primarily due to the anticipated purchase of corn for the beginning of operations at the SRS Plant.

Our net cash from (used in) operating activities increased by R$65.7 million, to cash generation of R$72.2 million in the fiscal year ended March 31, 2019 from cash generation of R$6.5 million in the fiscal year ended

March 31, 2018, primarily due to the increase in collections from clients primarily due to the increase in sales as a result of the additional production volume from the expansion of the LRV Plant.

Cash Flow Used in Investing Activities

Our net cash used in investing activities decreased by 19.5%, or R$135.0 million, to R$556.8 million in the six-month period ended September 30, 2020 from R$691.8 million in the six-month period ended September 30, 2019, primarily due to lower investments due to the period of financial uncertainty at the beginning of the COVID-19 pandemic.

Our net cash used in investing activities increased by R$1,091.1 million, to R$1,335.1 million in the fiscal year ended March 31, 2020 from R$244.0 million in the fiscal year ended March 31, 2019, primarily due to the construction of the SRS Plant, an increase of payment for intangible assets and an increase in financial investments and restricted cash for construction financing.

Our net cash used in investing activities decreased by 29.2%, or R$100.6 million, to R$244.0 million in the fiscal year ended March 31, 2019 from R$344.6 million in the fiscal year ended March 31, 2018, primarily due to the expansion of the LRV Plant and construction of SRS Plant.

Cash Flow from Financing Activities

Our net cash from financing activities decreased by 56.1%, or R$440.8 million, to R$344.8 million in the six-month period ended September 30, 2020 from R$785.6 million in the six-month period ended September 30, 2019, primarily due to the fact the Company was able to support its working capital with its own operating cash and reduced funding for investments due to the period of uncertainty in the world market.

Our net cash from financing activities increased by 862.0%, or R$1,496.5 million, to R$1,670.1 million in the fiscal year ended March 31, 2020 from R$173.6 million in the fiscal year ended March 31, 2019, primarily due to an increase in loans for investments and working capital.

Our net cash from financing activities decreased by 49.1%, or R$167.7 million, to R$173.6 million in the fiscal year ended March 31, 2019 from R$341.3 million in the fiscal year ended March 31, 2018, primarily due to capital increases of R$70.1 million made by our shareholders in 2018.

Indebtedness

Overview

As of September 30, 2020, our total outstanding loans and borrowing were R$3,589.8 million. Our total outstanding loans and borrowing were R$3,037.1 million, R$746.5 million and R$438.0 million as of March 31, 2020, 2019 and 2018, respectively.

As of September 30, 2020, our outstanding loans and borrowing classified as current were R$3,589.8 million. Our total outstanding loans and borrowing classified as current were R$538.9 million, R$66.7 million and R$12.2 million as of March 31, 2020, 2019 and 2018, respectively.

As of September 30, 2020, our outstanding loans and borrowing classified as non-current were R$2,895.1 million. Our total outstanding loans and borrowing classified as non-current were R$2,498.2 million, R$679.8 million and R$425.8 million as of March 31, 2020, 2019 and 2018, respectively.

As of September 30, 2020, we were in compliance with our financial covenants.

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:

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	2019	2020	2019	2018
	(in millions of R$, except percentages)				
Current loans and borrowing	694.7	291.6	538.9	66.7	12.2
Non-current loans and borrowing	2,895.1	1,316.4	2,498.2	679.8	425.8
Loans	**3,589.8**	**1,608.0**	**3,037.1**	**746.4**	**438.0**
Denominated in *reais*	822	219.5	580.6	40.9	–
Interest accrued on debt denominated in *reais*	CDI+3.0% to CDI+12.0%	CDI+3,0% to CDI+12,0%	CDI+3.0% to CDI+5.4%	CDI + 4.22% to 6.25% per year	–
Denominated in U.S. dollars	2.767	1,388.5	2,456.5	705.5	438.0
Interest accrued on debt denominated in U.S. dollars	4.5%+CDI to 7.5%+CDI and 9% to 12.6% per year	9% to 12.6% per year	4.5%+CDI and 9% to 12.6% per year	12.60% per year	12.60% per year

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.

We have also entered into related party loans and borrowing with our controlling shareholder. Our outstanding loans and borrowing with related parties were R$62.4 million as of September 30, 2020, compared to R$59.4 million, R$78.0 million and R$83.7 million as of March 31, 2020, 2019 and 2018, respectively. Further information on our related party transactions, see "Related Party Transactions."

Material Financing Agreements

Senior Term Loan Credit Facility

We are party to a senior loan credit facility, which we entered into on February 29, 2016 with Midwest Oilseeds Global, LLC and which was amended ten 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 loan. As of September 30, 2020, US$488.7 million (R$2,756.9 million) was outstanding under the senior term loan credit facility, fully drawn. The senior term loan credit facility is subject to amortization of principal in equal quarterly installments at the *per annum* rates varying from 9.0% to 13.0% and maturities from August 2022 to December 2025.

The senior term loan credit facility contains covenants that, among other things, limit our ability to: (i) incur additional indebtedness; (ii) engage in certain corporate changes; (iii) make dividend distributions; (iv) enter into, create, incur or assume liens; (v) make certain sales and other dispositions of assets; (vi) enter into certain transactions with affiliates; (vii) make certain payments on certain other indebtedness; (viii) make certain investments, including with respect to the formation and acquisition of subsidiaries and (ix) entering into any corporate reorganization. These covenants are subject to several exceptions and qualifications. The senior term loan credit facility requires us to comply with the following financial covenants, which may restrict our ability to incur additional debt to fund our obligations in the near term: a minimum tangible net worth (tested annually) and a maximum leverage ratio and minimum debt service coverage ratio (each tested quarterly). The Company was in compliance with its senior term loan credit facility covenants as of the date of this offering memorandum.

Given the restrictive and comprehensive nature of the aforementioned covenants, during the life of the senior term loan credit facility we have requested consents from the lender several times to allow us to enter into transactions, such as working capital financings, additional investments and certain corporate reorganizations, including to carry out this offering. We cannot assure you that we will be able to obtain the necessary consents from the lender in the future to complete certain transactions or carry out corporate actions in the interest of the Company and shareholders, which could be detrimental to our business and operations and adversely impact our results of operations and financial condition.

Also, the senior term loan credit facility is secured by (i) mortgages on the real properties associated with the ethanol facilities financed by the senior term loan credit facility, (ii) equipment, (iii) inventory, (iv) receivables, (v) certain accounts, (vi) all of the outstanding equity interests issued by FS and its direct parent and (vii) certain proceeds and residual amounts in respect of the foregoing. We cannot assure that we will be able to comply with all the terms and conditions described in the senior term loan credit facility, and, in these cases, the lender under the senior term loan credit facility may enforce such collaterals, becoming the owner of such goods.

The senior term loan credit facility provides that the loans thereunder may be prepaid by FS at any time, subject to a 1.00% fee in respect of the amount prepaid, other than in the case of a voluntary prepayment in full of the facility in connection with a change of control transaction consummated prior to March 31, 2021, in which case, the tranche of loans dated November 14, 2019 would be repaid subject to a 10.00% fee, with the remaining tranches being repaid subject to a 1.00% fee. In addition, as a condition to obtaining the loan from the lender, we agreed to pay a fee in the amount of $5.875 million or the equivalent of 2.0% of the net proceeds that shareholders would receive in a change of control transaction, at the option of the lender, upon reaching certain time milestones. The time milestones which trigger this obligation for FS may survive the repayment of the debt and will continue to be an obligation of FS after the loan is repaid until the fee becomes payable at the lenders' discretion.

The senior term loan credit facility also provides for events of default, including, without limitation, (i) payment defaults, (ii) inaccuracies of representations and warranties, (iii) covenant defaults, (iv) cross-defaults to certain other indebtedness in excess of specified amounts, (v) certain events of bankruptcy and insolvency, (vi) judgment defaults in excess of specified amounts, and (vii) the failure of any loan documentation to be valid, binding and enforceable against the parties thereto.

Agribusiness Receivables Certificates – CRA

On February 12, 2020, we issued Agribusiness Receivables Certificates (CRA) by Gaia Securitizadora S.A., a securitization company, backed by Credit Rights Certificate (CDCA) issued by us. The maturity date of the CRA is February 24, 2023. The interest rate of the CRA is 100% of the CDI plus 3% spread. The CRA is unsecured. As of September 30, 2020, R$197.2 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 SITAWI Finance for Good confirmed is aligned with the Green Bond Principles and best practices for climate bonds issuance. The use of proceeds indicated in the green bond issuances based on the Framework are expected to positively contribute to sustainable development and the transition to a low carbon economy.

CRI

On June 25, 2020, RB Capital Companhia de Securitização issued Receivables Certificates (CRI) backed by a Real Estate Credit Note (CCI), representing a Bank Credit Note (CCB) issued by us. The maturity date of the CRI is February 24, 2023. The interest rate of the CRI is 100% of the CDI plus a 12% spread. As of September 30, 2020, R$117.8 million with accrued interest was outstanding under the CRI.

This transaction was certified as a "green bond," in accordance with FS Bioenergia Green Bond Framework, which SITAWI Finance for Good confirmed is aligned with the Green Bond Principles and best practices for climate bonds issuance. The use of proceeds indicated in the green bond issuances based on the Framework are expected to positively contribute to sustainable development and the transition to a low carbon economy.

General Financial Contracts

In addition to the contracts described above, we have 16 material financial contracts, executed with different institutions such as Banco Bocom BBM S.A., Banco BTG Pactual S.A., Banco Sistema S.A., Banco Daycoval S.A., Banco ABC Brasil S.A., Banco Santander (Brasil) S.A., Banco Industrial do Brasil S.A., Banco Pine S.A., Banco Indusval S.A. and Banco Fibra S.A. As of September 30, 2020, R$533.7 million (including accrued and unpaid interest) was outstanding under these contracts.

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 capital expenditures. Maintenance Capex includes expenditures required to maintain equipment reliability and improvement, storage, systems integrity and safety. Growth capital expenditures include expenditures related to the expansion of our production capacity and facilities, which are engineering and construction costs for future expansion projects.

The following table sets forth our capital expenditures for each of the periods indicated:

	For the Six-Month Period Ended September 30,		For the Year Ended March 31,		
	2020	**2019**	**2020**	**2019**	**2018**
	(in millions of R$)				
Land	69.0	26.9	26.9	47.8	1.5
Construction in progress	334.5	542.5	244.3	10.8	103.4
Advance to suppliers	47.6	85.5	53.6	46.6	23.3
Right of use	10.8	-	1.8	0.2	-
Bearer plant	27.7	-	-	-	-
Built plants [1]	(12.1)	(6.7)	960.7	390.7	-
Growth Capex	**477.6**	**648.3**	**1,287.3**	**496.0**	**128.1**
Buildings	-	-	(0.3)	0.3	-
Machinery and equipment	0.3	-	4.4	25.8	1.7
Furniture and computers	0.1	0.7	3.1	1.4	2.0
Vehicles	(0.5)	1.7	1.8	0.1	0.4
Installations	-	-	-	2.3	-
Maintenance Capex	**(0.2)**	**2.4**	**9.0**	**29.8**	**4.1**
Total	**477.4**	**650.6**	**1,296.4**	**525.8**	**132.2**

(1) Refers to the fixed assets of the plants in operation, and include: building, machinery and equipment and installations.

For the six-month period ended September 30, 2020, we incurred a total of (R$0.2) million in Maintenance Capex and spent R$477.6 million in growth capital expenditures. For the years ended March 31, 2020, 2019 and 2018, we incurred a total of R$9.5 million, R$29.8 million and R$4.1 million, respectively, in Maintenance Capex, and spent R$1,287.3 million, R$496.0 million and R$128.1 million, respectively, in growth capital expenditures. Capital expenditures for the past three fiscal years were funded primarily with cash flow from operations and borrowings.

We expect to fund future growth capital expenditures 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 our commercial counterparties. As of September 30, 2020, we had guaranteed a total of R$25.0 million of such third-party loans, corresponding to R$9.8 million for warehouse construction, R$12.4 million for forestry development and R$2.8 million for logistics program.

Contractual Obligations

	Payments due per Period			
	Less than One Year	One to Three Years	Above Three Years	Total
	(in millions of R$)			
Financial liabilities				
Trade payables	736.5	42.8	-	779.3
Loans and borrowing	708.9	1,657.2	1,259.6	3,625.6
Loans and borrowing with related parties	-	-	62.4	62.4
Derivatives financial instruments	0.0	-	-	0.0
Total by maturity range[(1)]	**1,445.4**	**1,700.0**	**1,322.0**	**4,467.4**

(1) The amount reported does not include the impact of transaction costs.

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 the allowance for doubtful accounts 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 notes 12 and 19 to our financial statements as of and for the fiscal year ended March 31, 2020 and as of and for the six-month period ended September 30, 2020, 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 financial statements as of and for the fiscal year ended March 31, 2020 and note 19 to our unaudited interim consolidated financial statements 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 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 (purchase prices and delivery dates already known). As of November 18, 2020, we had secured 97.6% and 52.4% of our corn needs for the Crop Years ending May 31, 2021 and May 31, 2022 at average prices of R$28.0 and R$32.7 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, we may 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 the counterparty to the hedging contract defaults on its contract or 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 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 35.8 billion liters of ethanol in the 2019-2020 harvest season, according to UNICA. 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

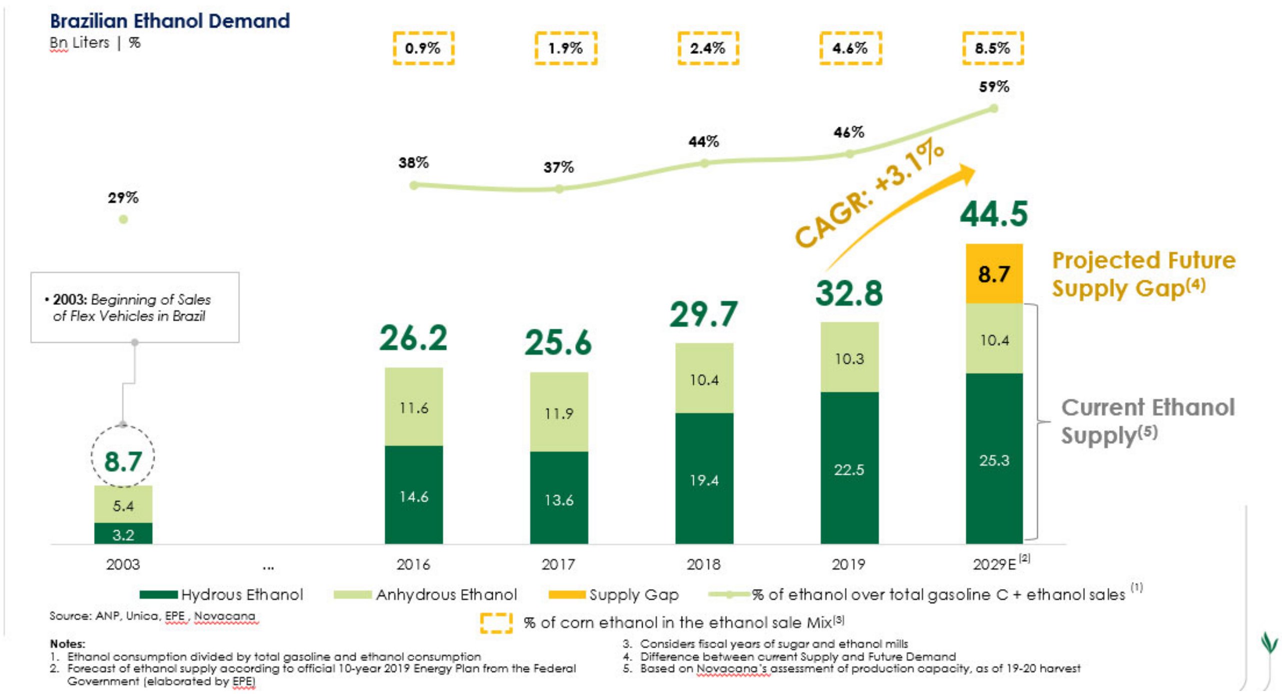
Ethanol Production States (MM liters)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Market Share 2019/20
Region Center-South	**25.6**	**26.2**	**28.2**	**25.7**	**26.1**	**31.0**	**31.0**	**86.8%**
Region Mato Grosso	**1.1**	**1.2**	**1.3**	**1.2**	**1.5**	**1.8**	**2.4**	**6.8%**
Region North-Northeast	**1.9**	**2.2**	**2.0**	**1.6**	**1.8**	**2.2**	**2.3**	**6.4%**
São Paulo	13.9	13.7	14.6	13.2	13.2	15.9	16.7	46.8%
Goiás	3.9	4.2	4.7	4.4	4.6	4.9	5.5	15.4%
Minas Gerais	2.7	2.7	3.1	2.6	2.7	3.2	3.6	10.0%
Mato Grosso do Sul	2.2	2.5	2.8	2.7	2.6	3.3	3.3	9.3%
Mato Grosso	1.1	1.2	1.3	1.2	1.5	1.8	2.4	6.8%
Paraná	1.5	1.6	1.6	1.4	1.3	1.6	1.7	4.7%
Alagoas	0.5	0.6	0.4	0.4	0.3	0.5	0.5	1.4%
Pernambuco	0.3	0.3	0.4	0.3	0.3	0.4	0.5	1.3%
Paraíba	0.3	0.4	0.3	0.3	0.4	0.4	0.4	1.2%
Bahia	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.7%
Other	0.9	0.9	0.9	0.6	0.7	0.8	0.9	2.5%
Brazil	**27.5**	**28.5**	**30.2**	**27.3**	**27.9**	**33.1**	**35.8**	**100.0%**

Source: Unica.

The main producers of ethanol, and our competitors, include Raízen, Atvos, BP Bunge, Biosev, Sao Martinho and Adecoagro, 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 three years of operation since start-up of our LRV Plant. According to Novacana, we currently operate the two largest ethanol production facilities in the country.

Brazilian ethanol demand has grown significantly in recent years, from 29.0 billion liters in 2015, of which 11.1 billion were anhydrous and 17.9 were hydrous, to 32.8 billion liters in 2019, with 10.3 billion anhydrous and 22.5 billion from hydrous, representing a compounded annual growth rate of approximately 3.2% over this five-year period. The government's official ten-year Energy Plan ("EPE") projects a demand for ethanol of 44.5 billion liters by 2029. As compared with today's current total ethanol production capacity of 35.8 billion liters, this equates to an 8.7-billion-liters future supply gap, or approximately 25% of current production capacity, which we believe corn ethanol is better positioned to take advantage of this growth. As corn ethanol plants were built and started operating over the last few years, corn ethanol production (as % of total ethanol) grew by over three times, increasing from 0.9% of the total mix in the 2016-2017 harvest season to 4.6% of the total mix in the 2019-2020 harvest season, according to data from Conab. However, corn ethanol is still expected to remain largely overshadowed by sugarcane ethanol production in the medium-term, expecting to reach 8.5% of the total production by 2029, 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



Source: ANP, Unica, Refinitiv, EPE.

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 70% of Brazil's fleet as of 2019. 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 8.7 billion liters, accounting for 28.5% of all gasoline plus ethanol sales by volume in Brazil. By 2019, this figure had increased to 32.8 billion liters and 44.7% 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.

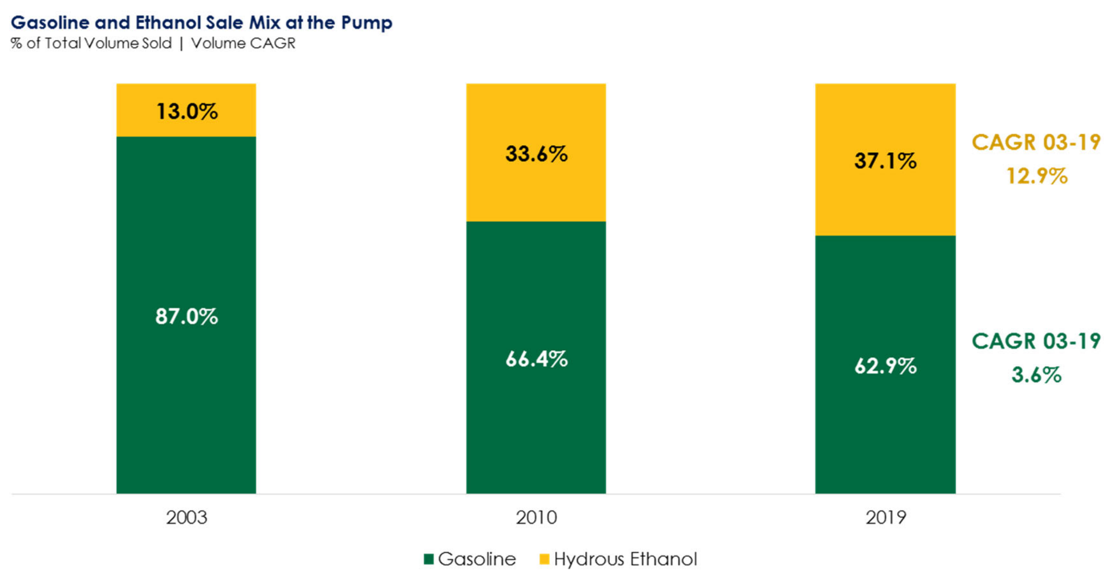
Figure 3: Ethanol and Flex Fuel Growth

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%

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 2019, hydrous ethanol has grown at a compound rate of 12.9% against only 3.6% for gasoline, expanding its market share from 13.0% to 37.1%, an increase of 24.2 percentage points.

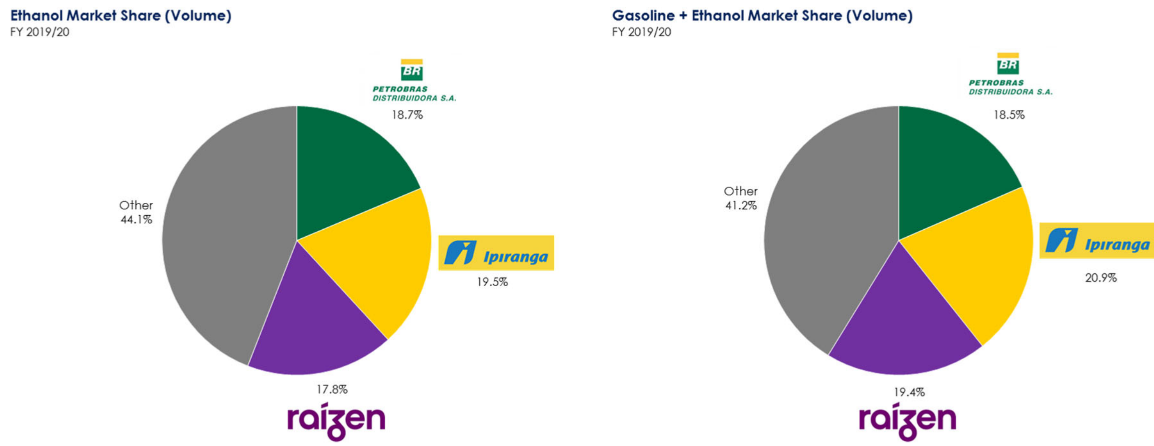
Figure 4: Brazilian Sales Mix at the Pump



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 BR Distribuidora, Ipiranga (owned by Ultrapar) and Raízen (a JV between Shell and Cosan), which accounted for approximately 58.8% of total gasoline and ethanol sales (by volume) for our fiscal year ended March 31, 2020, according to data from FGV and ANP.

Figure 5: Fuel Distributors Market Share



Source: FGV, ANP.

RenovaBio Program

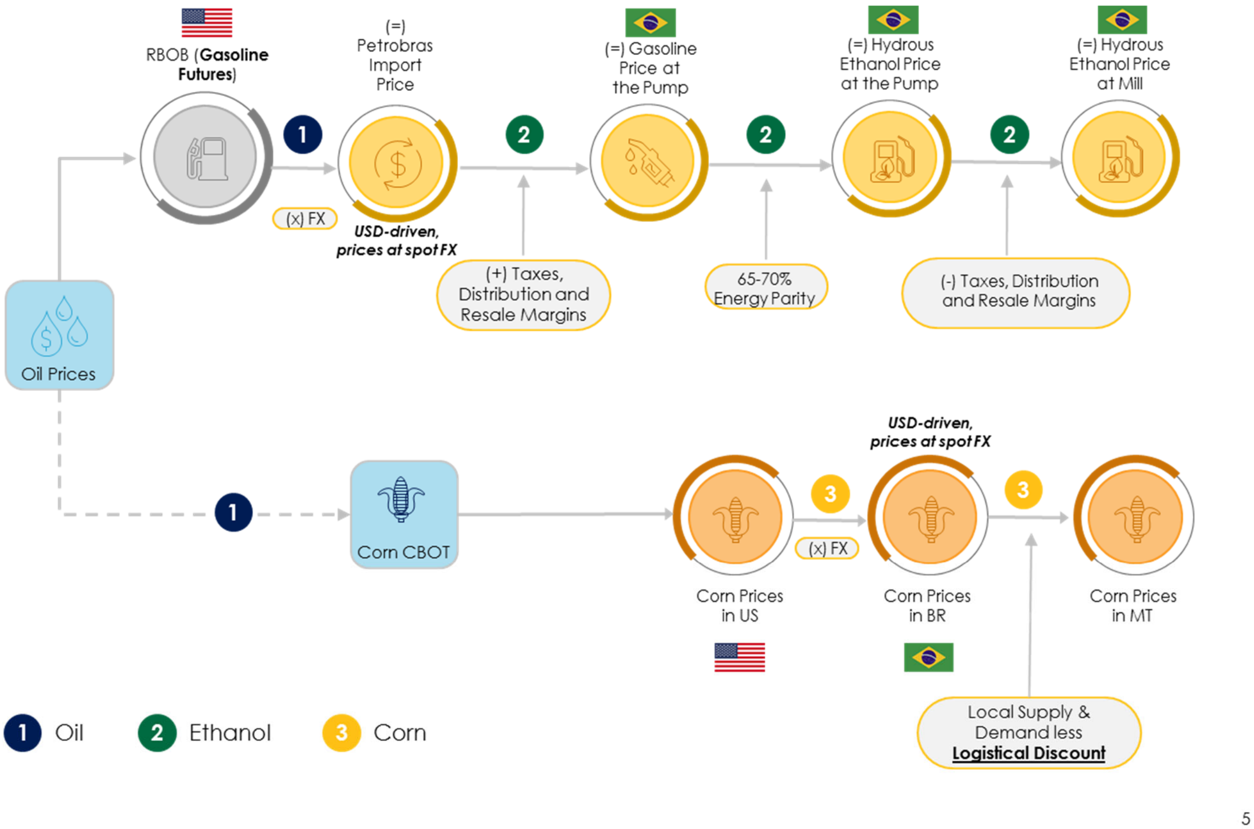
Recent legislation passed in December 2019 to create the RenovaBio program is expected to have a marked increase in ethanol production in Brazil. RenovaBio aims to decarbonize the transport fuel sector by enhancing and encouraging the production and participation of biofuels in the energetic matrix. 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 2020, all distributors will have to buy a total of 14.5 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 65% of the total program goal, based on their current market share and volume of fossil fuels commercialized.

Currently 251 mills have already been certified and are able to participate in the RenovaBio program. Another 28 mills are currently in the certification process.

Structural Price Drivers for Ethanol

Figure 6: Structural Price Drivers

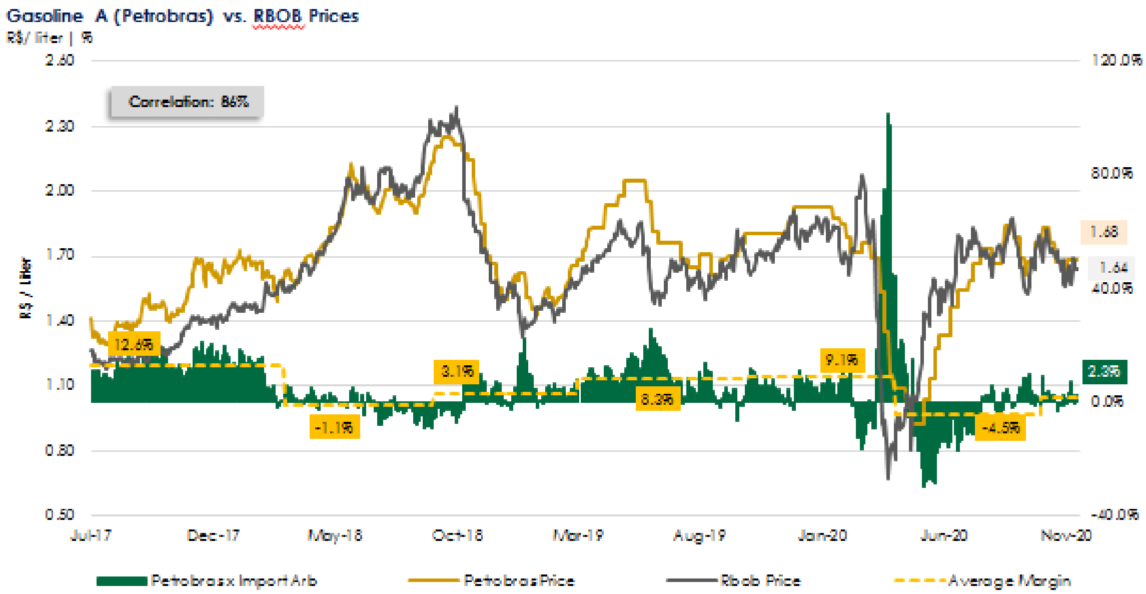


Ethanol pricing in Brazil follows international prices of gasoline, being highly correlated with RBOB, which is an acronym for "Reformulated Gasoline Blendstock for Oxygen Blending." This type of gasoline is used as the benchmark for gasoline trading on the Chicago Mercantile Exchange. The term "reformulated" 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 86%. Second, Gasoline A is 72% 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 93% correlated with hydrous ethanol sold at the pump, and hydrous ethanol price at the pump is 89% 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.

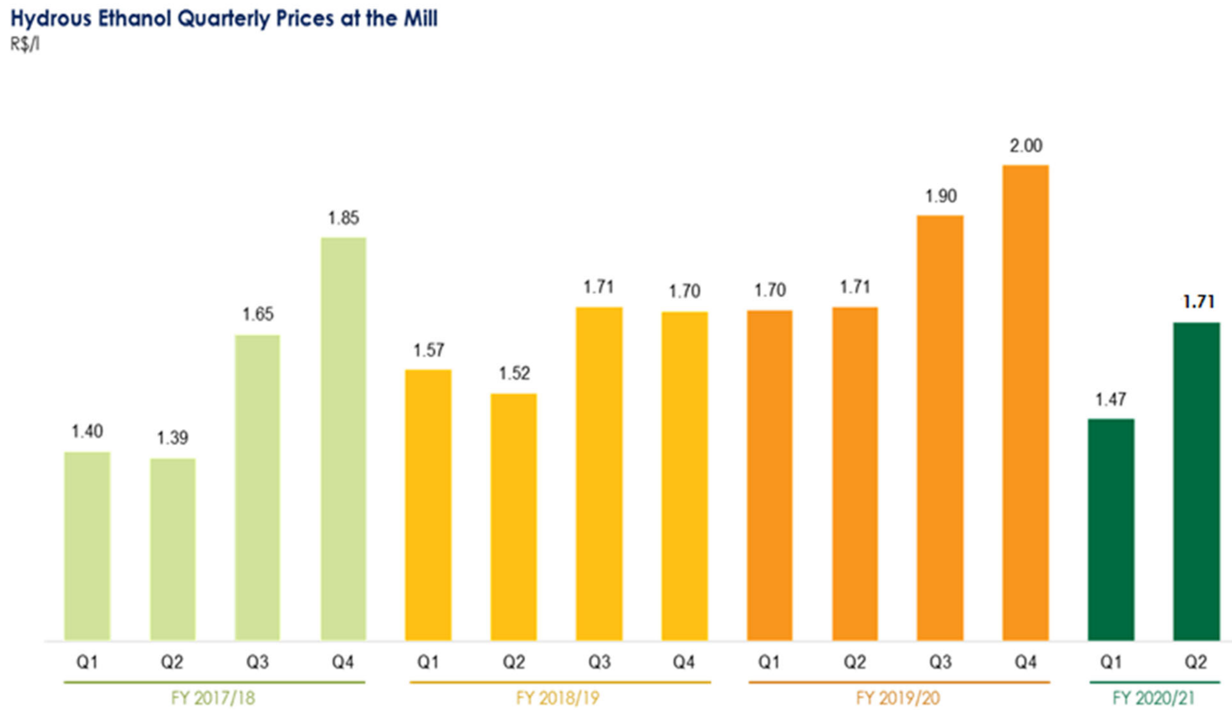
Figure 7: Gasoline A and RBOB



Source: ANP, Bloomberg.

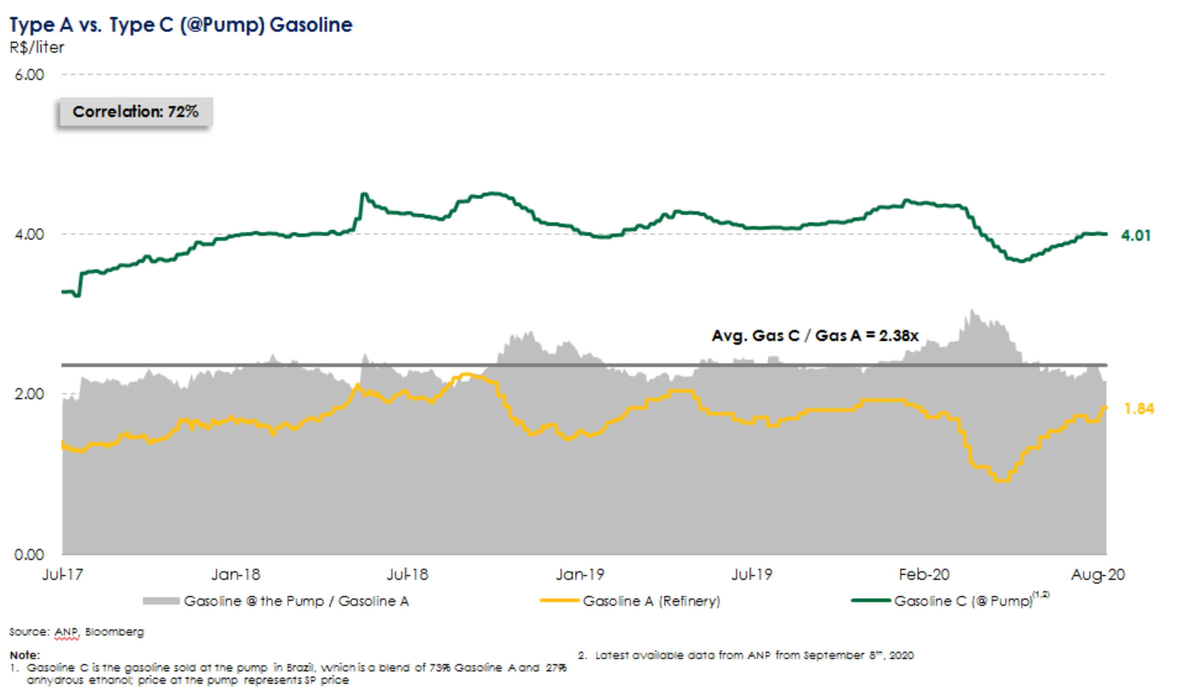
Second, Gasoline A is mixed with anhydrous ethanol at a proportion of 27%, and is thus converted to Gasoline-C, which is the product sold to end consumers at the pump. These also show a high correlation, with variations explained due to fixed costs, logistics and taxes, as demonstrated in Figure 8 below. 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



Source: CEPEA ESALQ.

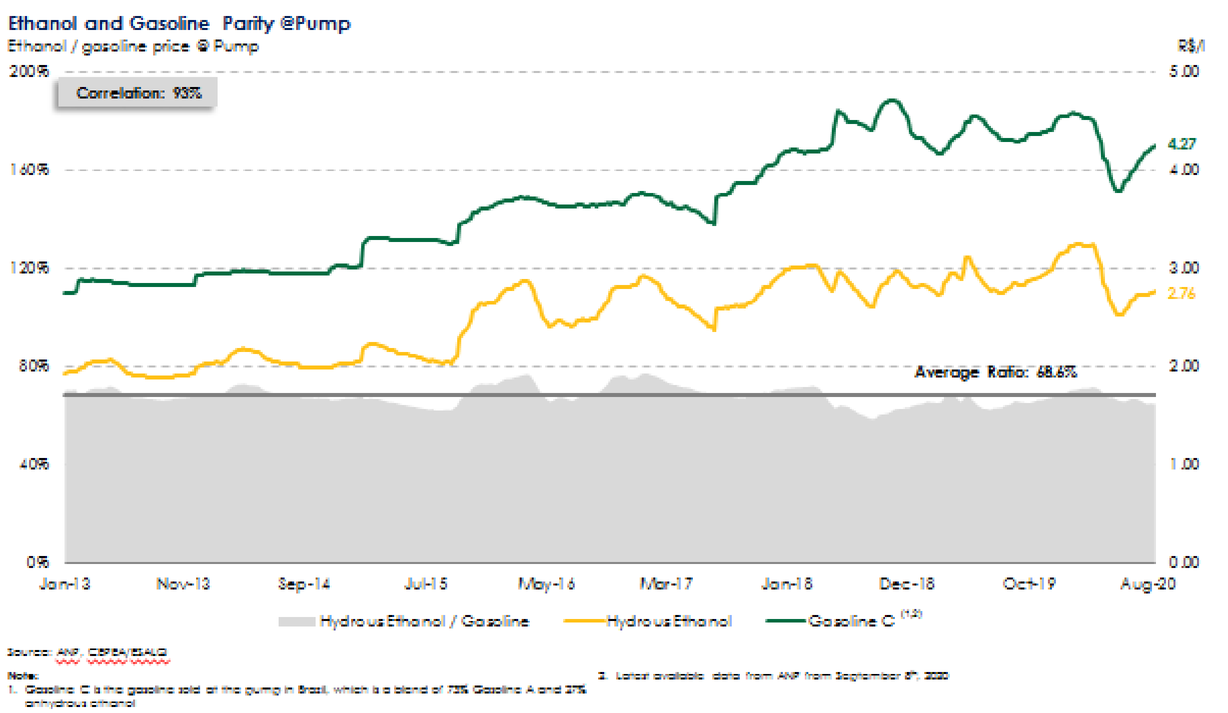
Figure 9: Brazilian Gasoline C and Gasoline A



Source: ANP, Bloomberg.

Within Brazil, ethanol prices behave in sync with gasoline prices, as Figure 10 below demonstrates. Hydrous ethanol prices float around the 70% energy parity mark versus gasoline, demonstrating an average price of ethanol of 68.7% 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.

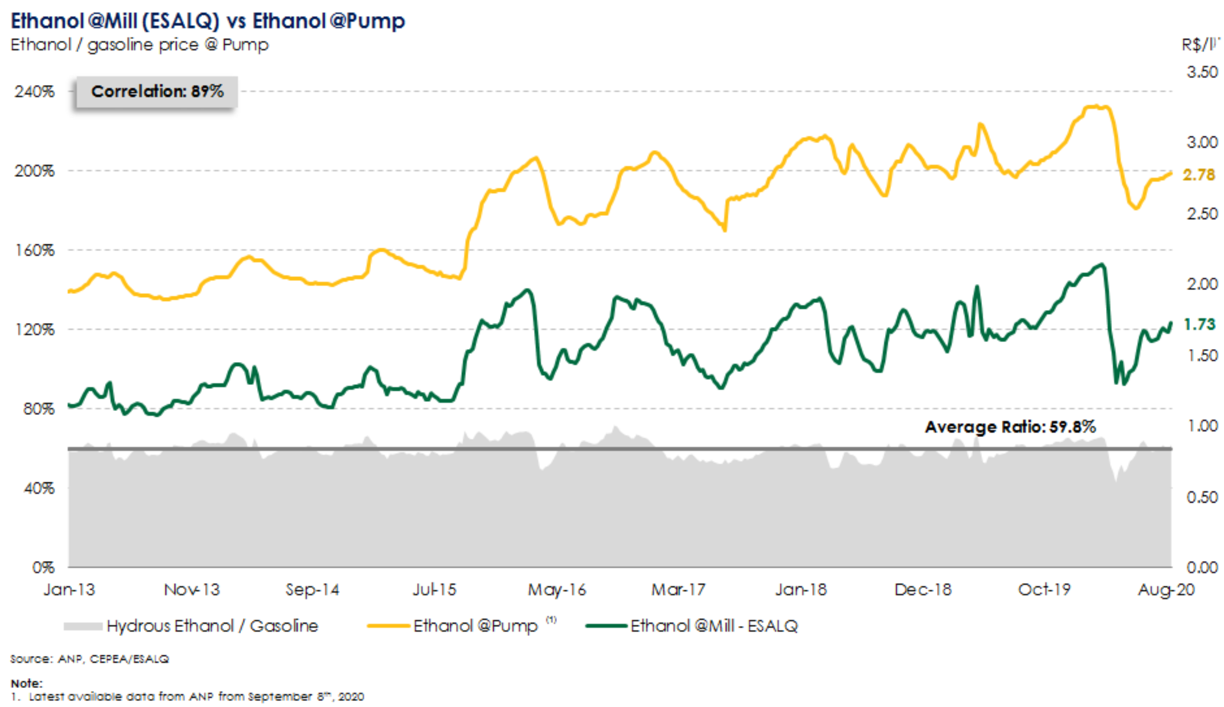
Figure 10: Brazilian Gasoline and Ethanol Pricing



Source: ANP, CEPEA/ESALQ.

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.

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,		
	2020	2019	2020	2019	2018
	(in reais per liters, except percentages)				
Hydrous Price(1)	1.590	1.702	1.827	1.624	1.572
Anhydrous Price(1)	1.889	1.906	2.025	1.786	1.710
Anhydrous premium over hydrous (%)	18.8%	12.0%	10.9%	10.0%	8.8%

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 >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 43.7%). 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; they can choose to produce either sugar or ethanol, but there is no liquid market to sell sugarcane itself and sugarcane needs to be crushed right after harvest, and cannot be stored for long periods of time. In contrast, corn ethanol producers have a liquid inventory and can buy and sell corn as needed from third parties without needing to own the plantations or create value-added products. 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 424 liters of ethanol, whereas one ton of sugarcane produces 83 liters of ethanol. Labor-wise, sugarcane ethanol production requires approximately 8 employees per million liters based on the average of publicly available data, whereas our production only requires 0.5 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.

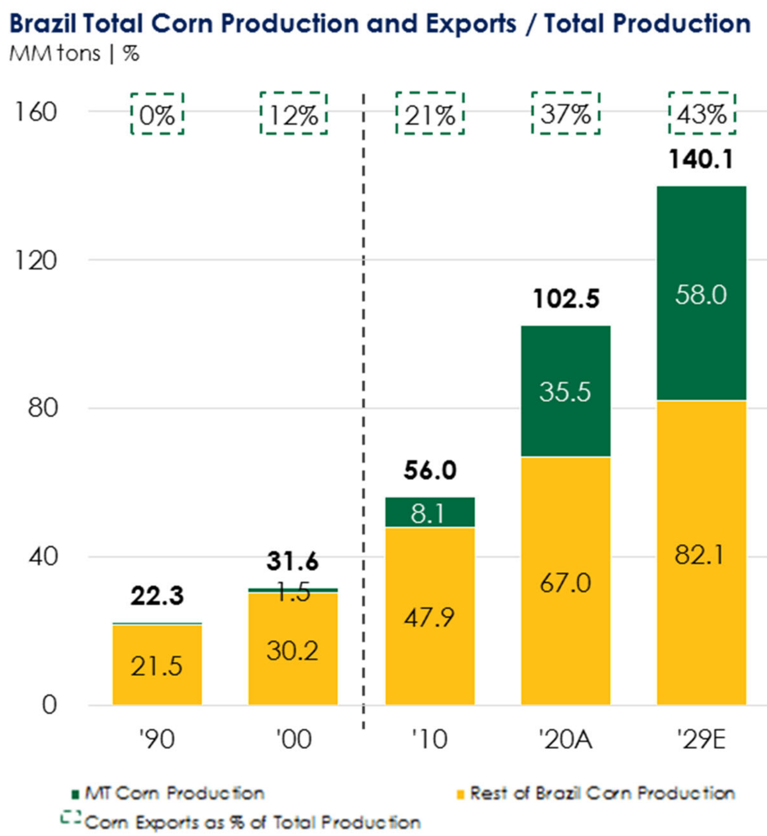
Due to the lower capital intensity, the operational cost advantages, and the higher revenue margins, we believe that the future growth in ethanol consumption in Brazil will be increasingly fulfilled by corn-based ethanol rather than traditional sugarcane-based ethanol.

Domestic Corn Production

Nationally, corn production in Brazil has doubled over the past ten years, from 56 million tons in 2010 to an expected 103 million tons in 2020. During this same period, sugarcane production remained relatively flat, increasing from 602 million tons in 2010 to 642 million tons in 2019.

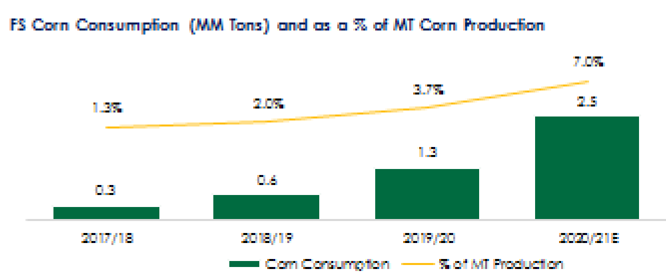
Within the state of Mato Grosso, the 2010 corn production was 8.1 million tons, rising to 36 million tons in 2020, representing a CAGR of 15.9% in this period. The state of Mato Grosso is responsible for 34.6% of Brazil's corn production while all other Brazilian states produce 67.0 million tons collectively. 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 43.6% of the state's production, or 15.5 million tons.

Figure 13: Brazilian Corn Production



Source: CONAB, USDA, IMEA.

Figure 14: Marginal Buyer of Corn



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. For three reasons that will be discussed in more detail – increases in corn yield, double cropping, and a lower cost basis – the state of Mato Grosso produces the world's cheapest corn, with a historic delta of 43% between the state of Mato Grosso farm price and

CBOT. In 2020, the state of Mato Grosso prices averaged R$37.8/sac, as compared with the CBOT reference price of R$39.0/sac, and Iowa production costs of R$39.7/sac[4].

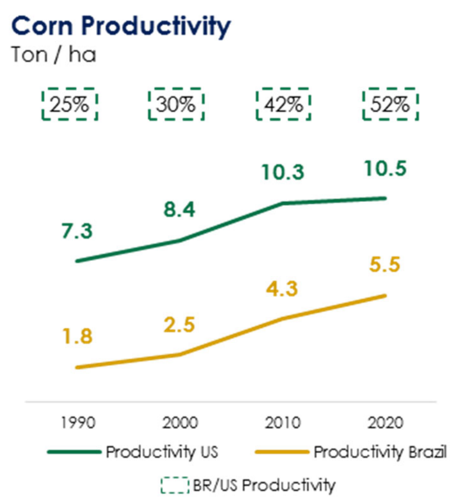
Despite the low cost of corn, the Brazilian ethanol market remains predominantly sugarcane-based and has been historically supplied by generally older, higher-cost sugarcane mills. These mills are often financially unable to increase production, and when combined with the lower yields and cost disadvantages, 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 2010 to 2020, corn productivity increased by 32%, from 4.3 tons/hectare to 5.5 tons/hectare. Although Brazil has narrowed the gap in productivity as compared to the United States to only 52%, 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 increased dramatically in Brazil over the last 10 years with production from second crop increasing from 8.1 million tons in 2010 to 35.5 million tons in 2020.

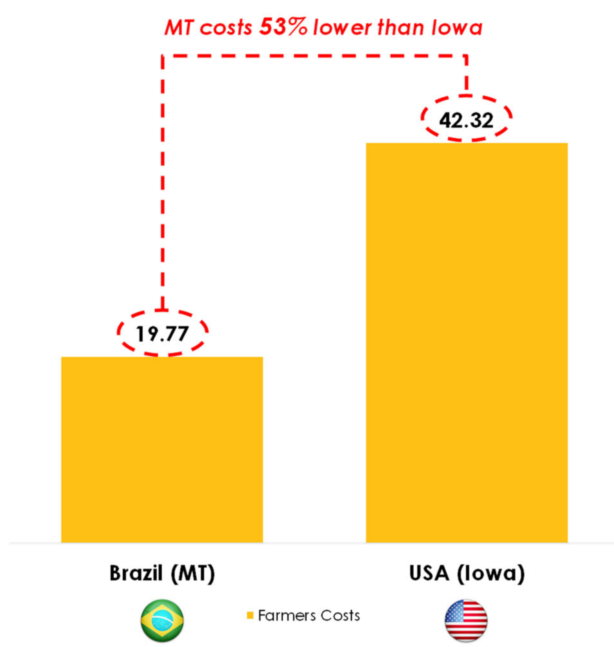
The second corn crop allows the farmer to spread out their fixed cost (land, labor, machinery) over two different revenue streams throughout an entire calendar year, and it is key to their profitability. Beyond the financial impacts of increasing revenues and extending the basis for amortizing fixed costs, the two crops also have a "symbiotic"

[4] Considers farmer costs in Iowa and Mato Grosso in the 2020/2021 harvest. All foreign exchange conversions assume a rate of R$5.00 to US$1.00.

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 53% lower in MT (Brazil) than Iowa (USA), considering estimates for 19-20 harvest.[5]

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 87% 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 other regions in Brazil. Also, the state of Mato Grosso produces a large oversupply of corn which outstrips local

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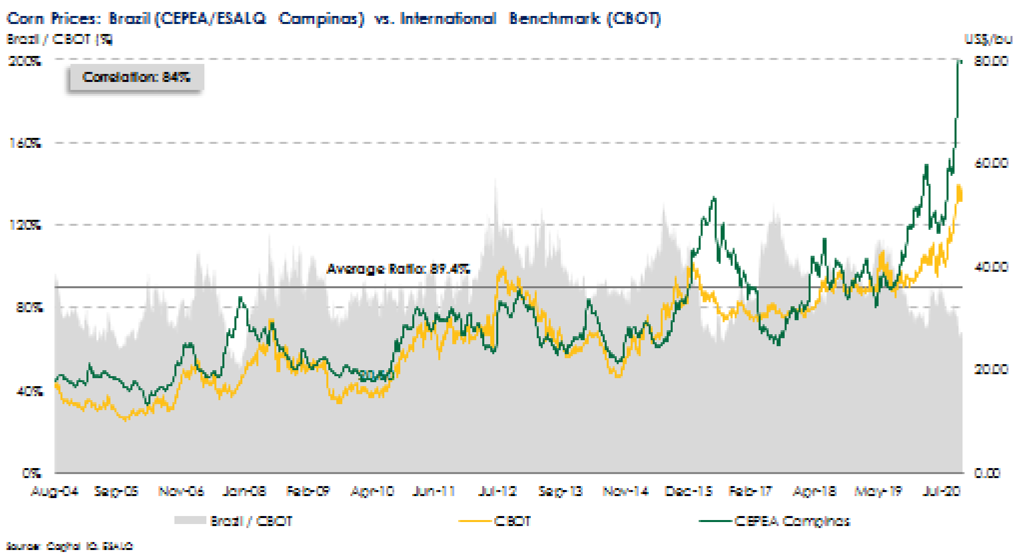
[5] This calculation considers estimates for 2019/2020 harvests in the U.S. (typically occurring from early July to early December) and second corn crop in MT, Brazil (typically occurring from early May through August). Estimates consider an average productivity of 182 bushels per acre in Iowa and 123 sacs/ha in MT and an exchange rate of R$5.36 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.

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 16 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. 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

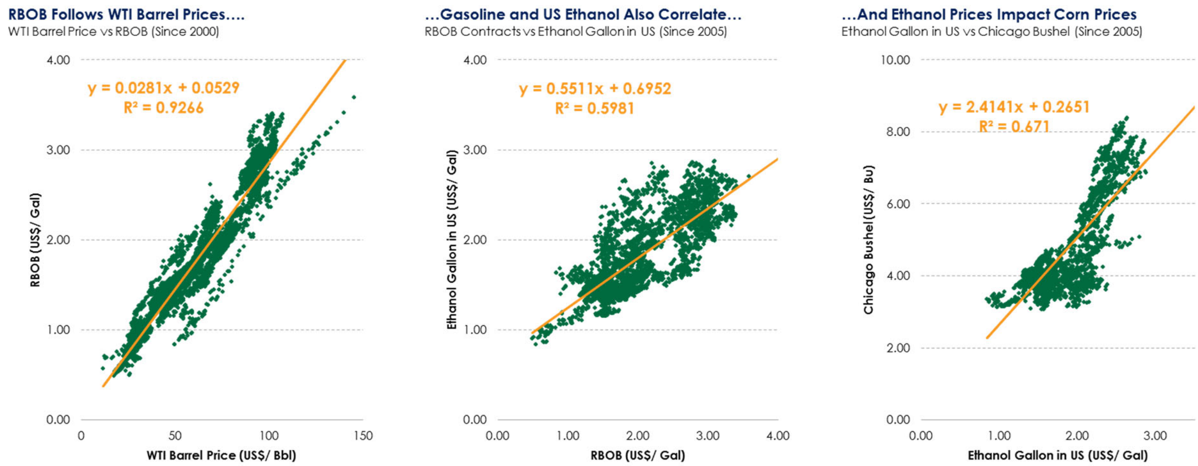


Source: Capital IQ, ESALQ.

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.

In addition, regionally, due to its cost advantages and logistics costs for the parity with international prices, Mato Grosso corn trades at a significant discount to the CBOT international reference price of corn, with an average discount of 36.4% over the past three years.

Figure 18: Gasoline to Corn Price Correlation



Source: Bloomberg as of July 2020.

BUSINESS

Overview

We are a low-cost, low-carbon producer of biofuels, animal nutrition products and renewable energy in Brazil. We operate the two single largest ethanol production facilities in Brazil and are currently completing the expansion of our second facility. Upon completion of such expansion by March 2021, we expect to become the fourth largest producer of ethanol in Brazil, with 1.4 billion liters of ethanol per year of production capacity, and the largest producer of corn ethanol in South America. We believe we are also the largest producer of animal nutrition products derived from corn in Brazil, with annual production capacity of approximately 1 million tons per year. For the fiscal year ended March 31, 2020, our EBITDA per liter was R$0.93, with an EBITDA Margin of 39.0%.

Corn has become the most 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 34.6% of Brazil's 102.5 million tons of total corn production in the 2019-2020 crop year. 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 2009-2010 to 35.5 million tons in 2019-2020. 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 the largest beef cattle herd 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. Being located in the state of Mato Grosso provides: (i) access to abundant and low-cost corn; (ii) the ability to source 100% of our energy needs from renewable biomass; (iii) access to a thriving livestock market for our animal nutrition products; and (iv) access to 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 the lowest carbon footprint at-scale globally, with an overall cost profile that we believe to be significantly advantageous compared to the average sugarcane-based producer of ethanol in Brazil. We estimate that our Corn Ethanol Production Cost of R$0.98/liter during our fiscal year ended March 31, 2020 was approximately 33% lower than Sugarcane Ethanol Production Cost of R$1.46/liter of ethanol.

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 with the highest operational efficiency standards; (4) wide-ranging commercial optionality; and (5) the lowest carbon intensity in the industry.

Our two operating facilities, which are located in the cities of Lucas do Rio Verde (the "LRV Plant") and Sorriso (the "SRS Plant") in the state of Mato Grosso have an aggregate production capacity of 1.12 billion liters of ethanol per year. We expect this capacity to reach 1.4 billion liters of ethanol per year by March 2021 with the completion of the expansion work currently underway at our SRS Plant. Our plants typically operate 355 days per year with greater than 98.0% 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 this is a significant advantage compared to sugarcane-based producers, which average only 240 days per year of production.

The key drivers of our low-cost profile are: (i) low-cost feedstock; (ii) state-of-the-art processing technology; (iii) high operational efficiency; (iv) minimal Maintenance Capex (R$0.02/liter for the fiscal year ended March 31, 2020, compared to the comparable average maintenance capital expenditures of R$0.50/liter of the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost); and (v) premium value from our animal nutrition products.

Our animal nutrition products are dried distiller's 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 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. For the six-month period ended September 30, 2020 our segment revenue from animal nutrition products was equivalent to 51.8% of our corn cost of goods sold for that period. We believe the revenue from our animal nutrition products will continue to cover approximately 40% of our corn costs and, therefore, is a key driver for our low production cost per liter of ethanol, and also 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 65% of our annual corn needs, which allows us to purchase most of our corn for delivery during the harvest season when prices are typically lower.

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 **zero** stillage discharge[6] (compared to sugarcane-based producers that generate 12 liters of stillage vinasse for every liter of ethanol produced). In April 2020, our anhydrous ethanol was ranked as the fuel with the lowest carbon footprint score in Brazil and our hydrous ethanol was ranked second in Brazil under the RenovaBio program, which is a Brazilian biofuels program similar to California's Low Carbon Fuel Standard ("LCFS").

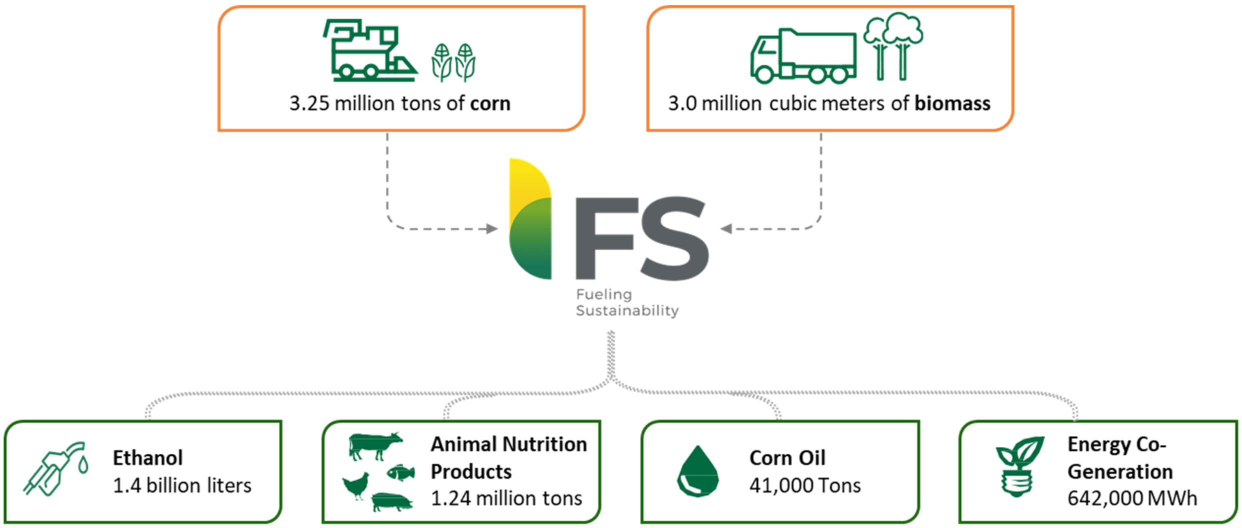
Our strategic goals are to use our competitive strengths and favorable industry fundamentals to take advantage of the growing demand for ethanol and animal nutrition products in Brazil and globally, generating strong results with managed risk, and to position ourselves amongst the leading companies in the industry.

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 image below illustrates our operational flow and expected installed capacity by March 2021:

[6] Stillage discharge refers to the wastewater generated in the distillation process during ethanol production.



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

- *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 2020-2021 Crop Year[7] we estimate we will have procured 2.8 million tons of corn for such crop year, which represents 7.8% of the estimated corn production in the state of Mato Grosso in the same year.
- *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 and eucalyptus, that can be used interchangeably in our flexible co-generation equipment.
- *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 hydrous or anhydrous ethanol, which we sell to fuel distributors in all regions of Brazil, utilizing our access to multiple logistics modalities.
- *Animal nutrition products:* We are the largest producer of animal nutrition products derived from corn in Brazil, with annual production capacity of approximately 1 million tons per year of high-protein DDG, high-fiber DDG and wetcake. We also produce corn oil, which is primarily utilized as an animal nutrition product, and we also sell corn oil to biodiesel producers and other industrial end-users.
- *Energy co-generation:* Our two production facilities are energy self-sufficient through the co-generation of steam and energy, with an installed capacity of approximately 72 MW, which also allows us to sell excess energy to the national energy grid.

In the fiscal year ended March 31, 2020, we produced 520 million liters of ethanol at the LRV Plant. The LRV Plant currently has a corn processing capacity of approximately 1.3 million tons per year and ethanol production capacity of about 550 million liters per year ("MLPY"), as well as annual production capacity of up to 400,000 tons of DDG Products, 16,000 tons of corn oil and co-generation of 292,000 MWh of energy, 169,000 MWh of which is for sale into the Brazilian energy grid.

The SRS Plant began operating in February 2020. As a result, it produced 23 million liters of ethanol in the fiscal year ended March 31, 2020 during its ramp-up phase. During the six-month period ended on September 30, 2020, the SRS Plant produced 272.4 million liters of ethanol. The SRS Plant has a corn processing capacity of approximately 1.3 million tons per year and ethanol production capacity of approximately 570 MLPY. Including the

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

ongoing expansion, we expect to increase SRS Plant production capacity to about 850 MLPY by March 2021, as well as 840,000 tons of DDG Products, 25,000 tons of corn oil and co-generation of 350,000 MWh of energy, 156,000 MWh of which is for sale 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 five-year exclusivity agreements with ICM for plants within a 50-mile radius of each of our two 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 in terms of access to the market’s most efficient process technology being unavailable to potential competitors in the regions in which we operate.

Our plants were specifically designed for the requirements of our operations, with enhanced productivity features such as FST and SMT, and we have also developed projects to improve productivity, such as incremental improvements to our fermenters and the introduction of GMO (genetically modified organism) yeast, all of which have increased our conversion yields. In our first fiscal year of production (2017-2018), our industrial yield was 393.8 liters of ethanol per ton of corn crushed, while in the 2019-2020 fiscal year we reached 416.9 liters of ethanol per ton of corn crushed. In the first two quarters of the 2020-2021 fiscal year, we have already achieved 425.9 liters of ethanol per ton of corn crushed, solely on the basis of such improvements.

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,		
FS Highlights	**Unit**	**2020**	**2019**	**2020**	**2019**	**2018**
		(in volume, percentage and millions of R$)				
Key operating data:						
Installed ethanol production capacity	MLPY	1,120.0	550.0	1,120.0	550.0	265.0
Corn crushed	thousand tons	1,241.6	595.7	1,288.9	625.4	348.5
Ethanol produced	million liters	528.8	247.4	543.2	259.0	139.0
DDG Products produced	thousand tons	456.5	221.3	479.6	248.4	135.2
Corn Oil produced	thousand tons	16.2	7.3	15.5	7.5	2.8
Ethanol sold	million liters	509.3	209.6	516.6	257.8	137.9
DDG Products sold	thousand tons	458.1	217.6	467.5	237.4	118.8
Corn Oil sold	thousand tons	16.1	7.2	15.0	7.3	2.7
Energy sold	thousand MWh	57.5	30.6	72.2	41.0	22.7
Key financial data:						
Total net revenue from segments	R$ million	1,163.9	453.1	1,170.9	544.8	269.0
Ethanol segment	R$ million	785.2	369.9	974.3	456.5	233.9
Animal nutrition segment	R$ million	245.3	76.0	171.1	78.4	29.3
Energy co-generation segment	R$ million	11.5	6.1	15.9	9.9	5.7
Other segment	R$ million	121.9	1.1	9.7	–	–
Net revenue	R$ million	1,271.9	476.5	1,231.8	565.3	285.6
Corn Ethanol Production Cost per liter[1]	R$/liter	0.79	1.01	0.98	1.06	1.16
Maintenance Capex per liter[2]	R$/liter	(0.00)	0.01	0.02	0.11	0.03
Profit before net finance costs and taxes	R$ million	372.4	148.1	438.8	195.6	67.1
EBITDA[3]	R$ million	414.9	166.0	480.5	212.6	78.2
EBITDA Margin[3]	%	32.6%	34.8%	39.0%	37.6%	27.4%
EBITDA per liter	R$/liter	0.81	0.79	0.93	0.82	0.57
Net Debt[4]	R$ million	2,839.7	1,484.1	2,571.8	695.9	203.5
EBITDA (LTM)[3][5]	R$ million	729.1	285.4	480.5	212.6	78.2
Net Debt to EBITDA[4]	x	3.9	5.2	5.4	3.3	2.6
EBIT[6]	R$ million	372.4	148.1	438.8	195.6	67.1
EBIT Margin[6]	%	29.3%	31.1%	35.6%	34.6%	23.5%
EBITDA Minus Maintenance Capex[7]	R$ million	415.1	163.6	471.5	182.8	74.1

EBITDA Minus Maintenance Capex per liter(7)...	R$/liter	0.82	0.78	0.91	0.71	0.54

(1) "Corn Ethanol Production Cost" per liter is calculated as (i) the sum of (x) our total cash production, 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.

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

(3) EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP measure prepared by us in accordance with CVM Instruction No. 527, dated October 4, 2012, or CVM Instruction No. 527. We calculate EBITDA as 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.

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, EBITDA LTM and EBITDA Margin as calculated by us may not be comparable with EBITDA and EBITDA Margin as calculated by other companies. For a reconciliation of EBITDA and EBITDA Margin to profit (loss), see "Selected Financial and Operating Information."

(4) Net Debt is a non-GAAP measure calculated as (i) Debt, which is calculated as the *sum* of current and noncurrent loans and borrowings, which does not include loans with related parties, *less* (ii) cash and cash equivalents, restricted cash, and financial investments, in each case as set forth in the audited financial statements or unaudited interim consolidated financial statements. 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 the calculation of our Net Debt, see "Selected Financial and Operating Information."

The Net Debt/EBITDA ratio as of September 30, 2020 and 2019 is calculated by *dividing* (1) Net Debt at the end of the applicable period by (2) EBITDA (LTM) for the applicable period. The Net Debt/EBITDA ratio as of March 31, 2020, 2019 and 2018 is calculated by *dividing* (1) Net Debt at the end of the applicable year by (2) EBITDA (LTM) for the corresponding fiscal year.

(5) We calculate EBITDA LTM for the twelve month period ended September 30, 2020 as EBITDA for the year ended March 31, 2020 plus EBITDA for the six-month period ended September 30, 2020 minus EBITDA for the six-month period ended September 30, 2019. We calculate EBITDA LTM for the twelve month period ended September 30, 2019 as EBITDA for the year ended March 31, 2019 plus EBITDA for the six-month period ended September 30, 2019 minus EBITDA for the six-month period ended September 30, 2018. For a reconciliation of EBITDA (LTM) to profit (loss), see "Selected Financial and Operating Information."

(6) EBIT (earnings before interest and taxes) and EBIT Margin are non-GAAP 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 (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."

We calculate EBIT Margin as profit (loss) *adding back* net finance costs, income tax and social contribution (including income tax incentives) (or EBIT) *divided by* net revenue.

(7) EBITDA Minus Maintenance Capex is a non-GAAP measure calculated as 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 for the applicable period as the *sum* of additions, acquisitions, disposals and transfers for the following line items in the note to the financial statements entitled "Property, plant and equipment": Buildings, Machinery and equipment, Furniture and computers, Vehicles, and Installations.

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. For a reconciliation of our EBITDA Minus Maintenance Capex to profit (loss), see "Selected Financial and Operating Information."
EBITDA Minus Maintenance Capex per liter is calculated as EBITDA Minus Maintenance Capex *divided by* liters of ethanol sold.

Ethanol

We produce corn-based ethanol (anhydrous and hydrous) from the starch extracted from corn. Because we can produce up to 100% anhydrous ethanol in our production process, we have complete control over our production mix between hydrous and anhydrous ethanol (compared to sugarcane-based ethanol producers, who have only partial flexibility between the two ethanol products). 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 is primarily used in flex-fuel vehicles as it is utilized with any mix of gasoline (up to 100% ethanol). Drivers of flex-fuel vehicles, which today represent approximately 70% 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).

We sell our ethanol (anhydrous and hydrous) to a varied client base, comprised mainly of fuel distributors in Brazil. In the fiscal year ended March 31, 2020, we sold to more than 40 different clients, and sales to Brazil's three main fuel distribution companies (Raízen, BR Distribuidora and Ipiranga) corresponded to 52.2% of our ethanol gross operating revenues, which is less than the general market concentration represented by those three companies, which accounted for 58.8% of the gasoline and ethanol markets in Brazil for the same period, according to data from FGV and ANP.

We enjoy leading market positions in some of the key markets in which we operate. For the six-month period ending September 30, 2020, our market share in anhydrous ethanol (by volume) stood at 62.1% in the state of Mato Grosso and 25.6% in the North region of Brazil.

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 two years we have steadily increased our access to logistics assets in order to reach multiple final markets. 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 has allowed us to actively adjust our ethanol sales mix, between anhydrous and hydrous, and geographic destination, to achieve better pricing than the market reference. For instance, in the fiscal year ended March 31, 2020 we sold 516.6 million liters of ethanol with an average positive Basis of R$0.06/liter relative to the average SP Hydrous ESALQ Price.

We also 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, 2020, we sold 509.3 million liters of ethanol, recording segment revenue from ethanol of R$785.2 million, representing 67.5% of our total net revenue from segments for such period. In the fiscal year ended March 31, 2020, we sold 516.6 million liters of ethanol, recording segment revenue from ethanol of R$974.3 million, representing 83.2% of our total net revenue from segments for such period.

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	2019	2020	2019	2018
Segment revenue – ethanol	*(in millions of R$, except percentages)*				
Anhydrous ethanol	322.3	259.8	611.2	327.9	85.7
Anhydrous ethanol mix volume sold %	38.3%	68.0%	61.1%	71.0%	34.0%
Hydrous ethanol	462.9	110.1	363.1	128.6	148.2
Segment revenue – ethanol	**785.2**	**369.9**	**974.3**	**456.5**	**233.9**

Animal Nutrition

We produce animal nutrition products in the form of high-fiber DDG, high-protein DDG, wetcake and corn oil. Because we have integrated FST technology into our production process, instead of the more conventional DDG products offered by other corn-ethanol producers, we have three highly differentiated, specialty DDG Products, branded as *FS Ouro*, *FS Essencial* and *FS Úmido*. 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 the majority 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 2020 fiscal year serving over 460 clients across 12 states of Brazil. The state of Mato Grosso remains our key market, representing 74.1% of total gross segment revenue from animal nutrition products in the fiscal year ended March 31, 2020, with the Center-South, North and Northeast regions representing 24.3%, 1.6% and 0.1% of gross segment revenue from animal nutrition for such period, respectively. We significantly increased our client portfolio, with our top five clients accounting in the aggregate for 1.7% and 31.5% of our gross operating revenues and segment revenue from animal nutrition products, respectively, in the fiscal year ended March 31, 2020.

We believe our animal nutrition revenues provide us with a natural hedge against our cost of corn, which is the largest component of our cost of goods sold. For the six-month period ended September 30, 2020, segment revenue for animal nutrition products represented 51.8% of our corn cost of goods sold.

	For the Six-Month Period Ended September 30,		For the Fiscal Year Ended March 31,		
	2020	2019	2020	2019	2018
Segment revenue – animal nutrition	*(in millions of R$, except percentages)*				
FS Essencial (High-protein)	129.7	36.2	82.6	37.4	15.3
FS Ouro (High-fiber)	58.4	21.0	47.1	19.9	7.6
FS Úmido (Wetcake)	18.7	6.4	17.3	8.7	3.0
FS Vital (Corn Oil)	38.6	12.3	24.1	12.3	3.4
Segment revenue – animal nutrition	**245.3**	**76.0**	**171.1**	**78.4**	**29.3**
Cost of goods sold - Corn	473.6	184.1	461.2	193.8	98.2
Coverage of cost of goods sold - Corn	51.8%	41.3%	37.1%	40.4%	29.9%

Energy Co-Generation

Our energy needs are met through co-generation systems integrated into our plants that utilize renewable biomass, such as eucalyptus chips, as a fuel to produce the energy required for our production process.

The excess co-generated energy is sold into the Brazilian energy grid. The LRV Plant has a total energy production capacity of 33 MW, out of which 19 MW are sold into the grid. Once fully developed, the co-generation system at the SRS Plant will have a production capacity of 39 MW, out of which 18 MW will be sold into the grid.

On an annual basis, we have the capacity to produce approximately 632,000 MWh of energy, of which nearly 325,000 MWh is available for sale into the Brazilian energy grid, which includes the expansion of the SRS Plant currently underway. 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.

Corn Procurement

Each year corn is planted 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. During the harvest period ending in August 2020, we received 77% of the total volume that will be crushed during the current Crop Year; we typically store a significant part of this volume for most of the Crop Year.

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

- *Diversified supplier base.* We acquire our corn from over 400 corn suppliers. Our strategy is to increase and diversify our sources of corn, which for the current Crop Year is distributed among farmers (25.4%), farmer cooperatives and conglomerates (45.9%), corn resales (9.2%) and trading companies (19.5%).
- *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 are currently exposed to spot markets for a small volume of corn (typically less than 2.5% of our expected corn requirements between June 1, 2020 and May 31, 2021 (our Crop Year)).

	Estimated Corn Requirements	Contracted	Percentage Contracted	Average price per sac
Corn Forward Purchasing Summary	*(million tons)*[(1)]		*(%)*	*(R$/sac)*
Crop Year				
2020-2021	2.8	2.7	97.6%	28.0
2021-2022	3.2	1.7	52.4%	32.7
2022-2023	3.2	0.5	15.1%	39.2

(1) As of November 18, 2020.

- *Storage capacity.* We have storage capacity for 1.7 million tons of corn, which represents approximately 65% of our annual corn needs. This capacity allows us to purchase most of our corn for delivery during the harvest season when prices are typically lower.

- *Extended payment terms.* The average payment term of our corn purchases was 97 days after full delivery of each corn contract for the 2019-2020 Crop Year, 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 8%), 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).

Biomass Procurement

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 biomass 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.

Our biomass procurement activities include (i) sourcing of agricultural residues in the spot markets; (ii) acquisition of standing timber; (iii) development of eucalyptus farms with local farmers (for which we provide technical and financial support associated with off-take agreements, but do not own or operate the farms); (iv) supply agreements with TIMOs (Timber Investment Management Organizations), who develop and operate eucalyptus farms to supply our plants; and (v) cultivation of bamboo as an alternative source of biomass.

Our Competitive Strengths

We believe our competitive strengths have been tested and proven by our results during the first six months of the 2020-2021 fiscal year, when we operated at a high-performance level despite challenging market conditions resulting from the COVID-19 pandemic. 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 benefit from a lower cost of production when compared to other ethanol producers in Brazil that rely on sugarcane as a feedstock. 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$0.98/liter in the fiscal year ended March 31, 2020, while the Sugarcane Ethanol Production Cost was R$1.46/liter, 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 2019 and 2020 from a sample of six Brazilian sugar and ethanol producers (São Martinho, Atvos, Coruripe, Adecoagro, Raízen Energia and Biosev).

In addition, for comparison purposes, the Corn Ethanol Production Cost in Iowa is R$1.67/liter, or 69.9% higher than our Corn Ethanol Production Cost, according to data from the Iowa State University Extension Ethanol Model, which considers the three-year average ending in September 2020.

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 production facilities is located near abundant, low-cost corn supplies. We believe the state of Mato Grosso, where our production facilities are located, produces 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. 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. 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, 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 two 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, 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 facility sites as well as four additional sites that we have acquired for possible future expansion. This exclusivity serves as a barrier to entry in terms of 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 2019 was 110 MLPY. By comparison, our existing production facilities are each designed to have capacities of approximately 550 MLPY. Our production facilities typically run on a 24-7, 355 day-per-year schedule, with one extended maintenance shutdown per year for 10 days. For the six-month period ended September 30, 2020, our plants had an average combined uptime of 99.2%. In addition, we ranked amongst the top five plants globally with the highest fermentation efficiency, as benchmarked by Novozymes. 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 0.5 employees per million liters produced, approximately 16x fewer employees per liter than the average employee intensity from the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost analysis.
- *Efficient Deployment of Capital*. 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$0.02/liter for the fiscal year ended March 31, 2020, compared to estimated average comparable maintenance capital expenditures of R$0.50/liter for the sugarcane-based ethanol producers that we consider to calculate the Sugarcane Ethanol Production Cost analysis). Importantly, as a result, our operations convert a very high percentage of EBITDA into cash flow, as measured by our EBITDA Minus Maintenance Capex.
- *Value-added co-products.* Finally, ethanol production using corn allows us to produce value-added animal nutrition products, such as DDG Products and corn oil, which for the six-month period ended September 30, 2020 contributed, in aggregate, 21.1% of our total net revenue from segments, equal to 51.8% of our corn costs for the same period, and further lowering our Corn Ethanol Production Cost.

Strong Financial Performance

We have had strong operational results since commencing operations, including through the COVID-19 pandemic. 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 the competition (particularly with respect to sugarcane), which is illustrated by our strong performance in the first two quarters of the 2020-2021 fiscal year, despite the COVID-19 pandemic.

We have showed strong financial performance. For the year ended March 31, 2020, we had profit before net finance costs and taxes of R$438.8 million, an increase of R$243.2 million, compared to R$195.6 million for the year ended March 31, 2019.

Attractive Margins. Our low-cost advantage allows us to achieve high EBITDA Margins and strong EBITDA Minus Maintenance Capex generation. We delivered EBITDA Margins of 39.0% and 37.6% for the fiscal years ended March 31, 2020 and 2019 respectively. We believe that our performance for the six-month period ended September 30, 2020 was notable due to the COVID-19 pandemic and the challenging environment in which we operated during that period, and we experienced quick recovery of our margins in the months following May 2020, the peak of the impact of COVID-19 on ethanol markets. We delivered EBITDA Margins of 32.6% and 34.8% for the six-month periods ended September 30, 2020 and 2019, respectively. For a reconciliation of EBITDA Margin and EBITDA Minus Maintenance Capex to profit (loss), see "Selected Financial and Operating Information."

- *Strong Cash Flow Conversion.* The absence of material Maintenance Capex allows us to convert most of our EBITDA into EBITDA Minus Maintenance Capex. In the fiscal years ended March 31, 2020, 2019 and 2018, our Maintenance Capex amounted to approximately 2.0%, 14.0% and 5.2% of EBITDA, respectively. For the six-month periods ended September 30, 2020 and September 30, 2019, our Maintenance Capex amounted to approximately (0.1%) and 1.4% of EBITDA, respectively. For the fiscal year ended March 31, 2020, we generated EBITDA Minus Maintenance Capex of R$0.91/liter of ethanol sold while the average unlevered cash flow generation from the sugarcane-based producers that we consider to calculate the Sugarcane Ethanol Production Cost was R$0.46/liter of ethanol sold.

- *Managed Exposure to Corn Prices and Currency.* Our production and sale of animal nutrition products result in a natural hedge that is equivalent to approximately 40% of our cost of corn. We actively manage the balance of our corn costs 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. Our expected corn requirements for the Crop Year ended May 31, 2021 are 97.6% secured at an average cost of R$28.0 per sac, compared to our average realized cost of R$22.2 per sac for the fiscal year ended March 31, 2020. 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 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 high-fiber DDG and wetcake, 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 five-year rail 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—allow us access to the biggest markets in Brazil, and also enable 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, increasing our margins while adding value to the clients.
- *Storage capacity.* We have corn storage capacity of 845,000 tons at our plants and also have contracted corn storage from third parties comprising 895,000 tons, allowing us to receive corn on a large scale during the harvest and store it during the year, which 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")

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 our purpose, and being conscientious of our essential responsibility before society, we have developed a number of practices and policies focused on environmental and social concerns, all anchored in high standards of governance. We have invested 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 August 2020, we obtained our GRI stamp with respect to our most recent sustainability report. Our sustainability report contains an assurance report issued by KPMG and is available at www.fsbioenergia.com.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.

Environmental and Social

- *Low carbon footprint.* We believe we have the lowest carbon score 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 April 2020 our anhydrous ethanol was ranked as the fuel with the lowest carbon footprint score in Brazil, with a score of 16.3 under the RenovaBio program. Our hydrous ethanol was ranked second lowest, with a score of 16.7. These scores imply that FS avoided in the fiscal year ended March 31, 2020 the emission of more than 0.8 million tons of carbon dioxide. We are currently developing feasibility studies for a carbon capture and storage ("CCS") project that could further reduce our carbon footprint.
- *Social-environmental policy.* 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 partnered with Agrotools, a digital platform designed to promote Brazilian agriculture by using state-of-the-art geomonitoring, competitive intelligence and strategic tools, to create a social-environmental policy and tracking system that is stricter than existing Brazilian legislation. Under this partnership, all of our suppliers and customers are audited by our sustainability team with the support of Agrotools and must pass through a decision matrix prior to approval to ensure that we do not source corn or biomass from suppliers, or sell to customers, connected to deforestation, protected lands, any type of embargo, slavery or child labor.
- *Zero fossil fuels.* Our plants utilize 100% renewable biomass as 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 12 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.

Corporate Governance

At the top of our corporate organization chart is the Advisory Board, which monitors the execution of our strategy and business plan. We also have an internal audit department that is directly linked to the Advisory Board and board of executive officers, an ethics committee that includes representatives from our various departments, and a sustainability committee that discusses all of our ESG aspects. These committees have an external, independent reporting channel and are governed by formal policies, which are also in place for anticorruption and FCPA mitigation purposes. We conduct formal workshops and trainings with all employees to ensure awareness of and effective compliance with anticorruption efforts, FCPA and the Code of Ethics.

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 18 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 70% 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 the best carbon footprint scores under the RenovaBio framework and are well poised to capitalize on this government-mandated demand increase. By 2029, we expect a 8.7 billion liter-differential between domestic demand and current installed supply capacity of ethanol.

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 September 30, 2020 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.
- *Prudently grow production capacity while maintaining financial discipline*. We may choose to capitalize on the growing Brazilian demand for ethanol by prudently expanding our production capacity over the next

several years, while maintaining a balanced capital structure and adequate level of financial leverage. We are focused on finalizing the ongoing expansion of our SRS Plant, and we are evaluating the option to expand through one or more of the four sites we have acquired in the state of Mato Grosso. If we choose to expand through new construction on one or more of these sites, we may consider raising additional equity capital as a pre-requisite 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, that we may operationalize in the future. 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. 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, is an important player in the Brazilian agribusiness industry with investments in procurement, distribution and trading of grains and biodiesel production, which provided us with important connections to local farmers. We started our operational phase in June 2017, when we completed construction of the LRV Plant and commenced operations with an initial ethanol production capacity of 265 million liters per year MLPY. We completed an expansion of the LRV Plant on schedule in February 2019, which increased our ethanol production capacity at the LRV Plant to approximately 550 MLPY. In February 2020 we completed phases 1 and 2 of the SRS Plant, which now has ethanol production capacity of approximately 570 MLPY. Phase 3 of the SRS Plant is currently under construction and is expected to be operational by March 2021, which is expected to increase production capacity at that plant to about 850 MLPY.

The Issuer

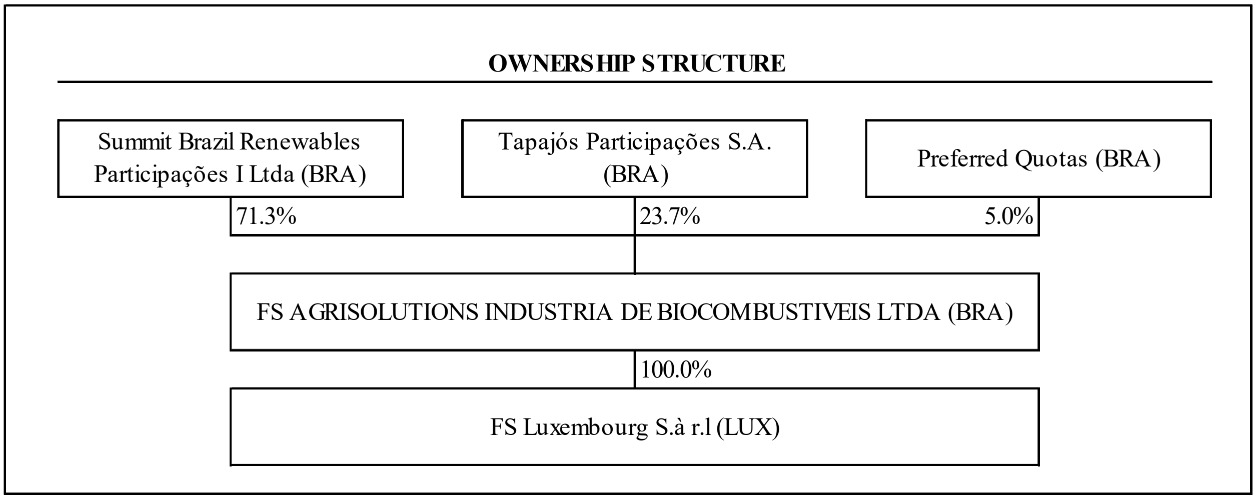
FS Luxembourg S.à r.l. is a private limited liability company *(société à responsabilité limitée)* organized and incorporated and existing under the laws of the Grand Duchy of Luxembourg since September 8, 2020, having its registered office at 19, rue de Bitbourg, L-1273 Luxembourg, and registered with 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 Atílio Fontana, Lucas do Rio Verde – MT, and our general telephone number is +55 65 3548 1500, respectively. Our internet address is http://fsbioenergia.com.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.

FS

FS is a limited liability company (*sociedade limitada*) organized and existing under the laws of Brazil (Brazilian Civil Code (Law No. 10,406 of January 10, 2002, as amended) and complementarily by the Brazilian Corporate Law (Law No. 6,404 of December 15, 1976)). It was incorporated on March 28, 2014 for an indefinite period. Its registered office is at Linha 01-A, s/n, a 900 metros do 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

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



Products and Sales

Ethanol

We sell 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.

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).

Hydrous Ethanol

With respect to hydrous ethanol, our strategy is to supply the Center-South region (mainly São Paulo), 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 animal nutrition, 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. Our animal nutrition is sold to livestock farmers for use as animal feedstock. These sales are made pursuant to contracts or spot sales. Our animal nutrition products accounted for 21.1% and 14.6% of total net revenue from segments for the six-month period ended September 30, 2020 and the fiscal year ended March 31, 2020, respectively.

FS Ouro, our high-fiber DDG (with approximately 18% 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 42% 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 21% 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.

Pricing and Backlog Orders

Generally, ethanol sold to customers is priced in accordance with one of the following methods: (i) a "spot" price, for delivery the same week or next, that 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, that 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 chief regulator 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.

Ethanol Pricing

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.

We follow a "carry" strategy for our sales. Because corn may be stored and we produce, with slight variations, the same amount of ethanol every day throughout the year, we 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 coming on 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.

As of November 23, 2020, we had contracts for delivery of ethanol totaling 266.3 million liters for delivery throughout the remainder of fiscal year 2020-2021, which represents approximately 60.4% of our expected ethanol shipments for the remainder of that period. These commitments were for 266.3 million liters at a price based upon the SP Hydrous ESALQ Price). Although these contracts are for delivery throughout fiscal year 2020-2021, they are heavily weighted towards the 4th quarter of 20/21. In the fiscal year ended March 31, 2020, we sold 46.6% of our ethanol (by volume) under spot and 53.4% of our ethanol (by volume) under contracts.

For the fiscal years ended March 31, 2020 and 2019, we sold 28.0% and 6.6% of our ethanol CIF, with the remainder sold FOB.

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 sold to livestock farmers for use as animal feedstock. These sales are made pursuant to contracts or spot sales.

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.

As of November 18, 2020, we expected to sell animal nutrition products totaling 952.8 thousand tons for the fiscal year ending March 31, 2021 and we had contracts for animal nutrition products totaling 356.4 thousand tons for delivery throughout the remainder of fiscal year 2020-2021, which represents approximately 37.4% of our expected animal nutrition shipments for the remainder of that period.

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 fiscal years ended March 31, 2020, 2019 and 2018, our three largest customers (the largest distributors in Brazil)—Petrobras Distribuidora S.A., Raízen and Ipiranga accounted for 52.1%, 45.1% and 15.7%, respectively, of our ethanol gross operating 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.

With respect to animal nutrition, we have a diversified customer base with more than 450 clients. As of March 31, 2020, 2019 and 2018, our five main customers represented 44.2%, 36.7% and 44.5%, respectively, of our animal nutrition gross operating revenues.

Raw Materials

We seek to mitigate our exposure to commodity price fluctuations by purchasing the majority of our corn 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. We purchase corn throughout the year using fixed-price futures contracts, and generally seek to acquire corn 1-2 years 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, 2020, 2019 and 2018, we consumed approximately 1,288.9, 625.4 and 348.5 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. 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 August 31, 2020, we had 1,378.7 thousand tons of corn representing 205 days of supply stored either on-site or at third-party storage facilities.

Ten suppliers represent approximately 44.9% of our corn purchases, with 390 suppliers representing the remaining 55.1% of our corn purchases for the 2019-2020 crop. The LRV Plant and SRS Plant are located in the mid-north of the state of Mato Grosso, which is responsible for 46.7% of the state of Mato Grosso's production, with a total of 15.5 million tons. Therefore, we were able to purchase our corn relatively close to our production facilities for the 2020-2021 harvest, which decreases our logistical costs and increases our margins: 56.5% of such purchases were within a 50-kilometer radius, 27.2% of such purchases were within a 50 to 100-kilometer radius, 9.8% of such purchases were within a radius of 100 to 200 kilometers and 6.5% of such purchases were within a radius greater than 200 kilometers.

Our corn for the next year was purchased at an average price of R$28.0 per sac, compared to R$22.2 per sac for our corn for the year 2019/2020. 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,**		
	2020	**2019**	**2020**	**2019**	**2018**
	(R$ per sac, except percentages)				
FS Corn COGS	24.1	21.4	22.2	18.3	17.7
Average quote(1)	44.0	37.2	26.9	21.2	15.1
Discount (%)	(45.2%)	(42.4%)	(17.5%)	(13.7%)	17.2%

Source: Bloomberg.

Biomass procurement. The principal source for our biomass is currently the spot market, through which we source biomass (primarily wood slash). 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 users, reduced harvests and overall economic conditions. The principal sources for our biomass are currently standing timber stock owned by us and the spot market, through which we source biomass such as wood slash, eucalyptus chips, sugarcane bagasse, cotton stems and rice rusk.

We have an established biomass procurement plan for the medium- and long-term, as we have secured 85% of our biomass needs between 2021 and 2027. We have also contracted more than 20,000 hectares of eucalyptus plantations through partnerships with TIMOs and local farmers for future use. Planting renewable biomass is an attractive proposition for local producers as it is typically grown on marginal land not suitable for corn or soybeans, and provides them with an incremental revenue source. In addition, the state of Mato Grosso has excellent alternative sources of biomass available, each of which is readily available on the spot market and can be used more or less interchangeably (with some limits) with eucalyptus wood chips. We plan to continue securing our energy inputs in the medium-term to ensure continuity of supply and input costs.

To secure our energy supply and cost for the medium- and long-term, we employ a number of strategies:

- *Bamboo stands*. In 2019-2020 we collaborated with an investor to plant approximately 2,700 hectares of bamboo. The first harvest is expected to be in 2022, with succeeding harvests every two years.
- *Existing eucalyptus stands*. Over the last two years we utilized our "first mover" regional advantage to secure forests of eucalyptus that were planted 5-10 years ago. While such resources are more expensive than other alternatives, these stocks will enable us to transition from 2022-2024 toward the availability of our longer-term forest supply (expected to occur in 2025). These eucalyptus stands are valued on our statement of financial position as of March 31, 2020 (as "Biological Assets") at R$5.6 million (as a "current asset") and R$10.0 million (as a "non-current asset").

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. Biomass prices and availability are affected by weather conditions, location, competing demand from other users, reduced harvests and overall economic conditions.

Property, Plant and Equipment

We own and operate the LRV Plant, the SRS Plant and their related equipment. Upon completion of this offering, we will create a security interest on these assets pursuant to the terms of the Security Documents in favor of the Secured Parties. We will create and perfect all security interests in the Collateral not later than 120 days after the Issue Date (except that such period may be extended once for 30 days as set forth under the Indenture). For further information, see "Description of the Collateral."

Competition

The market in which we sell our ethanol is highly competitive. According to the RFA, world fuel ethanol production rose to 29.0 billion gallons (109.8 billion liters) in 2019. The U.S. and Brazil are the world's largest producers of ethanol. As of 2019, industry capacity in Brazil was estimated by the USDA Foreign Agricultural Service at approximately 35.8 billion liters per year. The ethanol industry in Brazil consists of more than 370 production facilities and is primarily sugarcane based.

We compete primarily with sugarcane-based ethanol producers. Due to the expectation of a continued deficit of sugar on the world market for the fiscal year ended March 31, 2021 (roughly 0.9 million tons), world sugar markets will remain attractive, resulting in producers diverting a significant percentage of the current sugarcane crop to the production of sugar. We expect this scenario to drive Brazilian sugarcane mills to focus on sugar production.

Our main competitors include Raízen, Atvos and BP Bunge, which have approximately 17.1% of the production capacity in Brazil, as well as other large producers such as Biosev and São Martinho, which have 7.1% of production capacity in Brazil as of March 31, 2020. 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 the following principal competitive factors:

- Cost structure;
- reliability of our production processes and delivery schedule; and
- 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.

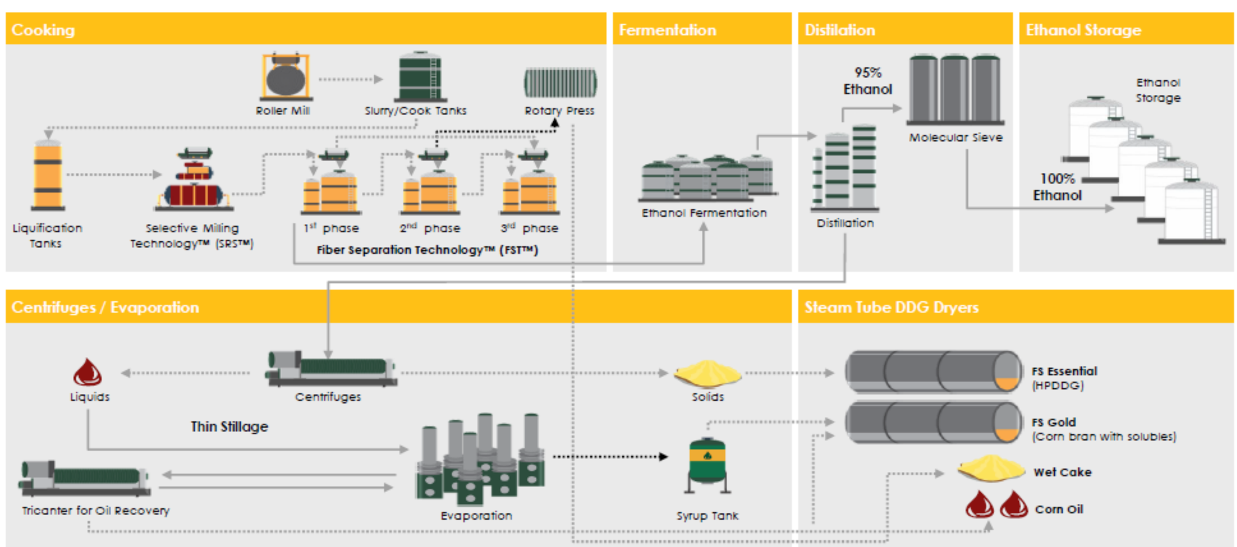
Seasonality

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 cannot be stored and must be processed during and directly following the sugarcane harvest; this means that during that period of time, there is a glut of ethanol supply on the market, which can commensurately effect 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 1,800 tons of corn, 17,500 m^3 of biomass and 1,750 tons of steam yield approximately 774,000 liters of ethanol, 265 tons of high-fiber DDG, 220 tons of high-protein DDG, 25 tons of corn oil, and flexibility to produce wetcake on demand. Any wetcake that is produced will reduce other DDG production by about 20% of the amount of wetcake (i.e., 100 tons of wetcake production would reduce dry DDG production by about 20 tons) This process is described below**.**

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 to 85 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 three (3) hours to allow the enzyme time to break down the starch chains into short chain dextrin.

3. After the first hour of liquefaction 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 returned to a liquefaction tank for the final two hours of processing.

4. Following the liquefaction process the slurry is pumped forward to the FST system. This system includes three passes of dewatering screens and a rotary press. In the first pass the dewatering screen separates the starch water from the fiber solids. The starch water is sent forward to fermentation and the fiber solids are further processed in pass 2 and pass 3 of the FST system, whereby the fiber solids are washed to remove any starch. After washing in pass 2 and 3, the fiber is then pumped to the rotary press where the water is removed. 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 wetcake.

5. Following the SMT and FST stages, the starch water is then cooled and sent to fermentation, where yeast, glucoamylase (a glucose enzyme), sulfuric acid, and urea are added. This mash then ferments for 60-70 hours to convert the sugars into ethanol and produce carbon dioxide.

6. After fermentation the "beer" is sent to distillation for further concentration and then to dehydration, whereby the ethanol is pumped into molecular sieves, resulting in concentrated ethanol of 99%. 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 to further separate the liquid from the solids. The liquid portion is split, with 45% being returned to the cooking system and 55% sent to the evaporators to concentrate the solids and make the syrup, which is then added back to the high-fiber DDG (or may be left as-is as wetcake).

8. Some of the liquids from the evaporation process are further processed in a "tricanter" centrifuge to produce corn oil, which may be sent to storage while the water and solids are returned to evaporation for the final stage of concentration into syrup.

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. Those activities with more significant impact 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 the discharge of effluents and gas emissions into the environment, the handling and disposal of industrial waste, the preservation of wildlife in protected areas, and the use of water and other natural resources or otherwise relating to the 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.

We are subject to the regulations established by environmental agencies at the federal level as well as of several Brazilian states, such as:

Environmental Licensing: environmental licenses for the construction, 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.

In general terms, for those activities that could cause broader environmental impact, 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 the 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 the necessary verifications and compliance with the 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. The 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 compensation for damages by paying a certain amount to maintain conservation units that 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, from 0% to 0.5% of the total cost of the investment made for the installation of the project, not including the amount related to the 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. 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 acts (or omissions) that have occurred. Therefore, upon a suspicion that environmental damage has occurred, the acts that contributed to the occurrence thereof must be examined. The party that is involved or alleged to have caused the damage may be held liable to repair all of the damage caused. However, such party may in turn bring a lawsuit 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 brings provides 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.

At the administrative level, environmental liability may be assigned by means of administrative sanctions issued by the competent relevant environmental agencies that may include, among others: (i) fines of up to R$50 million, adapted to the economic capacity and track record of the offender, in addition to the severity of the facts and past performance; (ii) demolition, suspension or interdiction of the activities; and (iii) withdrawal of tax incentives and benefits.

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; (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 is 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 persons – among or not a natural person – can only 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. On April 29, 2011, a provisional measure was published in Brazil's Official Gazette ("Provisional Measure No. 532/11"), and changed ethanol status from an agricultural product to a fuel. In accordance with Law No. 12,490/12, and in order to regulate the ethanol industry, ANP published Resolution No. 26 of August 30, 2012, the Resolution No. 26/12, pursuant to which the production of ethanol which involves construction, capacity expansion, modification and operation of ethanol production plant, is subjected to prior authorization of ANP.

The performance of an activity without the proper authorization or with an expired authorization issued by ANP may subject the company to the following penalties, among others: (i) fine (from R$50,000 to R$200,000); (ii) prohibition to perform such activity while the company is not regular; (iii) temporary suspension of all or part of the site or operation of the facility; or (iv) annulment of the company's registration, pursuant to Decree No. 2,953, of January 28, 1999. These penalties may be applied cumulatively.

ANP's prior approval is required in case of: (i) rural lease, lease or total or partial assignment of the area that was previously authorized by ANP; or (ii) direct transfer of the authorization (in this case the new owner/assignee must comply with all technical, economical and legal requirements set forth by Resolution ANP No. 26/2012).

Lastly, the Ministry of Agriculture, Livestock and Supply Normative Instruction No. 52, of November 12, 2009, requires a registration with the "*Sistema de Acompanhamento da Produção Canaviera - SAPCana*" for the production of ethanol. As a rule, non-compliance may subject the defaulting entity's establishments to penalties such as suspension and cancellation of registration (among other civil and criminal penalties).

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. 699/2016;
- 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. 484/2012; and
- 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. 583/2013.

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.

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. 10,300, dated September 30, 2019, 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, 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 ("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. Decree No. 6,296/07 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.

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 (loss). In the fiscal years ended March 31, 2020, 2019 and 2018, tax incentives recorded in the statement of income amounted to R$15.1 million, R$3.3 million and R$1.6 million, respectively.

We have benefited from the SUDAM (*Superintendência de Desenvolvimento do Amazonas*) tax program at our LRV Plant since September 20, 2018. We have applied to also have our SRS Plant benefiting from this tax program. This incentive reduces our income tax rate by 75% on the taxable income and, consequently, reduces our tax liability and improves our profit (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.

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.

Patents and Trademarks

Act 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 its 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 collected online and data controlled by the government). However, in September 2020, the Brazilian Data Protection Law (Law No. 13,709/2018, or the LGPD) came into effect. The LGPD is a comprehensive data protection law establishing the general principles and obligations that apply across multiple economic sectors and contractual relationships

The LGPD establishes detailed rules for the collection, use, processing and storage of personal data in all economic sectors, regardless of whether data is collected in a digital or physical environment. We are in the process of becoming compliant with the LGPD. In order to do so, we are evaluating the legal requirements of the LGPD in order to make changes in our policies and internal process. Furthermore, we are not aware of any dispute involving data protection and cybersecurity, nor any data leak or attempt to invade our systems.

In the event of a violation of the LGPD, we may be subject to (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. The effectiveness of such administrative sanctions, however, has been postponed to August 2021.

Moreover, we may be liable for property, moral, individual or collective damages caused by us, including by third party providers that process personal data for us, and jointly liable for property, moral, individual or collective damages caused by our subsidiaries, due to non-compliance with the obligations established by the LGPD and other sparse and sector-specific laws and regulations on data protection still in force. If we are unable to use sufficient measures to protect the personal data we manage and store or to maintain compliance with the LGPD, we may incur material costs which could have an adverse effect in our reputation and results of operations.

Legal and Administrative Proceedings

In June 2019, 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. It's 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$14.8 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$12.7 million. Based on external legal counsel's opinion, management classified our risk of loss as possible.

Employees

At September 30, 2020, we had a total of 530 full-time equivalent employees. As a whole, 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

Our Advisory Board and our board of executive officers are responsible for the operation of our business, as described below. For information on the management of the Issuer, see "The Issuer."

Advisory Board

Our Advisory Board is comprised of seven members and meets on an ordinary basis once every three-month period and extraordinarily when necessary.

The role of our Advisory Board is to provide guidance to our shareholders in all matters relating to our business. The members of our Advisory Board have significant experience in areas such as politics, economics, business, accounting, research and development.

The names of the members of our Advisory Board are set forth in the table below.

Name	Position Held
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

The following is a summary of the business experience of the members of our 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 Artecola. 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 & Co., 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.

Management Team

Our management team 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 Held
Rafael Davidsohn Abud	Chief Executive Officer
José Alexandre Borges	EVP Commercial and Finance
Daniel Costa Lopes	EVP Sustainability and Business Development
Henrique Herbert Ubrig	Executive Officer
Matthew Joseph Horsch	Chief Operations Officer
Everson Estevão Medeiros	Industrial Officer
Alysson Collet Mafra	Chief Financial Officer
Fabricio Vieira	Chief Commercial Officer
Paulo Trucco	Ethanol Commercial Manager
Marcelo Fernandez	Supply Chain Manager and CIO
Janaína Andrade	HR Manager
Eduardo Mota	Institutional Relations Manager

The following is a summary of the business experience of our management.

Rafael Abud (Executive Officer). Rafael Abud has over 15 years of experience in management and project development in the renewable energy industry. Rafael currently serves as CEO of FS and has been with the company since inception, having led all stages of development from startup through growth to become one of the largest ethanol companies in Brazil. 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. Before joining Summit and FS, Rafael had founded JETBIO and BioVentures Brasil where he led projects in biodiesel production and processing technology, energy generation, production of energy crops and aviation biofuels. Rafael currently serves on the board of UNEM — the Brazilian Corn Ethanol Association, which he co-founded, and the board of Sindalcool-MT—the ethanol industry association of the state of Mato Grosso. A graduate from FAAP, he holds a bachelor's degree in business administration.

José Alexandre Borges (Non-executive Officer). Alex 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 (Non-executive Officer). Daniel Lopes is the Executive Vice-President for Sustainability and Business Development. 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 FS, Daniel worked 3 years 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 and having worked in the companies' three clusters (São Paulo, Toronto and Madrid). Mr. Lopes has both a Master and Bachelor Degree in Economics from UFRGS and holds an MBA from INSEAD (2011).

Henrique Herbert Ubrig (Executive Officer). See "—Advisory Board."

Matthew Horsch (Executive Officer). As Chief Operating Officer at FS, Matt Horsch 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.

Everson Medeiros (Executive Officer). Everson Medeiros is the Industrial Director and responsible for Ethanol and DDG Production & Operations, which also includes Maintenance, Quality, Improvement and EH&S activities. In addition, Everson is also responsible for Capital Projects and Mega Project implementations. Prior to 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 Director, 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 has had opportunities to run Agribusiness, Automotive, Chemical, Basic Chemical Special Chemicals, Mining and Environmental, Health and Safety Business. Mr. Medeiros holds an MBA in Business Administration from USP (Universidade de São Paulo), a degree in chemical engineering from UFPR (Universidade Federal do Paraná) and Black Belt certification from PWC (Zurich, Swiss).

Alysson Mafra (Executive Officer). Alysson Mafra holds a Bachelor in Business Administration from PUC and MBA in Controllership from FGV/Ohio University. He developed his finance career at GE for over 11 years, primarily in Energy businesses in Brazil, Argentina and in the USA. He also worked for OHL, a Spanish organization in Public Service Concession in Road and Sanitization businesses as Head of Finance, and was a CFO from private equity firms before joining FS. He is currently responsible for Treasury, Accounting, Tax Planning and Investors Relations.

Fabricio Vieira (Non-executive Officer). Fabricio Vieira is the Chief Commercial Officer for FS. He is responsible for corn procurement and animal nutrition departments, including strategy definition, business processes structuring and team management. He has extensive experience in developing new businesses in new projects in the Agribusiness area, and has strong relationship with farmers all over Brazil. Prior to FS, Fabricio worked for many years in the area, holding strategic positions in large companies such as Bunge and Louis Dreyfus Commodities. Before joining the FS team, he acted as Midwest Origination Director in Brazil at BTG Pactual Commodities. Mr. Vieira has a bachelor's Degree in Agronomy from Unoesc (2000) and is currently undertaking an MBA course at PUC-RS.

Paulo Trucco (Non-executive Officer). Paulo Trucco, Commercial Director: Paulo has almost 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 Commercial Manager of sugar and ethanol at Bioagência and International Commercial Coordinator at CJ Foods for commodities. He also had a stint at Coopersucar. His many years of experience in the commercial area has allowed him to develop alternative and outstanding solutions for the companies he has worked for. Paulo graduated with a degree in International Relations from PUC-GO and has a Master's Degree in Business in FIA - SP. He has also an MBA from USP and management specialization from FGV.

Marcelo Fernandez (Member of Management). Marcelo 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 Director and CIO, working in the areas of Logistics, S&OP, IT and Procurement. He holds a degree in Computer Science, with a postgraduate degree in Systems Development Technologies, a master's in business administration from the Regional University of Blumenau and a Doctorate in Business Administration from the Universidad Nacional de Misiones in Argentina.

Janaína Andrade (Member of Management). Janaina Andrade is HR Manager at FS, responsible for Culture, People Development, Employee Services & Payroll. Prior to FS, Janaina worked 1.5 years in a Brazilian Tech Company called Spread Tecnologia. Janaina also spent 7 years at Danone, holding the position of HR Manager, where she was responsible for People Development, Organization Development, Talent Attraction, Compensation and Benefits, with experience in the Business Unit of Dairy and Waters. Before Danone, Janaina worked for 5 years at Procter & Gamble as a Business Partner (in a Coordinator position). Janaina has a Bachelor Degree in Languages from PUC-SP, an MBA from the Business School in São Paulo and Coaching certification from ICI (Integrated Coaching Institute). She is currently attending Human Rights, Social Responsibility and Global Citizenship at PUC-RS.

Eduardo Mota (Member of Management). Eduardo Mota has been Institutional Relations Manager since the start of FS operations. Eduardo is responsible for all 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 10 years and, before FS, worked in the public sector at the State Secretary for Economic Development as Deputy Secretary for Industry and Commerce. Mr. Mota has a Bachelor Degree in Economics from Catholic University (Pernambuco) with extension course in Business Administration at Insper (São Paulo).

Compensation

In the fiscal years ended March 31, 2020, 2019 and 2018, we paid an aggregate of R$7.2 million, R$2.5 million and R$0.1 million, respectively, to our management team.

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.

Preferred Equity Interests

On November 6, 2020, we issued 4,425,441 preferred equity interests, par value of R$1.00, to certain members of our management and to OMH Brazil, LLC, an entity owned by our employee Brian Mike, in an aggregate amount corresponding to 5.0% of our capital stock, as set forth in the table below:

Preferred Equity Holders	Number of Preferred Equity Interests	Issuance Price (R$)
Rafael Abud	1,097,580	1,097,580.00
Henrique Herbert Ubrig	728,793	728,793.00
Matthew Horsch	658,548	658,548.00
OMH Brazil, LLC	360,006	360,006.000
José Alexandre Borges	351,225	351,225.00
Alysson Mafra	351,225	351,225.00
Daniel Lopes	236,419	263,419.00
Fabricio Vieira	236,419	263,419.00
Everson Medeiros	175,613	175,613.00
Paulo Trucco	175,613	175,613.00
Total	**4,425,441**	**4,425,441.00**

The issuance was formalized by means of an amendment to our articles of association on November 6, 2020, which is pending registration with the Commercial Registry of the State of Mato Grosso. Upon completion of this registration, the issuance will be effective as of November 6, 2020. The preferred equity interests confer upon their holders a priority in the reimbursement of our corporate capital, without premium. The issuance price has been fully paid-in by the preferred equity holders.

Directors' and Officers' Insurance

We maintain directors' and officers' insurance with Liberty Seguros and Starr Companies, effective until June 30 of each year. The insurance premium totals approximately R$0.1 million per year and the maximum coverage under this policy totals R$60 million (50% with Liberty Seguros and 50% with Starr 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.

Legal Proceedings Involving Members of Our Management

Mr. Rafael Davidsohn Abud was named as a defendant, among others, in a criminal complaint filed on June 8, 2020 alleging the crime of vegetation suppression without proper permit from environmental authorities. The alleged conduct supposedly occurred in an unspecified period between 2014 and 2016 in a certain tract of land located in the northern region of Brazil that is currently owned by Mr. Abud and one of the co-defendants, and is unrelated to his role as an executive officer of the Company. The proceeding is in initial stage and Mr. Abud has not yet been formally notified to present his defense. Mr. Abud plans to plead the illegitimacy of his status as a defendant, given that he was not the owner or lessor nor did he exercise control over the area at the time the alleged conduct took place. Mr. Abud believes, based on the opinion of external counsel, that the case lacks merit and chances of conviction are remote.

PRINCIPAL SHAREHOLDERS

Issuer

FS Luxembourg S.à r.l. is a wholly-owned subsidiary of FS. For further information on the Issuer, see "The Issuer."

FS

As of September 30, 2020, our issued and outstanding capital was R$83.4 million, fully issued and paid-in comprising 83.4 million quotas, all nominative and without nominal value. There has been no change in our share capital since June 20, 2020.

Summit and Tapajós own a 75% and 25% equity interest, respectively, in FS. The following table sets forth our shareholding structure.

	As of September 30, 2020	
	(in millions of shares)	*(%)*
Shareholders (quotaholders)		
Summit Brazil Renewables I, LLC [(1)]	62.5	75%
Tapajós Participações S.A	20.8	25%
Total	**83.4**	**100%**

(1) Before the consummation of the merger, the quotas were held by Summit Brazil Renewables Participações I Ltda. See "Summary—Recent Developments."

Shareholders' Agreement

On June 17, 2014, to govern their rights and obligations as shareholders in FS, Summit Brazil Renewables Participações I Ltda., our former direct shareholder and an entity controlled by Summit, and Tapajós entered into a shareholders' agreement, which was amended on February 26, 2016 and January 4, 2018 (as amended, the "Shareholders' Agreement"). On August 26, 2020, Summit Brazil Renewables Participações I Ltda. was merged into FS and Summit became our direct controlling shareholder.

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 meeting may be called at any time for any legitimate corporate purposes.

Certain matters shall require the approval of at least 75% of the corporate interest in a shareholders meeting, among others, the following matters:

(i) execution of any agreement or any amendment to any existing agreement with an aggregate amount, in one single transaction or in a series of related transactions in excess of R$1.0 million, when not previously approved in the annual budget;

(ii) approval of the appointment/removal of officers and employees, specific attributions to each of the officers and the officers' compensation;

(iii) issuance of any non-convertible debt securities to, or borrowing of money from any shareholder or its affiliates;

(iv) approval of the raising of additional capital for the Company and/or the issuance of new equity interests to one or more purchasers;

(v) pledge, encumbrance, mortgage or otherwise placing any lien or other security interest on any or all of the assets of the Company or any of its subsidiaries; and

(vi) creation of a new subsidiary of Company.

Certain matters shall require the approval of at least 90% of the corporate interest in a shareholders meeting, for example:

(i) approval of any change in the nature of the business of the Company that would differ from the procurement of corn, sorghum or other products utilized to produce ethanol and/or various coproducts such as distiller’s grains, corn oil, energy and/or any other products that may result from the process;

(ii) approval of the change of the Company's corporate name;

(iii) approval of the merger, amalgamation or spin-off of the Company or any other form of corporate reorganization involving the Company or its subsidiaries, observed the criteria set forth on the agreement;

(iv) approval of any further expansion; and

(v) approval of a capital markets transaction.

THE ISSUER

General

FS Luxembourg S.à r.l. is a wholly-owned subsidiary of FS. 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 19, 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 with its articles of association 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. Currently, the managers of FS Luxembourg S.à r.l. are Rafael Davidsohn Abud, Alysson Collet Mafra, Yuliya Bay, Elvin Montes and Marc Siepmann.

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 articles of association provides that 90% of the equity interest of the Company in a shareholders meeting shall 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.

Our shareholders agreement also 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 arms' length basis or on market terms.

Also, our Code of Conduct determines that certain actions, such as take advantage 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 alternatively applicable to some limited liability companies (including us) which provides such rules in its respective articles of association, as the Company does, 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 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 practices described above 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 sale of animal nutrition to companies owned and/or controlled by some of our indirect individual shareholders, purchase of corn and biomass from some of our indirect individual shareholders and rental of a warehouse for inventory of corn from some of our indirect individual shareholders. In addition, we have also entered into loans with some 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 and Steam

We have entered into four agreements for the sale of animal nutrition and steam 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 six-month period ended September 30, 2020, and in the fiscal years ended March 31, 2020, 2019 and 2018, we received payments of R$6.2 million, R$9.8 million, R$3.2 million and R$1.5 million, respectively, under these agreements. Since the start-up of our operations on June 26, 2017, through September 30, 2020, we have received payments in the total aggregate amount of R$20.9 million under these agreements. As of September 30, 2020, the aggregate outstanding balance under these agreements was R$1.9 million.

Agreements for Purchase of Corn and Biomass

From February 2016 through September 30, 2020, we entered into four agreements for the purchase of corn and biomass with some of our indirect minority shareholders, including Paulo Franz, Marino Franz 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 six-month period ended September 30, 2020, and in the fiscal years ended March 31, 2020, 2019 and 2018, we made payments of R$88.9 million, R$56.4 million, R$15.3 million and R$50.1 million, respectively, under these agreements. Since the start-up of our operations on June 26, 2017, through September 30, 2020, we have made payments in the total aggregate amount of R$210.7 million under these agreements. As of September 30, 2020, the aggregate outstanding balance under these agreements was R$17.9 million.

Corn Warehousing

In May 2017, we entered into lease agreements with respect to a warehouse for storing our corn inventory. These agreements were entered into with companies owned by Paulo Franz and Marino Franz. These agreements were executed on a spot basis and priced according to market conditions. In the six-month period ended September 30, 2020, and in the fiscal years ended March 31, 2020, 2019 and 2018, we made payments of R$8.3 million, R$20.1 million, R$4.6 million and R$0, respectively, under these agreements. Since the start-up of our operations on June 26, 2017, through September 30, 2020, we have made payments in the total aggregate amount of R$33.1 million under these agreements. As of September 30, 2020, we had no outstanding amount under these agreements.

Loans

From January 2016 through August 2017, we entered into seven loans with Summit, our controlling shareholder in the total principal amount of R$173.0 million. Two of these loans accrued interest at a rate of 10.00% per year and mature in 2027 and 2028. From January 2016 through September 30, 2020, we made no payments under these loans. As of September 30, 2020, we had an amount of R$59.8 million outstanding under these two agreements. In addition, five of these loans do not accrue interest and have maturity dates ranging from January 2026 to August 2027. In the six-month period ended September 30, 2020, and in the fiscal years ended March 31, 2020, 2019 and 2018, we made payments of R$0.2 million, R$63.6 million, R$39.6 million and R$12.0 million, respectively, under these five loans. From January 2016 through September 30, 2020, we made payments in the total aggregate amount of R$115.4 million under these loans. As of September 30, 2020, we had an amount of R$0.8 million outstanding under these agreements.

As of September 30, 2020, the outstanding balance under these loans was R$62.4 million, of which R$48.3 million represents principal, and R$14.1 million is accrued interest.

On November 19, 2018, we also made advances to Paulo Franz in the amount of R$0.3 million. On August 28, 2020, the agreement was terminated and fully paid. As of September 30, 2020, we had no outstanding amounts under this contract.

Agreement for the Purchase of Land

In March 2018, we entered into an agreement with Bioplanta Nutrição Vegetal Indústria e Comércio S.A. ("Bioplanta"), for the purchase of land to build the LRV Plant. Marino Franz is a shareholder and president of Bioplanta. This agreement was executed on a spot basis and priced according to market conditions. The purchase price of the land was R$1.5 million. As of September 30, 2020, we had no outstanding amount under this contract.

For more information on our related party transactions, see note 29 to our unaudited interim consolidated financial statements and note 34 to our audited financial statements included elsewhere in this offering memorandum.

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. Certain terms used in this description are defined under the subheading "—Certain Definitions."

The notes (the "Notes") are to be issued under and governed by an indenture (the "Indenture"), among 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, having its registered office at 19, rue de Bitbourg, L-1273 Luxembourg and registered with the Luxembourg *Registre de Commerce et des Sociétés* under number B247075, as issuer (the "Issuer"), FS Agrisolutions Indústria de Biocombustíveis Ltda. (the "Company"), The Bank of New York Mellon, as trustee (the "Trustee"), registrar, transfer agent and paying agent and TMF Brasil Administração e Gestão de Ativos Ltda., as collateral agent (the "Collateral Agent"). Definitions of capitalized terms used in this section can be found under "—Certain Definitions." For purposes of this "Description of the Notes," the term "the Company" means FS Agrisolutions Indústria de Biocombustíveis Ltda. on a stand-alone basis and its successors under the Indenture, in each case excluding its Subsidiaries, and the term "Subsidiary Guarantors" means each of the Company's 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 and the Subsidiary Guarantors, the "Guarantors"), unless the context indicates otherwise. The Notes will be secured by the Collateral and guaranteed by the Guarantors. The Security Documents referred to below under the caption "—Security" will define the terms of the agreements that will secure the Notes.

General

The Notes will:

- be senior secured obligations of the Issuer to the extent of the value of the Collateral;
- after the creation and perfection of the security interest granted by the Security Documents in the Collateral, be secured by a first-priority security interest over the Collateral pursuant to the terms of the Security Documents, subject to Permitted Liens;
- after the creation and perfection of the security interest granted by the Equipment Fiduciary Transfer Agreement over the Equipment, not be subordinated to liabilities preferred by statute under the Brazilian Bankruptcy Law in any liquidation proceeding and after the creation and perfection of the security interest granted by the LRV Plant Mortgage and the SRS Plant Mortgage over the Real Estate Property, be subordinated to liabilities preferred by statute under Brazilian Bankruptcy Law in any liquidation proceeding. Any outstanding amounts due after the foreclosure of the Collateral will rank equally in right of payment with all other existing and future unsecured Senior Indebtedness and will be subordinated to claims that have statutory preference under Brazilian Bankruptcy Law in any liquidation proceeding, if any;
- 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 other Liens on assets that do not constitute the Collateral, to the extent of the value of such assets securing such secured Indebtedness;
- be fully and unconditionally Guaranteed by the Company and any Subsidiary 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 secured obligation of such Guarantor to the extent of the value of the Collateral;

- after the creation and perfection of the security interest granted by the Security Documents in the Collateral, be secured by a first-priority security interest over the Collateral pursuant to the terms of the Security Documents, subject to Permitted Liens;
- after the creation and perfection of the security interest granted by the Equipment Fiduciary Transfer Agreement over the Equipment, not be subordinated to liabilities preferred by statute under the Brazilian Bankruptcy Law in any liquidation proceeding and after the creation and perfection of the security interest granted by the LRV Plant Mortgage and the SRS Plant Mortgage over the Real Estate Property, be subordinated to liabilities preferred by statute under Brazilian Bankruptcy Law in any liquidation proceeding. Any outstanding amounts due after the foreclosure of the Collateral will rank equally in right of payment with all other existing and future unsecured Senior Indebtedness 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 other Liens on assets that do not constitute the Collateral, 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, 2020, after adjusting for this offering and the application of the net proceeds therefrom, as described under "Use of Proceeds," the total outstanding consolidated Indebtedness of the Company would have amounted to R$6,640.6 million (U.S.$1,177.3 million, using the exchange rate of R$5.6407 to US$1.00 as of September 30, 2020, as reported by the Central Bank), of which R$3,676.5 million (U.S.$651.8 million, using the exchange rate of R$5.6407 to US$1.00 as of September 30, 2020, 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 U.S.$550.0 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." Any subsequent issue of Additional Notes will be secured, equally and ratably, with the Notes. As a result, the issuance of Additional Notes will have the effect of diluting the security interest granted by the Security Documents in the Collateral for the then outstanding Notes. Such Additional Notes may be issued in one or more series and with the same or different CUSIP number; *provided*, *however*, that unless such Additional Notes are issued under a separate CUSIP, 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, including waivers, amendments, redemptions and offers to purchase, and under the Security Documents. Unless the context otherwise requires, for all purposes of the Indenture, the Security Documents 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 U.S.$200,000 and integral multiples of U.S.$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 Company 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 December 15, 2025 (the "Maturity Date"), and the aggregate principal amount of Notes outstanding at such time will become due and payable. On such date, the Company 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 10.00% *per annum* from December 15, 2020, the date of issuance, 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 June 15 and December 15 of each year, commencing on June 15, 2021, to the person in whose name a Note is registered at the close of business on the preceding June 1 or December 1 (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 receivable in respect of the Notes 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 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;
- 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 Note; 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 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, 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 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 tax. 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 in 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 the Grand Duchy of Luxembourg where such registration is not required to maintain, preserve, or enforce the rights of holders of Notes.

The foregoing obligation 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.

Security

At all times from the date that is no later than 120 days after the Issue Date (or otherwise set forth herein) until the discharge of all obligations under the Financing Documents, the Notes, the Note Guarantees and all other obligations of the Issuer, the Company and any other Guarantor will be secured by the Collateral, which will include the following:

(i) the LRV Plant Real Estate Property;

(ii) the LRV Plant Encumbered Equipment;

(iii) the SRS Plant Real Estate Property; and

(iv) the SRS Plant Encumbered Equipment.

As of September 30, 2020, the book value of the Collateral was R$2,468.2 million. We have not appraised the Collateral and cannot provide any assurance as to its market value, either at the Issue Date or at the time of any foreclosure. The fair market value of the Collateral may vary and will depend on various factors, including market and economic conditions, the state of the ethanol and animal nutrition products industry, the ability to sell the Collateral in an orderly process, the availability of potential buyers and similar factors. See "Risk Factors—The value of the Collateral may be materially affected upon the occurrence of certain events."

The Company and the Collateral Agent will enter into on or before the date that is no later than 120 days after the Issue Date the following Security Documents establishing the terms of the security interests in the Collateral that will secure the Notes, the Note Guarantees and all other obligations of the Issuer, the Company and any other Guarantor:

(i) the LRV Plant Mortgage;

(ii) the SRS Plant Mortgage; and

(iii) the Equipment Fiduciary Transfer Agreement.

Security interests in the Collateral will be granted and perfected after the release of the Company from all of its obligations under the Existing Secured Credit Agreement and the release of the security interests in the Existing Pledge Collateral. The Issuer and the Company will, however, ensure that all security interests in the Collateral are duly created, perfected and enforceable, to the extent required by the Security Documents, not later than 120 days after the Issue Date (or as otherwise set forth herein). See "—Restrictive Covenants—Security Documents; Further Assurances." The Collateral Agent shall have no responsibility for the release of the Existing Pledge Collateral or for the recording, filing, re-recording or re-filing any documents, instrument or other notice in any public office at any time or times or to otherwise take any action to register or perfect or maintain the perfection of any security interest in the Collateral granted to the Collateral Agent. As a result, the holders of the Notes will not have the ability to foreclose, or control decisions in respect of, a portion or all of the Collateral until such time as an enforceable and perfected security interest has been created by the Issuer and the Company in the Collateral. See "Risk Factors—The Collateral will only be granted and perfected after all of our outstanding obligations under some of our existing financings are paid in full and the existing security interests in the Collateral are otherwise fully released by the relevant lenders. Before the granting and perfection of a security interest in the Collateral, the obligations under the Notes and the Note Guarantees will be unsecured."

The ability of the holders of the Notes to realize the full value of the Collateral upon an enforcement action will be subject to several additional limitations and risks as described in "Risk Factors—Risks Relating to the Notes, the Guarantee and the Collateral."

In connection with any enforcement action with respect to the security interest over the Collateral or any insolvency or liquidation proceeding, as the case may be, all proceeds of the sale of the Collateral securing the obligations under the Notes, after paying the fees and expenses of the Trustee, the Collateral Agent and any expenses of selling or otherwise foreclosing on the Collateral, will be applied to the repayment of the obligations under the Notes.

The Issuer will be permitted to issue Additional Notes in the future which may also be secured by the Collateral. The amount of such additional Indebtedness is and will be limited by the covenant described under "—Restrictive Covenants—Limitation on Indebtedness."

Subject to the terms of the Security Documents and so long as no Event of Default has occurred and is continuing, the Issuer and the Company will have the right to remain in possession and retain exclusive control of the Collateral, to freely operate the Collateral and to collect, invest and dispose of any income from the Collateral (in each case, except as set forth in the Security Documents).

Release of Collateral

Subject to the terms of the Security Documents, the Issuer and the Company will be entitled to the release of Property and other assets constituting the Collateral from the Liens securing the obligations under the Notes under any one or more of the following circumstances:

(1) to enable the Company to consummate the sale, transfer, exchange or other disposition of such Property or assets to the extent not prohibited under the covenant described under "—Restrictive Covenants—Limitation on Sales of Assets," *provided* that, prior to releasing any Property and other assets constituting Collateral, the Company will grant (and will enter into all documents and take all actions as may be required by applicable law to grant) a first-priority Lien in favor of the Secured Parties, represented by the Collateral Agent, on additional Property or assets (including intangible assets) with a Forced Liquidation Value that is not less than the Forced Liquidation Value of the Property or assets to be released and of the same type as the Property or assets pledged pursuant to the terms of the Security Documents ("Additional Collateral") and will deliver to the Trustee and Collateral Agent (a) an appraisal report from an Independent Appraiser setting forth the Forced Liquidation Value and the basis for the appraisal of the Additional Collateral and the Property or assets to be released, and (b) amended Security Documents reflecting the release of Property or assets and granting of a security interest in favor of the Secured Parties over the Additional Collateral (or, if such security interest is not able to be granted pursuant to the Security Documents, a new security document granting security in favor of the Secured Parties over such Additional Collateral). Additionally, the Company will deliver to each of the Trustee and Collateral Agent within 20 days after the completion of steps (a) and (b) above (*provided* that such period of 20 days may be extended once by the Company, at its discretion, for an additional 30 days if the Company provides to the Trustee and the Collateral Agent (a) an Officer's Certificate stating that such extension is necessary to comply with the requirements made by the applicable Real Estate Registry Offices (*Registro Imobiliário*) and/or Registry of Deeds and Documents (*Registro de Títulos e Documentos*)), (b) an Officer's Certificate stating that (x) in respect of such Additional Collateral, all filings and other actions (including, without limitation, all required registrations and recordations with the applicable notaries or registries) necessary for the creation and perfection of a first-priority security interest in such Additional Collateral in favor of the Secured Parties have been completed, and (y) that no Default has occurred and is continuing, and (c) a legal opinion from Brazilian external counsel of the Company satisfactory to the

Collateral Agent to the effect that (subject to customary exceptions and qualifications), (i) each amended Security Document and any additional security document has been duly authorized, executed and delivered by the Company and constitutes the legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with their respective terms, and (ii) in respect of the Additional Collateral, all filings and other actions (including, without limitation, all required registrations and recordations with the applicable notaries or registries) necessary for the creation and perfection of a first-priority security interest (or a perfect security interest in the case of a fiduciary transfer) in such Additional Collateral in favor of the Secured Parties have been completed. For the avoidance of doubt, in no event shall the Collateral Agent or Trustee be responsible for reviewing the appraisal report from an Independent Appraiser or charged with knowledge of the contents of the such appraisal report; nor shall the Collateral Agent or the Trustee be responsible for determining whether any such Collateral release is permitted under the Security Documents and the Indenture, as in all such cases the Collateral Agent and Trustee shall be fully protected in conclusively relying upon a legal opinion from counsel to the Company stating that such release is permitted under the Indenture and the Security Documents and all conditions precedent to such release have been complied with;

(2) in accordance with the Indenture and the applicable Security Documents if (x) at any time the Collateral Agent forecloses upon or otherwise exercises remedies against any Collateral resulting in the sale or disposition thereof or (y) a sale or other disposition of any Collateral is consummated which is permitted by the terms of the Indenture and the applicable Security Document (or is made pursuant to a valid waiver and consent to an otherwise prohibited transaction);

(3) as described under "—Modification of the Indenture" below;

(4) upon payment in full of the principal of, together with accrued and unpaid interest on, the Notes and all other obligations that are due and payable at or prior to the time such principal, together with such accrued and unpaid interest, is paid, without the Issuer or the Company being required to take any other action; and

(5) upon a legal defeasance or covenant defeasance under the Indenture as described under "—Defeasance" or a discharge of the Indenture as described under "—Satisfaction and Discharge."

The Company may, subject to the provisions of the Indenture and the Security Documents, among other things, without any consent by the Collateral Agent and the Trustee, conduct ordinary course activities with respect to the Collateral, including, without limitation:

- selling or otherwise disposing of, in any transaction or series of related transactions, any Property or assets that has become worn out, defective, obsolete or not used or useful in the business; for the avoidance of doubt, such Property or assets will not have to be replaced by any Additional Collateral;
- surrendering or modifying any franchise, license or permit that the Company may own or under which it may be operating; *provided* any such surrender or modification does not have a material adverse effect on the Collateral;
- altering, repairing, replacing, or changing the location or position of any Property or assets and adding to the structures, machinery, systems, equipment, fixtures and appurtenances in respect of any Property or assets; and
- selling, transferring or otherwise disposing of inventory in the ordinary course of business, which, for the avoidance of doubt, is not subject to any security interest under the Security Documents.

Notwithstanding anything to the contrary set forth in the Indenture (but subject to the bullet points of the paragraph above), the Company shall not sell, lease, transfer or otherwise dispose of any of the Collateral.

Note Guarantees

The Company and the Subsidiary Guarantors 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.

If, after the Issue Date, the Company (or any Subsidiary Guarantor) acquires or creates a Significant Subsidiary 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 audited financial statements of the Company pursuant to the covenant described under "—Reports"), within 15 Business Days of such acquisition, creation or date of such financial statements, as applicable, the Company 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 legal limitations, 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 (a) the Company and the other Guarantors at the time of determination would directly (i) hold at least 80% of Consolidated Total Assets on a consolidated basis as of the most recent quarterly balance sheet and (ii) generate revenues of at least 80% of the Company's Consolidated Net Revenues on a consolidated basis for the twelve-month period ending on the date of the Company's most recent quarterly consolidated statement of income; or (b) such Significant Subsidiary is not permitted to do so under 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 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 have effectively 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 the Company;

(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 the Company 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 the Company and the other Guarantors at the time of determination would directly (i) hold at least 80% of Consolidated Total Assets on a consolidated basis as of the most recent quarterly balance sheet and (ii) generate revenues of at least 80% of the Company's Consolidated Net Revenues on a consolidated basis for the twelve-month period ending on the date of the Company's most recent quarterly consolidated statement of income, *provided* that any such transaction is carried out pursuant to, and in accordance with, all other applicable provisions of the Indenture.

None of the Company's 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 Company's Unrestricted Subsidiaries.

As of the date hereof, the Company 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 December 15, 2023, 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 December 15, 2023, (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 December 15, 2023 (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 of the Notes, 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 December 15, 2023, 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 December 15, 2023.

"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 and its 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 December 15, 2023, 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 December 15 of the years set forth below:

Period	**Redemption Price**
2023	105.000%
2024 and thereafter	102.500%

Optional Redemption upon Eligible Equity Offering

At any time prior to December 15, 2023, 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 110.00%, 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 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 (*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 30 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.

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 will be senior secured obligations of the Issuer to the extent of the value of the Collateral. After the creation and perfection of the security interest granted by the Security Documents in the Collateral, the Notes will be secured by a first-priority security interest over the Collateral pursuant to the terms of the Security Documents, subject to Permitted Liens. Any outstanding amounts due after the foreclosure of the Collateral will rank equally in right of payment with all other existing and future unsecured Senior Indebtedness of the Issuer. The obligations of the Issuer under the Notes will be effectively subordinated to all existing and future secured Indebtedness of the Issuer that is secured by assets that do not constitute Collateral, to the extent of the value of the assets securing such secured Indebtedness, and will be structurally subordinated to all existing and future Indebtedness of each

Subsidiary of the Issuer that is not a Subsidiary Guarantor. The obligations of the Issuer under the Notes will rank senior in right of payment to all existing and future Subordinated Obligations of the Issuer and be subordinated to liabilities preferred by statute.

Although the Indenture contains limits on the ability of the Issuer and the Company to Incur secured Indebtedness, the limitation is subject to a number of significant exceptions. If the Company becomes insolvent or is liquidated, or defaults in the payment of obligations, other secured creditors will be entitled to exercise the remedies available to them under the law. These creditors will have a prior claim on the Company's Property and assets that do not constitute the Collateral covered by their liens, to the extent such Property or assets do not constitute the Collateral. 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 the Company to repurchase all or any part (in integral multiples of U.S.$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 U.S.$200,000. In the Change of Control Offer, the Issuer or the Company 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, the Issuer or the Company 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, 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 the Company, 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 the Company, 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 the Company 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 the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Neither the Issuer nor the Company 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 the Company, 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 the Company 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.

In the event that the holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept a Change of Control Offer and the Issuer, the Company or a third party purchases all the Notes held by such holders, the Issuer or the Company, as applicable, will have the right, on not less than 30 nor more than 60 days' prior written notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at the purchase price equal to that in the Change of Control Offer plus, to the extent not included in the Change of Control Offer payment, accrued and unpaid interest and Additional Amounts, if any, on the Notes that remain outstanding, to, but excluding, the date of redemption.

Future debt of the Issuer or the Company 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 the Company 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 the Company. The Issuer's and the Company'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 the Company'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, the Note Guarantees and the Collateral—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 Company and its 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 any liens imposed by law, it being understood, for the avoidance of doubt, that the Issuer may not create, assume, incur or suffer to exist any Liens, including Liens which would otherwise constitute Permitted Liens in the case of the Company or any Restricted Subsidiary;

(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 "Company" therein); and

(f) amend, supplement, waive or otherwise modify certain specified provisions of the documents relating to the Issuer's rights or benefits under its organizational documents without the consent of the holders of a majority in principal amount of the Notes then outstanding if such amendment, supplement, waiver or modification would materially adversely affect the rights of the holders of the Notes.

In addition, the Company will covenant that the Issuer will continue to be its Wholly-Owned Subsidiary.

Limitation on Restricted Payments

(1) The Company will not, and will not 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 the Company 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 the Company or any Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Company 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 the Company held by Persons other than the Company 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 the Company or such Restricted Subsidiary makes such Restricted Payment:

(i) an Event of Default will have occurred and be continuing;

(ii) the Company is not able to Incur at least U.S.$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 aggregate amount of Consolidated Adjusted Net Income 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 prior to the date of such Restricted Payment pursuant to the Indenture (or, in case such Consolidated Adjusted Net Income will be a loss, *minus* 100% of such loss); *plus*

(B) the aggregate Net Cash Proceeds, and the Fair Market Value of any property, received by the Company 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 the Company), (ii) the issue or sale of its Capital Stock (other than Disqualified Stock, unless such Disqualified Stock has been converted into Capital Stock of the Company 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 the Company); *plus*

(C) (1) the amount of a Guarantee of the Company or any Restricted Subsidiary upon the unconditional release in full of the Company or such Restricted Subsidiary from such Guarantee if such Guarantee was previously treated as a Restricted Payment; and

(2) in the event that the Company 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 the Company'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 Consolidated Net Income; *plus*

(D) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company'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 the Company or any Restricted Subsidiary) subsequent to the Issue Date of any such Indebtedness for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash or the Fair Market Value of other property distributed by the Company or any Restricted Subsidiary upon such conversion or exchange); *plus*

(E) the amount equal to the net reduction of Investments (other than Permitted Investments) made by the Company 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 the Company 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 Consolidated Net Income; *plus*

(F) 100% of any dividends received by the Company 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 Consolidated 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 the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Restricted Subsidiary of the Company); *provided, however,* that (x) such Restricted Payment will be excluded in 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 in 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 the Company 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 in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(d) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of the Summit Subordinated Obligations as in effect on the Issue Date;

(e) 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, the Company (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;

(f) 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;

(g) so long as no Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations from Net Available Cash; *provided* that the Company 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;

(h) the declaration and payment of the Allowed Distribution;

(i) 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 calculations of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(j) 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;

(k) any Restricted Payments made with the Capital Stock of an Unrestricted Subsidiary (or from the proceeds of a sale thereof); *provided, however*, that such payments shall be excluded in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(l) dividends, loans, advances or distributions to any Parent Entity or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication) the amounts required for any Parent Entity to pay any Parent Entity Expenses; and

(m) other Restricted Payments in an aggregate amount not to exceed U.S.$35 million since the Issue Date; *provided, however*, that such payments shall be excluded in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above.

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 the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Limitation on Indebtedness

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness; *provided, however*, that the Company or any Restricted Subsidiary 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 (i) 4.5 to 1.0 if such Incurrence occurs after the Issue Date and on or prior to September 30, 2021, (ii) 4.0 to 1.0 if such Incurrence occurs after September 30, 2021 but on or prior to September 30, 2022, or (iii) 3.0 to 1.0 if such Incurrence occurs after September 30, 2022.

(2) Notwithstanding clause (1) above, the Company or any Restricted Subsidiary may Incur the following Indebtedness:

(a) intercompany Indebtedness between or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries; *provided*, *however*, that:

(i) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness Incurred and the obligee is a Person other than the Company 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 the Company or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person that is neither the Company nor a Restricted Subsidiary will be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company 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 the Company (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, the Company); *provided*, *however*, that on the date that such Restricted Subsidiary is acquired by the Company, (A) the Company would have been able to Incur U.S.$1.00 of additional Indebtedness pursuant to clause (1) above or (B) the Company 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 the Company 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 by the Company or any Restricted Subsidiary in the ordinary course of its business securing the performance of contractual or license obligations of the Company 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) U.S.$20 million and (ii) 2.5% of Consolidated Total Assets, and Refinancing Indebtedness Incurred in respect of Indebtedness Incurred pursuant to this clause (e);

(f) Hedging Obligations of the Company 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 the Company or any Restricted Subsidiary pursuant to the Indenture and Refinancing Indebtedness Incurred by the Company 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 the Company 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 the Company or any Restricted Subsidiary thereof in connection with such disposition, *provided* that such Indebtedness is not reflected on the balance sheet of the Company 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 deposited to defease or to satisfy and discharge the Notes 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 the purchase of inventory, equipment or supplies 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 U.S.$80 million and (ii) 10% of Consolidated Total Assets;

(l) Indebtedness of the Company 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 the Company 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) U.S.$20 million and (ii) 2.5% of Consolidated 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 meets the criteria of more than one of the types of Indebtedness described above, including clause (1) above, the Company, in its sole discretion, may classify, and from time to time may reclassify, such item of Indebtedness in one of the types of Indebtedness described above, including clause (1) above; and

(b) the Company 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, neither the Company 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

The Company will not, and will not 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 the Company or any Restricted Subsidiary (other than the Capital Stock of any Unrestricted Subsidiary) without effectively providing that the Notes (together with, if the Company 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 Sales of Assets

(1) The Company will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless the following conditions are met:

   (a) The Asset Disposition is for Fair Market Value;

   (b) At least 75% of the consideration consists of (i) cash or Temporary Cash Investments or (ii) Additional Assets received at closing. (For purposes of this clause (b), the assumption by the purchasers of Indebtedness or other obligations (other than Subordinated Obligations) of the Company or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received by the Company 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) Solely with respect to an Asset Disposition in respect of any portion of the Collateral, such Asset Disposition is permitted by the Indenture and the applicable Security Documents;

   (d) Within 365 days after the receipt of any Net Available Cash from an Asset Disposition, the Net Available Cash may be used:

      (i) to permanently repay Indebtedness, other than Subordinated Obligations, of the Company 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 the Company or any Restricted Subsidiary; or

      (ii) to acquire (or within such 365-day period, the Company 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 Disposition) (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) Additional Assets for the Company or its Restricted Subsidiaries; or

(iii) to acquire Productive Assets for the Company or any of its Restricted Subsidiaries.

(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 (d), the Company or such Restricted Subsidiary may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture;

(e) Notwithstanding clauses (a) to (d) above, the Company and its Restricted Subsidiaries will be permitted to consummate an Asset Disposition without complying with such clauses to the extent:

(i) at least 75% of the consideration for such Asset Disposition constitutes (A) Productive Assets, (B) cash, (C) assumption by the purchasers of Indebtedness or other obligations (other than Subordinated Obligations) of the Company or a Restricted Subsidiary pursuant to a customary novation agreement, (D) Temporary Cash Investments and/or (E) Marketable Securities; and

(ii) the Asset Disposition is for Fair Market Value; *provided* that any consideration not constituting Productive Assets received by the Company or any Restricted Subsidiary in connection with any Asset Disposition permitted to be consummated under this clause shall be applied (in the case of cash, Temporary Cash Investments and Marketable Securities within 360 days after the receipt thereof) in accordance with the provisions of clause (d) above; and

(f) The Net Available Cash of an Asset Disposition not applied (or determined by the Company to be applied) pursuant to paragraph (d) above within 365 days of the Asset Disposition shall constitute "Excess Proceeds." Excess Proceeds of less than U.S.$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 U.S.$25.0 million, the Company 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 Disposition, rounded down to the nearest U.S.$1,000.

Upon completion of the Asset Sale Offer, Excess Proceeds will be reset at zero and the Company 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 Disposition that requires the purchase of Notes pursuant to clause (1)(d) above, the Company 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 Disposition), 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, the Company 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 U.S.$1,000 or multiples thereof; *provided* that after a purchase from a holder in part, such holder shall hold U.S.$200,000 in principal amount of Notes or a multiple of U.S.$1,000 in excess thereof.

(3) The Company 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, the Company 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

The Company will not, and will not 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 the Company or the relevant Restricted Subsidiary, taken as a whole, than those that would have been obtained in a comparable arm's-length transaction by the Company or such Restricted Subsidiary with a Person that is not an Affiliate; and

(b) the Company delivers to the Trustee prior to it or the Restricted Subsidiary entering into such Affiliate Transaction:

(i) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$10.0 million (or the equivalent thereof at the time of determination), an Officer's Certificate stating that such Affiliate Transaction complies with this covenant; or

(ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$20.0 million (or the equivalent thereof at the time of determination), a resolution of the majority of the Board of Directors of the Company that such transaction or series of related transactions are on terms no less favorable to the Company or such Restricted Subsidiary than could be obtained in a comparable arm's length transaction.

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 between or among the Company and any Restricted Subsidiary or between two or more Restricted Subsidiaries;

(ii) the payment of reasonable and customary regular fees to directors of the Company who are not employees of the Company 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 and described in the offering memorandum 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 the Company (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) any Sale and Leaseback Transaction otherwise permitted under the caption "—Limitation on Sale and Leaseback Transactions" if such transaction is on market terms; and

(ix) (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

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless:

(a) either the Company 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 the Company 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) the Company 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

The Company will not, and will not 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 the Company or any other Restricted Subsidiary to the Company or any Restricted Subsidiary;

(2) pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(3) make loans or advances to the Company or any Restricted Subsidiary; or

(4) transfer any of its properties or assets to the Company 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 the Company 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 the Company 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) 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 the Company 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;

(iv) 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 the Company 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;

(v) 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;

(vi) 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 pending the closing of such sale or disposition that is permitted by the covenant described under the heading "—Limitation on Sales of Assets;"

(vii) 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;

(x) required pursuant to the Indenture; or

(xi) 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

The Company will not 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 the Company, unless:

(a) (i) the Company 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 the Company 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, the Company or the Successor Company (i) could Incur at least U.S.$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 the Company immediately prior to such transaction;

(d) each Guarantor (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) the Company 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 the consolidation or merger of the Company with or into a Restricted Subsidiary or the consolidation or merger of a Restricted Subsidiary with or into the Company.

None of the Subsidiary Guarantors shall, and the Company 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 the Company 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) the Company 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 the Company, the Company may merge into a Restricted Subsidiary for the purpose of reincorporating the Company in another jurisdiction, 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.

Security Documents; Further Assurances

(a) On or prior to the date occurring 120 days after the Issue Date, the Issuer and the Company will:

(1) ensure the release of all of the security interests in the Existing Pledge Collateral in favor of the applicable secured parties under the Existing Secured Credit Agreement;

(2) grant and perfect first-priority security interests over the Collateral, and ensure all filings and other actions (including, without limitation, all required registrations and recordations with the applicable notaries or registries) necessary for the creation and perfection of a security interest in such Collateral in favor of the Secured Parties have been completed, *provided* that in the event that the applicable Real Estate Registry Offices and/or Registry of Deeds and Documents present any requests for documents or other requirements in accordance with applicable law, such period of 120 days may be extended once by the Company, at its discretion, for an additional 30 days if the Company provides to the Trustee and the Collateral Agent an Officer's Certificate stating that such extension is necessary to comply with the requirements made by such Real Estate Registry Offices and/or Registry of Deeds and Documents;

(3) deliver to the Trustee and the Collateral Agent:

(A) an Officer's Certificate of the Issuer stating that (x) in respect of the Collateral, all filings and other actions (including, without limitation, all required registrations and recordations with the applicable notaries or registries) necessary for the creation and perfection of a security interest in such Collateral in favor of the Secured Parties have been completed, and (y) that no Default has occurred and is continuing;

(B) a legal opinion from Brazilian external counsel of the Issuer and the Company satisfactory to the Collateral Agent and in the form annexed to the Indenture to the effect that (subject to customary exceptions and qualifications), (i) in respect of each Security Document, each has been duly authorized, executed and delivered by the Company and constitutes the legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with their respective terms, and (ii) in respect of the Collateral, all filings and other actions (including, without limitation, all required registrations and recordations with the applicable notaries or registries) necessary for the creation and perfection of a security interest in such Collateral in favor of the Secured Parties have been completed.

(b) The Company and, to the extent applicable, the Issuer will take or cause to be taken, all actions necessary (and/or requested by the Collateral Agent) to maintain each Security Document to which it is a party in full force and effect and enforceable in accordance with its terms and to maintain and preserve the Liens created by such Security Documents and the priority thereof.

(c) Notwithstanding anything to the contrary contained herein or in applicable law, none of the Trustee or the Collateral Agent shall have responsibility for (i) preparing, recording, filing, rerecording or re-refiling any financing statement, perfection statement, continuation statement or other instrument (including the

Security Documents) in any public office or for otherwise ensuring the perfection or maintenance of any security interest granted pursuant to, or contemplated by, the Indenture and the Security Documents; (ii) taking any necessary steps to preserve rights against any parties with respect to any Collateral; (iii) taking any action to protect against any diminution in value of the Collateral; or (iv) for monitoring or confirming the Issuer's or the Company's compliance with any of their respective covenants, including but not limited to, covenants regarding the granting, perfection or maintenance of any security interest.

Additional Notes

The Company agrees to amend the Security Documents to reflect the issuance of such Additional Notes and proceed with the necessary procedures and filings to perfect the amendment thereto within 20 days after the respective issuance of the Additional Notes, provided that in the event that the competent Real Estate Registry Offices and/or Registry of Deeds and Documents present any requests for documents or other requirements in accordance with applicable law, such period of 20 days may be extended once by the Company, at its discretion, for an additional 30 days if the Company provides to the Trustee and the Collateral Agent an Officer's Certificate stating that such extension is necessary to comply with the requirements made by such Real Estate Registry Offices and/or Registry of Deeds and Documents.

Within 20 days from the issue of Additional Notes, the Issuer and the Company will:

(a) amend the Security Documents to reflect the relevant changes required under Brazilian law; and

(b) provide a legal opinion from Brazilian external counsel of the Issuer and the Company satisfactory to the Collateral Agent to the effect that (subject to customary exceptions and qualifications) each amended Security Document constitutes the legal, valid and binding obligation of each of the Issuer and the Company.

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 Company's 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) the Company or (b) any Wholly-Owned Subsidiary of the Company as principal debtor in respect of the Indenture and the Notes (in that capacity, the "Substituted Issuer"); *provided* that the following conditions are satisfied:

(1) such documents will be executed as may be necessary to give full effect to the substitution, including (i) a supplemental indenture under which the Substituted Issuer assumes all of the Issuer's obligations under the Indenture and the Notes for the benefit of the Holders and the Trustee, and (ii) a Guarantee by the Issuer (collectively, the "Issuer Substitution Documents");

(2) the Issuer Substitution Documents will contain covenants (i) to ensure that each holder 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, subject to any applicable legal reservation, deliver, or cause the delivery, to the Trustee of an Opinion of Counsel in each of the jurisdictions of organization of the Substituted Issuer and the United States as to the validity, legally binding effect and enforceability of the Issuer Substitution Documents, as well as an Officers' Certificate and an Opinion of Counsel as to compliance with the provisions described under this section;

(4) no Event of Default has occurred or is continuing; and

(5) the substitution will comply with all applicable requirements under the laws of the jurisdiction of organization of the Substituted Issuer, Luxembourg and Brazil.

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. In no event shall the Trustee be responsible for determining whether the Issuer Substitution Documents or any such Substituted Issuer meets the requirements of substitution, and the Trustee shall be fully protected in relying upon the Opinion of Counsel and Officers' Certificate relating to such matters.

Not later than 10 Business Days after the execution of the Issuer Substitution Documents, the Substituted Issuer will give notice thereof to the holders of the Notes.

The Company shall comply with any applicable requirements of the Singapore Stock Exchange in the event of a Substitution of the Issuer with respect to its notices to Holders.

Reports

The Issuer and the Company shall furnish to the Trustee and the holders of Notes:

- within 60 days after the end of the first, second and third quarters of the Company's fiscal year, quarterly unaudited consolidated financial statements of the Company for such period in English (including the notes thereto), prepared in accordance with IFRS; and

- within 120 days after the end of the fiscal year of the Company, annual audited consolidated financial statements of the Company for such fiscal year in English (including the notes thereto) prepared in accordance with IFRS and a report on such annual financial statements by the Company's internationally recognized certified independent accountants.

In addition, the Issuer and the Company 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 Company's 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 Company'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.

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,

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 Company and its 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 Company 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 Company shall give the Trustee written notice of any Covenant Suspension Event and in any event not later than five (5) 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 Company shall give the Trustee written notice of any occurrence of a Reversion Date not later than five (5) 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 the Issuer or the Company to cause the release of all of the security interests in the Existing Pledge Collateral under the Existing Secured Credit Agreement or register any of the Security Documents or complete any other perfection requirement within the applicable periods as required pursuant to the covenants described under the captions "—Security Documents; Further Assurances" or, except as expressly permitted by the Indenture and the Security Documents, any Security Documents shall for any reason cease to be in full force and effect in all material respects, or the Issuer, the Company or any of their Subsidiaries shall so assert or deny or disaffirm its obligations thereunder, or any security interest created, or purported to be created thereby, shall cease to be enforceable;

(4) failure by the Company or the Issuer to comply with the provisions described under "—Restrictive Covenants— Consolidation, Merger, Conveyance, Sale or Lease";

(5) default in the performance, or breach, of any other covenant or obligation of the Issuer, the Company or any Restricted Subsidiary in the Indenture or under the Security Documents 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 the Company by the Trustee or to the Issuer and/or the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes;

(6) default (including non-payment at maturity) under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Company or any Restricted Subsidiary (or the payment of which is Guaranteed by the Company or any Restricted 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 U.S.$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 U.S.$30.0 million (or its equivalent in other currencies at the time of determination) is rendered against the Issuer, the Company 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 U.S.$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 the Issuer, the Company 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 the Issuer, the Company or any Significant Subsidiary under relevant bankruptcy laws as now or hereafter in effect;

(9) the Issuer, the Company 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, the Company or any Significant Subsidiary or for all or substantially all of the assets of the Issuer, the Company 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 (8) or (9); or

(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 the Company or any other Guarantor denies or disaffirms its obligations under the Notes; or

(12) all or substantially all of the assets and revenues of the Company and its Restricted 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 the Company 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 the Company and its Restricted Subsidiaries, taken as a whole.

The Issuer will deliver to the Trustee, within ten Business Days after obtaining actual knowledge thereof, written notice of any Default or Event of Default that has occurred and is still continuing, its status and what action the Issuer or the Company 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 the Company) 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 the Company 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 the Company, 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 and the Collateral Agent, neither the Trustee nor the Collateral Agent will be under any obligation to exercise any of its rights or powers under the Indenture or the Security Documents at the request or direction of any of the holders of the Notes, unless such holders shall have offered to the Trustee or Collateral Agent, as applicable, security or indemnity satisfactory to the Trustee or the Collateral Agent, as applicable. 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 the Collateral Agent, or exercising any trust or power conferred on the Trustee with respect to the Notes or the Collateral Agent with respect to the Security Documents, *provided* that the Trustee or the Collateral Agent, as applicable, is offered indemnity or security satisfactory to it; *provided*, further that the Trustee and the Collateral Agent shall have the right to decline to follow any such direction if the Trustee or the Collateral Agent, as applicable, shall determine that the action so directed conflicts with any law or the provisions of the Indenture or the Security Documents, 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 or the Collateral Agent determines in good faith that such action would involve the Trustee or the Collateral Agent, as applicable, 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 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 or reduce the amount payable upon redemption 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;

(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; or

(9) except as expressly set forth in the Indenture or the Security Documents, dispose of any of the Collateral (including the Additional Collateral).

In addition, without the consent of the holders of at least 66% or 2/3 in principal amount of the Notes outstanding, no amendment, supplement, waiver or modification of any Security Document or the provisions in the Indenture dealing with Collateral or the Security Documents shall have the impact of releasing any of the Collateral from the Liens of the Security Documents (other than in accordance with the Indenture and the Security Documents) or change or alter the priority of the security interests in the Collateral.

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 existing 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, the Company or any of its Subsidiaries shall have any liability for any obligations of the Issuer, the Company 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 U.S.$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 Company 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.

Collateral Agent

TMF Brasil Administração e Gestão de Ativos Ltda. will act as the Collateral Agent under the Indenture and the Security Documents.

Singapore Listing Agent and Singapore Paying Agent

Allen & Gledhill LLP is the Singapore Listing Agent in respect of the Notes. The address of the Singapore Listing Agent is set forth on the inside back cover of this offering memorandum. In addition, 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 Company 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 Company or any Significant Subsidiary is a party or by which the Issuer, the Company or any Significant Subsidiary is bound;

(3) the Issuer, the Company 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 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 Company that the Trustee give notice of such redemption in the name and at the expense of the Company 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. The Security Documents shall be governed by, and construed in accordance with Brazilian law. 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.

"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 Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Related Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that any such Restricted Subsidiary described in clause (2) or (3) above is primarily engaged in a Related Business.

"Additional Collateral" has the meaning given to it under "—Security—Release of Collateral."

"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.

"Affiliates" 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.

"Allowed Distribution" means, for any Person and any period, an amount of up to 25% of Consolidated Adjusted Net Income, which may be paid in the form of dividends or interest on shareholders' equity.

"Asset Disposition" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Company 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 the Company or a Restricted Subsidiary);

(2) all or substantially all the assets of any division or line of business of the Company or any Restricted Subsidiary; or

(3) any other assets of the Company or any Restricted Subsidiary outside of the ordinary course of business of the Company or such Restricted Subsidiary,

provided, *however*, that Asset Disposition will not include:

(a) a disposition by a Restricted Subsidiary to the Company or another Restricted Subsidiary or by the Company to a Restricted Subsidiary;

(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 Company with a Fair Market Value not to exceed U.S.$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 Company or any Restricted Subsidiary in the ordinary course of business;

(e) the disposition of all or substantially all of the assets of the Company 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 Additional 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.

"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, 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:

(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 the Company; or

(ii) the right to appoint and/or remove all or the majority of the members of the Company'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 the Company and its 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 the Company and its 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 Repurchase Event" means the occurrence of both a Change of Control and a Rating Decline.

"Collateral" means (i) the LRV Plant Real Estate Property, (ii) the LRV Plant Encumbered Equipment, (iii) the SRS Plant Real Estate Property, (iv) the SRS Plant Encumbered Equipment, and (v) all Property that, in accordance with the terms of any Security Document securing the obligations under the Financing Documents is intended to be subject to any Lien in favor of the Secured Parties.

"Collateral Agent" means TMF Brasil Administração e Gestão de Ativos Ltda.

"Company" means FS Agrisolutions Indústria de Biocombustíveis Ltda. on a stand-alone basis and its successors under the Indenture.

"Consolidated EBITDA" means, for any period, the amount equal to the sum of Consolidated Net Income for such period plus, to the extent deducted in calculating such Consolidated Net Income:

(1) consolidated net financial expense for such period;

(2) consolidated income and social contribution taxes for such period;

(3) consolidated depreciation and amortization for such period;

(4) consolidated non-controlling or minority interests;

(5) consolidated 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 the Company or a joint venture will be added to Consolidated Net Income to compute Consolidated 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 Consolidated Net Income in such period.

"Consolidated Adjusted Net Income" means, for any period, the Consolidated Net Income *plus* any non-cash finance costs resulting from foreign exchange losses for such period *plus* the consolidated gain (loss) from the sale of non-controlling interests in subsidiaries for such period (without duplication to the extent already included in the Consolidated Net Income for such period).

"Consolidated Net Income" means, for any period, the aggregate net income (or loss) of the Company for such period determined on a consolidated basis in conformity with IFRS; *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 the Company or a Restricted Subsidiary (without duplication to the extent already included in the consolidated net profit (or loss) of the Company for such period).

"Consolidated Net Indebtedness" means, on the date of determination, consolidated Indebtedness of the Company and its Restricted Subsidiaries, as set forth on the most recent consolidated quarterly balance sheet of the Company and its Restricted Subsidiaries, *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 the Company or any Restricted Subsidiary in order to hedge its Indebtedness denominated in foreign currencies.

"Consolidated Net Revenues" means the total net sales of goods and services rendered by the Company and its Restricted Subsidiaries on a consolidated basis for the most recent twelve month period; all calculated (i) based on the consolidated income statements of the Company for the fiscal quarter most recently ended for which internal financial statements are available, (ii) in accordance with IFRS and (iii) on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Company and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"Consolidated Total Assets" means the total assets of the Company and its Restricted Subsidiaries, based (i) on the balance sheet for the fiscal quarter most recently ended for which internal financial statements are available, (ii) in accordance with IFRS and (iii) on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Company and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"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.

"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.

"Eligible Equity Offering" means the issuance and sale for cash of Capital Stock (other than Disqualified Stock) of the Company, 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."

"Equipment" means collectively the LRV Plant Encumbered Equipment and the SRS Plant Encumbered Equipment.

"Equipment Fiduciary Transfer Agreement" means the equipment fiduciary transfer agreement (*instrumento particular de contrato de alienação fiduciária de ativos em garantia*) entered into or to be entered into among the Company and the Collateral Agent with respect to the LRV Plant Encumbered Equipment and the SRS Plant Encumbered Equipment.

"Event of Default" has the meaning given to it under "—Events of Default."

"Exchange Act" means the United States Securities and Exchange Act of 1934, as amended.

"Existing Pledge Collateral" means all existing Liens granted by the Company over certain real estate properties, assets and equity interests, including the Collateral, to secure the obligations under the Existing Secured Credit Agreement.

"Existing Secured Credit Agreement" means the Loan and Security Agreement, dated as of February 26, 2016, among Midwest Oilseeds Global, LLC, the Company, and the other parties thereto, as amended from time to time.

"Fair Market Value" of any property, asset, share of Capital Stock, other security, Investment or other item 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 the Company.

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

"Fitch" means Fitch, Inc., d/b/a Fitch Ratings and its successors.

"Forced Liquidation Value" means, with respect to any Property or assets (including intangible assets), the probable price of such Property if sold under forced sale conditions or under a financial distressed scenario in order to increase liquidity of such Property, as described in the Independent Appraisal Reports.

"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. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"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 the Company or becomes a Subsidiary of the Company (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 the Company. 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 the Company or any Restricted Subsidiary in the ordinary course of business.

"Indenture" has the meaning given to it in the first paragraph of this Description of the Notes.

"Independent Appraisal Report" means each report of an Independent Appraiser setting forth the Forced Liquidation Value of the Additional Collateral and the Property to be released.

"Independent Appraiser" means any independent appraisal firm with relevant experience in the valuation of ethanol production plants from time to time appointed by the Company and certified by the Company to the Trustee by delivery of an Officer's Certificate of the Company confirming the appraisal firm's experience and qualifications as an independent appraisal firm.

"Initial Lien" has the meaning given to it under "—Restrictive Covenants—Limitation on Liens."

"Interest Payment Date" means each June 15 and December 15 of each year, commencing on June 15, 2021.

"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 the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that, upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

    (a) the Company's Investment in such Subsidiary at the time of such redesignation, *minus*

    (b) the portion (proportionate to the Company'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 December 15, 2020.

"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).

"LRV Plant Encumbered Equipment" means the equipment of the LRV Plant described in the Equipment Fiduciary Transfer Agreement to be transferred on a fiduciary basis by the Company for the benefit of the Secured Parties under that agreement.

"LRV Plant Mortgage" means the mortgage deed (*escritura pública de constituição de hipoteca)* entered into or to be entered into among the Company and the Collateral Agent with respect to the LRV Plant Real Estate Property as security for the Notes.

"LRV Plant Real Estate Property" means the areas described in the entries (*matrículas*) 34.702 and 30.867 of the Real Estate Registry Office of Lucas do Rio Verde, State of Mato Grosso, which is subject to mortgage by the Company for the benefit of the Secured Parties under the LRV Plant Mortgage.

"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 Disposition 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 Disposition 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 Disposition;

(2) all payments, including any prepayment premiums or penalties, made on any Indebtedness that is secured by any assets subject to such Asset Disposition, 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 Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;

(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 Disposition; 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 Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"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 at any date (i) Consolidated Net Indebtedness *divided by* (ii) Consolidated EBITDA for the period of four consecutive fiscal quarters ending on or most recently prior to such date for which internal financial statements are available; *provided, however*, that:

(a) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition, the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA directly attributable to the assets that are the subject of such Asset Disposition for such period; *provided* that pro forma effect shall be given to the proceeds applied of the Asset Disposition as if the event had occurred on the first day of such period;

(b) if since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that is merged with or into the Company 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, Consolidated 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 since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (a) or (b) above if made by the Company or a Restricted Subsidiary during such period, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, 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 consolidated quarterly balance sheet of the Company.

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 the Company.

"Note Guarantee" means the Guarantees of the Notes by the Company and any Subsidiary Guarantors pursuant to the Indenture.

"Notes" has the meaning given to it in the first paragraph of this Description of 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.

"Parent Entity" means any controlling parent of the Company and its 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 the Company 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 the Company or any of its Subsidiaries; and

(e) expenses incurred by any Parent Entity in connection with any securities offering, sale, conversion or exchange of Capital Stock or Indebtedness.

"Permitted Financial Institution" means any of (i) Morgan Stanley & Co. LLC, BofA Securities, Inc. or any of their respective 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 Holders" means Summit Brazil Renewables I, LLC (or a successor thereof) or any Affiliate thereof.

"Permitted Investment" means:

(1) an Investment by the Company or any Restricted Subsidiary in the Company or any Restricted Subsidiary;

(2) an Investment by the Company 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, the Company 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 the Company 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 the Company 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 the Company (other than Disqualified Stock);

(10) any acquisition and holding of (a) Brazilian federal and state tax credits acquired solely to pay amounts owed by the Company to Brazilian tax authorities and (b) discounted obligations of any Brazilian governmental authority acquired solely to pay tax amounts owed by the Company to such Brazilian governmental authority;

(11) Investments made as a result of the receipt of non-cash consideration from an Asset Disposition that was made in compliance with the covenant described in "—Restrictive Covenants—Limitation on Sales of Assets;"

(12) receivables owing to the Company 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 the Company or such Restricted Subsidiary deems reasonable under the circumstances;

(13) any advance, loan or extension of credit arising in connection with the purchase of inventory, equipment or supplies 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 U.S.$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 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) U.S.$10 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) 1% of Consolidated Total Assets;

(17) repurchases of the Notes and the related Note Guarantees; and

(18) additional Investments by the Company or any of its Restricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (19) that are at the time outstanding, not to exceed U.S.$50 million or 5% of Consolidated 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 the Company and/or by the Company to one or more Restricted Subsidiaries;

(2) Liens on any property or assets acquired from a Person which is merged with or into the Company 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 the Company 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 the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of, such Acquired Indebtedness by the Company or a Restricted Subsidiary; and (b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company 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 the Company or a Restricted Subsidiary;

(4) any Lien on any property or assets existing at the time of acquisition thereof 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 the Company 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 the Company 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 the Company 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 the Company 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 the Company 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 the Company or any Restricted Subsidiary, and any leases and subleases of real property that do not interfere with the ordinary conduct of the business of the Company 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 the Company 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 the Company or any Subsidiary of the Company; 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 the Company or any Subsidiary of the Company;

(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 the Company 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 the aggregate amount of receivables securing Indebtedness will not exceed 80% of such Person's consolidated gross revenues for the most recently concluded period of four consecutive fiscal quarters; *provided*, further, that 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 the obligations of the Issuer and the Guarantors under the Notes, the Note Guarantees and the Indenture pursuant to the terms of the Security Documents (including Additional Collateral); and

(21) other Liens securing Indebtedness, which in aggregate principal amount, at any time of determination, do not exceed 10.0% of Consolidated 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 assets (including capital stock or its substantial equivalent or other Investments), other than inventory, that are used or usable by the Company and its Restricted Subsidiaries in Related Businesses (or in the case of Capital Stock or its substantial equivalent or other Investments that represent direct, or indirect (via a holding company), ownership or other interests held by the Company or any Restricted Subsidiary in entities engaged in Related Businesses).

"Project Finance Indebtedness" means any Indebtedness:

(1) which is issued, borrowed or raised (other than Indebtedness Incurred by the Company) 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 Company or its 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 Company or its 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.

"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 the Company'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.

"Real Estate Property" means collectively the LRV Plant Real Estate Property and the SRS Plant Real Estate Property.

"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 the Company 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 the Company or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Related Business" means any business conducted by the Company 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."

"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 the Company other than an Unrestricted Subsidiary.

"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 the Company or a Restricted Subsidiary), or to which any such Person is a party, providing for the leasing to the Company 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 the Company or such Restricted Subsidiary to such Person or to any other Person (other than the Company 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 United States Securities and Exchange Commission.

"Secured Parties" means, collectively, the Collateral Agent, the Trustee, for itself and for the benefit of the holders of Notes, and any other Person (other than the Issuer, the Company or their Affiliates) that has a right to receive any payment from any of the Issuer, the Company or any Guarantor under the Financing Documents.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Security Documents" means, collectively, the following documents:

(v) the LRV Plant Mortgage;

(vi) The SRS Plant Mortgage;

(vii) the Equipment Fiduciary Transfer Agreement; and

(viii) any additional document providing for granting of a Lien to the Secured Parties, represented by the Collateral Agent on any Property of the Company or any Subsidiaries entered into after the Issue Date pursuant to the terms of the Financing Documents.

"Senior Indebtedness" means all unsubordinated Indebtedness of the Company or of any Restricted Subsidiary, whether outstanding on the Issue Date or Incurred thereafter.

"Significant Subsidiary" means any Restricted Subsidiary of the Company which at the time of determination would be a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X under the Securities Act in effect on the Issue Date.

"SRS Plant Encumbered Equipment" means the equipment of the SRS Plant described in the Equipment Fiduciary Transfer Agreement to be transferred on a fiduciary basis by the Company for the benefit of the Secured Parties under that agreement.

"SRS Plant Mortgage" means the mortgage deed (*escritura pública de constituição de hipoteca)* entered into or to be entered into among the Company and the Collateral Agent with respect to the SRS Plant Real Estate Property as security for the Notes.

"SRS Plant Real Estate Property" means the areas described in the entry (*matrícula*) 63.837 of the Real Estate Registry Office of Sorriso, State of Mato Grosso, which is subject to mortgage by the Company for the benefit of the Secured Parties under the SRS Plant Mortgage.

"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 subordinate 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 that from time to time is required to provide a Note Guarantee pursuant to the provisions described under "—Note Guarantees."

"Successor Company" has the meaning given to it under "—Restrictive Covenants——Consolidation, Merger, Conveyance, Sale or Lease."

"Summit Subordinated Obligations" means the aggregate outstanding amount of subordinated obligations owed by the Company to Summit Brazil Renewables I, LLC as of the Issue Date.

"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 U.S.$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 the Company) 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.

"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 the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the management of the Company in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The management of the Company may designate any Restricted Subsidiary of the Company (including any newly-acquired or newly-formed Subsidiary of the Company) 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, the Company or any Restricted Subsidiary of the Company 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 U.S.$1,000 or less; or

(b) if such Subsidiary has consolidated assets greater than U.S.$1,000, then such Investment and designation would be permitted under "—Restrictive Covenants—Limitation on Restricted Payments."

The management of the Company 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 the Company 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 the Company, a Restricted Subsidiary all of the outstanding Capital Stock of which (other than any director's or other similar qualifying shares) is owned by the Company and one or more Wholly-Owned Subsidiaries (or a combination thereof).

DESCRIPTION OF THE COLLATERAL

Pursuant to the Indenture and the Security Documents, the Notes, the Note Guarantees and all other obligations of the Issuer and the Guarantors under the Financing Documents will be secured on a first priority basis by the Collateral.

As of September 30, 2020, the book value of the Collateral was R$2,468.2 million. The value of the Collateral may vary and will depend on various factors, including market and economic conditions, the state of the petrochemical industry, the ability to sell the Collateral in an orderly process, the availability of potential buyers and similar factors. See "Risk Factors—The value of the Collateral may be materially affected upon the occurrence of certain events."

The Fiduciary Transfer under Brazilian Law

A portion of the Collateral will be granted pursuant to a fiduciary transfer. A fiduciary transfer (*alienação fiduciária*) is a collateralized transaction under Brazilian law consisting of a provisional transfer of a debtor's ownership rights in specified assets to a creditor, by which these assets serve as collateral for the debtor's obligation.

While the fiduciary transfer agreement provides for the provisional transfer of the ownership rights of the collateral to the creditor, possession rights of the collateral usually remain with the debtor, which holds the collateral on behalf of the creditor, but may continue using the collateral, subject to certain conditions. The debtor is liable for any damages caused to the collateral.

Upon satisfaction by the debtor of its obligation, the ownership rights in the collateral automatically revert to the debtor. If the debtor defaults, the creditor consolidates the ownership of the collateral and is entitled to sell the collateral to third parties (except for fiduciary transfer of real estate, which follows a specific procedure), provided that certain requirements for the enforcement of the creditor's rights are met, including the need to initiate a legal proceeding and to obtain a court order authorizing the seizure and sale of the collateral.

Brazilian law does not impose any specific procedures, such as a public auction, for the sale of the assets securing the obligation under the Fiduciary Transfer Agreement, but under Brazilian law, such assets may not be sold for less than 50% of its then appraised value. If after the consummation of the sale of the collateral under the fiduciary sale agreement, the debtor challenges the price at which the collateral was sold and the creditor and the debtor are unable to reach an agreement as to the value of the collateral, the court may appoint an independent appraiser to prepare an appraisal report of the collateral.

The Security Agreements

The Equipment Fiduciary Transfer Agreement

In accordance with the terms of the Indenture, the Notes will be secured by a perfected security interest granted by the Equipment Fiduciary Transfer Agreement in relation to certain equipment located and stored at the LRV Plant Real Estate Property and the SRS Plant Real Estate Property and owned by the Guarantor, as described under the Equipment Fiduciary Transfer Agreement.

The fiduciary transfer is to be created and perfected no later than 120 days from the Issue Date (except that such period may be extended once for 30 days) in accordance with the Indenture.

Under the terms of the Equipment Fiduciary Transfer Agreement, if a default occurs under the Notes, the Collateral Agent if and as instructed by the Trustee, may sell the relevant assets extrajudicially or initiate a legal proceeding in a Brazilian court against Guarantors authorizing the seizure of the relevant assets.

The Equipment Fiduciary Transfer Agreement will be governed by Brazilian law and will contain several customary provisions related to the obligations of the Company in relation to the relevant assets, their representations and warranties and foreclosure.

Enforcement of Rights under the Fiduciary Transfer Agreement

Upon default under the Notes, the Collateral Agent if and as instructed by the Trustee, may notify the Company of such default. If the Company do not thereupon satisfy the obligation, the Collateral Agent if and as instructed by the Trustee, may foreclose the Collateral.

Given that the Notes are governed by the laws of the State of New York, if there is a dispute in a Brazilian court as to whether a default has occurred according to the laws of the State of New York, it is likely that the Brazilian court will require a New York court ruling confirming that a default under the Notes has occurred and given rise to the Trustee's right to enforce the rights of the holders of the Notes in the Collateral under the Fiduciary Transfer Agreement. The New York court ruling will need to be confirmed in Brazil.

Instruments of Mortgage

Under the Security Documents, we will grant the following mortgage deeds on our facilities and all fixtures thereon and equipment that, under Brazilian law, are considered real property as fully described, and as may be modified by the Security Documents, for the benefit of the Collateral Agent, the Trustee and other Secured Parties: (i) property registered under record no. 63,837 of the Real Estate Registry Office of the Judicial District of Sorriso, State of Mato Grosso; (ii) property registered under record no. 34,702 of the Real Estate Registry Office of the Judicial District of Lucas do Rio Verde, State of Mato Grosso; and (iii) property registered under record no. 30,867 of the Real Estate Registry Office of the Judicial District of Lucas do Rio Verde, State of Mato Grosso.

The mortgages are to be created and perfected no later than 120 days from the Issue Date (except that such period may be extended once for 30 days) in accordance with the Indenture.

Foreclosure is directly related to the fair market value of the collateral under the Security Documents and the existence of buyers interested in acquiring them at the time of foreclosure. The process of foreclosure on the Collateral under the Security Documents could last months or longer and may not be achieved within the term desired by the holders of the Notes. Furthermore, a foreclosure on the Collateral is required by Brazilian law to be conducted through a judicial proceeding filed before the Brazilian Court in which the property given as collateral is located.

BOOK ENTRY, DELIVERY AND FORM

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes") that are also qualified purchasers (as defined in Section 2(a)(51) of the Investment Company Act). 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"). Notes will be issued at the closing of this offering only against payment in immediately available funds.

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 may change from time to time.

Depositary 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 Purchaser), 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 Purchaser 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) which 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 some 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, nor 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 our 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 depositary; 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 depositary 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 depositary for the Global Notes and DTC fails to appoint a successor depositary 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 depositary (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 l44A 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 and a qualified purchaser within the meaning of Section 2(a)(51) of the Investment Company Act;

(B) purchasing for its own account or the account of a qualified institutional buyer that is also a qualified purchaser (as defined in Section 2(a)(51) of the Investment Company Act) 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 the 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 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) 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 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.

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. 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.

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 laws 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 Brazilian tax considerations relating to the acquisition, ownership and disposition of the Notes applicable to any Non-Resident Holder. Therefore, each Non-Resident Holder should consult his/her/its own tax advisor concerning the 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 there is no tax treaty between Brazil and the United States. Nevertheless, the Brazilian Internal Revenue Service issued the Declaratory Act No. 28/2000, which should allow Brazilian individual taxpayers to deduct the income tax paid in the United States from the income tax due in Brazil (if any).

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

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 the acquiror is resident or domiciled in Brazil, according to Section 26 of Law No. 10,833, enacted on December 29, 2003. 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 such interpretation will prevail in the courts of Brazil.

If income tax is deemed to be due, the gains 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 will 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. A rate lower than 15% may be provided for in an applicable tax treaty between Brazil and the country where the Non-Resident Holder is domiciled.

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 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 will be subject to a flat 25% rate. See "—Discussion on Favorable Tax Jurisdiction."

In certain circumstances, if income tax is not paid, the amount of tax charged could be subject to an upward adjustment, as if the amount received by the Non-Resident Holder was net of taxes in Brazil (gross-up).

Payments made by the Parent Guarantor or any other 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 gross-up the Note Guarantee payments to Non-Brazilian Holders, withholding tax will apply on the grossed-up basis (that is, withholding tax will also apply on the additional amounts that the Brazilian Guarantor is required to pay to ensure that the net amounts received by the Non-Brazilian Holders equal the amounts that such holders would have received had no withholding been imposed in Brazil).

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, there are no precedents from Brazilian courts endorsing that position and it is not possible to assure that such arguments would prevail in court.

Please note that different rates may apply if the tax treaty between the country of residence of the Non-Resident Holder and Brazil sets forth a lower withholding income tax rate.

Discussion on Favorable Tax Jurisdiction

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. 11,727, of June 23, 2008 as a regime that: (i) does not tax income or taxes income at a maximum rate lower than 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 20%; or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out. On December 12, 2014, the Ministry of Finance issued Rule No. 488 narrowing the concept of Favorable Tax Jurisdictions and Privileged Tax Regimes to those that impose taxation on income at a maximum rate lower than 17%, if the relevant jurisdiction is committed to adopting international standards on tax transparency. Under Brazilian law, the aforementioned commitment is present if the relevant jurisdiction (i) has entered into (or concluded the negotiation of) an agreement or convention authorizing the exchange of information for tax purposes with Brazil and (ii) is committed to the actions discussed in international forums on tax evasion in which Brazil has been participating, such as the Global Forum on Transparency and Exchange of Information.

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, and Law No. 11,727.

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.

In addition, the Brazilian tax authorities could argue that a tax on credit transactions (*Imposto sobre Operações de Crédito, Câmbio e Seguro, ou relativas a Títulos e Valores Mobiliários*, or "IOF/Loan"), could be imposed 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. The discussion addresses only persons that purchase Notes in the original offering at their initial offering price and hold the Notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (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, 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 regimes. The discussion does not address any state, local or foreign taxes, the Medicare tax on net investment income or the federal 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. Contrary positions, including as to whether the Notes constitute indebtedness for U.S. federal income tax purposes, 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 INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES, AS WELL AS THE CONSEQUENCES UNDER OTHER UNITED STATES FEDERAL 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 partners in a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) that owns Notes will 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. 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, 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. 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.

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.

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. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. 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 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) 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 U.S. source 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.

Substitution of the Issuer

The Issuer may, subject to certain conditions, be replaced and substituted by the Company or any wholly-owned subsidiary of the Company as principal debtor in respect of the Indenture and the Notes (the "Substituted Issuer") (see "Description of the Notes—Substitution of the Issuer"). Such a substitution would generally be treated for U.S. federal income tax purposes as a deemed taxable exchange of the Notes for new Notes issued by the Substituted Issuer. Accordingly, this may result in certain adverse tax consequences to a U.S. Holder. The Issuer Substitution Documents (as defined in "Description of the Notes—Substitution of the Issuer") will contain covenants to indemnify each holder and beneficial owner of the Notes against all taxes or 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.

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 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 interest on the Notes (including Additional Amounts), 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. 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. Backup withholding is not an additional tax. A holder of Notes 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.

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 Purchaser 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 Brookfield Renewable 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 Purchaser, 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 subject to conditions set forth in the purchase agreement, dated December 3, 2020 between us and Morgan Stanley & Co. LLC, as Initial Purchaser, the Issuer has agreed to sell to the Initial Purchaser and the Initial Purchaser has generally agreed, severally and not jointly, subject to certain conditions, to purchase from the Issuer the principal amount of the Notes set forth opposite their names in the table below:

Initial Purchaser	Principal Amount of Notes
Morgan Stanley & Co. LLC	US$550,000,000
Total	**US$550,000,000**

The purchase agreement provides that the obligations of the Initial Purchaser are subject to certain conditions precedent and the Initial Purchaser is obligated to purchase all of the Notes if any are purchased.

The Initial Purchaser proposes to offer the Notes initially at the offering price 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 Purchaser may offer and sell the Notes through certain of their affiliates. The Initial Purchaser is offering the Notes, subject to prior sale, when, as and if issued to and accepted by it, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the purchase agreement, such as the receipt by the Initial Purchaser of officers' certificates and legal opinions. The Initial Purchaser reserves the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

We have agreed to indemnify the Initial Purchaser, its controlling persons, and certain other related persons against certain liabilities in connection with the offering including liabilities under the Securities Act or to contribute to payments that the Initial Purchaser 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 that are qualified purchasers in reliance on Rule 144A under the Securities Act, that are also qualified purchasers (as defined in Section 2(a)(51) of the Investment Company 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.

Settlement

We expect that delivery of the Notes against payment thereof will be made to investors on or about December 15, 2020, which will be the 8th business day following the date of this offering memorandum (such settlement being referred to as "T+8"). Under Rule 15c6-1 under the Securities Exchange Act of 1934, 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+8, 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 in or from any jurisdiction will be distributed, 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 Initial Purchaser and its 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. The Initial Purchaser and/or one or more of its affiliates may enter into one or more transactions with us that will enable us to finance our Brazilian operations in an efficient manner, and, accordingly, may receive customary fees in connection with those transactions.

In addition, in the ordinary course of their business activities, the Initial Purchaser and its 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 Purchaser or its affiliates has a lending relationship with us, certain of those routinely hedge, and certain other of those may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, they would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchaser and its 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.

The Notes are a new issue of securities for which there currently is no market. Application will be made for the listing and quotation of the Notes on the Singapore Stock Exchange. However, we cannot assure you that the listing will be obtained. We cannot assure you that the prices at which the Notes offered hereby 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 and continue after this offering. The Initial Purchaser has 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.

In connection with this offering, the Initial Purchaser may engage in transactions that stabilize, maintain, or otherwise affect the price of the Notes. Specifically, the Initial Purchaser may over-allot this offering, creating a short position. The Initial Purchaser may bid for and purchase Notes in the open market to cover short positions. In addition, the Initial Purchaser 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 Purchaser is not required to engage in these activities and may end any of these activities at any time.

No Sale of Similar Securities

The Issuer and the Parent Guarantor 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 Purchaser, 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 Parent Guarantor (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 offered hereby 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 Law No. 6,385, of December 7, 1976, as amended, under CVM Rule No. 400, of December 29, 2003, as amended, or under CVM Rule No. 476, of January 16, 2009, as amended. 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 UK and EEA Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the United Kingdom or the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II;

(b) 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

(c) not a qualified investor as defined in Prospectus Regulation.

United Kingdom

Each Initial Purchaser has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the U.K Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Parent Guarantor; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

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 Purchaser 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 and will not be registered as a prospectus with the Monetary Authority of Singapore. 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;

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, 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; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 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.

Chile

The offer of the notes began on December 3, 2020 and is subject to General Rule No. 336 of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*), or the SVS. Neither the Issuer nor the Notes are registered in the Securities Registry (*Registro de Valores*) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS, or subject to the control and supervision of the SVS. This offering memorandum does not constitute a public offer of, or an invitation to subscribe for or purchase, the Notes in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

La oferta de los valores comenzó el 15 de septiembre del 2020 y está acogida a la NCG 336 de fecha 27 de junio de 2012 de la SVS. Ni el Emisor ni las Notas están registradas en el Registro de Valores o el Registro de Valores Extranjeros de la Superintendencia de Valores y Seguros de Chile o SVS, o están sujetas al control y supervisión de la SVS. Este Prospecto no constituye una oferta pública, o una invitación a suscribir o adquirir las Notas en la República de Chile, excepto para los compradores identificados individualmente de conformidad con una oferta privada de acuerdo a lo establecido en el artículo 4 de la Ley de Mercado de Valores de Chile (una oferta que no está "dirigida al público en general o a ciertos sectores o a grupos específicos de éste").

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 that are also qualified purchasers (as defined in Section 2(a)(51) of the Investment Company Act) ("Qualified Purchasers"); 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 Purchaser in connection with the initial issuance and sale of 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 who is also a Qualified Purchaser; 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 who is also a Qualified Purchaser as to which the purchaser exercises sole investment discretion; and it and each such account:

(i) is not a broker-dealer which owns and invests on a discretionary basis less than $25,000,000 in securities of unaffiliated issuers;

(ii) is not formed for the purpose of investing in the Issuer;

(iii) will provide notice of the transfer restrictions described in this "Transfer Restrictions" to any subsequent transferees; and

(iv) acknowledges that the Issuer may receive a list of participants holding positions in the Rule 144A Global Notes from one or more book-entry depositaries.

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 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 us, (b) to a person who the seller reasonably believes is both a QIB and a Qualified Purchaser in a transaction meeting the requirements of Rule 144A, or (c) upon delivery of a written certification in the form provided in the Indenture, in an offshore transaction in accordance with Rule 904 or Regulation S, 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 TO THE ISSUER OR (A)(1) TO A PERSON WHO IS BOTH A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND A “QUALIFIED PURCHASER” (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT AND RELATED RULES), IN EACH CASE PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHO IS ALSO A QUALIFIED PURCHASER AS TO WHICH THE PURCHASER EXERCISES SOLE INVESTMENT DISCRETION, IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, AND PROVIDED THAT EACH SUCH PERSON AND ACCOUNT FOR WHICH SUCH PERSON IS PURCHASING (A) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF ISSUERS THAT ARE NOT ITS AFFILIATED PERSONS, (B) IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER, (C) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THIS SECURITY FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND (D) MUST BE ABLE TO AND WILL BE DEEMED TO REPRESENT THAT IT AGREES TO COMPLY WITH THE APPLICABLE TRANSFER RESTRICTIONS, AND WILL NOT TRANSFER THIS SECURITY OR ANY BENEFICIAL INTERESTS HEREIN EXCEPT TO A PURCHASER WHO CAN MAKE THE SAME REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 OF REGULATION S (“REGULATION S”) 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 the and trustee, registrar, paying agent or transfer agent that the restrictions set forth herein have been complied with.

9. It acknowledges that we, the Initial Purchaser 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 us and the Initial Purchaser. 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.

10. If it, or any other person for which it is acting, is an investment company exempted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or Section 3(c)(7) with respect to its holders that are U.S. persons) and was formed on or before April 30, 1996, it has received consent of the beneficial owners who acquired their interest on or before April 30, 1996, with respect to its treatment as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules promulgated thereunder.

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 Unites 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 (5) 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. 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, AND WHO IS ALSO A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT), 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 we, the Initial Purchaser 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 us and the Initial Purchaser. 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 us and the Initial Purchaser 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 Purchaser by Simpson Thacher & Bartlett LLP. Certain Brazilian legal matters relating to the Notes and the Note Guarantee will be passed upon for us and the Issuer by Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados and Tozzini Freire Advogados, and for the Initial Purchaser by Lefosse Advogados. Certain Luxembourg legal matters relating to the Notes will be passed upon for the Issuer by Arendt & Medernach SA.

INDEPENDENT AUDITORS

Our 2020 audited financial statements and our 2019 audited financial statements, included elsewhere in this offering memorandum, have been audited by KPMG Auditores Independentes, or KPMG, as stated in their reports appearing herein. The audit report covering the March 31, 2020 consolidated financial statements contains an emphasis of matter paragraph that states on June 1, 2020, KPMG had issued an unmodified audit opinion on the financial statements of FS Agrisolutions Indústria de Biocombustível Ltda. for the year ended as of March 31, 2020 and that the March 31, 2020 consolidated financial statements were reissued on August 31, 2020 to reflect their preparation in accordance with Law No. 6,404 of 1976 and the CVM rules. The audit report covering the March 31, 2019 consolidated financial statements contains an emphasis of matter paragraph that states on May 27, 2019, KPMG had issued an unmodified audit opinion on the financial statements of FS Agrisolutions Indústria de Biocombustível Ltda. for the year ended as of March 31, 2019 and that the March 31, 2019 consolidated financial statements were reissued on August 31, 2020 to reflect their preparation in accordance with Law No. 6,404 of 1976 and the CVM rules.

With respect to our unaudited condensed interim financial statements as of and for the six-month period ended September 30, 2020 (with the corresponding figures for the six-month period ended September 30, 2019), included elsewhere in this offering memorandum, KPMG has reported that they have applied limited procedures in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity) for a review of such financial statements. However, their separate report included elsewhere in this offering memorandum states that they did not audit and they do not express an opinion on that unaudited condensed interim financial statements. Accordingly, the degree of reliance on their report on such financial statements should be restricted in light of the limited nature of the review procedures applied.

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 December 15, 2020. The CUSIP and ISIN numbers for the Notes are as follows:

	Restricted Global Note	Regulation S Global Note
CUSIP	30315X AB0	L40756 AB1
ISIN	US30315XAB01	USL40756AB19

2. Copies of our latest audited consolidated financial statements and unaudited interim consolidated financial information, copies of the Issuer's articles of association and the Parent Guarantor's *estatuto social* (by-laws) and the deed of incorporation and articles of association, as applicable, as well as the Indenture (including forms of Notes), 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 September 30, 2020, the date of our latest financial information included herein.

4. Application will be made for the listing and quotation of the Notes on the Singapore Stock Exchange.

5. So long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange 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 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.

6. The issuance of the Notes was authorized by the Issuer's board of managers on December 3, 2020. The issuance of the Note Guarantee by the Parent Guarantor was authorized by its governing body on December 3, 2020.

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 established 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.

The Issuer is organized under the laws of the Grand Duchy of Luxembourg. 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;

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors;
- a reorganization order requires the prior approval by more than 50% in number of the creditors representing more than 50% of the company's liabilities in order to take effect; and
- voluntary composition with creditors (*concordat préventif de la faillite*), upon request only by the company (subject to obtaining the consent of the majority of its unsecured creditors representing at least 75% (seventy-five per cent.) of the company's liabilities) and not by its creditors. The court's decision to admit a company to a composition with participating creditors triggers a provisional stay on enforcement of claims by participating creditors while other creditors may pursue their claims individually.

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). During controlled management proceedings, enforcement measures are suspended until the final reorganization order from the adjudicating court, declarations of default and any subsequent acceleration upon the occurrence of an event of default may not be enforceable and participating secured creditors in composition proceedings are required to abandon their security. 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:

- 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;
- where a Brazilian court has jurisdiction, there is no other legal proceeding involving the same parties, cause of action or claim brought in Brazil to which res judicata applies;
- 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; 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 confirmation will be obtained, that the 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 common shares.

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); 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 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 and/or the Collateral, 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.

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FS Agrisolutions Indústria de Biocombustíveis Ltda.

Condensed interim financial statements as of September 30, 2020

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Independent auditor's report on review of condensed interim financial statements

To the Board of Directors and Quotaholders of
FS Agrisolutions Indústria de Biocombustíveis Ltda.
Lucas do Rio Verde - MT

Introduction

We have reviewed the accompanying parent company and consolidated condensed interim financial statements as of September 30, 2020 of FS Agrisolutions Indústria de Biocombustíveis Ltda. ('the Company'), which comprises the parent company and consolidated statement of financial position as at September 30, 2020, the statements of income and comprehensive income for the three and six-month periods ended September 30, 2020, changes in equity and cash flows for the six-month period ended September 30, 2020, and notes to the condensed interim financial statements.

Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements NBC TR 2410 and ISRE 2410, 'Review of Interim Financial statements Performed by the Independent Auditor of the Entity'. A review of 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 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 September 30, 2020 condensed interim financial statements do not present fairly, in all material respects, the financial position, financial performance and cash flows of the Company in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Other matters - Statements of added value

We also reviewed the statements of added value ('DVA') for the six-month period ended September 30, 2020, prepared under the responsibility of Company'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 interim financial information, with the objective to conclude if they reconcile with the interim financial information and the criterias 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 interim financial information, taken as a whole.

Ribeirão Preto, October 21, 2020

KPMG Auditores Independentes
CRC 2SP-027666/F

Rafael Henrique Klug
Contador CRC 1SP246035/O-7

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of financial position at September 30, 2020 and March 31, 2020

(In thousand of Reais)

		Parent company	Consolidated	Consolidated
Assets	**Note**	**09/30/2020**	**09/30/2020**	**03/31/2020**
Current				
Cash and cash equivalents	4	498.944	499.024	310.001
Financial investments	5	81	81	79.586
Restricted cash	6	251.044	251.044	75.818
Trade and other receivables	7	45.051	45.051	104.197
Inventories	8	802.138	802.138	305.176
Advances to suppliers	9	10.462	10.462	60.652
Income tax and social contribution	20	2.551	2.551	3.881
Recoverable taxes	15.a	127.207	127.207	64.412
Prepaid expenses		12.318	12.318	2.909
Biological assets		4.665	4.665	5.564
Derivative financial instrument	19	21.381	21.381	24.049
Other credits		1.118	1.118	387
Total current assets		1.776.960	1.777.040	1.036.632
Non-current assets				
Long-term assets				
Deferred taxes assets	20	86.698	86.698	115.536
Biological assets		20.109	20.109	10.042
Judicial deposits	16	3.571	3.571	3.580
Advances to suppliers	9	12.967	12.967	9.106
Total long-term assets		123.345	123.345	138.264
Investments		80	-	-
Property, plant and equipment	10	2.621.496	2.621.496	2.190.785
Intangible assets		8.377	8.377	8.209
Total non-current assets		2.753.298	2.753.218	2.337.258
Total assets		4.530.258	4.530.258	3.373.890

		Parent company	Consolidated	Consolidated
Liabilities	**Note**	**09/30/2020**	**09/30/2020**	**03/31/2020**
Current				
Trade payables	11	736.496	736.496	233.508
Loans	12	694.724	694.724	538.943
Advances from customers	13	16.396	16.396	29.326
Lease payables	14	1.304	1.304	-
Taxes and contributions payable	15.b	24.925	24.925	9.323
Payroll and related changes		37.084	37.084	23.885
Derivative financial instruments	19	42	42	35.474
Total current liabilities		1.510.971	1.510.971	870.459
Non-current				
Trade payables	11	42.828	42.828	3.565
Lease payables	14	8.850	8.850	-
Loans	12	2.895.089	2.895.089	2.498.230
Loans with related parties	29	62.418	62.418	59.416
Other non-current liabilities	12	33.139	33.139	30.544
Total non-current liabilities		3.042.324	3.042.324	2.591.755
Total liabilities		4.553.295	4.553.295	3.462.214
Equity	17			
Capital		83.381	83.381	83.381
Capital reserve		580	580	612
Cumulative translation adjustment		3	3	-
Tax incentive reserve		63.187	63.187	16.741
Accumulated losses		(170.188)	(170.188)	(189.058)
Total equity		(23.037)	(23.037)	(88.324)
Total liabilities and equity		4.530.258	4.530.258	3.373.890

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

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of income

Three and six-month periods ended September 30, 2020 and 2019

(In thousand of Reais)

		Consolidated			
	Note	**09/30/2020 (3 months)**	**09/30/2020 (6 months)**	**09/30/2019 (3 months)**	**09/30/2019 (6 months)**
Net revenue	22	661.755	1.271.923	242.028	476.518
Cost of goods sold	23	(364.701)	(764.197)	(135.267)	(274.567)
Gross profit		297.054	507.726	106.761	201.951
Operational expenses					
Selling expenses	24	(67.228)	(119.598)	(14.624)	(27.970)
Administrative expenses	25	(15.454)	(28.422)	(14.184)	(25.446)
Other results	25	12.231	12.685	(458)	(427)
Profit before net finance costs and taxes		226.603	372.391	77.495	148.108
Finance income	26	132.733	146.705	5.496	25.159
Finance costs	26	(105.987)	(208.011)	(85.877)	(122.596)
Foreign exchange rate variations, net	28	(82.904)	(216.963)	(91.080)	(74.142)
Net finance costs		(56.158)	(278.269)	(171.461)	(171.579)
Profit (loss) before income and social contribuiton taxes		170.445	94.122	(93.966)	(23.471)
Current income and social contribution taxes	20	-	-	6.512	9.872
Deferred income and social contribution taxes	20	(51.726)	(28.838)	27.049	5.025
Income tax incentives	20	-	-	(4.790)	(5.884)
Net profit / (loss) for the period		118.719	65.284	(65.195)	(14.458)
Earnings per quota - basics (in R$)	27	1,42	0,78	(0,78)	(0,17)

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

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of comprehensive income

Three and six-month periods ended September 30, 2020 and 2019

(In thousand of Reais)

	Consolidated			
	09/30/2020 (3 months)	09/30/2020 (6 months)	09/30/2019 (3 months)	09/30/2019 (6 months)
Net profit / (loss) for the period	118.719	65.284	(65.195)	(14.458)
Other comprehensive income	(3)	(3)	-	-
Total comprehensive income	118.716	65.281	(65.195)	(14.458)

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

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of changes in equity

Six-month periods ended September 30, 2020 and 2019

(In thousand of Reais)

	Capital	Capital reserve	Tax incentive reserve	Retained earnings / Accumulated losses	Profit or loss and other comprehensive income	Consolidated Total
Balance at April 1, 2019	**83.381**	**26.579**	**22.777**	**43.487**	**-**	**176.224**
Income Tax Incentives		-	(5.884)	5.884	-	-
Reversal of adjustment to present value referring to financial mutual	-	(7.476)	-	-	-	(7.476)
Adjustment to present value on financial loans	-	(1.062)	-	1.062	-	-
Loss for the period	-	-	-	(14.458)	-	(14.458)
Balance at September 30, 2019	**83.381**	**18.041**	**16.893**	**35.975**	**-**	**154.290**
Balance at April 1, 2020	**83.381**	**612**	**16.741**	**(189.058)**	-	**(88.324)**
Reversal of adjustment to present value referring to financial mutual	-	(32)	-	32	-	-
Income tax incentives	-	-	46.446	(46.446)	-	-
Accumulated effect of the exchange rate conversion	-	-	-	-	3	**3**
Net profit for the period	-	-	-	65.284	-	65.284
Balance at September 30, 2020	**83.381**	**580**	**63.187**	**(170.188)**	**3**	**(23.037)**

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

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of cash flows - Indirect method

Six-month periods ended September 30, 2020 and 2019

(In thousand of Reais)		Consolidated	
	Note	**09/30/2020 (6 months)**	**09/30/2019 (6 months)**
Cash flow from operating activities			
Net profit / (loss) for the period		65.284	(14.458)
Adjustment for:			
Depreciation and amortization		42.470	17.937
Current and deferred income tax, net of tax incentives	20	28.838	(9.013)
Adjustment to present value - loans with related parties		49	1.609
Adjustment to present value - trade payables		(10.786)	(5.344)
Adjustment to present value - trade receivables		3.805	2.245
Adjustment to present value - leasing		44	-
Provision for interest on loans	12.b	143.973	36.017
Provision for interest on loans with related parties	12.b	2.899	2.631
Adjustment to fair value - derivatives	19	(32.764)	7.766
Adjustment to fair value - Bearer plant (bamboo)		(12.827)	-
Adjustment to fair value - cbios		(520)	-
Expected losses on credit	7	(209)	3
Foreign exchange rate gains or losses		213.613	75.253
Changes in:			
Trade receivables		55.550	(1.949)
Inventories	31.b	(496.962)	(317.840)
Advances to suppliers		46.329	(4.489)
Recoverables taxes		(40.149)	(24.873)
Prepaid expenses		(9.409)	(3.545)
Other assets		9	-
Other receivables		(211)	(2.390)
Trade payables	31.c	527.863	210.703
Advance from customers		(12.930)	6.348
Payroll and related charges		13.199	7.523
Taxes and contributions payable		15.602	6.397
Other liabilities		2.523	1.422
Interest and charges paid		(144.288)	(57.648)
Income tax paid		-	(7.672)
Net cash from operating (used in) activities		400.996	(73.367)
Cash flow from investing activities			
Acquisition of property, plant and equipment	31.a	(426.715)	(609.587)
Biologic assets		3.659	-
Interest charges paid over capitalized loans	31.a	(36.971)	(26.471)
Acquisition of intangible assets		(1.021)	(2.880)
Investment in a subsidiary, net of cash invested		(77)	
Financial investments		79.505	(32.492)
Restricted deposits		(175.226)	(20.391)
Net cash used in investing activities		(556.845)	(691.821)
Cash flow from financing activities			
Loans	12.b	671.186	844.272
Loans paid to related parties	12.b	-	(19.048)
Repayment of loans	12.b	(325.700)	(39.624)
Lease paid	14	(693)	-
Net cash from financing activities		344.792	785.600
Increase in cash and cash equivalents		188.943	20.412
Cash and cash equivalents at the beginning of the period		310.001	11.282
Cash and cash equivalents at the end of the period		498.944	31.694

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

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of added value

Six-month periods ended September 30, 2020 and 2019
(In thousand of Reais)

	Consolidated	
	09/30/2020 (6 months)	09/30/2019 (6 months)
Revenue (1)	**1.415.378**	**517.244**
Sales of goods, products and services	1.416.266	516.289
Other revenue	(888)	955
Inputs purchased from third parties	**748.074**	**269.976**
Costs of products, goods and services sold	645.396	235.915
Materials, energy, third party services and others	102.678	34.061
Gross added value (1) - (2) = (3)	**667.304**	**247.268**
Depreciation and amortization (4)	**41.603**	**17.866**
Net added value produced by the Company (3) - (4) = (5)	**625.702**	**229.402**
Added value received on transfer (6)	**157.027**	**25.159**
Financial income	157.027	25.159
Total added value to distribute (5+6)	**782.729**	**254.561**
Distribution of added value	**782.729**	**254.561**
Staff	**53.884,65**	**29.963**
Direct remuneration	41.800	22.761
Benefits	7.774	4.805
Service Guarantee Fund	4.311	2.397
Taxes, fees and contributions	**228.264**	**42.318**
Federal taxes	51.982	9.862
State taxes	176.282	32.456
Remuneration of third party capital	**435.296**	**196.738**
Interest	146.775	40.351
Other (foreing exchange rate loss)	288.521	156.387
Remuneration of equity	**65.284**	**(14.458)**
Net profit / (loss) for the period	65.284	(14.458)

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

Notes to the Condensed interim financial statements

(In thousand of Reais)

1 Operations

FS Agrisolutions Indústria de Biocombustíveis Ltda, ('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.

It's core business is the production and commercialization of corn ethanol (anhydrous and hydrous), animal nutrition products used for livestock and poultry feed, called DDG (Dried Distillers Grains), as well as corn oil and energy co-generation. The Company uses corn as raw material and biomass as its sole source of powering the plants.

The Company's quotaholders are Summit Brazil Renewables I LLC (Summit) and Tapajós Participações S.A. with 75% and 25% of the quotas, respectively.

2 Basis for preparation

The Company's condensed interim financial statements were prepared in accordance with the technical pronouncement CPC 21 (R1 Interim Statements) and IAS 34 – Interim Financial Reporting issued by International Accounting Standards Board (IASB).

These condensed interim financial statements have been prepared following the preparation basis and accounting policies consistent with those adopted in the preparation of the financial statements as of March 31, 2020 and should be read in conjunction with these statements, except for the topics mentioned in explanatory notes 2.a and 2.b.

The information in the explanatory notes that has not been significantly altered or that has not presented relevant disclosures compared March 31, 2020 has not been fully repeated in these condensed interim financial statements. However, information has been included to explain the main events and transactions that have occurred, enabling the understanding of changes in the Company's financial position and operations performance since the publication of the financial statements as of March 31, 2020.

In preparing these condensed interim financial statements, management has used judgments, estimates and assumptions that affect the application of the Company's 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, 2020 financial statements.

The issuance of the Company's condensed interim financial statements was authorized by Management on October 21, 2020.

a. Downstream merger

On August 25, 2020, the downstream merger of the parent company Summit Brazil Renewables Participações I Ltda ("SBRP") into the Company was approved. This transaction did not change the ultimate controlling party of the Company and did not change the actual proportion of its quotaholders` participation. As a result of this transaction, Summit Brazil Renewables I, LLC succeeded SBRP and obtained the direct control over the Company, keeping the same percentage of participation, 75%. See note 17. With the SBRP`s subsequent extinguishment, the Company succeed all the assets and will comply with all duties, obligations and responsibilities, accordingly with the Brazilian Law nº 10.406/02 and nº 6.404/76.

As this was a downstream merger of a holding company with no other activities and where the Company is legally the surviving entity, the Parent Company financial statements are a continuation of those presented prior to the merger. SBRP had no significant assets or liabilities except for its investment in the Company and therefore there was no significant change to the Parent Company statement of financial position as a result of the merger.

b. Basis of consolidation

The consolidated financial statements in the condensed interim financial statements include 100% of the equity interest held by the Company in FS Luxembourg S.a.r.l.

Fs Luxembourg S.a.r.l. was incorporated on September 8, 2020 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 provide foreign currency financing. Therefore the amounts presented in the consolidated statements of income, comprehensive income, cash flows and added value for the six months period ended September 30, 2020 consist of the sum of: (i) the parent company from April 1, 2020 to September 8, 2020; and (ii) the consolidated balances from September 9, 2020 to September 30, 2020. Values presented as ‘consolidated’ for the comparative periods are those of the Parent Company.

Subsidiary
A subsidiary is an entity controlled by the Company. 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 share of income or loss from equity accounted investees, net of tax in the statement of income (loss). Unrealized results from transactions between the Company and its subsidiaries are eliminated in the consolidation of the Company. 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.

Loss of control

When the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

3 New and revised IFRSs already issued, but not yet adopted

Changes in certain accounting standards have already been disclosed by the IASB, but are not yet in force and the Company elected not to early adopt in the preparation of this condensed interim financial statements, being:

- Business definition (Changes of CPC 15/IFRS 3) and;
- Materiality definition (amendment of CPC 26/IAS 1 and CPC23/IAS 8).

4 Cash and cash equivalents

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Bank deposits and cash	5,897	5,977	1,533
Financial investments - CDB	493,047	493,047	308,468
Total	498,944	499,024	310,001

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 that is intended to comply with short-term commitments.

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, 2020 and March 31, 2020, the average annual return on these investments was 1.90% and 3.65%, respectively. These instruments are available for immediate redemption by the Company.

Information on the Company's exposure to market and credit risk and fair value measurement is included in note 19.

5 Financial investments

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Funds in a foreign currency	81	81	46,744
Bank deposit certificate ("CDB") and commited operations	-	-	32,842
Total	81	81	79,586

All the amounts classified as financial investments, are expected to be consumed in investments required in the Sorriso plant, based on the commitments that the Company already has.

The financial investments in the amount of R$ 81 and R$ 46,744 as of September 30, 2020 and March 31, 2020, respectively, refer to funds held in US Dollar to be consumed in the construction process, in the Sorriso Plant.

Certificate of bank deposits (‘CDB’) are instruments offered by banks with rates set by the individual banks which are usually linked to the CDI rate plus or minus a fixed spread. For the period ended September 30, 2020 and March 31, 2020, the average annual return on these investments was 1.90% and 3.65%, respectively. These instruments are available for immediate redemption by the Company to be consumed in investments required in the Sorriso plant.

Information on the Company's exposure to market risks, credit and fair value measurement related to financial investments is included in note 19.

6 Restricted cash

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Short-term investments linked to loans	169,429	169,429	-
Short-term investments linked to financing	78,788	78,788	65,965
Bank accounts linked to financing	2,827	2,827	9,853
Total	**251,044**	**251,044**	**75,818**

The Company is required to fund the budgeted amount of principal and interest that will be due during the next six-month period for loans into an escrow account (debt service reserve account). These funds have been classified as restricted cash on the statement of financial position.

In accordance with the long-term loan agreement, the Company is required to use a separate bank account for the collection of accounts receivable which is released to an operating account on the following business day subject to lender approval (bank accounts linked to financing). The cash held within the separate bank account has been classified as restricted cash on the statement of financial position.

For the period ended September 30, 2020 and March 31, 2020, the average annual return on these investments was 1.90% and 3.65%, respectively. R$ 988 and R$ 942 of the total of investments linked to financing are denominated in USD as of the period ended September 30, 2020 and March 31, 2020, respectively.

Information on the Company's exposure to credit, market and fair value risks related to restricted cash is included in note 19.

7 Trade and other receivables

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Trade receivables	45,917	45,917	104,908
Allowance for expected credit losses	(370)	(370)	(581)
Adjustment to present value	(496)	(496)	(130)
Total	45,051	45,051	104,197

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 19); and c) assigns 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 September 30, 2020 and March 31, 2020:

		Parent company	Consolidated	Consolidated
		09/30/2020	09/30/2020	03/31/2020
Overdue	**Range**	% realizaed	% realizaed	% realizaed
Up to 30 days	00.01% to 15.00%	3.17%	3.17%	3.90%
31 to 60 days	00.01% to 20.00%	-	-	6.06%
61 to 90 days	00.01% to 30.00%	-	-	0.01%
91 to 120 days	10.00% to 50.00%	-	-	-
121 to 180 days	50.00% to 75.00%	-	-	-
>180 days	100%	100.00%	100.00%	100.00%

Based on historical loss history and expectations regarding the future performance of its 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	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Not overdue			
Up to 30 days	25,513	25,513	30,179
31-60 days	585	585	25,823
61-90 days	12,240	12,240	12,340
>90 days	5,885	5,885	30,556
Subtotal	**44,223**	**44,223**	**98,898**
Overdue			
Up to 30 days	473	473	4,713
31-60 days	-	-	33
61-90 days	-	-	158
91-180 days	-	-	-
>180 days	355	355	395
Subtotal	**828**	**828**	**5,299**
Total	45,051	45,051	104,197

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
	09/30/2020	09/30/2020
Allowance as of March 31, 2020	(581)	(581)
Allowance as of expected credit losses	3,911	3,911
Reversion as of expected losses on credit	(3,700)	(3,700)
Allowance as of September 30, 2020	(370)	(370)

Trade receivables with related parties as at September 30, 2020 are R$ 1,943 (R$ 23,705 in March 31, 2020). See note 29.

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 19.

8 Inventories

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Inventories held by third party	389,846	389,846	98,364
Raw material	279,073	279,073	99,596
Finished goods	55,321	55,321	31,269
Production inputs	30,783	30,783	37,550
Consumption material	36,844	36,844	30,950
Work-in-process inventory	10,271	10,271	7,447
Total	802,138	802,138	305,176

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average costing method. The cost composition of the products sold is shown in note 23.

As of September 30, 2020, there are inventory balances of corn given as collateral for financing arrangements in the amount of 603,000 tons.

As of September 30, 2020 and March 31, 2020, the amounts held by third parties are as follows:

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Raw material	373,967	373,967	93,688
Finished goods	15,879	15,879	4,676
Total	389,846	389,846	98,364

Raw material inventories held by third-parties, corresponds to 872,743 tons of corn and 14,302 cubic meters of ethanol, as of September 30, 2020.

9 Advances to suppliers

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Advances to suppliers of inventories	17,558	17,558	64,777
Advances to other suppliers	5,871	5,871	4,981
Total	23,429	23,429	69,758
Current	10,462	10,462	60,652
Non current	12,967	12,967	9,106

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 in September 30, 2020 and March 31, 2020 are R$ 602 and R$ 3,248. See note 29.

10 Property, plant and equipment

									Consolidated
Cost of aquisition	**03/31/2019**	**Acquisitions**	**Disposals**	**Transfers**	**03/31/2020**	**Acquisitions**	**Disposals**	**Transfers**	**09/30/2020**
Land	51,766	26,920	-	-	78,686	68,955	-	-	147,641
Buildings	102,620	70	(325)	364,761	467,126	-	-	3,739	470,865
Machinery and equipment	628,685	4,444	(80)	323,859	956,908	257	-	(18,008)	939,157
Furniture and computers	4,701	3,119	-	5,220	13,040	79	-	89	13,208
Vehicles	1,645	1,899	(97)	-	3,447	-	(539)	-	2,908
Installations	65,814	9	-	266,856	332,679	-	-	2,121	334,800
Construction in progress	27,194	1,277,265	-	(1,033,004)	271,455	335,322	(37)	(751)	605,989
Advance to suppliers	91,918	53,619	-	-	145,537	56,151	-	(8,506)	193,182
Bearer plant (bamboo)	-	-	-	-	-	27,749	-	-	27,749
Right of use	192	1,848	-	-	2,040	10,803	-	-	12,843
Total	974,535	1,369,193	(502)	(72,308)	2,270,918	499,316	(576)	(21,316)	2,748,342
Depreciation									
Buildings	(3,137)	(3,345)	18	(1,617)	(8,081)	(5,904)	-	-	(13,985)
Machinery and equipment	(26,975)	(34,102)	20	4,710	(56,347)	(26,792)	-	-	(83,139)
Furniture and computers	(1,001)	(935)	1	(411)	(2,346)	(787)	-	-	(3,133)
Vehicles	(332)	(795)	35	-	(1,092)	(363)	239	-	(1,216)
Installations	(3,530)	(5,863)	-	(2,682)	(12,075)	(11,213)	-	-	(23,288)
Depreciation of use rights	(16)	(176)	-	-	(192)	(1,893)	-	-	(2,085)
Total	(34,991)	(45,216)	74	-	(80,133)	(46,952)	239		(126,846)
Net	939,544				2,190,785				2,621,496

Work in progress and advances to suppliers

The balance in construction in progress refers to the expansion of the Sorriso - MT plant, whose completion is expected in 2021.

Provision for impairment

According to Technical Pronouncement CPC 01 (R1)/ IAS 36 - Asset impairment, the Company, at the end of each reporting period, assesses possible indications of impairment of their assets that could create the need to test their recovery value.

The Company did not identified indicators of impairment of its assets on September 30, 2020.

Borrowing cost capitalization

In the period ended September 30, 2020 and March 31, 2020, borrowing costs capitalized were R$ 36,971 and R$ 80,380, respectively. These costs were incorporated 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 is 11.5% per year (the same in March 31, 2020).

Collateral

The Company has pledged fixed assets as collateral linked to loans. The fixed assets are only pledge when it is ready for use and comprises the total of lands, buildings, machinery and installations.

11 Trade Payables

	Parent company	Consolidated	Consolidated
	09/30/2020	**09/30/2020**	**03/31/2020**
Fixed assets payables	196,736	196,736	154,702
Raw material payables	532,006	532,006	52,821
Other payables	55,490	55,490	29,728
Adjustment to present value	(4,908)	(4,908)	(178)
Total	779,324	779,324	237,073
Current	736,496	736,496	233,508
Non-current	42,828	42,828	3,565

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.

Trade payables balance with related parties as of September 30, 2020 and March 31, 2020 was R$ 17,194 and R$ 148, respectively. See note 29.

The Company makes available for 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	Consolidated
	09/30/2020	**09/30/2020**	**03/31/2020**
Trade payables	696,244	696,244	111,731
Reverse factoring	83,080	83,080	125,342
Total	779,324	779,324	237,073

The Company's exposure to liquidity risks and fair value measurement related to trade payables is disclosed in note 19.

12 Loans

		Parent company	Consolidated	Consolidated
Current liabilities	**Currency**	**09/30/2020**	**09/30/2020**	**03/31/2020**
Loans for investments	USD	2,756,891	2,756,891	2,438,019
Loans for working capital	USD	27,082	27,082	36,818
Loans for working capital	R$	841,636	841,636	599,479
Total Loans		**3,625,609**	**3,625,609**	**3,074,316**
(-) Transaction cost		(35,796)	(35,796)	(37,143)
Total		**3,589,813**	**3,589,813**	**3,037,173**
Current		694,724	694,724	538,943
Non-current		2,895,089	2,895,089	2,498,230

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 consist of a USD debt balance at an interest rate from 9% to 12.6% p.y. and the remaining balance refers to working capital with an average interest rate of 10.63% p.y.

As part of securing the loans for investments, the Company has agreed to pay a fee to the lender in the amount of USD 5,875 thousand (fixed fee) or 2.0% of the net proceeds upon an equity sale transaction (variable fee). This fee survives the repayment of the debt and is due and payable by the Company upon reaching certain milestones with the fee amount (fixed fee or variable fee) at the lender's discretion. Given a component of the fee structure is for a fixed amount and the obligation has been fully earned by the lender as of September 30, 2020, the Company recognized a noncurrent liability of USD 5,875 thousand and USD 5,875 thousand that represents R$ 33,139 and R$ 30,544 which is recorded as other noncurrent liabilities in the statement of financial position as of September 30, 2020 and March, 31 2020, respectively. This amount was considered as a transaction cost and was amortized through the statement of income accordingly over the life of the of the loan.

For more information on the Company's exposure to interest, currency and liquidity risks, measurement of fair value, and a sensitivity analysis from these loans and financing, see note 19.

a. Terms and schedule of debt repayment

The following guarantees were granted:

- Fiduciary assignment of the quotas held by Tapajós and Summit in the Company;
- Mortgage of the Company's land (note 10);
- Fiduciary assignment credits rights and fixed assets (note 10);
- Inventories of corn as presented in note 8; and
- Restricted cash (note 6).

The Company has entered into loans contracts that include financial covenants amounting to R$ 3,007,828. These covenants are to be measured beginning March 31, 2021.

The financing has the following maturities (the classification between investments and working capital have been performed by management):

						Consolidated
September 30, 2020	**Book Value**	**Until 12 months**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**Above 4 years**
Loans for investments (*)	2,756,891	243,533	739,364	514,420	755,877	503,697
Loans for working capital (*)	868,718	465,350	238,235	165,133	-	-
Total	**3,625,609**	**708,883**	**977,599**	**679,553**	**755,877**	**503,697**
March 31, 2020	**Book Value**	**Until 12 months**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**Above 4 years**
Loans for investments (*)	2,438,019	145,538	281,016	531,349	333,890	1,146,226
Loans for working capital (*)	636,297	416,972	114,191	105,134	-	-
Total	**3,074,316**	**562,510**	**395,207**	**636,483**	**333,890**	**1,146,226**

(*) The amount reported does not include the impact of transaction costs.

c. Reconciliation of loans to cash flows arising from financing activities

	Liabilities		Consolidated
	Loans	**Loans with related parties***	**Total**
Balance as of March 31, 2020	**3,037,173**	**59,416**	**3,096,589**
Variations in financing cash flows			
Loans received	671,186	-	671,186
Payments of principal	(325,700)	-	(325,700)
Total changes in financing cash flows	**345,485**	**-**	**345,485**
Other variations			
Provision for interest	143,973	2,899	146,872
Provision for interest (capitalized)	36,971	-	36,971
Interest payment	(181,259)	-	(181,259)
Exchange variation	206,490	54	206,544
Bank fees	979	-	979
Adjustment to present value on loans with related parties	-	49	49
Total other variations	**207,154**	**3,002**	**419,700**
Balance as of September 30, 2020	**3,589,813**	**62,418**	**3,861,775**

	Liabilities		Consolidated
	Loans	**Loans with related parties***	**Total**
Balance as of March 31, 2019	**746,485**	**78,032**	**824,516**
Variations in financing cash flows			
Loans received	1,833,282	-	1,833,282
Payments of principal	(68,291)	(63,603)	(131,894)
Total changes in financing cash flows	**1,764,991**	**(63,603)**	**1,701,389**
Other variations			
Provision for interest	105,677	5,393	111,071
Provision for interest (capitalized)	80,380	-	80,380
Interest payment	(195,522)	-	(195,522)
Exchange variation	560,450	249	560,699
Bank fees	(25,289)	-	(25,289)
Adjustment to present value on loans with related parties	-	39,345	39,345
Total other variations	**525,696**	**44,987**	**570,684**
Balance as of March 31, 2020	**3,037,173**	**59,416**	**3,096,589**

*See loans with related parties on note 29.

The exchange variation comprises the amount realized and unrealized (note 26).

13 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$16,396 and R$29,326 as of the period ended September 30, 2020 and March 31, 2020, respectively.

Advances from customers with related parties as of September 30, 2020 and March 31, 2020 was R$ 1,673 and R$ 0, respectively. See note 29.

14 Lease payables

	Consolidated
	09/30/2020
March, 31 2020	-
Addition	22,647
(-) Adjustment to present value	(11,800)
September, 30 2020	10,847
Payments	(693)
Total	10,154
Current	1,304
Non current	8,850

The Company leases a rural area for the cultivation of bamboo. The agreement is effective for fifteen years, with option to renew by the Company.

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 10). This right of use refers to the lease of 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.

	Consolidated
	09/30/2020
Opening balance	192
Addition	12,651
Amortization	(2,085)
Final balance	10,758

15 Taxes and contributions

a) Recoverable

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Pis and Cofins	104,717	104,717	60,299
IRPJ and CSLL	2,185	2,185	2,406
ICMS recoverable	14,568	14,568	-
IRRF	5,470	5,470	1,613
Other taxes and contribution	267	267	94
Total	127,207	127,207	64,412

b) Payable

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
ICMS	16,765	16,765	2,915
Retained tax of third parties (*)	2,360	2,360	1,549
ISS	5,794	5,794	4,793
Other taxes	6	6	66
Total	24,925	24,925	9,323

(*) 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 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 September 30, 2020, the Company had no contingent liabilities related to ongoing lawsuits whose cash outflow is considered probable (the same for March 31, 2020).

Contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred. As of September 30, 2020 and March 31, 2020, the Company had contingencies assessed as possible risk by legal advisors and Management in the amount of R$ 43,738 and R$47,453, respectively, for which no provision was recorded.

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$3,571 and R$3,580 as of September 30, 2020 and March 31, 2020, respectively.

17 Equity

a. Capital

The Company's subscribed and paid-in capital stock as of September 30, 2020 and March 31, 2020 is R$ 83,381, represented by 83,380,928 quotas with a par value of R $ 1,00 each.

		Consolidated		Consolidated	
		09/30/2020		03/31/2020	
Quota holder	**% of ownership**	**Capital subscrito**	**Capital integralizado**	**Subscribed capital**	**Paid in capital**
Summit Brazil Renewable I, LLC	75%	62,536	62,536	-	-
Summit Brazil Renewable I Participações Ltda	-	-	-	62,536	62,536
Tapajós Participações S.A.	25%	20,845	20,845	20,845	20,845
Total	100%	83,381	83,381	83,381	83,381

b. Capital reserve

The loans with related parties balance with the quotaholder require the Company to record an adjustment to present value over the principal balance. The corresponding adjustment results in a capital reserve which is shown as a separate component of equity in the statement of financial position. The present value adjustment recorded in capital reserve was R$ 580 and R$ 612 as of the period ended September 30, 2020 and March 31, 2020, respectively, with the decrease deriving from principal payments made on the loan during the period.

c. Tax incentive reserve

Corresponds to the reserve that is recorded because of 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. Related to PRODEIC 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. By the incentive rules, the tax incentives may not be used for payment of dividends since the amount of the tax incentives can only be used to offset accumulated losses or increase capital of quotaholder's equity.

18 Capital management

The Company's capital management is conducted with a purpose of balancing the Company's and third parties' funding sources while balancing the return to quotaholders and the risk to quotaholders and creditors.

In order to maintain or adjust its capital structure, the company may take actions to ensure the achievement of the objectives mentioned above.

19 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.

						Consolidated
		Book Value				Fair Value
September 30, 2020	**Note**	**Fair value through profit or loss**	**Amortizated Cost**	**Other financial liabilities**	**Total**	**Level 2**
Financial assets measured at fair value						
Financial investments - CDB	4	493,047	-	-	493,047	493,047
Restricted cash	6	234,468	-	-	234,468	234,468
Funds in a foreign currency	5	81	-	-	81	81
Derivative financial instruments	19	21,381	-	-	21,381	21,381
Total		748,977	-	-	748,977	748,977
Financial assets not measured at fair value						
Bank deposits and cash	4	-	5,977	-	5,977	
Restricted cash	6	-	16,576	-	16,576	
Trade and other receivables	7	-	45,051	-	45,051	
Judicial deposits		-	3,571	-	3,571	
Total		-	71,175	-	71,175	
Financial liabilities measured at fair value						
Derivative financial instruments	19	42	-	-	42	42
Total		42	-	-	42	42
Financial liabilities not measured at fair value						
Trade payables	11	-	-	779,324	779,324	
Loans (*)	12	-	-	3,625,609	3,625,609	
Loans with related parties	29	-	-	62,418	62,418	
Total		-	-	4,467,351	4,467,351	

						Consolidated
		Book Value				Fair Value
March 31, 2020	**Note**	**Fair value through profit or loss**	**Amortizated Cost**	**Other financial liabilities**	**Total**	**Level 2**
Financial assets measured at fair value						
Financial investments - CDB	4	308,468	-	-	308,468	308,468
Bank deposit certificate ("CDB") and commited operations	5	32,842	-	-	32,842	32,842
Derivative financial instruments	19	24,049	-	-	24,049	24,049
Total		365,359	-		365,359	365,359
Financial assets not measured at fair value						
Bank deposits and cash	4	-	1,533	-	1,533	
Restricted cash	6	-	75,818	-	75,818	
Trade and other receivables	7	-	104,197	-	104,197	
Judicial deposits		-	3,580	-	3,580	
Total		-	181,548		181,548	
Financial liabilities measured at fair value						
Derivative financial instruments	19	35,474	-		35,474	35,474
Total		35,474	-	-	35,474	35,474
Financial liabilities not measured at fair value						
Trade payables	11	-	-	237,073	237,073	
Loans (*)	12	-	-	3,074,316	3,074,316	
Loans with related parties	26	-	-	59,416	59,416	
Total		-	-	3,370,805	3,370,805	

(*) The amount reported does not include the impact of 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 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 liabilites 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.

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

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 six month period ended on September 30, 2020.

c. Financial risk management

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

- Credit risk;
- Liquidity 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 as amortization cost represent the maximum credit exposure. The maximum credit risk exposure on the reporting date was:

	Note	Parent company 09/30/2020	Consolidated 09/30/2020	Consolidated 03/31/2020
Cash and cash equivalents	4	498,944	499,024	310,001
Financial investments	5	81	81	79,586
Restricted cash	6	251,044	251,044	75,818
Trade and other receivables	7	45,051	45,051	104,197
Derivative financial instruments		21,381	21,381	24,049
Judicial deposits	16	3,571	3,571	3,580
Total		820,072	820,152	597,231

Cash and cash equivalents
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.

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.

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 ballot (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 09/30/2020	Consolidated 09/30/2020	Consolidated 03/31/2020
Trade payables	11	779,324	779,324	237,073
Loans (*)	12	3,625,609	3,625,609	3,074,316
Intercompany loan	29	62,418	62,418	59,416
Derivative financial instruments	19	42	42	35,474
Total		4,467,393	4,467,393	3,406,279
Current		1,445,421	1,445,421	831,492
Non-current		3,021,972	3,021,972	2,574,787

(*) The amount reported does not include the impact of transaction costs.

As of September 30, 2020 the Company has pre-approved credit lines in the amount of R$ 1,156,471.

At the reporting date the outstanding balance of these working capital loans is R$ 868,718. See note 12.

The following are the contractual maturities of financial liabilities, including interest payments:

					Consolidated
September 30, 2020	**Book Value**	**Contratual Cash Flow**	**Until 12 months**	**1 to 2 Years**	**Above 3 years**
Intercompany Loans	62,418	87,525	-	-	87,525
Loans (*)	3,625,609	4,575,831	1,064,068	1,348,095	2,163,668
Trade payables	779,324	779,324	736,496	42,828	-
Derivative financial instruments	42	42	42	-	-
Total	4,467,393	5,442,722	1,800,606	1,390,923	2,251,193

					Consolidated
March 31, 2020	**Book Value**	**Contratual Cash Flow**	**Until 12 months**	**1 to 2 Years**	**Above 3 years**
Intercompany Loans	59,416	75,981	-	-	75,981
Loans (*)	3,074,316	4,160,788	776,763	678,901	2,705,124
Trade payables	237,073	237,073	233,508	3,565	-
Derivative financial instruments	35,474	35,474	35,474	-	-
Total	3,406,279	4,509,316	1,045,745	682,466	2,781,105

(*) The amount reported does not include the impact of transaction costs.

No anticipated cash flow included in the analysis of the maturity of the debt of the Company is expected to occur at different dates or amount than indicated above.

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 Company uses derivatives 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 options and non-deliverable forward contracts (‘NDF’s’), to reduce exposure to foreign currency fluctuations between the BR real and the US dollar.

	Note	Consolidated 09/30/2020		Consolidated 03/31/2020	
Financial Assets		R$	USD	R$	USD
Restricted cash	6	988	175	942	181
Funds in a foreign currency	5	81	14	46,744	8,991
Financial Liabilities		R$	USD	R$	USD
Loans for investments*	12	2,756,891	488,750	2,438,019	468,967
Loan for working capital*	12	27,082	4,801	36,818	7,082

(*) The amount presented does not contemplate the impact of transaction costs.

Cash flow sensitivity analysis – foreign exchange risk

Based on the rate of US dollar in force as of September 30, 2020 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 detailed in the detailed below:

				Consolidated				
				Probable	Appreciation (R$)		Depreciation (R$)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
Instruments in September, 30 2020	**USD**	**Currency**	**Exchange**	**In Reais**	**25%**	**50%**	**25%**	**50%**
Financial assets								
Restricted cash	175	USD	5.6407	988	(247)	(494)	247	494
Funds in a foreign currency	14	USD	5.6407	81	(20)	(41)	20	41
Financial liabilities								
Loans for investments*	488,750	USD	5.6407	2,676,394	689,223	1,378,446	(689,223)	(1,378,446)
Loans for working capital*	4,801	USD	5.6407	89,557	6,771	13,541	(6,771)	(13,541)
Impact on net income and equity					695,726	1,391,452	(695,726)	(1,391,452)

Reference: Ptax from Bacen (Central Bank of Brasil), considering the last business day of September 2020.

(*) The amount reported does not include the impact of transaction costs.

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 condensed interim financial statements, the profile of the financial instruments remunerated by variable interest of the Company was:

		Parent company	Consolidated	Consolidated
Financial instruments	**Note**	**09/30/2020**	**09/30/2020**	**03/31/2020**
Financial investments - CDB	4	493,047	493,047	308,468
Bank deposit certificate ("CDB") and commited operati	5	-	-	32,842
Short-term investment linked to loans	6	234,468	234,468	-
Loans for working capital	12	(868,718)	(868,718)	(636,297)
Total		**(141,203)**	**(141,203)**	**(294,987)**

Cash flow sensitivity analysis for variable rate instruments

Based on the rate of CDI in force as of September 30, 2020 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:

Interest rate risk on financial assets and liabilities - sensitivity analysis

	Consolidated		Probable		Appreciation (R$)		Depreciation (R$)	
	Exposure at 09/30/2020	**Risk**	**(Level 1)**		**(Level 2)**	**(Level 3)**	**(Level 2)**	**(Level 3)**
			%		**25%**	**50%**	**25%**	**50%**
Financial instruments								
Financial investments - CDB	493,047	CDI	1.90	9,368	11,710	14,051.95	7,026	4,684
Short-term investment linked to loans	234,468	CDI	1.90	4,455	5,569	6,682	3,341	2,227
Loans for working capital	(868,718)	CDI	1.90	(16,506)	(20,632)	(24,760)	(12,379)	(8,253)
Total	(141,203)			(2,683)	(3,354)	(4,025)	(2,012)	(1,341)
Impact on net income and equity					(671)	(1,342)	671	1,342

Reference: CDI information was obtained from CETIP's (clearinghouse for the custody and financial settlement of securities), considering the last business day of September 30,2020.

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 investment of $ 488,750 (R$ 2,756,891) as of September 30, 2020.

The Company manages a portion of this risk through the use of derivative financial instruments, primarily 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, 2020 and March 31, 2020, including maturity dates, weighted average strike rates and fair value are detailed below.

							Consolidated
Type	**Sold/Purchased**	**Operation Date**	**Expiration date**	**Number of days**	**Currency**	**Notional**	**Fair value at 09/30/2020**
SWAP	Purchased	09/27/2019	03/19/2021	539	USD	3,718	4,420
NDF	Purchased	12/20/2019	10/30/2020	315	USD	2,592	3,791
NDF	Purchased	12/18/2019	10/30/2020	317	USD	2,398	3,574
NDF	Purchased	02/10/2020	11/30/2020	294	USD	1,466	1,818
NDF	Purchased	01/31/2020	11/30/2020	304	USD	1,039	1,327
NDF	Purchased	07/22/2020	10/30/2020	100	USD	2,218	1,076
NDF	Purchased	12/18/2019	10/15/2020	302	USD	700	1,043
NDF	Purchased	07/22/2020	11/30/2020	131	USD	1,634	779
NDF	Purchased	07/22/2020	07/30/2021	373	USD	1,800	765
NDF	Purchased	03/03/2020	08/02/2021	517	USD	433	440
NDF	Purchased	07/22/2020	08/30/2021	404	USD	983	410
NDF	Purchased	01/31/2020	10/30/2020	273	USD	320	408
SWAP	Purchased	10/11/2019	10/28/2020	383	USD	204	313
NDF	Purchased	02/20/2020	09/30/2021	588	USD	279	312
NDF	Purchased	07/22/2020	11/05/2020	106	USD	642	311
NDF	Purchased	01/23/2020	11/30/2020	312	USD	132	183
NDF	Purchased	06/03/2020	10/30/2020	149	USD	220	118
NDF	Purchased	12/20/2019	10/15/2020	300	USD	68	99
NDF	Purchased	09/01/2020	11/30/2020	90	USD	360	88
NDF	Purchased	03/03/2020	11/30/2020	272	USD	49	52
NDF	Purchased	07/22/2020	10/13/2020	83	USD	70	34
NDF	Purchased	05/29/2020	10/30/2020	154	USD	55	14
NDF	Purchased	05/21/2020	09/30/2021	497	USD	2,828	5
Total Derivative financial instruments (assets)						24,207	21,381

							Consolidated
Type	**Sold/Purchased**	**Operation Date**	**Expiration date**	**Number of days**	**Currency**	**Notional**	**Fair value at 09/30/2020**
NDF	Purchased	05/21/2020	09/30/2021	497	USD	8,500	(42)
Total Derivative financial instruments (liabilities)						8,500	(42)

Type	Sold/Purchased	Operation Date	Expiration date	Number of days	Currency	Notional	Consolidated Fair value at 03/31/2020
SWAP	Purchased	09/27/2019	03/19/2021	539	USD	5,434	4,312
NDF	Purchased	12/30/2019	10/30/2020	305	USD	3,700	4,114
NDF	Purchased	12/20/2019	10/30/2020	315	USD	2,592	2,759
NDF	Purchased	12/18/2019	10/30/2020	317	USD	2,398	2,618
NDF	Purchased	12/18/2019	06/30/2020	195	USD	1,800	1,981
SWAP	Purchased	10/11/2019	10/28/2020	383	USD	1,427	1,503
NDF	Purchased	02/10/2020	11/30/2020	294	USD	1,466	1,228
NDF	Purchased	01/31/2020	11/30/2020	304	USD	1,039	922
NDF	Purchased	12/18/2019	10/15/2020	302	USD	700	763
NDF	Purchased	06/17/2019	09/30/2020	471	USD	580	674
NDF	Purchased	12/20/2019	07/30/2020	223	USD	600	637
NDF	Purchased	07/10/2019	08/31/2020	418	USD	456	596
NDF	Purchased	12/18/2019	09/21/2020	278	USD	425	464
NDF	Purchased	03/03/2020	08/02/2021	517	USD	433	284
NDF	Purchased	01/31/2020	10/30/2020	273	USD	320	282
NDF	Purchased	02/26/2020	08/31/2020	187	USD	360	269
NDF	Purchased	02/20/2020	09/30/2021	588	USD	279	216
NDF	Purchased	06/28/2019	09/30/2020	460	USD	123	148
NDF	Purchased	01/23/2020	11/30/2020	312	USD	132	131
NDF	Purchased	12/20/2019	10/15/2020	300	USD	68	72
NDF	Purchased	03/03/2020	08/31/2020	181	USD	62	44
NDF	Purchased	03/03/2020	11/30/2020	272	USD	49	32
Total Derivative financial instruments (assets)						24,443	24,049

Type	Sold/Purchased	Operation Date	Expiration date	Number of days	Currency	Notional	Consolidated Fair value at 03/31/2020
NDF	Sold	09/23/2019	04/15/2020	205	USD	12,750	(12,368)
NDF	Sold	09/23/2019	05/15/2020	235	USD	12,750	(12,391)
NDF	Sold	10/07/2019	07/15/2020	282	USD	10,000	(10,714)
Total Derivative financial instruments (liabilities)						**35,500**	**(35,474)**

Income from derivative financial instruments

The Company recorded the gains and losses on these transactions in income profit or loss for the period, as detailed below:

	Consolidated			
	09/30/2020	**09/30/2020**	**09/30/2019**	**09/30/2019**
	(3 months)	**(6 months)**	**(3 months)**	**(6 months)**
Derivative financial instruments income	125,771	133,495	2,694	20,112
Derivative financial instruments expenses	1,427	(14,539)	(50,282)	(63,256)
Total	**127,198**	**118,956**	**(47,588)**	**(43,144)**

20 Income taxes and social contribution

a) Current income taxes and social contribution – assets

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Income tax recoverable (IRPJ)	-	-	1,383
Income tax recoverable (CSLL)	2,551	2,551	2,498
Total	2,551	2,551	3,881

b) Deferred income taxes and social contribution

Deferred taxes on assets, liabilities and income are as follows:

								Consolidated
	Assets		Liabilities		Equity		Income statements	
	09/30/2020	03/31/2020	09/30/2020	03/31/2020	09/30/2020	03/31/2020	09/30/2020	09/30/2019
Deferred income and social contribution taxes							(6 months)	(6 months)
Allowance for expected losses on credit	126	197	-	-	-	-	(71)	1
Provision of electrical energy	-	-	-	-	-	-	-	-
Bonus provisions	2,003	3,892	-	-	-	-	(1,889)	752
Provisions of commission	-	-	-	-	-	-	-	(596)
Trade payables provision	-	8,948	1,208	-	-	-	(10,156)	264
Unrealized FX gains or losses	-	-	-	-	-	-	-	25,575
Capitalized loan interest	-	-	52,265	42,613	-	-	(9,652)	(8,718)
Costs transaction	-	-	129	159	-	-	30	(12)
Financial instruments	-	12,061	7,255	8,177	-	-	(11,139)	2,641
Adjust to present value (raw material trade payables)	2,469	852	-	-	-	-	1,617	1,505
Adjust to present value (DDG's receivables)	168	44	-	-	-	-	124	(64)
Adjust to present value (loans with related parties)	-	-	299	315	-	12,665	16	547
Accrued tax loss	231,713	213,093	-	-	-	-	18,620	(502)
Fair value adjustment - biological assets	-	-	4,361	-	-	-	(4,361)	-
Depreciation	-	-	88,362	72,161	-	-	(16,201)	(16,574)
Others	4,899	724	801	850	-	-	4,224	206
	241,378	239,811	154,680	124,275	-	12,665	(28,838)	5,025
Offsetting (*)	(154,680)	(124,275)	154,680	124,275	-	-	-	-
Net deferred tax assets	86,698	115,536	-	-	-	12,665	(28,838)	5,025

(*) Offsetted balances of deferred tax asset and liabilities, since they are related to taxes controlled by the same tax authority.

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.

	Consolidated	
Effective rate reconciliation	**09/30/2020**	**09/30/2019**
	(6 months)	**(6 months)**
(Loss) profit before income and social contribuiton taxes	94,122	(23,471)
Nominal rate	34%	34%
Tax expense at nominal rate	(32,001)	7,980
Adjustment of income and social contribution taxes		
Permanent exclusion (addition), net	(5,247)	2,373
Others	8,410	4,544
Tax and social contribution	**(28,838)**	**14,897**
Reconciliation with values presented in the final period		
Current tax	-	9,872
Deferred tax	(28,838)	5,025
Tax and social contribution	**(28,838)**	**14,897**
Tax incentive	-	(5,884)
Tax and social contribution in the end of the period	**(28,838)**	**9,013**
Effective rate	31%	63%

Realization

Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Deferred tax assets are reduced by a valuation allowance when, in the opinion of Management, it is more likely than not that some portion or all the deferred tax assets will not be realized. In determining whether a valuation allowance in necessary, Management evaluates future profitability and cash flows expected to be generated by the Company. Given Brazilian tax code allows a Company to carryforward losses indefinitely, Management anticipates the value of the losses will be realized at some point in the future and a valuation allowance is not necessary as of September 30, 2020. The Company is expanding its business and according to the Company's projection intends to realize the deferred tax assets as follows:

					Consolidated
September, 30 2020	**Book Value**	**Until 12 months**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**
Accrued tax loss	231,713	112,195	44,799	47,362	27,357
Others	9,665	9,665	-	-	-
Total	**241,378**	**121,860**	**44,799**	**47,362**	**27,357**

21 Information by segment

Basis for segmentation
The Company has three 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 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 (*Distiller's dried grains*) and corn oil
Energy co-generation	Sales and resale of energy co-generation

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. Management presents these other activities as 'other' and concluded that these other operations are not a significant component of the business to be included as a reportable segment. The operating assets related to these segments are all located in Brazil.

Information about reportable segments
For a better comprehension of the reportable segment results and for decisions about pricing, Management evaluates the net unit revenue, less the logistical costs (freight expenses) of distribution.

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 a single operational process – the grinding of corn – 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.

As it is considered relevant for the internal decision making process, the management considered that it is a relevant information for disclosure in the financial statements according to CPC 22 / IFRS 8 – Segment information, since it gives base for performance comparison with the market.

	Consolidated			
Segment revenue	**09/30/2020**	**09/30/2020**	**09/30/2019**	**09/30/2019**
	(3 months)	**(6 months)**	**(3 months)**	**(6 months)**
Anhydrous	180,381	322,272	145,188	259,855
Hydrous	225,538	462,881	42,231	110,090
Ethanol	405,919	785,153	187,419	369,945
High protein	77,626	129,663	17,177	36,203
High fiber	31,423	58,361	11,009	21,019
Wet cake	8,500	18,743	4,305	6,425
Corn oil	22,321	38,556	5,813	12,316
Animal nutrition	139,870	245,323	38,304	75,962
Energy co-generation	6,163	11,539	2,977	6,136
Other segment	50,159	121,873	724	1,087
Net revenue reportable segments	**602,111**	**1,163,888**	**229,424**	**453,130**
Reclassification - Sales freight*	59,644	108,035	12,604	23,388
Total net revenue	**661,755**	**1,271,923**	**242,027**	**476,518**
Cost of goods sold	**(364,701)**	**(764,197)**	**(135,267)**	**(274,567)**
Gross profit	**297,054**	**507,726**	**106,760**	**201,952**
Operational expenses	(10,807)	(27,300)	(16,661)	(30,454)
Reclassification - Sales freight*	(59,644)	(108,035)	(12,604)	(23,388)
Total operational expenses	(70,451)	(135,335)	(29,265)	(53,843)
Net finance costs	(56,158)	(278,269)	(171,461)	(171,579)
(Loss) profit before income and social contribution taxes	**170,445**	**94,122**	**(93,966)**	**(23,471)**
Income and social contribution taxes	(51,726)	(28,838)	28,771	9,013
Profit (loss) for the year	**118,719**	**65,284**	**(65,195)**	**(14,458)**

* Reclassification of logistical cost on distribution of the products, that was seen by Administration in net revenue.

During the six-month periods ended in September 30, 2020 and 2019, the Company had customers that represented over 10% of its net revenues. The top 5 customers account for 59% and 57%, respectively, of the gross revenue.

22 Net revenue

	Consolidated			
	09/30/2020 (3 months)	09/30/2020 (6 months)	09/30/2019 (3 months)	09/30/2019 (6 months)
Internal market				
Ethanol	497,550	942,046	208,519	413,116
DDG	145,528	259,145	40,205	82,695
Corn oil	31,241	54,381	7,296	15,624
Energy co-generation	6,753	12,694	3,275	7,326
Other	56,041	135,815	982	1,474
External market				
Ethanol	7,642	24,396	-	-
Gross operating revenue	744,755	1,428,477	260,277	520,235
Deductions				
Sales tax and other deductions	(79,159)	(144,343)	(17,045)	(39,771)
Return of sales	(3,841)	(12,211)	(1,204)	(3,946)
	(83,000)	(156,554)	(18,249)	(43,717)
Net revenue	661,755	1,271,923	242,028	476,518

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 or service to the customer.

Ethanol DDG Corn Oil Energy co-generation	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.

23 Cost of goods sold

Production costs for the period 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 period ended September 30, 2020 and 2019:

	Consolidated			
	09/30/2020 (3 months)	09/30/2020 (6 months)	09/30/2019 (3 months)	09/30/2019 (6 months)
Corn	(235,934)	(473,589)	(90,623)	(184,065)
Biomass	(28,445)	(65,647)	(11,713)	(27,627)
Labor	(12,074)	(24,476)	(5,968)	(11,208)
Enzymes	(10,428)	(21,815)	(4,695)	(9,346)
Depreciation	(16,173)	(39,631)	(8,679)	(16,454)
Production	(6,475)	(10,606)	(2,020)	(3,569)
Chemicals	(9,770)	(21,665)	(4,225)	(8,714)
Maintenance	(5,172)	(11,530)	(4,485)	(8,624)
Lab	(560)	(1,120)	(452)	(736)
Resale costs*	(39,669)	(94,119)	(2,407)	(4,224)
Total	(364,701)	(764,197)	(135,267)	(274,567)

* Not part of the production costs as it is costs to procure energy and corn from the market which was subsequently sold.

24 Selling expenses

Expenses incurred in the process of selling are divided as follows:

	Consolidated			
	09/30/2020 (3 months)	**09/30/2020 (6 months)**	**09/30/2019 (3 months)**	**09/30/2019 (6 months)**
Expenses with freight on sales	(59,644)	(108,035)	(12,604)	(23,388)
Personnel expenses	(7,410)	(11,059)	(1,759)	(3,331)
Expenses with contracted services	(209)	(365)	(355)	(806)
Allowance for expected credit losses	101	209	274	(3)
Travel expenses	(22)	(56)	(80)	(163)
Other selling expenses	(44)	(292)	(100)	(279)
Total	(67,228)	(119,598)	(14,624)	(27,970)

25 General and administrative expenses and other results

a. General and administrative expenses

The general and administrative expenses incurred in the period are divided as follows:

	Consolidated			
	09/30/2020 (3 months)	**09/30/2020 (6 months)**	**09/30/2019 (3 months)**	**09/30/2019 (6 months)**
Personnel expenses	(9,904)	(18,350)	(8,609)	(15,424)
Expenses with contracted services	(3,501)	(5,121)	(3,022)	(5,396)
Depreciation and amortization expenses	(1,085)	(1,972)	(710)	(1,412)
Travel expenses	(228)	(539)	(576)	(1,127)
Expenses with taxes and fees	(261)	(388)	(225)	(570)
Office expenses	(381)	(941)	(355)	(525)
Other operating income (expenses)	(94)	(1,111)	(687)	(992)
Total	(15,454)	(28,422)	(14,184)	(25,446)

b. Other results

	Consolidated			
	09/30/2020 (3 months)	**09/30/2020 (6 months)**	**09/30/2019 (3 months)**	**09/30/2019 (6 months)**
Fair value of biological assets	12,827	12,827	-	-
Other revenues	(1,572)	(805)	(333)	(158)
Donations	316	175	(125)	(269)
Inventory differences	83	(89)	-	-
Carbon credit (CBIO)	577	577	-	-
Total	12,231	12,685	(458)	(427)

26 Finance costs

Finance costs

	Consolidated			
	09/30/2020	09/30/2020	09/30/2019	09/30/2019
Finance income	(3 months)	(6 months)	(3 months)	(6 months)
Interests over short term investments	4,534	8,663	1,221	1,960
Discounts obtained	403	949	390	594
Adjustment to present value - receivables	1,903	3,439	1,155	2,434
Gain with derivative operations	125,771	133,495	2,694	20,112
Interest income	122	159	36	59
	132,733	146,705	5,496	25,159
Finance expenses				
Interest expense on loans	(76,358)	(143,973)	(20,683)	(37,720)
Interest expense on loans with related parties	(1,475)	(2,899)	(1,339)	(2,631)
Adjustment to present value - trade payables	(13,575)	(15,857)	(9,324)	(9,917)
Adjustment to present value - loans with related parties	(25)	(49)	(795)	(1,610)
Bank fees	(5,396)	(10,463)	(1,346)	(2,356)
Taxes (IOF)	-	(5)	(277)	(478)
Losses with derivative operations	1,427	(14,539)	(50,282)	(63,256)
Other	(10,585)	(20,226)	(1,831)	(4,628)
	(105,987)	(208,011)	(85,877)	(122,596)
Income foreign exchange rate variation	486	10,322	4,710	-
Expense foreign exchange rate variation	(83,390)	(227,285)	(95,790)	(74,142)
	(82,904)	(216,963)	(91,080)	(74,142)
Net (loss) finance costs	(56,158)	(278,269)	(171,461)	(171,579)

Gain (loss) on the derivative transaction is a consequence of fair value adjustments, as disclosed in note 19.

The result of the foreign exchange variation is according to the following breakdown:

	Consolidated			
	09/30/2020	09/30/2020	09/30/2019	09/30/2019
	(3 months)	(6 months)	(3 months)	(6 months)
Net exchange variations of payables				
Foreign exchange rate variation of trade payables unrealized	(1,681)	(7,069)	(2,674)	(1,988)
Foreign exchange rate variation of trade payables	(728)	(952)	986	989
	(2,409)	(8,021)	(1,688)	(999)
Net exchange variation on restricted cash				
Foreign exchange rate variation of restricted cash unrealized	-	319	52	45
Foreign exchange rate variation of restricted cash	447	229	1,111	122
	447	548	1,163	167
Net exchange variation on loan				
Foreign exchange rate variation on loan unrealized	(80,111)	(206,490)	(90,555)	(73,310)
Foreign exchange rate variation on loan	(831)	(3,000)	-	-
	(80,942)	(209,490)	(90,555)	(73,310)
Net (loss) of exchange variation	(82,904)	(216,963)	(91,080)	(74,142)

27 Earnings per quota

The table below reconciles the profit or loss for the period with the amounts used to calculate the basic and diluted net income per quota:

	Consolidated			
	09/30/2020	**09/30/2020**	**09/30/2019**	**09/30/2019**
	(3 months)	**(6 months)**	**(3 months)**	**(6 months)**
Gain with derivative operations	125,771	133,495	2,694	20,112
Losses with derivative operations	1,427	(14,539)	(50,282)	(63,256)
Total	**127,198**	**118,956**	**(47,588)**	**(43,144)**

28 Commitments

The Company has the following commitments effective on September 30, 2020:

a) Selling of ethanol of 375,000 cubic meters, which will occur until April 2021 with a price that fluctuates based on current market prices at the time of sale.

b) Selling of DDGs of 1,058,000 tons, which will occur until March 2022 at a gross average price of R$ 376 per ton.

c) Selling of corn oil of 8,081 tons, which will occur until December 2020 at a gross average price of R$ 4,270 per ton.

d) Selling of energy of 100.024 MWh, which will occur until January 2021 at a gross average price of R$ 198,00 per MWh. and purchase of energy of 22,178 MWh that will occur until December 2020 at an average price of R $ 115,30 per MWh.

e) Selling of steam of 33,564 thousand tons which will occur until April 2021 at a gross average price of R$ 90,00 per ton.

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. Pursuant to CPC 47 / IFRS 9, 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. As of September, 30 2020, the Company had corn purchase contracts with a contracted price on volume of 4,683 billion tons of corn at a total cost of approximately R$ 2,352 billion, which represents a gross average price of R$ 30,13 that will occur until August 2022.

g) Contracts for the purchase of eucalyptus and forest development at a gross average contracted price of R$ 32,76, which totals R$ 87,195, of which R$ 8,805 has already been advanced.

29 Related parties

a. Parent company

At the period ended in September 30, 2020 the Company's direct and ultimate parent company is Summit Brazil Renewables I LLC. At the year ended in March 31, 2020 the Company's direct parent company was Summit Brazil Renewables I Participações Ltda.

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. At the period ended in September 30, 2020 and 2019, 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:

	Consolidated			
	09/30/2020	09/30/2020	09/30/2019	09/30/2019
	(3 months)	(6 months)	(3 months)	(6 months)
Short term benefit	11,361	12,933	1,798	3,543

c. Related party transactions

The main balances of assets and liabilities, (excluding loans), as well as the transactions that influenced the result of the period, related to transactions with related parties are:

Suppliers		**Parent company**	**Consolidated**	**Consolidated**
Nature of relationship	**Note**	**09/30/2020**	**09/30/2020**	**03/31/2020**
Other related parties		17,902	17,902	139
Non-controlling		12	12	9
	11	**17,914**	**17,914**	**148**

Customer		**Parent company**	**Consolidated**	**Consolidated**
Nature of relationship		**09/30/2020**	**09/30/2020**	**03/31/2020**
Other related parties		1,943	1,943	23,327
Non-controlling		-	-	378
	7	**1,943**	**1,943**	**23,705**

Advanced to suppliers		**Parent company**	**Consolidated**	**Consolidated**
Nature of relationship		**09/30/2020**	**09/30/2020**	**03/31/2020**
Other related parties		10	10	-
Non-controlling		592	592	3,248
	9	**602**	**602**	**3,248**

Advances from customers		**Parent company**	**Consolidated**	**Consolidated**
Nature of relationship		**09/30/2020**	**09/30/2020**	**03/31/2020**
Non-controlling		1,673	1,673	-
	13	**1,673**	**1,673**	**-**

The Company maintains balance in trade account payable with related parties regarding the acquisition of raw material in the period, and also maintains balance in trade receivables with related parties referring to the sale of DDG over the period. The Company maintains adherence to the internal policies ensuring all transactions are conducted at an arms length basis.

The values, quantities and prices practiced with related parties in the purchases of products and services are listed below:

			Consolidated
April 01 to September 30, 2020	**Cost**	**Amount**	
Nature of relationship	**aquisition**	**in tons**	**Product**
Other related parties	88,831	205,768	Corn
Non-controlling	53	18	Corn

April 01 to September 30, 2020	**Cost**	
Nature of relationship	**aquisition**	**Service**
Other related parties	8,336	Warehouse monthly rent

			Consolidated
April 01 to September 30, 2019	**Cost**	**Amount**	
Nature of relationship	**aquisition**	**in tons**	**Product**
Other related parties	53,444	131,580	Corn

April 01 to September 30, 2019	**Cost**	
Nature of relationship	**aquisition**	**Service**
Other related parties	10,011	Warehouse monthly rent

The values, quantities and prices practiced with related parties in the sales of products are listed below:

			Consolidated
April 01 to September 30, 2020		**Quantity**	
Nature of relationship	**Revenue**	**in ton**	**Product**
Other related parties	1,761	18,865	Steam
Non-controlling	1,596	11,341	DDG Wetcake
Other related parties	2,656	5,632	DDG Hi-fiber
Other related parties	215	178	DDG Hi-protein

			Consolidated
April 01 to September 30, 2019		**Quantity**	
Nature of relationship	**Revenue**	**in ton**	**Product**
Other related parties	1,474	19,649	Steam
Non-controlling	590	6,483	DDG Wetcake
Other related parties	574	1,526	DDG Hi-fiber
Other related parties	294	379	DDG Hi-protein

The Company has the following loans with related parties as of September 30, 2020:

(i) Loans with interest-related parties

Nature of relationship	Currency	Interest rate (%)	Maturity	Parent company 09/30/2020	Consolidated 09/30/2020	Consolidated 03/31/2020
Quotaholder	BRL	10.00%	2027-2028	19,724	19,724	18,791
Quotaholder	BRL	10.00%	2027-2028	41,576	41,576	39,609
Total				61,300	61,300	58,400

For more information on the Company's exposure to interest rate, liquidity risk, fair value measurement and a sensitivity analysis arising from these financing, see note 19.

(ii) Loans with related parties without interest

	Consolidated				
	Date				
Nature of relationship	**Contract**	**Due date**	**R$ amount**	**Adjustment**	**Present Value**
Quotaholder	06/01/2016	06/01/2026	361	192	169
Quotaholder	06/09/2016	06/09/2026	425	227	198
Quotaholder	06/28/2016	06/28/2026	83	44	39
Quotaholder	07/25/2016	07/25/2026	442	240	202
Quotaholder	08/21/2017	08/21/2027	382	175	207
Total			1,693	878	815

The financial resources of these loans were in US dollars and converted into amounts payable in BR Reais and are not subject to the foreign exchange variation.

These loans are eligible to be either repaid to the parent company or converted into share capital dependent upon the fulfillment of certain conditions precedent that are defined in contracts between quotaholders. The payment amount or conversion amount into share capital will be determined at the time of maturity.

There is no collection of interest on these operations. For this reason, it was necessary to adjust the loans to present value. In order to do so, were considered the term of the transaction (10 years) and the annual interest rate of Brazil (Selic), which was at 14.05% for the funds raised in 2016, and 12.15% and 9.15% for the funds raised in 2017.

The gain on this adjustment was recorded in equity as a capital reserve net of the taxable effects. The monthly amortization of the adjustment to present value was calculated and is recorded based on the payment term of the contracts.

As a consequence, the total obligation to pay can be demonstrated as follows:

	Parent company	Consolidated	Consolidated
	09/30/2020	09/30/2020	03/31/2020
Non-current liabilities			
Loans with related parties (without interest) principal	1,996	1,996	1,942
Loans with related parties (with interest) principal	46,274	46,274	46,275
Loans with related parties - Interest to pay	15,026	15,026	12,126
Adjust to present value	(878)	(878)	(927)
Total	62,418	62,418	59,416

30 Insurance coverage

On September 30, 2020, the insurance coverage against operating risks was R$ 2,885,310 (R$ 3,404,094 as of March 31, 2020) for property damages, R$ 743,751 (R$ 589,158 as of March 31,2020) for loss of use insurance and R$ 60,000 (R$ 60,000 as of March 2020) as for civil liability (D&O).

31 Statements of cash flows

a. Property, plant and equipment

During the period ended on September 30, 2020 and 2019, (see note 10), property, plant and equipment were acquired at a total net cash outflow of R$ 426,715 and R$ 609,587, respectively, as follows:

	Consolidated	
	09/30/2020	09/30/2019
Cost of acquisition of fixed assets	499,316	604,207
Movement of payables related to fixed assets	(18,105)	47,610
Capitalization of loan costs	(36,971)	(26,471)
Right of use capitalized (bearer plant)	(1,051)	-
Right of use	(10,803)	-
Others	(5,671)	(15,759)
Net acquisition of property, plant and equipment	426,715	609,587

***

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Financial statements as of and for the year ended March 31, 2020

Contents

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Independent auditors' report on the 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 financial statements of FS Agrisolutions Indústria de Biocombustível Ltda. ('Company'), comprising the statement of financial position as of March 31, 2020 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FS Agrisolutions Indústria de Biocombustível Ltda. as of March 31, 2020, 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

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.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Emphasis - Reissuance of financial statements

On June 1, 2020, we issued an unmodified audit opinion on the financial statements of FS Agrisolutions Indústria de Biocombustível Ltda. for the year ended as of March 31, 2020, which are now being reissued. As described in Note 2, these financial statements have been amended and are being reissued to reflect the use of a preparation basis in accordance with Law No. 6,404 of 1976 and the CVM rules described in that note. Our opinion is not modified in respect of this matter.

Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and, we do not provide a separate opinion on these matters.

Recognition of deferred income and social contribution tax assets

See Notes 7 (f) and 24 (c) of the financial statements

Key audit matter	How our audit addressed this matter
As mentioned in Note 24 (c) the Company has deferred income and social contribution tax assets arising from tax losses carry forward and negative basis of social contribution in the amount of R$213,093 which were considered recoverable based on projections of future taxable income. The Company uses certain assumptions such as projected volume and prices to project revenue and EBITDA margin (earnings before interest, tax, depreciation and amortization) and other information defined in the Company's study to determine future taxable profits. We consider this matter as a key audit matter, due to the significance of deferred income tax assets and uncertainties related to the assumptions used to estimate future taxable income that have a significant risk of resulting in a material adjustment in the balances of the financial statements.	Our audit procedures included, but were not limited to: ▪ With the assistance of our corporate finance specialists, we evaluated the reasonableness of key assumptions used in preparing future taxable income projections, including projected volume and prices to project revenue and EBITDA margin (earnings before interest, tax, depreciation and amortization) and other information defined in the Company's study to determine future taxable profits. ▪ Sensitivity analysis to test the consistency and reasonableness of the profits projected by the Company. Based on the audit procedures summarized above, we consider that the value of the deferred income and social contribution tax assets, as well as the respective disclosures, are acceptable, in the context of the financial statements taken as a whole, for the year ended March 31, 2020.

Evaluation of the determination of capitalizable expenditures as cost of fixed assets related to the construction project of the industrial plant in Sorriso - MT

See Notes 7 (i) and 15 of financial statements

Key audit matter	How our audit addressed this matter
In the fiscal year ended in March 31, 2020, the Company recorded significant amounts in Property, plant and equipment relating to costs for the acquisition of fixed assets for the industrial plant in Sorriso -– MT, including the capitalization of a significant amount of expenses. The Company uses certain assumptions 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 and that should be recognized as expenses. We consider this matter to be a key audit matter, due to the assumptions made by the Company to determine which costs are capitalized and the relevance of the amount in the statements of financial position.	Our procedures included, but were not limited to: ▪ Evaluation of the Company's criteria to determine which of the attributable costs related to the construction of the Sorriso - MT industrial plant are in accordance with the requirements for recognition of Property, plant and equipment in accordance with IAS 16 / CPC 27 - Property, Plant and Equipment. ▪ Evaluation of the acquisition price of attributable costs, based on a sample test that support the capitalized values, such as: contracts, invoice for receipt of purchased equipment, and bank receipt of payments of advances to suppliers. Based on the procedures summarized above, we consider the capitalized expenditures , recognized in property, plant and equipment, related to the construction of the industrial plant in Sorriso - MT, as well as the respective disclosures, to be acceptable in the context of the financial statements taken as a whole, for the year ended March 31, 2020.

Other matters - Statements of added value

The statements of added value (DVA) for the year ended March 31, 2020, 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 financial statements.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative (“KPMG International”), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

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.

Ribeirão Preto, August 31, 2020

KPMG Auditores Independentes

CRC 2SP-027666/F

Rafael Henrique Klug
Contador CRC 1SP246035/O-7

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

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FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of financial position at March 31, 2020 and 2019

(In thousand of Reais)

Assets	**Note**	**2020**	**2019**
Current			
Cash and cash equivalents	9	310,001	11,283
Financial investments	10	79,586	16,814
Restricted cash	11	75,818	22,462
Trade and other receivables	12	104,197	37,721
Inventories	13	305,176	122,651
Advances to suppliers	14	60,652	6,817
Income tax and social contribution	24.a	3,881	14,906
Recoverable taxes		64,412	8,415
Prepaid expenses		2,909	1,075
Biological assets		5,564	-
Derivative financial instruments	23.c	24,049	-
Other credits		387	387
Total current assets		1,036,632	242,531
Non-current assets			
Long-term assets			
Deferred taxes assets	24.c	115,536	-
Biological assets		10,042	-
Judicial deposits	20	3,580	3,354
Advances to suppliers	14	9,106	6,883
Total long-term assets		138,264	10,236
Property, plant and equipment	15	2,190,785	939,544
Intangible assets		8,209	3,917
Total non-current assets		2,337,258	953,697
Total assets		3,373,890	1,196,228

Liabilities	**Note**	**2020**	**2019**
Current			
Trade payables	16	233,508	102,390
Loans and borrowings	17	538,943	66,638
Advances from customers	18	29,326	10,787
Income tax and social contribution	24.b	-	4,091
Taxes and contributions payable	19	9,323	5,391
Payroll and related changes		23,885	5,740
Derivative financial instruments	23.c	35,474	23,443
Total current liabilities		870,459	218,481
Non-current			
Trade payables	16	3,565	17,563
Loans and borrowings	17	2,498,230	679,847
Loans with related parties	34	59,416	78,032
Deferred tax liabilities	24.c	-	12,277
Other non-current liabilities		30,544	13,805
Total non-current liabilities		2,591,755	801,523
Total liabilities		3,462,214	1,020,005
Equity			
Capital	21	83,381	83,381
Capital reserve		612	26,579
Tax incentive reserve		16,741	22,777
(Accumulated losses) retained earnings		(189,058)	43,487
Total equity		(88,324)	176,224
Total liabilities and equity		3,373,890	1,196,228

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of income

Years ended March 31, 2020 and 2019

(In thousand of Reais)

	Note	2020	2019
Net revenue	26	1,231,820	565,286
Cost of goods sold	27	(673,893)	(311,658)
Gross profit		557,927	253,628
Operational expenses			
Selling expenses	28	(73,441)	(30,132)
Administrative expenses	29	(52,195)	(24,852)
Other operating results	30	6,534	(3,043)
Profit before net finance costs and taxes		438,825	195,601
Finance income	31	84,080	26,564
Finance costs	31	(287,457)	(87,561)
Foreing exchange rate variations, net	31	(563,330)	(79,913)
Net finance costs		(766,707)	(140,910)
(Loss) profit before income and social contribution taxes		(327,882)	54,691
Current income and social contribution taxes	24.d	4,091	(20,856)
Deferred income and social contribution taxes	24.d	115,147	4,494
Income tax incentives	24.d	-	22,777
(Loss) / profit for the year		(208,644)	61,106
Earnings per quota - basics and diluted (in R$)	32	(2.50)	0.73

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of comprehensive income

Years ended March 31, 2020 and 2019

(In thousand of Reais)

	2020	2019
(Loss) / profit for the year	(208,644)	61,106
Other comprehensive income	-	-
Total comprehensive income	(208,644)	61,106

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, 2020 and 2019

(In thousand of Reais)

		Capital	Capital reserve	Tax incentive reserve	Retained earnings / accumulated losses	Total
Balance at April 01, 2018		**83,381**	**45,761**	**-**	**18,304**	**147,447**
Income tax Incentives	21.c	-	-	22,777	(22,777)	-
Profits distribution (equivalent to R$ 0,19 per quota)	34.c	-	-	-	(16,031)	- 16,031
Reversal of adjustment to present value referring to financial mutual		-	(16,297)	-	-	(16,297)
Adjustment to present value on financial loans		-	(2,885)	-	2,885	-
Profit for the year		-	-	-	61,106	61,106
Balance at March 31, 2019		**83,381**	**26,579**	**22,777**	**43,487**	**176,225**
Balance at April 01, 2019		**83,381**	**26,579**	**22,777**	**43,487**	**176,225**
Income tax Incentives	21.c	-	-	(6,036)	6,036	-
Profits distribution (equivalent to R$ 0.38 per quota)	21.d	-	-	-	(31,318)	(31,318)
Reversal of adjustment to present value referring to financial mutual		-	(24,586)	-	-	(24,586)
Adjustment to present value on financial loans		-	(1,381)	-	1,381	-
Loss for the year		-	-	-	(208,644)	(208,644)
Balance at March 31, 2020		**83,381**	**612**	**16,741**	**(189,058)**	**(88,324)**

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of cash flows - Indirect method

Years ended March 31, 2020 and 2019

(In thousand of Reais)

	Note	2020	2019
Cash flow from operating activities			
(Loss) / profit for the year		(208,644)	61,106
Adjustment for:			
Depreciation and amortization		41,697	17,013
Current and deferred income tax, net of tax incentives	24.d	(119,238)	(6,415)
Adjustment to present value - loans with related parties		2,093	4,371
Adjustment to present value - trade payables	34.c	(14,286)	(5,568)
Adjustment to present value - trade receivables		2,296	3,622
Provision for interest on loans		105,677	29,333
Provision for interest on loans with related parties	31	5,393	4,883
Adjustment to fair value - derivatives		(12,018)	23,443
Expected losses on credit	12	5	576
Expected losses on advances to suppliers		-	1,841
Foreign exchange rate gains or losses		570,838	79,829
Changes in:			
Trade receivables		(68,777)	(16,594)
Inventories		(176,246)	(85,853)
Advances to suppliers		(56,059)	(7,990)
Recoverables taxes		(44,971)	(22,653)
Prepaid expenses		(1,834)	(336)
Judicial deposits		(226)	(3,354)
Other receivables		-	(387)
Trade payables		58,693	14,999
Advance from customers		18,539	1,934
Payroll and related charges		18,145	3,078
Taxes and contributions payable		12,377	17,382
Other liabilities		(14,517)	1,529
Interest and charges paid		(146,780)	(27,155)
Income tax and social contribution paid		(8,446)	(16,446)
Cash flow (used in) from operating activities		(36,289)	72,189
Cash flow from investing activities			
Acquisition of property, plant and equipment	36.a	(1,136,347)	(383,316)
Acquisition of biological assets		(9,918)	-
Interest charges paid over capitalized loans		(65,408)	(42,862)
Acquisition of intangible assets		(7,262)	(3,536)
Financial investments		(62,772)	192,617
Restricted deposits		(53,356)	(6,948)
Net cash used in investing activities		(1,335,063)	(244,045)
Cash flow from financing activities			
Loans from third parties	17.b	1,833,282	257,821
Loans paid from related parties	17.b	(63,603)	(39,591)
Repayment of loans	17.b	(68,291)	(28,581)
Profits distribution	21.d	(31,318)	(16,031)
Net cash from financing activities		1,670,070	173,618
Increase in cash and cash equivalents		298,718	1,762
Cash and cash equivalents at the beginning of the year		11,283	9,521
Cash and cash equivalents at the end of the year		310,001	11,283

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of Added Value

Years ended March 31, 2020 and 2019

(In thousand of reais)

	2020	2019
Revenue (1)	**1,378,989**	**625,344**
Sales of goods, products and services	1,372,455	625,245
Other revenues	6,534	99
Costs of products, goods and services sold	**640,547**	**291,517**
Costs of products, goods and services sold	558,958	252,706
Materials, energy, third party services and others	81,589	38,811
Gross added value (1) - (2) = (3)	**738,442**	**333,827**
Depreciation and amortization (4)	**41,409**	**17,013**
Net added value produced by the Company (3) - (4) = (5)	**697,033**	**316,814**
Added value received in transfer (6)	**106,005**	**28,105**
Finance income	106,005	28,105
Total added value to be distributed (5+6)	**803,038**	**344,919**
Distribution of added value	**803,038**	**344,919**
Personal	**65,695**	**37,158**
Direct remuneration	52,828	28,593
Benefits	10,165	7,060
Service Guarantee Fund	2,702	1,505
Taxes, fees and contributions	**73,275**	**77,640**
Federal	(2,331)	50,685
States	75,606	26,955
Remuneration of third-party capital	**872,712**	**169,015**
Interest	111,489	32,597
Other (foreing exchange rate loss)	761,223	136,418
Remuneration of equity	**(208,644)**	**61,106**
(Loss) / profit for the year	(208,644)	61,106

The notes are an integral part of these financial statements.

Notes to the Financial Statements

(In thousands of Reais)

1 Operations

FS Agrisolutions Indústria de Biocombustíveis Ltda, (‘Company’), is a limited liability Company incorporated on April 01, 2014. It is located at Estrada A-01, a 900 mts do Km 7 da Avenida das Indústrias, s/nº - Distrito Industrial Senador Atílio Fontana, Lucas do Rio Verde, state of Mato Grosso, Brazil.

It’s core business is the production and comercialization of corn ethanol (anhydrous and hydrous), animal nutrition products used for livestock and poultry feed, called DDG (Dried Distillers Grains), as well as corn oil and energy co-generation. The Company uses corn as raw material and biomass as its sole source of powering the plants.

The Company’s quotaholders are Summit Brazil Renewables Participações I Ltda (Summit) and Tapajós Participações S.A. with 75% and 25% of the quotas, respectively.

2 Basis for preparation

The Company’s financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP).

The issuance of these financial statements, was authorized by the Directors on August 31, 2020.

Details on the Company’s significant accounting policies are provided in note 7.

This is the Company's first set of financial statements in which CPC 06 (R2)/ IFRS 16 – Leases have been applied. The related changes in the main accounting policies are described in note 5.

Reissuance of financial statements

The financial statements for the year ended March 31, 2020, originally issued on June 1, 2020, are being reissued, for preparation basis in accordance with Law No. 6,404, of 1976, CVM rules, and including accounting practices IAS33 / CPC 41 - Earnings per Share and IFRS 8 / CCP 22 - Information by Segment, due to the Company's registration request as an issuer of securities.

3 Functional and presentation currency

These financial statements are being presented in Brazilian Real (functional currency of the 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 continuously. Revisions to the estimates are recognized prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 15 - Evaluation of the determination of capitalizable expenses as cost of fixed assets.

(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 financial year which ends on March 31, 2020 are included in the following notes:

Note 12 – allowance for expected losses on credit;
Note 15 - impairment test: main underlying assumptions of recoverable values;
Note 15 - definition of useful lives of fixed assets;
Note 12, 16 and 34 – Adjustment to present value of trade receivables, trade payables and loans with related parties; and
Note 24 - Recognition of deferred tax assets: availability of future taxable income against which deferred tax assets can be realized.

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 23.

5 Changes in significant accounting policies

5.1 CPC 06 (R2)/ IFRS 16 Leases

CPC 06 (R2)/ IFRS 16 introduces a single model of accounting for leases in the financial statements. A lessee recognizes a right of use asset that represents its right to use the leased asset and a lease liability that representes its obligation to make lease payments. Practical expedients are available for short-term rentals and low-value items. Lessor's accounting remains similar to IAS 17, that is, lessors continue to classify leases as financial or operational.
CPC 06 (R2) / IFRS 16 replaces., CPC 06 / IAS 17 Leases and ICPC 03 / IFRIC 4 Complementary Aspects of Leasing Operations and is effective, as of April 1 2019.

CPC 06 (R2) /IFRS 16 has been implemented by the Company since April 1, 2019 without material impact on the financial statements.

6 Basis of measurement

The financial statements were prepared on the basis of 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; and
- biological assets are measured at fair value less selling expenses.

7 Significant accounting policies

The Company applied the accounting policies described below in a consistent manner to all years presented in this financial statements, unless otherwise indicated (see also note 5).

a. 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.

b. Revenue

Customer contract revenue

The company has different contracts with customers depending on it 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 26.

c. 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.

d. Government grants and assistance
Subsidies intended to compensate the Company for expenses incurred are recognized in income 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 starts operations and once approved, the incentive lasts for a period of 10 years. The plant in Lucas do Rio Verde received the benefit starting in 2018 and the plant located in Sorriso is currently in the filing process with approval expected starting in 2021. After granted the benefit is recorded in the Statement of income as a reduction of income tax. Additionally, corresponding reserve should be recorded in equity from retained earnings (accumulated losses), considering that such amount shold not be distributed to the quotaholders during the grant period. (see notes 24d and note 21c).

e. Finance Costs

The financial income and costs of the Company comprise the following:

Interest over short term investments;
Interest expense;
Discounts obtained;
Amortization - Adjustment to present value (AVP);
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 exactly 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 amortised 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 amortised 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 amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

f. Income tax and social contribution

Current and deferred income tax and social contribuition 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 item 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 differences is insufficient to fully recognise 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.

g. Biological assets

Biological assets are measured ar 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, 2020 are composed of eucalyptus forest and bamboo plantation to be utilized as biomass in operations.

h. Inventories

Inventories are measured at the lower of cost and net realizable value and are stated at the average cost which does not exceed the market value. In the case of products under construction, the cost includes a portion of the general manufacturing costs based on the normal operating capacity.

i. Property, plant and equipment

(ii) Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, including loan cost capitalized, net of accumulated depreciation and impairment losses.

Expenditures incurred to replace a component of an item of property, plant and equipment that 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. Any other type of expense is recognized in the statement of income as an expense.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

When parts of a property, plant and equipment 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 30.

(iii) 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.

(iv) 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
Vehicle	5 years

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

j. 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.

k. 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; FVOCI – debt investment; FVOCI – equity investment; or 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 intereston 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 Coompany 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 compensate 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

The Company maintains derivative financial instruments to protect its exposures to the risks of foreign currency variation.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value and variations in fair value are recorded in profit or loss.

l. 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.

m. Capital

Quotas in the share capital are classified as equity.

n. 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 23

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.

o. 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. The Company's Management did not identify a need to establish a provision based on a past events.

p. Capitalization of borrowing costs

The costs of raising funds from third parties are capitalized pursuant to Technical Pronouncements CPC 08 (R1)/IAS 39 - Transaction Costs and Premium on the Issuance of Securities, and CPC 20 (R1)/IAS 23 - Borrowing cost, issued by the Accounting Pronouncement Committee. The Company capitalized the borrowing cost from the specific loans obtained to finance construction, as mentioned in Note 17.

q. 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.

r. Earnings per quota – Basic and diluted

The basic earnings per quota are calculated based on the profit / (loss) for the year attributable to the Company`s quotaholders and the weighted average of common quotas in the respective year. The diluted earnings per quota are calculated based on the mentioned 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

Below is a list of new standards which are effective for the fiscal years started after April 1, 2020. The Company elected not to early adopt these standards in the preparation of these financial statements.

It is not expected that these standards will have a material impact on the Company's financial statement in the initial adoption period:

- Changes in references to the conceptual framework in IFRS standards;
- Definition of a business (changes to CPC 15 / IFRS 3); and
- Definition of materiality (amendments to CPC 26 / IAS 1 and CPC 23 / IAS).

9 Cash and cash equivalents

	2020	2019
Bank deposits and cash	1,533	46
Financial investments - CDB	308,468	11,237
Total	310,001	11,283

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 that is intended to comply with short-term commitments.

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, 2020 and 2019, the average annual return on these investments was 3.65% and 6.40%, respectively. These instruments are available for immediate redemption by the Company.

Information on the Company’s exposure to market, credit and fair value risk related to cash and cash equivalents is included in note 23.

10 Financial investments

	2020	**2019**
Funds in a foreign currency	46,744	-
Bank deposit certificate ("CDB") and commited operations	32,842	16,814
Total	79,586	16,814

All the amounts classified as financial investments, are expected to be consumed in investments required in the Sorriso plant, based on the commitments that the Company already has.

The financial investments in the amount of R$ 46,744 refer to funds held in US Dollar to be consumed in the construction process.

Certificate of bank deposits (‘CDB’) are instruments offered by banks with rates set by the individual banks which are usually linked to the CDI rate plus or minus a fixed spread. For the year ended March 31, 2020 and 2019, the average annual return on these investments was 3.65% and 6.40%, respectively. These instruments are available for immediate redemption by the Company to be consumed in investments required in the Sorriso plant.

Information on the Company's exposure to market risks, credit and fair value measurement related to financial investments is included in note 23.

11 Restricted cash

	2020	**2019**
Bank accounts linked to financing	9,853	3,773
Short-term investments linked to financing	65,965	18,690
Total	75,818	22,462

The Company is required to fund the budgeted amount of principal and interest that will be due during the next three-month period for loans into an escrow account (debt service reserve account). These funds have been classified as restricted cash on the statement of financial position.

In accordance with the long-term loan agreement, the Company is required to use a bank account for the collection of accounts receivable which is released to an operating account on the following business day subject to lender approval. The cash held within this bank account has been classified as restricted cash on the statement of financial position.

For the year ended March 31, 2020 and 2019, the average annual return on these investments was 3.65% and 6.40%, respectively. R$ 942 and R$ 693 of the total of investments linked to financing are denominated in USD as of the year ended March 31, 2020 and 2019, respectively.

Information on the Company's exposure to credit, market and fair value risks related to restricted cash is included in note 23.

12 Trade and other receivables

	2020	2019
Trade receivables	104,908	38,652
Allowance for expected credit losses	(581)	(576)
Adjustment to present value	(130)	(355)
Total	104,197	37,721

Impairment losses

The company assesses the imparment 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 23); and c) assigns 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, 2020 and March 31, 2019:

		2020	**2019**
Overdue	Range	% realized	% realized
Up to 30 days	00.01% to 15.00%	3.90%	5.95%
31 to 60 days	00.01% to 20.00%	6.06%	6.21%
61 to 90 days	00.01% to 30.00%	0.01%	0.01%
91 to 120 days	10.00% to 50.00%	-	-
121 to 180 days	50.00% to 75.00%	-	50.09%
>180 days	100%	100.00%	100.00%

Based on historical loss history and expectations regarding the future performance of its current trade receivables not overdue, management has deteremined that no significant expected credit loss provision is required.

The maturity composition of the receivables at the reporting date is as follows:

	2020	2019
Falling due		
Up to 30 days	30,179	27,775
31-60 days	25,823	2,129
61-90 days	12,340	1,162
>90 days	30,556	2,237
Subtotal	**98,898**	**33,303**
Overdue		
Up to 30 days	4,713	3,309
31-60 days	33	451
61-90 days	158	36
91-180 days	-	543
>180 days	395	79
Subtotal	**5,299**	**4,419**
Total	104,197	37,721

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.

	2020	2019
Beginning balance	(576)	-
Change in allowance for expected credit losses	(5)	(576)
Ending balance	(581)	(576)

The trade receivables with related parties as at March, 31 2020 and 2019 are R$ 23,705 and R$ 548, respectively. See note 34.

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 23.

13 Inventories

	2020	2019
Inventories held by third party	98,364	62,353
Raw material	99,596	18,637
Production inputs	37,550	14,220
Consumption materials	30,950	19,354
Finished goods	31,269	2,751
Work-in-process inventory	7,447	5,336
Total	305,176	122,651

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average costing method. The cost composition of the products sold is shown in note 27.

As of March 31, 2020, there are inventory balances of corn and ethanol given as collateral for financing arrangements in the amount of 304,448 tons of corn and 7,000 cubic meter of ethanol.

As of March 31, 2020 and 2019, the amount held by third parties are as follows:

	2020	**2019**
Raw material	93,688	62,353
Finished goods	4,676	-
Total	98,364	62,353

Raw material inventories held by third-parties, corresponds to 222,204 tons of corn and 3,8782 cubic meter of ethanol, as of March 31,2020.

14 Advances to suppliers

	2020	**2019**
Advances to suppliers of inventories	64,777	9,847
Advances to other suppliers	4,981	3,852
Total	69,758	13,699
Current	60,652	6,817
Non-current	9,106	6,883

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 in March, 31 2020 and 2019 are R$ 3,248 and 746, respectivelly. See note 34.

15 Property, plant and equipment

Cost of aquisition	**2018**	**Addition**	**Transfers**	**2019**	**Addition**	**Disposals**	**Transfers (*)**	**2020**
Land	4,000	47,766	-	51,766	26,920	-	-	78,686
Buildings	69,353	256	33,012	102,620	70	(325)	364,761	467,126
Machinery and equipment	279,870	25,808	323,007	628,685	4,444	(80)	323,859	956,908
Furniture and computers	3,304	1,397	-	4,701	3,119	-	5,220	13,040
Vehicles	1,594	51	-	1,645	1,899	(97)	-	3,447
Installations	28,838	2,268	34,708	65,814	9	-	266,856	332,679
Construction in progress	16,410	382,974	(372,190)	27,194	1,277,265	-	(1,033,004)	271,455
Advance to suppliers	45,353	65,101	(18,537)	91,917	53,619	-	-	145,536
Right of use	-	192	-	192	1,848	-	-	2,040
Total	448,722	525,813	-	974,535	1,369,193	(502)	(72,308)	2,270,918
Depreciation								
Buildings	(1,325)	(1,812)	-	(3,137)	(3,345)	18	(1,617)	(8,081)
Machinery and equipment	(11,950)	(15,025)	-	(26,975)	(34,102)	20	4,710	(56,347)
Furniture and computers	(461)	(540)	-	(1,001)	(935)	1	(411)	(2,346)
Vehicles	(164)	(168)	-	(332)	(795)	35	-	(1,092)
Installations	(1,398)	(2,133)	-	(3,530)	(5,863)	-	(2,682)	(12,075)
Rights of use	-	(16)	-	(16)	(176)	-	-	(192)
Total	(15,298)	(19,693)	-	(34,991)	(45,216)	74	-	(80,133)
Net	433,424			939,544				2,190,785

* The remaining balance of R$ 72,308 consist of taxes recorded in PPE elegible 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 Sorriso - MT plant, whose completion is expected in 2021.

Provision for impairment

According to Technical Pronouncement CPC 01 (R1)/ IAS 36 - Asset impairment, the Company, at the end of each reporting period, assesses possible indications of impairment of their 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, 2020.

Borrowing cost capitalization

In the fiscal year ended March 31, 2020 and 2019, borrowing costs capitalized were R$ 80,380 and R$ 42,862, respectively. These costs were incorporated 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 year was 11.5% per year (12.6% in March 31, 2019).

Collateral

The Company has pledged fixed assets as collateral linked to loans. The fixed assets is only pledge when it is ready for use and comprises the total of lands, buildings, machinery and installations.

16 Trade payables

	2020	**2019**
Fixed assets payables	154,702	98,698
Raw material payables	52,821	10,837
Other suppliers	29,728	10,492
Adjustment to present value	(178)	(74)
Total	237,073	119,953
Current	233,508	102,390
Non-current	3,565	17,563

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 balance with related parties as of March, 31 2020 is R$ 148 (there are no balances in previous year). See note 34.

The Company makes available for suppliers, the use of reverse factoring agreements with Banks. For these transactions, the original conditions of the initial operation do not change.

	2020	2019
Trade payables	111,731	99,918
Reverse factoring	125,342	20,035
Total	237,073	119,953

The Company's exposure to liquidity risks and fair value measurement related to trade payables is disclosed in note 23.

17 Loans

Current and non-current	Currency	2020	2019
Loans for investments	USD	2,438,019	717,347
Loans for working capital	USD	36,818	-
Loans for working capital	R$	599,479	41,012
Total Loans		**3,074,316**	**758,359**
(-) Transaction cost		(37,143)	(11,874)
Total		**3,037,173**	**746,485**
Current liabilities		538,943	66,638
Non-current liabilities		2,498,230	679,847

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 consist of a USD debt balance at an interest rate from 9% to 12.6% p.y. and the remaining balance refers to working capital with an average interest rate of 14,39% p.y.

As part of securing the loans for investments, the Company has agreed to pay a fee to the lender in the amount of USD 5,875 thousand (fixed fee) or 2.0% of the net proceeds upon an equity sale transaction (variable fee). This fee survives the repayment of the debt and is due and payable by the Company upon reaching certain milestones with the fee amount (fixed fee or variable fee) at the lenders discretion. Given a component of the fee structure is for a fixed amount and the obligation has been fully earned by the lender as of March 31, 2020, the Company recognized a noncurrent liability of USD 5,875 thousand and USD 3,500 thousand that represents R$ 30,544 and R$ 13,638 which is recorded as other noncurrent liabilities in the statement of financial position as of March 31, 2020 and 2019, respectively. This amount was considered as a transaction cost and was amortized through the statement of income accordingly over the life of the loan.

For more information on the Company's exposure to interest, currency and liquidity risks, measurement of fair value, and a sensitivity analysis from these loans and financing, see note 23.

a. Terms and schedule of debt repayment

The following guarantees were granted:

- Fiduciary assignment of the quotas held by Tapajós and Summit in the Company;
- Mortgage of the Company’s land; See note 15
- Fiduciary assignment credits rights and fixed assets; See note 15 and

- Inventories of corn and ethanol as presented in note 13.
- Restricted cash (note 11).

The Company has entered into loans contracts that include financial covenants amounting to R$ 2,649,724, which will only be required from the end of March 31, 2021.

The financing has the following maturities (the classification between investments and working capital have been performed by management) :

March 31, 2020	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	2,438,019	145,538	281,016	531,349	333,890	1,146,226
Loans for working capital (*)	636,297	416,972	114,191	105,134	-	-
Total	**3,074,316**	**562,510**	**395,207**	**636,483**	**333,890**	**1,146,226**

March 31, 2019	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	717,347	27,733	77,466	103,287	374,858	134,003
Loans for working capital (*)	41,012	41,012	-	-	-	-
Total	**758,359**	**68,745**	**77,466**	**103,287**	**374,858**	**134,003**

(*) The amount reported does not include the impact of transaction costs.

Reconciliation of loans to cash flows arising from financing activities:

	Liabilities		
	Loans	Loans with related parties*	Total
Balance as of March 31, 2019	**746,485**	**78,032**	**824,516**
Variations in financing cash flows			
Loans received	1,833,282	-	1,833,282
Payment of principal	(68,291)	(63,603)	(131,894)
Total changes in financing cash flows	**1,764,991**	**(63,603)**	**1,701,389**
Other variations			
Provision for interest	105,677	5,393	111,071
Provision for interest capitalized	80,380	-	80,380
Interest payment	(195,522)	-	(195,522)
Exchange variation	560,450	249	560,699
Bank fees	(25,289)	-	(25,289)
Adjustment to present value on financial loan	-	39,345	39,345
Total Other Variations	**525,696**	**44,987**	**570,684**
Balance as of March 31, 2020	**3,037,173**	**59,416**	**3,096,589**

	Liabilities		
	Loans	Loans with related parties*	Total
Balance as of March 31, 2018	**437,930**	**83,677**	**521,607**
Variations in financing cash flows			
Loans received	257,821	-	257,821
Payment of principal	(28,581)	(39,591)	(68,172)
Total changes in financing cash flows	**229,240**	**(39,591)**	**189,649**
Other variations			
Provision for interest	29,333	4,883	34,215
Provision for interest capitalized	42,862	-	42,862
Interest payment	(62,848)	-	(62,848)
Exchange variation	78,922	-	78,922
Bank fees	(8,954)	-	(8,954)
Adjustment to present value on financial loan	-	29,064	29,064
Total Other Variations	**79,314**	**33,946**	**113,260**
Balance as of March 31, 2019	**746,484**	**78,032**	**824,516**

*See loans with related parties on note 34.

The exchange variation comprises the amount realized and unrealized (note 31).

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 revenue as of the end of the year. These advances are shown as a liability on the Company's statement of financial position with a balance of R$ 29,326 and R$ 10,787 as of March 31, 2020 and 2019, respectively.

19 Taxes and contributions

a. Recoverable

	2020	2019
Pis and Cofins	60,299	4,804
ICMS	-	1,647
IRPJ and CSLL	2,406	1,840
IRRF	1,613	119
Other taxes and contribution	94	5
	64,412	8,415

b. Payable

	2020	2019
ICMS (merchandise circulation tax)	2,915	3,509
ISS	4,793	38
Retained tax of third parties (*)	1,549	983
Others tax	66	861
Total	9,323	5,391

(*) The retained taxes of third parties refers to PIS, COFINS, CSLL, IRPJ, INSS and Funrural.

20 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, 2020, the Company had no contingent liabilities related to ongoing lawsuits whose cash outflow is considered probable.

Contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred. As of March 31, 2020 and 2019, the Company had contingencies assessed as possible risk by legal advisors and Management in the amount of R$ 47,353 and R$ 27,577, respectively, for which no provision was recorded.

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$3,580 and R$3,354 as of March 31, 2020 and 2019, respectively.

21 Equity

a. Capital

The Company's subscribed and paid-in capital stock as of March 31, 2020 and 2019 is R$ 83,381, represented by 83,381,928 quotas with a par value of R $ 1.00 each.

		2020		2019	
Quota holder	**% of ownership**	**Subscribed capital**	**Paid in capital**	**Subscribed capital**	**Paid in capital**
Summit Brazil Renewable Participações I Ltda.	75%	62,536	62,536	62,536	62,536
Tapajós Participações S.A.	25%	20,845	20,845	20,845	20,845
Total	100%	83,381	83,381	83,381	83,381

b. Capital reserve

The loans with related parties balance with the quotaholder requires the Company to record an adjustment to present value over the principal balance. The corresponding adjustment results in a capital reserve which is shown as a separate component of equity in the statement of financial position. The present value adjustment recorded in capital reserve was R$612 and R$26,579 as of March 31, 2020 and March 31, 2019, respectively, with the decrease deriving from principal payments made on the loan during the year.

c. Tax incentive reserve

Corresponds to the reserve that is recorded because of federal tax incentive program with the Amazon Development Superintendent – 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. By the incentive rules, the tax incentives may not be used in the determination nor payment of dividends. The amount of the incentives can only be used to offset accumulated losses or increase capital of quotaholder’s equity.

d. Payment of dividends

The Company paid dividends to quotaholders in the amount of R$ 31,318 – 0.38 per quota (R$ 16,031 in March, 2019 – 0.19 per quota).

	2020			
Quota holder	**% of ownership**	**Subscribed capital**	**Dividends**	**Per quota**
Summit Brazil Renewable Participações I Ltda.	75%	62,536	23,489	0.38
Tapajós Participações S.A.	25%	20,845	7,830	0.38
Total	100%	83,381	31,318	

	2019			
Quota holder	**% of ownership**	**Subscribed capital**	**Dividends**	**Per quota**
Summit Brazil Renewable Participações I Ltda.	75%	62,536	12,023	0.19
Tapajós Participações S.A.	25%	20,845	4,008	0.19
Total	100%	83,381	16,031	

22 Capital management

The Company's capital management is conducted with a purpose of balancing the Company’s and third parties' funding sources while balancing the return to quotaholders and the risk to quotaholders and creditors.

In order to maintain or adjust its capital structure, the company may take actions to ensure the achievement of the objectives mentioned above.

23 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.

		Book Value				Fair Value
March 31, 2020	**Note**	**Fair value through profit or loss**	**Amortized cost**	**Other financial liabilities**	**Total**	**Level 2**
Financial assets measured at fair value						
Financial investments - CDB	9	308,468	-	-	308,468	308,468
Financial in Bank deposit certificate ("CDB") and commited operations	10	32,842	-	-	32,842	32,842
Derivative financial instruments asset	23.c	24,049	-	-	24,049	24,049
Total		365,359	-		365,359	365,359
Financial assets not measured at fair value						
Bank deposits and cash	9	-	1,533	-	1,533	
Restricted cash	11	-	75,818	-	75,818	
Trade and other receivables	12	-	104,197	-	104,197	
Judicial deposits		-	3,580	-	3,580	
Total		-	185,128	-	185,128	
Financial liabilities measured at fair value						
Derivative financial instruments	23.c	35,474	-	-	35,474	35,474
Total		35,474	-	-	35,474	35,474
Financial liabilities not measured at fair value						
Trade payables	16	-	-	237,073	237,073	
Loans (*)	17	-	-	3,074,316	3,074,316	
Loans with related parties	34	-	-	59,416	59,416	
Total		-	-	3,370,805	3,370,805	

		Book Value				Fair Value
March 31, 2019	**Note**	**Fair value through profit or loss**	**Amortized cost**	**Other financial liabilities**	**Total**	**Level 2**
Financial assets measured at fair value						
Financial investments - CDB	9	11,237	-	-	11,237	11,237
Bank deposit certificate ("CDB") and commited operations	10	16,814	-	-	16,814	16,814
Total		28,051	-	-	28,051	28,051
Financial assets not measured at fair value						
Bank deposits and cash	9	-	46	-	46	
Restricted cash	11	-	22,462	-	22,462	
Other Receivables	12	-	37,721	-	37,721	
Judicial deposits		-	3,354	-	3,354	
Total		-	63,583	-	63,583	
Financial liabilities measured at fair value						
Derivative financial instruments	18	23,443	-	-	23,443	23,443
Total		23,443	-	-	23,443	23,443
Financial liabilities not measured at fair value						
Trade payables	16	-	-	119,953	119,953	
Loans (*)	17	-	-	758,359	758,359	
Loans with related parties	34	-	-	78,032	78,032	
Total		-	-	956,343	956,344	

(*) The amount reported does not include the impact of 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 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 liabilites 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.

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

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 ended March 31, 2020.

c. Financial risk management

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

Credit risk;
Liquidity 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 as amortization cost represent the maximum credit exposure. The maximum credit risk exposure on the reporting date was:

	Note	2020	2019
Cash and cash equivalents	9	310,001	11,283
Financial investments	10	79,586	16,814
Restricted cash	11	75,818	22,462
Trade and other receivables	12	104,197	37,721
Derivative financial instruments		24,049	-
Judicial deposits		3,580	3,354
Total		**597,231**	**91,634**

Cash and cash equivalents
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 (ECLs) in assessing the expected credit loss in cash and cash equivalents.

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 volumm 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.

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 ballot (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 commited 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	2020	2019
Trade payables	16	237,073	119,953
Loans (*)	17	3,074,316	758,359
Loans with related parties	34	59,416	78,032
Derivative financial instruments		35,474	23,443
Total		3,406,279	979,787
Current		831,492	194,578
Non-current		2,574,787	785,209

(*) The amount reported does not include the impact of transaction costs.

As of March 31, 2020, the Company has pre-approved credit lines in the amount of R$ 1,185,520.

As of March 31, 2020 the outstanding balance of credit line of working capital lines is R$ 636,627. See note 17.

The following are the contractual maturities of financial liabilities, including related interest payments:

March 31, 2020	**Book Value**	**Contratual Cash Flow**	**Until 12 months**	**1 to 2 Years**	**Above 3 years**
Loans with related parties	59,416	75,981	-	-	75,981
Loans (*)	3,074,316	4,160,788	776,763	678,901	2,705,124
Trade payables	237,073	237,073	233,508	3,565	-
Derivative financial instruments	35,474	35,474	35,474	-	-
Total	3,406,279	4,509,316	1,045,745	682,466	2,781,105

March 31, 2019	**Book Value**	**Contratual Cash Flow**	**Until 12 months**	**1 to 2 Years**	**Above 3 years**
Loans with related parties	78,032	151,704	-	-	151,704
Loans (*)	758,359	1,057,193	132,878	164,352	759,963
Trade payables	119,953	119,953	102,390	17,563	-
Derivative financial instruments	23,443	23,443	23,443	-	-
Total	979,787	1,352,293	258,712	181,915	911,667

(*) The amount reported does not include the impact of transaction costs.

No anticipated cash flow included in the analysis of the maturation of the financial liabilities is expected to occur at different dates or amounts than indicated above.

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 Company uses derivatives 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 options and non-deliverable forward contracts

(‘NDF’s’), to reduce exposure to foreign currency fluctuatiosn between the BR real and the US dollar.

	Note	2020		2019	
Financial Assets		BRL	USD	BRL	USD
Restricted Cash	11	942	181	693	178
Cash in a foreign currency	10	46,744	8,991	-	-
Financial Liabilities		BRL	USD	BRL	USD
Loans for investiments (*)	17	2,438,019	468,967	717,347	184,091
Loans for working capital (*)	17	36,818	7,082	-	-

(*) The amount related to loans presented here does not include transaction costs.

Cash flow sensitivity analysis - foreign exchange risk

Based on the rate of US dollar in force as of March 31, 2020 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 detailed in the detailed below:

				Book Value	Appreciation (BRL)		Depreciation (BRL)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
Instruments as of March 31, 2020	**USD**	**Currency**	**Exchange**	**In Reais**	**25%**	**50%**	**25%**	**50%**
Financial assets								
Restricted Cash	181	USD	5.1987	942	(236)	(471)	236	471
Funds in a foreign currency	8,991	USD	5.1987	46,744	(11,686)	(23,372)	11,686	23,372
Financial liabilities								
Loans for investiments (*)	468,967	USD	5.1987	2,438,019	609,505	1,219,010	(609,505)	(1,219,010)
Loans for working capital (*)	7,082	USD	5.1987	36,818	9,204	18,409	(9,204)	(18,409)
Impact on net income and equity					606,788	1,213,575	(606,788)	(1,213,575)

Reference: Ptax from Bacen (Central Bank of Brasil), considering the last business day of March 2020.

(*) The amount presented here does not include transaction costs.

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**	**2020**	**2019**
Financial investments - CDB	9	308,468	11,237
Bank deposit certificate ("CDB") and commited operations	10	32,842	16,814
Loans for working capital	17	(636,297)	(41,012)
Total		(294,987)	(12,961)

Cash flow sensitivity analysis for variable rate instruments

Based on the rate of CDI in force as of March 31, 2020 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 chart below:

Interest rate risk on financial assets and liabilities – sensitivity analysis

			Probable		Appreciation (BRL)		Depreciation (BRL)	
	Exposure		(Level 1)		(Level 2)	(Level 3)	(Level 2)	(Level 3)
	at 03/31/2020	Risk	%		25%	50%	25%	50%
Financial instruments								
Financial investments - CDB	308,468	CDI	3.65	11,259	14,074	16,889	8,444	5,630
Bank deposit certificate ("CDB") and commited operations	32,842	CDI	3.65	1,199	1,499	1,798	899	599
Loans for working capital*	(636,297)	CDI	3.65	(23,225)	(29,031)	(34,837)	(17,419)	(11,611)
Total	(294,987)			(10,767)	(13,459)	(16,151)	(8,075)	(5,383)
Impact on net income and equity					(2,692)	(5,384)	2,692	5,384

Reference: CDI information was obtained from CETIP's (clearinghouse for the custody and financial settlement of securities), considering the last business day of March 2020.

** All loans for working capital are exposed to CDI.*

d. 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 of $468,750 thousand (US dollars) in March, 31 2020.

The Company manages a portion of this risk through the use of derivative financial instruments, primarily 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, 2020 and 2019, including maturity dates, weighted average strike rates and fair value are detailed below:

Type	Sold/Purchased	Purchase date	Expiration date	Number of days	Underlying risk	Notional	Fair value at 03/31/2020
SWAP	Purchased	09/27/2019	03/19/2021	539	USD	5,434	4,312
NDF	Purchased	12/30/2019	10/30/2020	305	USD	3,700	4,114
NDF	Purchased	12/20/2019	10/30/2020	315	USD	2,592	2,759
NDF	Purchased	12/18/2019	10/30/2020	317	USD	2,398	2,618
NDF	Purchased	12/18/2019	06/30/2020	195	USD	1,800	1,981
SWAP	Purchased	10/11/2019	10/28/2020	383	USD	1,427	1,503
NDF	Purchased	02/10/2020	11/30/2020	294	USD	1,466	1,228
NDF	Purchased	01/31/2020	11/30/2020	304	USD	1,039	922
NDF	Purchased	12/18/2019	10/15/2020	302	USD	700	763
NDF	Purchased	06/17/2019	09/30/2020	471	USD	580	674
NDF	Purchased	12/20/2019	07/30/2020	223	USD	600	637
NDF	Purchased	07/10/2019	08/31/2020	418	USD	456	596
NDF	Purchased	12/18/2019	09/21/2020	278	USD	425	464
NDF	Purchased	03/03/2020	08/02/2021	517	USD	433	284
NDF	Purchased	01/31/2020	10/30/2020	273	USD	320	282
NDF	Purchased	02/26/2020	08/31/2020	187	USD	360	269
NDF	Purchased	02/20/2020	09/30/2021	588	USD	279	216
NDF	Purchased	06/28/2019	09/30/2020	460	USD	123	148
NDF	Purchased	01/23/2020	11/30/2020	312	USD	132	131
NDF	Purchased	12/20/2019	10/15/2020	300	USD	68	72
NDF	Purchased	03/03/2020	08/31/2020	181	USD	62	44
NDF	Purchased	03/03/2020	11/30/2020	272	USD	49	32
Total Derivative financial instruments (assets)						24,443	24,049

Type	Sold/Purchased	Purchase date	Expiration date	Number of days	Underlying risk	Notional	Fair value at 03/31/2020
NDF	Sold	09/23/2019	04/15/2020	205	USD	12,750	(12,368)
NDF	Sold	09/23/2019	05/15/2020	235	USD	12,750	(12,391)
NDF	Sold	10/07/2019	07/15/2020	282	USD	10,000	(10,714)
Total Derivative financial instruments (liabilities)						35,500	(35,474)

Type	Sold/Purchased	Purchase date	Expiration date	Number of days	Underlying risk	Notional	Fair value at 03/31/2019
NDF	Purchased	03/01/2019	04/30/2019	60	USD	20,000	(2,593)
NDF	Purchased	03/01/2019	05/31/2019	91	USD	20,000	(2,679)
NDF	Purchased	03/01/2019	06/28/2019	119	USD	20,000	(2,748)
NDF	Purchased	03/01/2019	07/31/2019	152	USD	20,000	(1,871)
NDF	Purchased	03/01/2019	08/30/2019	182	USD	20,000	(3,038)
NDF	Purchased	03/01/2019	09/30/2019	213	USD	20,000	(3,209)
NDF	Purchased	03/01/2019	10/31/2019	244	USD	20,000	(3,322)
NDF	Purchased	03/01/2019	11/29/2019	273	USD	20,000	(3,428)
NDF	Purchased	03/29/2019	04/22/2019	24	USD	22,339	(504)
NDF	Purchased	03/29/2019	04/22/2019	24	USD	2,352	(53)
Total Derivative financial instruments (liabilities)						184,691	(23,443)

Income from derivative financial instruments

The Company recorded the gains and losses on these transactions in income profit or loss for the year, as detailed below:

	2020	2019
Derivative financial instruments income	70,732	15,875
Derivative financial instruments expenses	(129,941)	(35,473)
Total	(59,209)	(19,598)

24 Income and social contribution taxes

a) Current income and social contribution taxes – assets

	2020	2019
Income tax recoverable (IRPJ)	1,383	13,123
Income tax recoverable (CSLL)	2,498	1,783
Total	3,881	14,906

b) Current income and social contribution taxes - liabilities

	2020	2019
Income tax payables	-	1,398
Social contribution payables	-	2,693
Total	-	4,091

c) Deferred income and social contribution taxes

Deferred taxes on assets, liabilities and income were calculated as follows:

	Assets		Liabilities		Equity		Income statements	
	2020	2019	2020	2019	2020	2019	2020	2019
Deferred income and social contribution taxes								
Allowance expected losses on credit	197	196	-	-	-	-	1	196
Bonus provisions	3,892	910	-	-	-	-	2,982	799
Provisions of commission	-	596	-	-	-	-	(596)	(732)
Provision of trade payables	8,948	-	-	-	-	-	8,948	-
Unrealized FX gains or losses	-	32,343	-	-	-	-	(32,343)	27,022
Capitalized loan interest	-	-	42,613	18,065	-	-	(24,548)	(13,541)
Costs transaction	-	-	159	176	-	-	17	(82)
Financial instruments	12,061	7,971	8,177	-	-	-	(4,087)	7,971
Adjust to present value (raw material trade payables)	852	533	-	-	-	-	319	(52)
Adjust to present value (DDG's clients)	44	121	-	-	-	-	(77)	121
Adjust to present value (loans with related parties)	-	-	315	13,692	12,665	8,395	712	1,486
Accrued tax loss	213,093	-	-	-	-	-	213,093	(6,698)
Depreciation	-	-	72,161	23,134	-	-	(49,027)	(12,770)
Others	724	122	850	-	-	-	(248)	774
	239,811	42,791	124,275	55,067	12,665	8,395	115,147	4,494
Offsetting (*)	(124,275)	(42,791)	124,275	(42,791)	-	-	-	-
Net deferred tax assets (liabilities)	115,536	-	-	12,277	12,665	8,395	115,147	4,494

(*) Balances of deferred tax asset 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.

Effective rate reconciliation	**2020**	**2019**
(Loss) profit before income and social contribution taxes	(327,882)	54,691
Nominal rate	34%	34%
Tax expense at nominal rate	111,480	(18,595)
Adjustment of income and social contribution taxes		
Permanent exclusion (addition), net	2,943	-
Others	4,815	2,233
Tax and social contribution	**119,238**	**(16,362)**
Reconciliation with values presented in the final period		
Current tax	4,091	(20,856)
Deferred tax	115,147	4,494
Tax and social contribution	**119,238**	**(16,362)**
Tax incentive	-	22,777
Tax and social contribution in the end of the period	**119,238**	**6,415**
Effective rate	-36%	12%

For information on the income tax incentives the Company receives, please see the significant accounting policies 7(d).

Realization

Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Deferred tax assets are reduced by a valuation allowance when, in the opinion of Management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. In determining whether a valuation allowance in necessary, Management evaluates future profitability and cash flows expected to be generated by the Company, based on the projected economic growth, and assumption defined in the business plan. Given Brazilian tax code allows a Company to carryforward losses indefinitely, Management anticipates the value of the losses will be realized at some point in the future and a valuation allowance is not necessary as of March 31, 2020. The Company is expanding its business and according to the Company's projection intends to realize the deferred tax assets as follows:

March 31, 2020	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years
Accrued tax loss	213,093	31,313	85,909	89,155	6,716
Other	26,718	26,718	-	-	-
Total	**239,811**	**58,031**	**85,909**	**89,155**	**6,716**

25 Information by segment

Basis for segmentation
The Company has three strategic divisions which are its reportable segments. These divisions offers 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 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 (Distiller's dried grains) and corn oil
Energy co-generation	Sales and resale of energy co-generation

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. Management presents these other activities as 'other' and concluded that these other operations are not a significant component of the business to be included as a reportable segment. The operating assets related to these segments are all located in Brazil.

Information about reportable segments
For a better comprehension of the reportable segment results and for decisions about pricing, Management evaluates the net revenue, less the logistical costs (freight expenses) of distribution.

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 a single operational process – the grinding of corn – 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.

As it is considered relevant for the internal decision making process, the management considered that it is a relevant information for disclosure in the financial staments according to CPC 22 / IFRS 8 – Segment information, since it gives base for performance comparison with the market.

Segment revenue	2020	2019
Anhydrous	611,184	327,988
Hydrous	363,060	128,551
Ethanol	974,244	456,539
High protein	82,567	37,368
High fiber	47,116	19,925
Wet cake	17,332	8,737
Corn oil	24,059	12,322
Animal nutrition	171,074	78,352
Energy co-generation	15,855	9,925
Other segment	9,744	-
Total net revenue from segments	**1,170,917**	**544,816**
Reclassification - Sales Freight	60,903	20,469
Total net revenue	**1,231,820**	**565,286**
Cost of goods sold	(673,893)	(311,658)
Gross profit	**557,927**	**253,628**
Operational expenses	(58,199)	(37,558)
Reclassification - Sales Freight	(60,903)	(20,469)
Total operational expenses	(119,102)	(58,027)
Net finance costs	(766,707)	(140,910)
(Loss) profit before income and social contribution taxes	**(327,882)**	**54,691**

* Reclassification of logistical cost on distribution of the products, that was seen by Administration in net revenue.

During the year ended in March 31, 2020 and 2019, the Company had customers that represented over 10% of its net revenues. Top 5 customers account for approximately 59% of the gross revenue.

26 Net revenue

Internal market	2020	2019
Ethanol	1,126,214	512,613
DDG	189,634	86,874
Corn oil	33,997	16,344
Energy co-generation	17,943	10,801
Others	11,123	-
Gross operating revenue	1,378,912	626,632
Deductions		
Sales tax and other deductions	(147,093)	(61,346)
Net revenue	1,231,820	565,286

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 or service to the customer.

Ethanol DDG Corn Oil Energy co-generation	The Company recognizes revenue by reflecting the consideration it expects to receive in exchange for the control of goods. There are 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.

27 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, 2020 and 2019:

	2020	**2019**
Corn	(461,237)	(193,776)
Biomass	(64,500)	(28,556)
Labor	(24,730)	(19,980)
Enzymes	(21,253)	(12,597)
Depreciation	(37,411)	(15,479)
Production	(12,249)	(13,649)
Chemicals	(21,126)	(13,107)
Maintenance	(18,384)	(13,280)
Resale costs*	(11,275)	-
Lab	(1,727)	(1,234)
Total	(673,893)	(311,658)

* Not part of the production costs as it is costs to procure energy and corn from the market which was subsequently sold.

28 Selling expenses

Expenses incurred in the sales process are divided as follows:

	2020	**2019**
Expenses with freight on sales	(60,903)	(20,469)
Personnel expenses	(10,205)	(5,439)
Expenses with contracted services	(1,224)	(1,550)
Travel expenses	(445)	(248)
Expenses with commission on sales	(68)	(1,263)
Other selling expenses	(596)	(1,163)
Total	(73,441)	(30,132)

29 General and administrative expenses

The general and administrative expenses incurred during the year are divided as follows:

	2020	2019
Personnel expenses	(30,076)	(11,354)
Expenses with contracted services	(12,167)	(7,403)
Depreciation and amortization expenses	(2,963)	(1,237)
Travel expenses	(2,427)	(1,476)
Office expenses	(1,454)	(877)
Expenses with taxes and fees	(803)	(1,285)
Other operating income (expenses)	(2,305)	(1,221)
Total	(52,195)	(24,852)

30 Other operating results

Other operating results incurred in the year is as follows

	2020	2019
Other revenues	5,103	98
Donations	1,338	(2,124)
Inventories adjustments	93	(1,017)
Total	6,534	(3,043)

31 Finance costs

Finance income	2020	2019
Interests over short term investments	5,818	5,539
Discounts obtained	1,189	1,883
Adjustment to present value - receivables	2,521	3,267
Gain with derivative operations	70,732	15,875
Interest income	3,820	-
	84,080	26,564
Finance costs		
Interest expense on loans	(106,096)	(27,714)
Interest expense on loans with related parties	(5,393)	(4,883)
Adjustment to present value - trade payables	(15,223)	(5,415)
Adjustment to present value - Loans with related parties	(2,093)	(4,371)
Bank fees	(10,298)	(2,147)
IOF	(1,527)	(400)
Losses with derivative operations	(129,941)	(35,473)
Other	(16,886)	(7,157)
	(287,457)	(87,561)
Income foreign exchange rate variation	21,925	1,541
Expense foreign exchange rate variation	(585,255)	(81,454)
	(563,330)	(79,913)
Net finance costs	(766,707)	(140,910)

Gain (loss) on the derivative transaction is a consequence of updating to fair value, as specified in note 23.

The result of the foreign exchange variation is according to the following breakdown:

	2020	2019
Net exchange variations of payables		
Foreign exchange rate variation of trade payables unrealized	(12,893)	(425)
Foreign exchange rate variation of trade payables	1,481	(566)
	(11,412)	(991)
Net exchange variation on restricted cash		
Foreign exchange rate variation of restricted cash unrealized	2,754	-
Foreign exchange rate variation of restricted cash	11,748	-
	14,502	-
Net exchange variation on loan		
Foreign exchange rate variation on loan unrealized	(560,699)	(78,922)
Foreign exchange rate variation on loan	(5,721)	-
	(566,420)	(78,922)
Net (loss) of exchange variation	(563,330)	(79,913)

32 Earnings per quota

The table below reconciles the profit or loss for the year with the amounts used to calculate the basic and diluted net income per quota:

	2020	2019
Profit for (loss) the years (a)	(208,644)	61,106
Average thousands of quotas (b)	83,381	83,381
Earnings (loss) per quota (in Reais) (a) / (b) x 1000	(2.50)	0.73

33 Commitments

The Company has the following commitments entered into on March 31, 2020:

a) Selling of ethanol of 58.000 cubic meters, which will occur until May 2020 with a price that fluctuates based on current market prices at the time of sale.

b) Selling of DDGs of 512,188 tons, which will occur until December 2020 at a gross average price of R$ 379,40 per ton.

c) Selling of corn oil of 3,798 tons, which will occur until December 2020 at a gross average price of R$ 3.095 per ton.

d) Selling of energy of 87,936 MWh, which will occur until December 2021 at a gross average price of R$ 237.58 per MWh and purchase of energy of 5,904 MWh, which will occur until December 2020 at a gross average price of R$ 140.14 per Mwh..

e) 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. Pursuant to CPC 47 / IFRS 9, the fair value of this financial instrument is not recognized for open term contracts as they are entered into and are harvested for the purpose of receiving corn, in accordance with the Company's purchase and expected use requirements. As of March 31, 2020, the Company had corn purchase contracts with a corrected price of no volume of 2,918,078 tons at a total cost of approximately R$ 1,192,279, which represents an average price of R$ 26.97 with a term between April 2020 and September 2021.

f) Contracts for the purchase of eucalyptus at a gross average contracted price of R$ 32.36, which totals R$ 87,195, of which R$ 8,806 has already been advanced.

34 Related parties

a. Parent company

The Company's direct and ultimate parent company is Summit Brazil Renewables Participações I Ltda.

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. At the year ended in March 31, 2020 and 2019, 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:

	2020	**2019**
Short term benefit	7,249	2,491

c. Related party transactions

The main balances of assets and liabilities (excluding loans), as well as the transactions that influenced the result of the year, related to transactions with related parties are:

Trade payables

Nature of relationship	**Note**	**2020**	**2019**
Other related parties		124	-
Non-controlling		24	-
	16	**148**	**-**

Trade receivables

Nature of relationship	**Note**	**2020**	**2019**
Other related parties		23,327	262
Non-controlling		378	286
	12	**23,705**	**548**

Advances to suppliers

Nature of relationship	**Note**	**2020**	**2019**
Non-controlling		3,248	746
	14	**3,248**	**746**

The Company maintains balance in trade account payable with related parties regarding the acquisition of raw material in the year, and also maintains balance in trade receivables with related parties referring to the sale of DDG over the year. The Company maintains adherence to internal policies ensuring all transactions are conducted at an arms length basis.
The values, quantities and prices practiced with related parties in the purchases of products and services are listed below:

April 01 to March 31, 2020 **Nature of relationship**	**Cost** **of aquisition**	**Amount** **in tons**	**Product**
Other related parties	49,818	2,017	Corn
Non-controlling	6,603	291	Corn

April 01 to March 31, 2020 **Nature of relationship**	**Cost** **of services**	**Services**
Other related parties	20,148	Warehouse monthly rent

April 01 to March 31, 2019 **Nature of relationship**	**Cost** **aquisition**	**Amount** **in tons**	**Product**
Other related parties	10,118	581	Corn
Non-controlling	5,147	256	Corn

April 01 to March 31, 2019 **Nature of relationship**	**Cost** **aquisition**	**Service**
Other related parties	4,648	Warehouse monthly rent

The values, quantities and prices practiced with related parties in the sales of products are listed below:

April 01 to March 31, 2020 **Nature of relationship**	**Revenue** **of sale**	**Amount** **in tons**	**Product**
Other related parties	4,227	56	Steam
Other related parties	1,204	2,969	DDG Hi-fiber
Non-controlling	957	9,288	DDG Wetcake
Other related parties	492	660	DDG Hi-protein
Non-controlling	20	44	DDG Hi-fiber

April 01 to March 31, 2019 **Nature of relationship**	**Revenue** **of sale**	**Amount** **in tons**	**Product**
Non-controlling	1,399	14,241	DDG Wetcake
Other related parties	926	2,599	DDG Hi-fiber
Other related parties	915	1,296	DDG Hi-protein

The Company has the following loans with related parties as of March 31, 2020:

(i) Loans with interest-related parties

Nature of relationship	Currency	Interest rate (%)	Maturity	2020	2019
Quotaholder	BRL	10.00%	2027-2028	18,791	17,056
Quotaholder	BRL	10.00%	2027-2028	39,609	35,952
Total				58,401	53,007

For more information on the Company's exposure to interest rate, liquidity risk, fair value measurement and a sensitivity analysis arising from these financing, see note 23.

(ii) Loans with related parties without interest

	Date				
Nature of relationship	**Contract**	**Due date**	**R$ amount**	**Adjustment to present value**	**Present value**
Quotaholder	01/06/2016	01/06/2026	361	203	158
Quotaholder	09/06/2016	09/06/2026	425	240	185
Quotaholder	28/06/2016	28/06/2026	82	47	35
Quotaholder	25/07/2016	25/07/2026	442	253	189
Quotaholder	21/08/2017	21/08/2027	632	184	448
Total			1,942	927	1,015

The financial resources of these loans were in US dollars and converted into into amounts payable in BR Reais and are not subject to the foreign exchange variation.

These loans are eligible to be either repaid to the parent company or converted into share capital dependent upon the fulfillment of certain conditions precedent that are defined in contracts between quotaholders. The payment amount or conversion amount into share capital will be determined at the time of maturity.

There is no collection of interest on these operations. For this reason, it was necessary to adjust the loans to present value, with loans have been recorded with imputed interest and are being amortized using the effective interest rate method. In order to do so, were considered the term of the transaction (10 years) and the annual interest rate of Brazil (Selic), which was at 14.05% for the funds raised in 2016, and 12.15% and 9,15% for the funds raised in 2017.

The gain on this adjustment was recorded in equity as a capital reserve net of the taxable effects. The monthly amortization of the adjustment to present value was calculated and is recorded based on the payment term of the contracts.

As a consequence, the total obligation to pay can be demonstrated as follows:

	2020	2019
Non-current liabilities		
Loans with related parties (without interest) principal	1,942	65,296
Loans with related parties (with interest) principal	46,275	46,275
Loans with related parties - Interest to pay	12,126	6,733
Adjust to present value	(927)	(40,272)
Total	59,416	78,032

35 Insurance coverage

On March 31, 2020, the insurance coverage against operating risks was R$ 3,404,094 (R$ 1,684,484 as of 2019) for property damages, R$ 589,158 (R$ 200,000 as of 2019) for loss of use insurance and R$ 60,000 (R$ 20,000 as of 2019) as for civil liability (D&O).

36 Statements of cash flows

a. Property, plant and equipment

During the year ended on March 31, 2020 and March 31, 2019, (see note 15), property, plant and equipment were acquired at a total net cash outflow of R$ 1,136,347 and R$ 383,316, respectively, as follows:

	2020	2019
Cost of acquisition of fixed assets	1,369,193	525,813
Movement of payables related to fixed assets	(79,241)	(96,460)
Capitalization of loan costs	(80,380)	(42,862)
Other	(73,224)	(3,175)
Net acquisition of property, plant and equipment	1,136,347	383,316

37 Subsequent events

a. Debt activity

Between April and May 2020 the Company received debt proceeds in the amount of R$ 111,951 for investment activities, and R$ 61,500 for operating activities. The proceeds received for investing activities were obtained in USD, while the proceeds received for operating activities were obtained in Brazilian reais . Of the total received in the period, R$ 9,000 are due in the 12-month period, while R$ 164,451 are due in up to 24 months.

b. Aspects related to COVID-19

On March 11, 2020 the World Health Organization declared the Coronavirus outbreak (COVID-19) as a pandemic. The vast majority of governments, on the five continents, have adopted restrictive measures to contain the spread of the virus, which have the potential to significantly affect the global economy, in view of the interruption or deceleration of the supply chain and the significant increase in economic uncertainty. Considering the increase in asset price volatility, exchange rates and the fall in long-term interest rates. The main economies in the world and the main economic blocs have been studying expressive economic stimulus packages to overcome the potential economic recession that these measures to mitigate the spread of COVID -19 may cause.

In Brazil, the Government Executive and Legislative Powers published several normative acts to prevent and contain the pandemic, as well as mitigate the respective impacts on the economy, with emphasis on Legislative Decree No. 6, published on March 20, 2020, which declares the state of public calamity. State and municipal governments have also published several normative acts seeking to restrict the free movement of people and commercial and service activities, in addition to enabling emergency investments in the health area.

On this view, the Company carried out simulation of different scenarios and assessed the possible impacts on operation. This assessment is considering micro and macroeconomic impacts effects arising from efforts to contain the spread the epidemic.

Based on this assessment the Company has adopted a series of measures to mitigate and preserve the health and safety of employees, as well to ensure the Companys going concern.
From the actions taken:

- Restriction of third party acess to units;
- Daily Check temperature of employees when accessing the units
- Implementation of policy of home office for all employees whose physical presence was not required
- Distribution of alcohol gel to employees
- Donation of alcohol gel to the local Public Institution, to help stop the spread vírus
- Adherence to the tax and labor benefits package offered by the government
- Renegociation in order to preserv cash to mantain operations
- Monitoring of accounts receivable position
- Prospecting for customers and effecting sales in new markets including exports
- Improvement organization

The Company believes that the economic effects of effort to contain the epidemic will not significantly impact the recoverable value of assets and will not compromisse the operational capacity and business (going concern)**.**

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FS Agrisolutions Indústria de Biocombustíveis Ltda.

Financial statements as of and for the year ended March 31, 2019

Contents

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Independent auditors' report on the 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 financial statements of FS Agrisolutions Indústria de Biocombustível Ltda. ('Company'), comprising the statement of financial position as of March 31, 2019 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FS Agrisolutions Indústria de Biocombustível Ltda. as of March 31, 2019, 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

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.

Emphasis - Reissuance of financial statements

On May 27, 2019, we issued an unmodified audit opinion on the financial statements of FS Agrisolutions Indústria de Biocombustível Ltda. for the year ended as of March 31, 2019, which are now being reissued. As described in Note 2, these financial statements have been amended and are being reissued to reflect the use of a preparation basis in accordance with Law No. 6,404 of 1976 and the CVM rules described in that note. Our opinion is not modified in respect of this matter

Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and, we do not provide a separate opinion on these matters.

Evaluation of the determination of capitalizable expenditures as cost of fixed assets related to the construction project of the industrial plant in Lucas do Rio Verde - MT

See Notes 7 (h) and 15 of financial statements

Key audit matter	How our audit addressed this matter
In the fiscal year ended in March 31, 2019, the Company recorded significant amounts in Property, plant and equipment relating to costs for the acquisition of fixed assets for the expansion of the industrial plant in Lucas do Rio Verde -– MT, including the capitalization of a significant amount of expenses. The Company uses certain assumptions 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 and that should be recognized as expenses. We consider this matter to be a key audit matter, due to the assumptions made by the Company to determine which costs are capitalized and the relevance of the amount in the statements of financial position.	Our procedures included, but were not limited to: ▪ Evaluation of the Company's criteria to determine which of the attributable costs related to the construction of the Lucas do Rio Verde - MT industrial plant are in accordance with the requirements for recognition of Property, plant and equipment in accordance with IAS 16 / CPC 27 - Property, Plant and Equipment. ▪ Evaluation of the acquisition price of attributable costs, based on a sample test that support the capitalized values, such as: contracts, invoice for receipt of purchased equipment, and bank receipt of payments of advances to suppliers. Based on the procedures summarized above, we consider the capitalized expenditures, recognized in property, plant and equipment, related to the construction of the industrial plant in Lucas do Rio Verde - MT as well as the respective disclosures, to be acceptable in the context of the financial statements taken as a whole, for the year ended March 31, 2019.

Other matters - Statements of added value

The statements of added value (DVA) for the year ended March 31, 2019, 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 financial statements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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.

Ribeirão Preto, August 31, 2020

KPMG Auditores Independentes

CRC 2SP-027666/F

Rafael Henrique Klug
Contador CRC 1SP246035/O-7

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of financial position at March 31, 2019 and 2018

(In thousand of reais)

Assets	**Note**	**2019**	**2018**
Current			
Cash and cash equivalents	9	11,283	9,521
Financial investments	10	16,814	209,432
Restricted cash	11	22,462	15,514
Trade and other receivables	12	37,721	25,325
Inventories	13	122,651	36,798
Advances to suppliers	14	6,817	5,709
Tax and social contribution	24.a	14,906	-
Recoverable taxes		8,415	669
Prepaid expenses		1,075	740
Other credits		386	-
Total current assets		242,530	303,708
Non-current assets			
Long-term assets			
Judicial deposits	20	3,354	-
Advances to suppliers	14	6,883	1,841
Total long-term assets		10,237	1,841
Property, plant and equipment	15	939,544	433,424
Intangible assets		3,917	876
Total non-current assets		953,698	436,141
Total assets		1,196,228	739,849

Liabilities	**Note**	**2019**	**2018**
Current			
Trade payables	16	102,390	20,324
Loans	17	66,638	12,154
Advances from customers	18	10,787	8,854
Income tax and social contribution	24.b	4,091	5,057
Taxes and contributions payable	19	5,391	5,410
Payroll and related changes		5,740	2,661
Derivative financial instruments	23.c	23,443	-
Total current liabilities		218,480	54,460
Non-current			
Trade payables	16	17,563	-
Loans	17	679,847	425,776
Loans with related parties	31	78,032	83,677
Deferred tax liabilities	24.c	12,277	25,166
Other non-current liabilities		13,805	3,324
Total non-current liabilities		801,524	537,943
Total liabilities		1,020,004	592,403
Equity	21		
Capital		83,381	83,381
Capital reserve		26,579	45,761
Tax incentive reserve		22,777	-
Retained earnings		43,487	18,304
Total equity		176,224	147,446
Total liabilities and equity		1,196,228	739,849

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of income

Years ended March 31, 2019 and 2018

(In thousand of reais)

	Note	2019	2018
Net revenue	26	565,286	285,639
Cost of goods sold	27	(311,658)	(167,389)
Gross profit		253,628	118,250
Operational expenses			
Selling expenses	28	(30,132)	(21,827)
Administrative expenses	29	(24,852)	(27,426)
Other operating results		(3,043)	(1,899)
Profit before net finance costs and taxes		195,601	67,098
Finance income	31	26,564	2,577
Finance expenses	31	(87,561)	(28,913)
Foreign exchange rate variations, net	31	(79,913)	(17,707)
Net finance costs		(140,910)	(44,043)
Profit before income and social contribuiton taxes		54,691	23,055
Current income and social contribution taxes	24.c	(20,856)	(11,158)
Deferred income and social contribution taxes	24.c	4,494	2,499
Income tax incentives	24.d	22,777	-
Profit for the year		61,106	14,396
Earnings per quota - basic (in R$)	32	0.73	0.22

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of comprehensive income

Years ended March 31, 2019 and 2018

(In thousand of reais)

	2019	2018
Profit for the year	61,106	14,396
Other comprehensive Income	-	-
Total comprehensive income	61,106	14,396

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, 2019 and 2018

(In thousand of reais)

		Capital	Advance for future capital increase	Capital reserve	Tax incentive reserve	Retained earnings	Total
Balance at April 01, 2017		38,544	9,469	59,910	-	460	108,383
Advance for future capital increase on May 19, 2017		-	5,153	-	-	-	5,153
Advance for future capital increase on June 05, 2017		-	7,395	-	-	-	7,395
Advance for future capital increase on June 21, 2017		-	2,465	-	-	-	2,465
Advance for future capital increase June 30, 2017		-	5,889	-	-	-	5,889
Advance for future capital increase on July 31, 2017		-	928	-	-	-	928
Advance for future capital increase on August 01, 2017		-	4,668	-	-	-	4,668
Advance for future capital increase on August 14, 2017		-	6,146	-	-	-	6,146
Advance for future capital increase on August 21, 2017		-	2,724	-	-	-	2,724
Capital increase of advance for future capital increase as 8th. lei changes held on June 30, 2017		9,074	(9,074)	-	-	-	-
Capital increase of advance for future capital increase as 9th. lei changes held on August 28, 2017		35,763	(35,763)	-	-	-	-
Adjust to present value of loans with related parties, deferred income tax net		-	-	1,368	-	-	1,368
Reversal of adjustment to present value on mutual loan		-	-	(12,069)	-	-	(12,069)
Adjustment to present value on financial loans		-	-	(3,448)	-	3,448	-
Profit for the year		-	-	-	-	14,396	14,396
Balance at March 31, 2018		**83,381**	**-**	**45,761**	**-**	**18,304**	**147,446**
Income tax Incentives	21.c	-	-	-	22,777	(22,777)	-
Profits distribution (equivalent to R$ 0,19 per quota)	32.c	-	-	-	-	(16,031)	(16,031)
Reversal of adjustment to present value on financial loan		-	-	(16,297)	-	-	(16,297)
Adjustment to present value on financial loans		-	-	(2,885)	-	2,885	-
Profit for the year		-	-	-	-	61,106	61,106
Balance at March 31, 2019		**83,381**	**-**	**26,579**	**22,777**	**43,487**	**176,224**

The notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda.

Statements of cash flows - Indirect method

Years ended March 31, 2019 and 2018

(In thousand of reais)

	Note	2019	2018
Cash flow from operating activities			
Profit for the year		61,106	14,396
Adjustment for:			
Depreciation and amortization		17,013	11,121
Current and deferred income tax, net of tax incentives	24.c	(6,415)	8,659
Adjustment to present value - loans with related parties		4,371	5,224
Adjustment to present value - trade payables		(5,568)	1,721
Adjustment to present value - trade receivables		3,622	-
Financial investment income		-	(2,311)
Provision for interest on loans		29,333	16,216
Provision for interest on loans with related parties		4,883	1,850
Adjustment to fair value - derivatives		23,443	-
Expected losses on credit	12	576	-
Expected losses on advances to suppliers		1,841	-
Foreign exchange rate gains or losses		79,829	17,556
Changes in			
Trade receivables		(16,594)	(25,297)
Inventories		(85,853)	(34,426)
Advances to suppliers		(7,990)	(3,869)
Recoverables taxes		(22,653)	(493)
Prepaid expenses		(336)	(334)
Judicial deposits		(3,354)	-
Other receivables		(387)	(1,841)
Trade payables		14,999	(12,431)
Advance from customers		1,934	8,854
Payroll and related charges		3,078	1,631
Taxes and contribuitions payable		17,382	4,203
Other liabilities		1,529	3,321
Interest and charges paid		(27,155)	(2,593)
Income tax and social contribution paid		(16,446)	(4,688)
Cash flow from operating activities		72,189	6,469
Cash flow from investing activities			
Acquisition of property, plant and equipment	36.a	(383,316)	(109,254)
Interest charges paid over capitalized loans		(42,862)	(15,465)
Acquisition of intangible assets		(3,536)	(537)
Financial investments		192,617	(207,121)
Restricted deposits		(6,948)	(12,252)
Net cash used in investing activities		(244,045)	(344,629)
Cash flow from financing activities			
Loans from related parties		-	34,661
Loans from third parties	17.b	257,821	280,224
Loans paid from related parties	17.b	(39,591)	(12,001)
Repayment of loans	17.b	(28,581)	(2,000)
Profits distribution		(16,031)	-
Receipt of derivative financial instruments		-	5,026
Capital increase and advances for future capital increase		-	35,368
Net cash from financing activities		173,618	341,278
Increase in cash and cash equivalents		1,762	3,118
Cash and cash equivalents at the beginning of the year		9,521	6,403
Cash and cash equivalents at the end of the year		11,283	9,521

See the notes are an integral part of these financial statements.

FS Agrisolutions Indústria de Biocombustíveis Ltda

Statements of Added Value

Years ended March 31, 2019 and 2018

(In thousand of reais)

	2019	2018
Revenue (1)	**625,344**	**324,721**
Sales of goods, products and services	625,245	324,721
Other revenues	99	-
Inputs acquired from third parties	**291,517**	**178,486**
Costs of products, goods and services sold	252,706	143,943
Materials, energy, third-party services and other	38,811	34,542
Gross added value (1) - (2) = (3)	**333,827**	**146,235**
Depreciation and amortization (4)	**17,013**	**11,121**
Net added value produced by the Company (3) - (4) = (5)	**316,814**	**135,114**
Added value received in transfer (6)	**28,105**	**2,577**
Financial income	28,105	2,577
Total added value to be distributed (5+6)	**344,919**	**137,691**
Distribution of added value	**344,919**	**137,691**
Personal	**37,158**	**27,182**
Direct remuneration	28,593	20,916
Benefits	7,060	5,165
Service Guarantee Fund	1,505	1,101
Taxes, fees and contributions	**77,640**	**49,493**
Federal	50,685	32,997
States	26,955	16,496
Remuneration of third-party capital	**169,015**	**46,620**
Interest	32,597	18,032
Other (foreing exchange rate loss)	136,418	28,588
Remuneration of equity	**61,106**	**14,396**
Profit for the year	61,106	14,396

The notes are an integral part of these financial statements.

Notes to the financial statements

(In thousands of Reais)

1 Operations

FS Agrisolutions Indústria de Biocombustíveis Ltda, (‘Company’), is a limited liability Company incorporated on April 01, 2014. It is located at Estrada A-01, a 900 mts do Km 7 da Avenida das Indústrias, s/nº - Distrito Industrial Senador Atílio Fontana, Lucas do Rio Verde, state of Mato Grosso, Brazil.

It’s core business is the production and comercialization of corn ethanol (anhydrous and hydrous), animal nutrition products used for livestock and poultry feed, called DDG (Dried Distillers Grains), as well as corn oil and energy co-generation. The Company uses corn as raw material and biomass as its sole source of powering the plants.

The Company’s quotaholders are Summit Brazil Renewables Participações I Ltda (Summit) and Tapajós Participações S.A. with 75% and 25% of the quotas, respectively.

2 Basis for preparation

The Company’s financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP).

The issuance of these financial statements, was authorized by the Directors on August 31, 2020.

Details on the Company’s significant accounting policies are provided in note 7.

Reissuance of financial statements

The financial statements for the year ended March 31, 2019, originally issued on May 27, 2019, are being reissued, for preparation basis in accordance with Law No. 6,404, of 1976, CVM rules, and including accounting practices IAS33 / CPC 41 - Earnings per Share and IFRS 8 / CCP 22 - Information by Segment, due to the Company's registration request as an issuer of securities.

3 Functional and presentation currency

These financial statements are being presented in Brazilian Real (functional currency of the 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 continuously. Revisions to the estimates are recognized prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 15 - Evaluation of the determination of capitalizable expenses as cost of fixed assets.

(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 financial year which ends on March 31, 2019 are included in the following notes:

Note 12 – allowance for expected losses on credit;
Note 15 – impairment test: main underlying assumptions of recoverable values;
Note 15 - definition of useful lives of fixed assets;
Note 12, 16 and 34 – Adjustment to present value of trade receivables, trade payables and loans with related parties; and
Note 24 – Recognition of deferred tax assets: availability of future taxable income against which deferred tax assets can be realized.

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 23.

5 Changes in significant accounting policies

Adoption of new standards
The Company applied the new standard CPC 47/IFRS 15 - Revenue from contract with customer and CPC 48/IFRS 9 - Financial Instruments as of April 1, 2018, the effects of which are described below:

a. CPC 47/IFRS 15 - Revenue from contract with customer
The CPC 47/IFRS 15 establishes a comprehensive structure to determine whether and when a revenue is recognized and how much revenue is measured. It replaced CPC 30 - Revenues, CPC 17 (R1)/IAS 11 - Construction Contracts and related interpretations. According to CPC 47/IFRS 15, revenue is recognized when the customer obtains control of the goods or services.

The Company adopted CPC 47/IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initial application of the standard on April 1, 2018. Consequently, the information submitted for March 31, 2018 has not been re-presented - that is, it is presented, as previously reported, under CPC 30 (R1)/IAS 18, CPC 17 (R1)/IAS 11 and related interpretations. Furthermore, the disclosure requirements of CPC 47/IFRS 15, in general, have not been applied to comparative information.

The CPC 47/IFRS 15 did not have a significant impact on the Company's accounting policies regarding revenue sources (see also note 26).

b. CPC 48 - Financial instruments
The CPC 48/IFRS 9 establishes requirements for recognizing and measuring financial assets, financial liabilities and some contracts for the purchase or sale of non-financial items. This standard replaces the CPC 38/IAS 39 Financial instruments: Recognition and Measurement.

Losses by reduction of the recoverable value of other financial assets are presented under the heading ‘financial expenses’, similar to the presentation in CPC 38/IAS 39, and not presented separately in the income statement as amounts are not material.

(i) Classification and measurement of financial assets and financial liabilities
The CPC 48/IFRS 9 contains three main categories of classification for financial assets: measured at amortized cost, the fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets according to CPC 48/IFRS 9 is generally based on the business model in which a financial asset is managed and in its characteristics of contractual cash flows. The CPC 48/IFRS 9 eliminates the old CPC 38/IAS 39 categories of securities held until maturity, loans and receivables, and available for sale. According to CPC 48/IFRS 9, embedded derivatives in which the main contract is a financial asset in the scope of the norm are never separated.

The CPC 48/IFRS 9 retains in large part the existing requirements in CPC 38/IAS 39 for the classification and measurement of financial liabilities and the Company had no material impacts.

The adoption of CPC 48/IFRS 9 had no significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

The following table and explanatory notes below explain the original measurement categories in CPC 38/IAS 39 and the new measurement categories of CPC 48/IFRS 9 for each class of financial assets and liabilities of the Company on April 1, 2018. The effect of the adoption of CPC 48/IFRS 9 on the accounting values of financial assets on April 1, 2018 is related only to the new requirements of expected credit loss.

Financial assets	**Original classification according to CPC 38 /IAS 39**	**New classification according to CPC 38/IFRS 09**	**2018**
Banks and Cash	Loans and receivables	Amortized cost	9,521
Financial Investments	Fair value through result	Fair value through result	209,432
Restricted cash	Loans and receivables	Amortized cost	15,514
Accounts receivable from customers	Loans and receivables	Amortized cost	25,325
Total			259,792

Financial liabilities	**Original classification according to CPC 38 /IAS 39**	**New classification according to CPC 38/IFRS 09**	**2018**
Loans	Others financial liabilities	Others financial liabilities	20,324
Loans	Others financial liabilities	Others financial liabilities	437,930
Loan with related parties	Others financial liabilities	Others financial liabilities	83,677
Total			541,931

(ii)Impairment of financial assets

The CPC 48/IFRS 9 replaces the incurred loss model with an expected credit loss model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt instruments measured at fair value through other comprehensive income, but not to investments in equity instruments. Under CPC 48/IFRS 9, credit losses are recognized earlier than in CPC 38/IAS 39 – see explanatory note 23 (ii).

It is expected that losses from imparment of assets included in the scope of CPC 48/IFRS 9 increase and become more volatile. The application of the reduction requirements to the recoverable value of CPC 48/IFRS 9 on April 1, 2018 led to the recognition of an additional provision for impairment.

Additional information on how the Company measures the provision for impairment are described in note 7.

(iii) Transition

Changes in accounting policies resulting from the adoption of CPC 48/IFRS 9 were applied retrospectively, except as described below.

The Company chose not to restate the comparative information from previous periods in relation to the classification and measurement requirements (including the reduction to recoverable value), since the impacts were not significant.

The following assessments were made based on the facts and circumstances that existed on the date of the initial application.

-The determination of the business model within which a financial asset is maintained.

- The designation and revocation of previous designations of certain financial assets and liabilities measured by fair value through profit or loss.
- The designation of certain investments in equity instruments not maintained for negotiation to the fair value trough the other comprehensive income.

If an investment in a debt instrument had a low credit risk on the date of the initial application of CPC 48/IFRS 9, then the Company assumed that the credit risk of the asset had not increased significantly since the initial recognition.

6 Basis of measurement

The financial statements were prepared on the basis of 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; and
- non-derivative financial instruments measured at fair value.

7 Significant accounting policies

The Company applied the accounting policies described below in a consistent manner to all years presented in this financial statements, unless otherwise indicated (See also note 5).

a. 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.

b. Revenue

Customer contract revenue

The Company initially adopted CPC 47/IFRS 15 from April 1, 2018.

The adoption of CPC 47/IFRS 15 did not have a significant impact on the manner in which the Company recognizes revenues (note 5).

The company has different contracts with customers depending on it 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 26.

c. Employee benefits

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.

d. Government grants and assistance

Subsidies intended to compensate the Company for expenses incurred are recognized in income 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 starts operations and once approved, the incentive lasts for a period of 10 years. The plant in Lucas do Rio Verde received the benefit starting in 2018. After granted the benefit is recorded in the Statement of income as a reduction of income tax. Additionally, corresponding reserve should be recorded in equity from retained earnings (accumulated losses), considering that such amount should not be distributed to the quotaholders during the grant period. (see note 24d and note 21c).

e. Finance Costs

The financial income and costs of the Company comprise the following:

- Interest over short term investments;
- Interest expense;
- Discounts obtained;
- Amortization - Adjustment to present value (AVP);
- 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 exactly 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 amortised 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 amortised 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 amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

f. Income tax and social contribution

Current and deferred income tax and social contribuition 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 item 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 differences is insufficient to fully recognise 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.

g. Inventories

Inventories are measured at the lower of cost and net realizable value and are stated at the average cost which does not exceed the market value. In the case of products under construction, the cost includes a portion of the general manufacturing costs based on the normal operating capacity.

h. Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment items are stated at historical acquisition or construction cost, including loan cost capitalized, net of accumulated depreciation and impairment losses.

Expenditures incurred to replace a component of an item of property, plant and equipment that 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. Any other type of expense is recognized in the statement of income as an expense.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

When parts of a property, plant and equipment 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 30.

(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 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
Vehicle	5 years

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

i. 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.

j. 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 – Policy applicable from April 1, 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or 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: Policy applicable from April 1, 2018
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 a 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: Policy applicable from April 1, 2018
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.

Financial assets - Policy applicable before April 1, 2018
The company classified the financial assets in the following categories:

- loans and receivables;
- financial assets measured at fair value through the profit and loss, and within that category as: Financial assets assigned to fair value through profit and loss.

Financial liabilities-classification, subsequent measurement and gains and losses
Financial liabilities were classified as being measured at amortized cost or VJR. A financial liability is classified as measured at fair value through the result if it is classified as maintained for negotiation, is a derivative or is designated as such in the initial recognition. Financial liabilities measured at VJR are measured at fair value and net income, 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 compensate 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 - policy applicable as of April 1, 2018
The Company maintains derivative financial instruments to protect its exposures to the risks of foreign currency variation.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value and variations in fair value are recorded in profit or loss.

Derivative financial instruments – Policy applicable before April 1, 2018
The policy applied in the comparative information presented for before April 1, 2018 is similar to that applied for April 1, 2018.

k. 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.

l. Capital

Quotas in the share capital are classified as equity.

m. Reduction in recoverable value (impairment)

Policy applicable as of April 1, 2018
Financial instruments and contractual assets
The Company recognizes provisions for expected losses of credit on:

- financial assets measured at amortized cost; see note 23.

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.

Policy applicable before April 1, 2018
Non-derivative financial assets
Financial assets not measure at fair value are evaluated at each balance sheet date to determine if there is objective evidence of impairment loss.

Objective evidence of impairment include:

- debtor's default or delays;
- renegotiation of an amount due to the Company under conditions that would not be accepted;
- indications that the debtor or issuer will face bankruptcy/court-ordered reorganization;
- negative changes in payment situation of debtors or issuers;
- the disappearance of an active market for an instrument due to financial distress; or
- observable data indicating that expected cash flow measurement of a group of financial assets decreased.

Financial assets measured by the amortized cost
The Company considers as evidence of impairment of assets measured by amortized cost at the individual and collective levels. Receivables which are significant on an individual basis are assessed for impairment. If no indications of impairment are identified on an individual basis than the balances are collectively assessed for any impairment loss not yet identified. Assets that are not individually significant are assessed for impairment on an aggregate basis by grouping the notes based on similar risk characteristics.

When assessing impairment on a collective form the Company uses historical trends of probability of default, the recovery term and the amounts of losses incurred, adjusted to reflect the management's judgment in relation to the assumptions, if the current economic and credit conditions are like that the actual losses will be higher or lower than those suggested by historical trends.

An impairment of a financial asset measured at amortized cost is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment losses are recognized in profit or loss. When a subsequent event causes the amount of the impairment loss to decrease, the impairment loss is reversed and recorded through profit or loss.

Non-financial assets
The book values of the Company's non-financial assets, except for inventories and deferred tax assets, are reviewed at each balance sheet 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 or CGU 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 CGU.

An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable value.

Impairment losses are recognized in income (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.

n. 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. The Company's Management did not identify a need to establish a provision based on past events.

o. Capitalization of borrowing costs

The costs of raising funds from third parties are capitalized pursuant to Technical Pronouncements CPC 08 (R1)/IAS 39 - Transaction Costs and Premium on the Issuance of Securities, and CPC 20 (R1)/IAS 23 - Borrowing cost, issued by the Accounting Pronouncement Committee. The Company capitalized the borrowing cost from the specific loans obtained to finance construction, as mentioned in Note 17.

p. 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.

q. Earnings per quota – Basic and diluted

The basic earnings per quota are calculated based on the profit / (loss) for the year attributable to the Company`s quotaholders and the weighted average of common quotas in the respective year. The diluted earnings per quota are calculated based on the mentioned 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

Below is a list of new standards which are effective for the fiscal years started after April 1, 2019. The Company elected not to early adopt these standards in the preparation of these financial statements.

a) CPC 06 (R2) Leases

The Company will adopt CPC 06 (R2)/IFRS 16 - Leases from April 1, 2019. The Company assessed the potential impact that the initial application of CPC 06 (R2)/IFRS 16 will have on the Financial statement, as described below. It is not expected that this standard will have a material impact on the Company's financial statements. The actual impacts of adopting the standard as of April 1, 2019 may change because:

- the new accounting policies are subject to change until the Company presents its first interim accounting information that includes the date of the initial application.

CPC 06 (R2)/IFRS 16 introduces a single model for the accounting of leases in the balance sheet for lessees. A lessee recognizes a right of use asset that represents his right to use the leased asset and a lease liability that represents his obligation to make lease payments. Exemptions are available for short-term leases and low value items. The lessor's accounting remains similar to the current standard, that is, lessors continue to classify the leases as financial or operating.

CPC 06 (R2)/IFRS 16 replaces existing lease standards, including CPC 06 (R1)/IAS 17 Leasing Operations and ICPC 03/IFRIC 4/SIC 15/SIC 27 Complementary Aspects of Leasing Operations.

Transition
The Company intends to apply CPC 06 (R2)/IFRS 16 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of the adoption of CPC 06 (R2)/IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings on April 1, 2019, without updating the comparative information.

The Company plans to apply the practical expedient in relation to the definition of lease in the transition. This means that the Company will apply CPC 06 (R2)/IFRS 16 to all contracts concluded before April 1, 2019, which were identified as leases in accordance with CPC 06 (R1)/IAS 17 and ICPC 03/IFRIC 4.

b) Others standards
The following amended standards are not expected to have a significant impact on the Company's accounting information.

- Changes in references to the conceptual framework in IFRS Standards;
- Definition of a business (changes to CPC 15 / IFRS 13); and
- Definition of materiality (amendments to CPC 26 / IAS 1 and CPC 23 / IAS).
- ICPC 2/IFRIC 23 Uncertainty about Income Tax Treatments,
- IFRS 17 Insurance Contracts.

9 Cash and cash equivalents

	2019	**2018**
Bank deposits and cash	46	108
Financial investments - CDB	11,237	9,413
Total	11,283	9,521

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 that is intended to comply with short-term commitments.

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, 2019 and 2018, the average annual return on these investments was 6.40% and 6.39%, respectively. These instruments are available for immediate redemption by the Company.

Information on the Company’s exposure to market, credit and fair value risk related to cash and cash equivalents is included in note 23.

10 Financial investments

	2019	2018
Bank deposit certificate ("CDB") and commited operations	16,814	209,432

All the amounts classified as financial investments, are expected to be consumed in investments required in the Sorriso plant, based on the commitments that the Company already has.

Certificate of bank deposits (‘CDB’) are instruments offered by banks with rates set by the individual banks which are usually linked to the CDI rate plus or minus a fixed spread. For the year ended March 31, 2019 and 2018, the average annual return on these investments was 6.40% and 6.39%, respectively. These instruments are available for immediate redemption by the Company to be consumed in investments required in the Sorriso plant.

Information on the Company's exposure to market risks, credit and fair value measurement related to financial investments is included in note 23.

11 Restricted cash

	2019	2018
Bank accounts linked to financing	3,772	2,950
Short-term investments linked to financing	18,690	12,564
Total	22,462	15,514

The Company is required to fund the budgeted amount of principal and interest that will be due during the next three-month period for loans into an escrow account (debt service reserve account). These funds have been classified as restricted cash on the statement of financial position.

In accordance with the long-term loan agreement, the Company is required to use a bank account for the collection of accounts receivable which is released to an operating account on the following business day subject to lender approval. The cash held within this bank account has been classified as restricted cash on the statement of financial position.

For the year ended March 31, 2019 and 2018, the average annual return on these investments was 6.40% and 6.39%, respectively. R$ 693 and R$ 572 of the total of investments linked to financing are denominated in USD as of the year ended March 31, 2019 and 2018, respectively.

Information on the Company's exposure to credit, market and fair value risks related to restricted cash is included in note 23.

12 Trade and other receivables

	2019	2018
Trade receivables	38,652	25,325
Allowance for expected credit losses	(576)	-
Adjustment to present value	(355)	-
Total	37,721	25,325

Impairment losses

The company assesses the imparment 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 23); and c) assigns 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, 2019 and March 31, 2018:

		2019	2018
Overdue	Range	% Realized	% Realized
Up to 30 days	00.01% to 15.00%	5.95%	-
31 to 60 days	00.01% to 20.00%	6.21%	-
61 to 90 days	00.01% to 30.00%	-	-
91 to 120 days	10.00% to 50.00%	-	-
121 to 180 days	50.00% to 75.00%	50.09%	-
>180 days	100%	100.00%	-

Based on historical loss history and expectations regarding the future performance of its current trade receivables not overdue, management has determined that no significant expected credit loss provision is required.

For March 31, 2018, the management has determined that no significant expected credit loss provision were required.

The maturity composition of the receivables at the reporting date is as follows:

	2019	2018
Falling due		
Up to 30 days	27,775	14,693
31-60 days	2,129	115
61-90 days	1,162	430
>90 days	2,237	2,121
Subtotal	**33,303**	**17,358**
Overdue		
Up to 30 days	3,309	6,501
31-60 days	451	869
61-90 days	36	141
91-180 days	543	412
>180 days	79	44
Subtotal	**4,418**	**7,967**
Total	37,721	25,325

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.

	2019
Beginning balance	-
Allowance as of expected credit losses	(79)
Adoption CPC 48/IFRS 9	(497)
Ending balance	(576)

The trade receivables with related parties as at March, 31 2019 and 2018 are R$ 548 and R$ 32, respectively. See note 34.

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 23.

13 Inventories

	2019	2018
Inventories held by third party	62,353	8,378
Consumption material	19,354	8,298
Raw material	18,637	14,257
Finished goods	2,751	1,302
Production inputs	14,220	2,241
Work-in-process inventory	5,336	2,322
Total	122,651	36,798

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average costing method. The cost composition of the products sold is shown in note 27.

As of March 31, 2019, there are inventory balances of corn and ethanol given as collateral for financing arrangements in the amount of 91,396 tons of corn and 1,000 cubic meter of ethanol.

As of March 31, 2019 and 2018, the amount held by third parties are as follows:

	2019	2018
Raw material	62,353	8,378
Total	62,353	8,378

Raw material inventories held by third-parties corresponds to 166,275 tons of corn, as of March 31, 2019.

14 Advances to suppliers

	2019	2018
Advances to suppliers of inventories	9,848	2,991
Advances to other suppliers	3,852	4,559
Total	13,700	7,550
Current	6,817	5,709
Non current	6,883	1,841

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 in March 31, 2019 is R$ 746 (there is no balance as of March, 31 2018), respectively. See note 34.

15 Property, plant and equipment

Cost of aquisition	**2017**	**Acquisitions**	**Transfers**	**2018**	**Acquisitions**	**Transfers**	**2019**
Land	2,500	1,500	-	4,000	47,766	-	51,766
Buildings	-	-	69,353	69,353	256	33,012	102,620
Machinery and equipment	1,126	1,658	277,086	279,870	25,808	323,007	628,685
Furniture and computers	1,300	1,964	40	3,304	1,397	-	4,701
Vehicles	1,182	412	-	1,594	51	-	1,645
Installations	-	36	28,803	28,838	2,268	34,708	65,814
Construction in progress	288,332	103,351	(375,273)	16,410	382,974	(372,190)	27,195
Advance to suppliers	22,092	25,110	(1,849)	45,353	65,101	(18,537)	91,917
Right of use	-	-	-	-	192	-	192
Total	316,532	134,031	(1,841)	448,722	525,813	-	974,535
Depreciation							
Buildings	-	(1,325)		(1,325)	(1,812)		(3,137)
Machinery and equipment	(51)	(11,899)		(11,950)	(15,025)		(26,975)
Furniture and computers	(68)	(393)		(461)	(540)		(1,001)
Vehicles	(80)	(84)		(164)	(168)		(332)
Installations	-	(1,398)		(1,398)	(2,133)		(3,530)
Right of use	-	-		-	(16)		(16)
Total	(199)	(15,099)		(15,298)	(19,693)		(34,991)
Net	316,333			433,424			939,544

Work in progress and advances to suppliers

The balance in construction in progress refers to the Sorriso - MT plant, whose first and second phase completion is expected in 2020.

Provision for impairment

According to Technical Pronouncement CPC 01 (R1)/IAS 36 - Asset impairment, the Company, at the end of each reporting period, assesses possible indications of impairment of their 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, 2019.

Borrowing cost capitalization

In the fiscal year ended March 31, 2019 and 2018, borrowing costs capitalized were R$ 42,862 and R$ 9,903, respectively. These costs were incorporated 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 year was 12.6% per year (the same in March 31, 2018).

Collateral

The Company has pledged fixed assets as collateral linked to loans. The fixed assets is only pledge when it is ready for use and comprises the total of lands, buildings, machinery and installations.

16 Trade payables

	2019	2018
Fixed assets payables	98,698	2,238
Raw material payables	10,837	9,778
Other payables	10,493	8,534
Adjustment to present value	(75)	(226)
Total	119,953	20,324
Current	102,390	20,324
Non-current	17,563	-

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 balance with related parties as of March 31, 2019 and 2018 was R$ 0 and R$ 3,554, respectively. See note 34.

The Company makes available for suppliers, the use of reverse factoring agreements with Banks. For these transactions, the original conditions of the initial operation do not change.

	2019	2018
Trade payables	99,918	20,324
Reverse factoring	20,035	-
Total	119,953	20,324

The Company's exposure to liquidity risks and fair value measurement related to trade payables is disclosed in note 23.

17 Loans

Current and non-current liabilities	**Currency**	**2019**	**2018**
Loans for investments	USD	717,347	440,851
Loans for working capital	R$	41,012	-
Total loans		**758,359**	**440,851**
(-) Transaction cost		(11,874)	(2,921)
Total		**746,485**	**437,930**
Current		66,638	12,154
Non-current		679,847	425,776

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.

The Company's loans consist of a USD debt balance at an interest rate from 9% to 12.6% p.y. and the remaining balance refers to working capital with an average interest rate of 11.26% p.y.

As part of securing the loans for investments, the Company has agreed to pay a fee to the lender in the amount of USD $3,500 thousand (fixed fee) or 2.0% of the net proceeds upon an equity sale transaction (variable fee). This fee survives the repayment of the debt and is due and payable by the Company upon reaching certain milestones with the fee amount (fixed fee or variable fee) at the lenders discretion. Given a component of the fee structure is for a fixed amount and the obligation has been fully earned by the lender, as of March 31, 2019, the Company recognized a noncurrent liability of USD $3,500 thousand and USD $1,000 thousand that represents R$ 13,638 and R$ 3,324 which is recorded as other noncurrent liabilities in the statement of financial position as of March 31, 2019 and 2018, respectively. This amount was considered as a transaction cost and was amortized through the stament of income accordingly over the life of the loan.

For more information on the Company's exposure to interest, currency and liquidity risks, measurement of fair value, and a sensitivity analysis from these loans and financing, see note 23.

a. Terms and schedule of debt repayment

The following guarantees were granted:

- Fiduciary assignment of the quotas held by Tapajós and Summit in the Company;
- Mortgage of the Company’s land; See note 15
- Fiduciary assignment credits rights and fixed assets; See note 15 and
- Inventories of corn and ethanol as presented in note 13.
- Restricted cash (note 9)

The Company has entered into loans contracts that include financial covenants amounting to R$ 717,347 which will only be required from the end of March 31, 2021.

The financing has the following maturities (the classification between investments and working capital have been performed by management):

March 31, 2019	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	717,347	27,733	77,466	103,287	374,858	134,003
Loans for working capital (*)	41,012	41,012	-	-	-	-
Total	**758,359**	**68,745**	**77,466**	**103,287**	**374,858**	**134,003**

March 31, 2018	Book Value	Until 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Above 4 years
Loans for investments (*)	440,851	12,988	-	71,727	71,727	284,409

(*) The amount reported does not include the impact of transaction costs.

Reconciliation of loans to cash flows arising from financing activities:

	Liabilities		
	Loans	**Loans with related parties***	**Total**
Balance as of March 31, 2018	**437,930**	**83,677**	**521,607**
Variations in financing cash flows			
Loans from third parties	257,821	-	257,821
Payments of principal	(28,581)	(39,591)	(68,172)
Total changes in financing cash flows	**229,240**	**(39,591)**	**189,649**
Other variations			
Provision for interest	29,333	4,883	34,215
Provision for interest capitalized	42,862	-	42,862
Interest payment	(62,848)	-	(62,848)
Exchange variation	78,922	-	78,922
Bank fees	(8,953)	-	(8,953)
Adjustment to present value on financial loan	-	29,064	29,064
Total Other Variations	**79,315**	**33,947**	**113,262**
Balance as of March 31, 2019	**746,485**	**78,032**	**824,516**

	Liabilities		
	Loans	**Loans with related parties***	**Total**
Balance as of March 31, 2017	**134,089**	**37,730**	**171,819**
Variations in financing cash flows			
Loans received	280,224	34,661	314,885
Payments of principal	(2,000)	(12,001)	(14,001)
Total changes in financing cash flows	**278,224**	**22,660**	**300,884**
Other variations			
Provision for interest	16,216	1,850	18,066
Provision for interest capitalized	9,903	-	9,903
Interest payment	(18,058)	-	(18,058)
Exchange variation	17,556	-	17,556
Adjustment to present value on financial loan	-	21,437	21,437
Total Other variations	**25,617**	**23,287**	**48,904**
Balance as of March 31, 2018	**437,930**	**83,677**	**521,607**

*See loans with related parties on note 34.

The exchange variation comprises the amount realized and unrealized (note 31).

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 revenue as of the end of the year. These advances are shown as a liability on the Company’s statement of financial position with a balance of R$ 10,787 and R$ 8,854 as of the March 31, 2019 and 2018, respectively.

19 Taxes and contributions payable

	2019	**2018**
PIS and COFINS	-	2,170
Retained tax of third parties (*)	983	155
ICMS (merchandise circulation tax)	3,509	2,666
ISS	38	187
Others tax	861	231
Total	5,391	5,410

(*) The retained taxes of third parties refers to PIS, COFINS, CSLL, IRPJ, INSS and Funrural.

20 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, 2019, the Company had no contingent liabilities related to ongoing lawsuits whose cash outflow is considered probable.

Contingent liabilities

Estimates of contingent liabilities for lawsuits are the best estimate of possible expenses to be incurred. As of March 31, 2019, the Company had contingencies assessed as possible risk by legal advisors and Management in the amount of R$ 27,577, for which no provision was recorded.

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$3,354 as of March 31, 2019.

21 Equity

a. Capital

The Company's subscribed and paid-in capital stock as of March 31, 2019 and 2018 is R$ 83,381, represented by 83,381,928 quotas with a par value of R$ 1.00 each.

		2019		2018	
Quotaholder	**% of ownership**	**Subscribed capital**	**Paid in capital**	**Subscribed capital**	**Paid in capital**
Summit Brazil Renewable Participações I Ltda.	75%	62,536	62,536	62,536	62,536
Tapajós Participações S.A.	25%	20,845	20,845	20,845	20,845
Total	100%	83,381	83,381	83,381	83,381

b. Capital reserve

The loans with related parties balance with the quotaholder requires the Company to record an adjustment to present value over the principal balance. The corresponding adjustment results in a capital reserve which is shown as a separate component of equity in the statement of financial position. The present value adjustment recorded in capital reserve was R$ 26,579 and R$ 45,761 as of March 31, 2019 and March 31, 2018, respectively, with the decrease deriving from principal payments made on the loan during the year.

c. Tax incentive reserve

Corresponds to the reserve that is recorded because of federal tax incentive program with the Amazon Development Superintendent – 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. By the incentive rules, the tax incentives may not be used in the determination nor payment of dividends. The amount of the incentives can only be used to offset accumulated losses or increase capital of quotaholder's equity.

d. Payment of dividends

The company paid dividends to quotaholders in the amount of R$ 16,031 - R$ 0.19 per quota during the year ended March 31, 2019.

	2019			
Quotaholder	**% of ownership**	**Subscribed capital**	**Dividends**	**Per quota**
Summit Brazil Renewable Participações I Ltda.	75%	62,536	12,023	0.19
Tapajós Participações S.A.	25%	20,845	4,008	0.19
Total	100%	83,381	16,031	

22 Capital management

The Company's capital management is conducted with a purpose of balancing the Company's and third parties' funding sources while balancing the return to quotaholders and the risk to quotaholders and creditors.

In order to maintain or adjust its capital structure, the Company may take actions to ensure the achievement of the objectives mentioned above.

23 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.

		Book Value				Fair Value
March 31, 2019	**Note**	**Fair value through profit or loss**	**Amortized cost**	**Others financial liabilities**	**Total**	**Level 2**
Financial assets measured at fair value						
Financial investments - CDB	9	11,237	-	-	11,237	11,237
Bank deposit certificate ("CDB") and commited operations	10	16,814	-	-	16,814	16,814
Total		28,051	-	-	28,051	28,051
Financial assets not measured at fair value						
Bank deposits and cash	9	-	46	-	46	
Restricted cash	11	-	22,462	-	22,462	
Trade and other receivables	12	-	37,721	-	37,721	
Judicial deposits		-	3,354	-	3,354	
Total		-	63,583	-	63,583	
Financial liabilities not measured at fair value						
Trade payables	16	-	-	119,953	119,953	
Loans (*)	17	-	-	758,359	758,359	
Loans with related parties	34	-	-	78,032	78,032	
Total		-	-	956,344	956,344	

		Book Value				Fair Value
March 31, 2018	**Note**	**Fair value through profit or loss**	**Loans and receivables**	**Others financial liabilities**	**Total**	**Level 2**
Financial assets measured at fair value						
Financial investments - CDB	9	9,413	-	9,413	9,413	9,413
Bank deposit certificate ("CDB") and commited operations	10	209,432	-	209,432	209,432	209,432
Total		218,845	-	218,845	218,845	218,845
Financial assets not measured at fair value						
Bank deposits and cash	9	-	108	-	108	
Restricted cash	11	-	15,514	-	15,514	
Other Receivables	12	-	25,325	-	25,325	
Total		-	40,947	-	40,947	
Financial liabilities not measured at fair value						
Trade payables	16	-	-	20,324	20,324	
Loans (*)	17	-	-	440,851	440,851	
Loans with related parties	34	-	-	83,677	83,677	
Total		-	-	544,852	544,852	

(*) The amount reported does not include the impact of 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 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 liabilites 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.

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

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 twelve month period ended March 31,2019.

c. Financial risk management

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

- Credit risk;
- Liquidity 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 as amortization cost represent the maximum credit exposure. The maximum credit risk exposure on the reporting date was:

	Note	2019	2018
Cash and cash equivalents	9	11,283	9,521
Bank deposit certificate ("CDB") and commited operations	10	16,814	209,432
Restricted cash	11	22,462	15,514
Trade and other receivables	12	37,721	25,325
Judicial deposits		3,354	-
Total		91,634	259,792
Current		88,280	259,792
Non-current		3,354	-

Cash and cash equivalents
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 (ECLs) in assessing the expected credit loss in cash and cash equivalents.

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 volumm 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.

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 ballot (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 commited 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	2019	2018
Trade payables	16	119,953	20,324
Loans (*)	17	758,359	440,851
Loans with related parties	34	78,032	83,677
Derivative financial instruments		23,443	-
Total		979,787	544,852
Current		194,578	33,312
Non-current		785,209	511,540

(*) The amount reported does not include the impact of transaction costs.

As of March 31, 2019, the Company has pre-approved credit lines in the amount of R$ 180,000.

As of March 31, 2019 the outstanding balance of credit line of working capital lines is R$ 41,012. See note 17.

The following are the contractual maturities of financial liabilities, including related interest payments.

March 31, 2019	Book Value	Contratual Cash Flow	Until 12 months	1 to 2 Years	Above 3 years
Loans with related parties	78,032	151,704	-	-	151,704
Loans (*)	758,359	1,057,193	132,878	164,352	759,963
Derivative financial instruments	23,443	23,443	23,443	-	-
Trade payables	119,953	119,953	102,390	17,563	-
Total	979,787	1,352,293	258,711	181,915	911,667

March 31, 2018	Book Value	Contratual Cash Flow	Until 12 months	1 to 2 Years	Above 3 years
Loans with related parties	83,677	171,515	-	-	171,515
Loans (*)	440,851	684,649	67,171	125,909	491,569
Trade payables	20,324	20,324	20,324	-	-
Total	544,852	876,488	87,495	125,909	663,084

(*) The amount reported does not include the impact of transaction costs.

No anticipated cash flow included in the analysis of the maturation of the financial liabilities is expected to occur at different dates or amounts than indicated above.

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 Company uses derivatives 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 options and non-deliverable forward contracts ('NDF's'), to reduce exposure to foreign currency fluctuatiosn between the BR real and the US dollar.

	Note	2019		2018	
Financial Assets		R$	USD	R$	USD
Restricted Cash	11	693	178	572	172
Financial Liabilities		R$	USD	R$	USD
Loans for investments (*)	17	717,347	184,091	440,851	132,635

(*) The amount related to loans presented here does not include transaction costs.

Cash flow sensitivity analysis - foreign exchange risk

Based on the rate of US dollar in force as of March 31, 2019 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 detailed in the detailed below:

				Book Value	Appreciation (BRL)		Depreciation (BRL)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
Instruments as of March, 31 2019	**USD**	**Currency**	**Exchange**	**In Reais**	**25%**	**50%**	**25%**	**50%**
Financial assets								
Restricted Cash	178	USD	3.8967	693	(173)	(347)	173	347
Financial liabilities								
Loans for investments (*)	184,091	USD	3.8967	717,347	179,337	358,674	(179,337)	(358,674)
Impact on net income and equity					179,163	358,327	(179,163)	(358,327)

Reference: Ptax from Bacen (Central Bank of Brasil), considering the last business day of March 2019.

(*) The amount presented here does not include transaction costs..

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**	**2019**	**2018**
Financial investments - CDB	9	11,237	9,413
Bank deposit certificate ("CDB") and commited operations	10	16,814	209,432
Loans for working capital	17	(41,012)	-
Total		(12,961)	218,845

Cash flow sensitivity analysis for variable rate instruments
Based on the rate of CDI in force as of March 31, 2019 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 chart below:

Interest rate risk on financial assets and liabilities - sensitivity analysis

				Book Value	Appreciation (BRL)		Depreciation (BRL)	
				(Level 1)	(Level 2)	(Level 3)	(Level 2)	(Level 3)
	Exposure at 03/31/2019	Risk	%		25%	50%	25%	50%
Financial instruments								
Financial investments - CDB	11,237	CDI	6.40	719	899	1,079	539	360
Bank deposit certificate ("CDB") and commited operations	16,814	CDI	6.40	1,076	1,345	1,614	807	538
Loans for working capital*	(41,012)	CDI	6.40	(2,625)	(3,281)	(3,937)	(1,969)	(1,313)
Total	(12,961)			(830)	(1,037)	(1,244)	(622)	(416)
Impact on net income and equity					(207)	(414)	207	414

Reference: CDI information was obtained from CETIP's (clearinghouse for the custody and financial settlement of securities), considering the last business day of March 2019.

** All loans for working capital are exposed to CDI.*

d. 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 of $179,059 thousand (US dollars) in March, 31 2019.

The Company manages a portion of this risk through the use of derivative financial instruments, primarily 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, 2019 and 2018, including maturity dates, weighted average strike rates and fair value are detailed below:

Type	Sold/ Purchased	Purchase date	Expiration date	Number of days	Underlying risk	Notional	Fair value at 03/31/2019
NDF	Purchased	3/1/2019	4/30/2019	60	USD	20,000	(2,593)
NDF	Purchased	3/1/2019	5/31/2019	91	USD	20,000	(2,679)
NDF	Purchased	3/1/2019	6/28/2019	119	USD	20,000	(2,748)
NDF	Purchased	3/1/2019	7/31/2019	152	USD	20,000	(1,871)
NDF	Purchased	3/1/2019	8/30/2019	182	USD	20,000	(3,038)
NDF	Purchased	3/1/2019	9/30/2019	213	USD	20,000	(3,209)
NDF	Purchased	3/1/2019	10/31/2019	244	USD	20,000	(3,322)
NDF	Purchased	3/1/2019	11/29/2019	273	USD	20,000	(3,428)
NDF	Purchased	3/29/2019	4/22/2019	24	USD	22,339	(504)
NDF	Purchased	3/29/2019	4/22/2019	24	USD	2,352	(53)
Total Derivative financial instruments (liabilities)						184,691	(23,443)

Income from derivative financial instruments

The Company recorded the gains and losses on these transactions in income profit or loss for the year, as detailed below:

	2019	**2018**
Derivative financial instruments income	15,875	-
Derivative financial instruments expenses	(35,473)	(361)
Total	(19,598)	(361)

24 Income and social contribution taxes

a) Current income and social contribution taxes – assets

	2019	**2018**
Income tax recoverable (IRPJ)	13,123	-
Income tax recoverable (CSLL)	1,783	-
Total	14,906	-

b) Current income and social contribution taxes - liabilities

	2019	**2018**
Income tax payables	1,398	3,716
Social contribution payables	2,693	1,341
Total	4,091	5,057

c) Deferred income and social contribution taxes

Deferred taxes on assets, liabilities and income were calculated as follows:

	Assets		Liabilities		Equity		Income statements	
	2019	2018	2019	2018	2019	2018	2019	2018
Deferred income and social contribution taxes								
Allowance expected losses on credit	196	-	-	-	-	-	196	-
Bonus provisions	910	111	-	-	-	-	799	111
Provisions of commission	596	1,328	-	-	-	-	(732)	1,328
Unrealized FX gains or losses	32,343	5,322	-	-	-	-	27,022	5,969
Capitalized loan interest	-	-	18,065	4,524	-	-	(13,541)	(3,047)
Costs of transaction	-	-	176	94	-	-	(82)	27
Financial instruments	7,971	-	-	-	-	-	7,971	70
Adjust to present value (trade payables)	533	585	-	-	-	-	(52)	-
Adjust to present value (DDG's clients)	121	-	-	-	-	-	121	585
Adjust to present value (loans with related parties)	-	-	13,692	23,574	8,395	705	1,486	1,776
Accrued tax loss	-	6,698	-	-	-	-	(6,698)	6,698
Depreciation	-	-	23,134	10,365	-	-	(12,770)	(10,366)
Others	122	-	-	653	-	-	774	(652)
	42,791	14,043	55,067	39,210	8,395	705	4,494	2,499
Offsetting (*)	(42,791)	(14,043)	(42,791)	(14,043)	-	-	-	-
Net deferred tax liabilities	-	-	12,277	25,166	8,395	705	4,494	2,499

(*) Balances of deferred tax asset 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.

Effective rate reconciliation	**2019**	**2018**
Profit before income and social contribuiton taxes	54,691	23,055
Nominal rate	34%	34%
Tax expense at nominal rate	(18,595)	(7,839)
Adjustment of income and social contribution taxes		
Permanent exclusion (addition), net	-	(1)
Others	2,233	(819)
Tax and social contribution	**(16,362)**	**(8,659)**
Reconciliation with values presented in the final period		
Current tax	(20,856)	(11,158)
Deferred tax	4,494	2,499
Tax and social contribution	**(16,362)**	**(8,659)**
Tax incentive	22,777	-
Tax and social contribution in the end of the period	**6,415**	**(8,659)**
Effective rate	12%	-38%

For information on the income tax incentives the Company receives, please see the significant accounting policies 7(d).

Realization

Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Deferred tax assets are reduced by a valuation allowance when, in the opinion of Management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. In determining whether a valuation allowance in necessary, Management evaluates future profitability and cash flows expected to be generated by the Company, based on the projected economic growth, and assumption defined in the business plan. Given Brazilian tax code allows a Company to carryforward losses indefinitely, Management anticipates the value of the losses will be realized at some point in the future and a valuation allowance is not necessary as of March 31, 2019. The Company is expanding its business and according to the Company's projection intends to realize the deferred tax assets as follows:

March 31, 2019	Book Value	Until 12 months
Unrealized FX gains or losses	32,343	32,343
Other	10,447	10,447
Total	42,791	42,791

25 Information by segment

Basis for segmentation
The Company has three strategic divisions which are its reportable segments. These divisions offers 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 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 (Distiller's dried grains) and corn oil
Energy co-generation	Sales and resale of energy co-generation

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. Management presents these other activities as 'other' and concluded that these other operations are not a significant component of the business to be included as a reportable segment. The operating assets related to these segments are all located in Brazil.

Information about reportable segments
For a better comprehension of the reportable segment results and for decisions about pricing, Management evaluates the net revenue, less the logistical costs (freight expenses) of distribution.

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 a single operational process – the grinding of corn – 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.

As it is considered relevant for the internal decision making process, the management considered that it is a relevant information for disclosure in the financial staments according to CPC 22 / IFRS 8 – Segment information, since it gives base for performance comparison with the market.

Segment revenue	**2019**	**2018**
Anhydrous	327,988	85,697
Hydrous	128,551	148,248
Ethanol	456,539	233,946
High protein	37,368	15,300
High fiber	19,925	7,583
Wet cake	8,737	3,016
Corn oil	12,322	3,448
Animal nutrition	78,352	29,348
Energy co-generation	9,925	5,687
Other segment	-	-
Total net revenue from segments	**544,816**	**268,980**
Reclassification - Sales Freight	20,469	16,659
Total net revenue	**565,286**	**285,639**
Cost of goods sold	(311,658)	(167,389)
Gross profit	**253,628**	**118,251**
Operational expenses	(37,558)	(34,494)
Reclassification - Sales Freight	(20,469)	(16,659)
Total operational expenses	(58,027)	(51,153)
Net finance costs	(140,910)	(44,043)
(Loss) profit before income and social contribution taxes	**54,691**	**23,055**

* Reclassification of logistical cost on distribution of the products, that was seen by Administration in net revenue.

During the year ended in March 31, 2019 and 2018, the Company had customers that represented over 10% of its net revenues. Top 5 customers account for approximately 59% and 38%, respectively, of the gross revenue.

26 Net revenue

	2019	**2018**
Internal market		
Ethanol	512,613	275,335
DDG	86,874	38,104
Corn oil	16,344	5,015
Energy co-generation	10,801	6,266
Gross revenue	626,632	324,720
Deductions		
Sales tax and other deductions	(61,346)	(39,081)
Net revenue	565,286	285,639

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 or service to the customer.

Ethanol DDG Corn Oil Energy co-generation	The Company recognizes revenue by reflecting the consideration it expects to receive in exchange for the control of goods. There are 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.

27 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, 2019 and 2018:

	2019	**2018**
Corn	(193,776)	(98,216)
Biomass	(28,556)	(17,654)
Labor	(19,980)	(13,257)
Enzymes	(12,597)	(6,657)
Depreciation	(15,479)	(10,189)
Production	(13,649)	(9,386)
Chemicals	(13,107)	(5,413)
Maintenance	(13,280)	(6,042)
Lab	(1,234)	(575)
Total	(311,658)	(167,389)

28 Selling expenses

Expenses incurred in the sales process are divided as follows:

	2019	**2018**
Expenses with freight on sales	(20,469)	(16,659)
Personnel expenses	(5,439)	(3,369)
Expenses with commission on sales	(1,263)	-
Expenses with contracted services	(1,550)	(861)
Travel expenses	(248)	(231)
Expenses with taxes and fees	(168)	(15)
Office expenses	(124)	(55)
Other selling expenses	(872)	(636)
Total	(30,132)	(21,827)

29 General and administrative expenses

The general and administrative expenses incurred during the year are divided as follows:

	2019	2018
Personnel expenses	(11,354)	(10,556)
Expenses with contracted services	(7,403)	(9,873)
Expenses with taxes and fees	(1,284)	(1,794)
Travel expenses	(1,476)	(1,843)
Depreciation and amortization expenses	(1,237)	(933)
Office expenses	(877)	(1,185)
Other operating income (expenses)	(1,221)	(1,243)
Total	(24,852)	(27,426)

30 Other operating results

Other operating results incurred in the year is as follows:

	2019	2018
Other revenues	98	-
Donations	(2,124)	-
Inventories adjustments	(1,017)	(1,899)
Total	(3,043)	(1,899)

31 Finance costs

	2019	2018
Finance income		
Interests over short term investments	5,539	2,311
Discounts obtained	1,883	152
Adjustment to present value - receivables	3,267	-
Gain with derivative operations	15,875	-
Interest income	-	114
	26,564	2,577
Finance costs		
Interest expense on loans	(27,714)	(16,216)
Interest expense on loans with related parties	(4,883)	(1,850)
Adjustment to present value - trade payables	(5,415)	(3,513)
Adjustment to present value - loans with related parties	(4,371)	(5,224)
Bank fees	(2,147)	(138)
IOF	(400)	(844)
Losses with derivative operations	(35,473)	(361)
Other	(7,157)	(767)
	(87,561)	(28,913)
Income foreign exchange rate variation	1,541	-
Expense foreign exchange rate variation	(81,454)	(17,707)
	(79,913)	(17,707)
Net finance costs	(140,910)	(44,043)

Gain (loss) on the derivative transaction is a consequence of updating to fair value, as specified in note 23.

The result of the foreign exchange variation is according to the following breakdown:

	2019	2018
Net exchange variations of payables		
Foreign exchange rate variation of trade payables unrealized	(907)	-
Foreign exchange rate variation of trade payables	(84)	-
	(991)	-
Net exchange variation on loan		
Foreign exchange rate variation on loan unrealized	(78,922)	(17,556)
Foreign exchange rate variation on loan	-	(151)
	(78,922)	(17,707)
Net (loss) of exchange variation	(79,913)	(17,707)

32 Earnings per quota

The table below reconciles the profit or loss for the year with the amounts used to calculate the basic and diluted net income per quota:

	2019	2018
Profit for the year (a)	61,106	14,396
Average thousands of quotas (b)	83,381	65,442
Earnings per quota (in Reais) (a) / (b) x 1000	0.73	0.22

33 Commitments

The Company has the following commitments entered into on March 31, 2019:

a) Selling of ethanol of 70,000 cubic meters, which will occur until May 2019 with a price that fluctuates based on current market prices at the time of sale.

a) Selling of DDGs of 219,776 tons, which will occur until February 2020 at a gross average price of R$ 389.39 per ton.

b) Selling of corn oil of 1,368 tons, which will occur until April 2019 at a gross average price of R$ 2,519 per ton.

c) Selling of energy of 35,156 MWh, which will occur until March 2020 at a gross average price of R$ 223.68 per MWh.

d) 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. Pursuant to CPC 47 / IFRS 9, the fair value of this financial instrument is not recognized for open term contracts as they are entered into and are harvested for the purpose of receiving corn, in accordance with the Company's purchase and expected use requirements. As of March 2019, the Company had corn purchase contracts for a total volume of 1,143,149 tons of corn at a total cost of approximately R$ 406,453 million, which represents a gross average price of R$ 21.33 that will occur until November 2020.

e) Contracts for the purchase of eucalyptus at a gross average contracted price of R $ 33.14, which totals R $ 26,060, of which R $ 4,089 has already been advanced.

34 Related parties

a. Parent company

The Company's direct and ultimate parent company is Summit Brazil Renewables Participações I Ltda.

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. At the year ended in March 31, 2019 and 2018, 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:

	2019	2018
Short term benefit	2,491	606

c. Related party transactions

The main balances of assets and liabilities (excluding loans), as well as the transactions that influenced the result of the year, related to transactions with related parties are:

Trade payables

Nature of relationship	Note	2019	2018
Non-controlling		-	3,554
	16	**-**	**3,554**

Trade receivables

Nature of relationship	Note	2019	2018
Other related parties		262	-
Non-controlling		286	32
	12	**548**	**32**

Advances to suppliers

Nature of relationship	Note	2019	2018
Non-controlling		746	-
	14	**746**	**-**

The Company maintains balance in trade account payable with related parties regarding the acquisition of raw material in the year, and also maintains balance in trade receivables with related parties referring to the sale of DDG over the year. The Company maintains adherence to internal policies ensuring all transactions are conducted at an arms length basis.

The values, quantities and prices practiced with related parties in the purchases of products and services are listed below:

April 01 to March 31, 2019 Nature of relationship	Cost aquisition	Amount in tons	Product
Other related parties	10,118	581	Corn
Non-controlling	5,147	256	Corn

April 01 to March 31, 2019 Nature of relationship	Cost aquisition	Service
Other related parties	4,648	Warehouse monthly rent

April 01 to March 31, 2018 Nature of relationship	Cost aquisition	Amount in tons	Product
Other related parties	50,062	2,651	Corn
Non-controlling	600	34	Corn

The values, quantities and prices practiced with related parties in the sales of products are listed below:

April 01 to March 31, 2019 Nature of relationship	Revenue of sale	Amount in tons	Product
Non-controlling	1,399	14,241	DDG Wetcake
Other related parties	926	2,599	DDG Hi-fiber
Other related parties	915	1,296	DDG Hi-protein

April 01 to March 31, 2018 Nature of relationship	Revenue of sale	Amount in tons	Product
Non-controlling	1,389	3,872	DDG Wetcake
Other related parties	150	654	DDG Hi-protein

The Company has the following loans with related parties as of March 31, 2019:

(i) Loans with interest-related parties

Category	Currency	Interest rate (%)	Maturity	2019	2018
Quotaholder	BRL	10.00%	2027-2028	53,007	48,125

For more information on the Company's exposure to interest rate, liquidity risk, fair value measurement and a sensitivity analysis arising from these financing, see note 23.

(ii) Loans with related parties without interest

	Date				
Nature of relationship	**Contract**	**Due date**	**R$ amount**	**Adjustment to present value**	**Present value**
Quotaholder	27/04/2016	27/04/2026	1,109	680	429
Quotaholder	05/05/2016	05/05/2026	234	144	90
Quotaholder	13/05/2016	13/05/2026	1,857	1,143	714
Quotaholder	30/05/2016	30/05/2026	15,150	9,361	5,789
Quotaholder	01/06/2016	01/06/2026	361	223	138
Quotaholder	09/06/2016	09/06/2026	637	394	242
Quotaholder	28/06/2016	28/06/2026	125	78	47
Quotaholder	25/07/2016	25/07/2026	663	415	248
Quotaholder	01/08/2016	01/08/2026	21,499	13,472	8,027
Quotaholder	05/08/2016	05/08/2026	7,076	4,438	2,638
Quotaholder	20/08/2016	20/08/2026	1,725	1,086	640
Quotaholder	25/08/2016	25/08/2026	3,664	2,308	1,356
Quotaholder	26/09/2016	26/09/2026	797	505	291
Quotaholder	26/09/2016	26/09/2026	509	323	186
Quotaholder	23/03/2017	23/03/2027	6,367	3,850	2,517
Quotaholder	21/08/2017	21/08/2027	3,522	1,851	1,672
Total			65,296	40,272	25,024

The financial resources of these loans were in US dollars and converted into amounts payable in BR Reais and are not subject to the foreign exchange variation.

These loans are eligible to be either repaid to the parent company or converted into share capital dependent upon the fulfillment of certain conditions precedent that are defined in contracts between quotaholders. The payment amount or conversion amount into share capital will be determined at the time of maturity.

There is no collection of interest on these operations. For this reason, it was necessary to adjust the loans to present value. In order to do so, were considered the term of the transaction (10 years) and the annual interest rate of Brazil (Selic), which was at 14.05% for the funds raised in 2016, and 12.15% and 9.15% for the funds raised in 2017.

The gain on this adjustment was recorded in equity as a capital reserve net of the taxable effects. The monthly amortization of the adjustment to present value was calculated and is recorded based on the payment term of the contracts.

As a consequence, the total obligation to pay can be demonstrated as follows:

	2019	2018
Non-current liabilities		
Loans with related parties (without interest) principal	65,296	104,887
Loans with related parties (with interest) principal	46,275	46,276
Loans with related parties - Interest to pay	6,733	1,850
Adjust to present value	(40,272)	(69,336)
Total	78,032	83,677

35 Insurance coverage

On March 31, 2019, the insurance coverage against operating risks was R$ 1,684,484 (R$ 1,332,026 as of 2018) for property damages, R$ 200,000 (R$ 200,000 as of 2019) for loss of use insurance and R$ 20,000 (R$ 20,000 as of 2018) as for civil liability (D&O).

36 Statements of cash flows

a. Property, plant and equipment

During the year ended on March 31, 2019 and March 31, 2018, (see note 15), property, plant and equipment were acquired at a total net cash outflow of R$ 383,316 and R$ 109.254, respectively, as follows:

	2019	2018
Cost of acquisition of fixed assets	525,621	134,031
Movement of payables related to fixed assets	(96,460)	(14,874)
Capitalization of loan costs	(42,862)	(9,903)
Others	(2,983)	-
Net acquisition of property, plant and equipment	383,316	109,254

37 Subsequent events

a. Sorriso construction

In February 2020, the phase 1 and 2 of the Sorriso plant was completed and operational and the assets were placed in service (note 15). The total investments on those phases were around R$ 1 billion.

b. Aspects related to COVID-19

On March 11, 2020 the World Health Organization declared the Coronavirus outbreak (COVID-19) as a pandemic. The vast majority of governments, on the five continents, have adopted restrictive measures to contain the spread of the virus, which have the potential to significantly affect the global economy, in view of the interruption or deceleration of the supply chain and the significant increase in economic uncertainty. Considering the increase in asset price volatility, exchange rates and the fall in long-term interest rates. The main economies in the world and the main economic blocs have been studying expressive economic stimulus packages to overcome the potential economic recession that these measures to mitigate the spread of COVID -19 may cause.

In Brazil, the Government Executive and Legislative Powers published several normative acts to prevent and contain the pandemic, as well as mitigate the respective impacts on the economy, with emphasis on Legislative Decree No. 6, published on March 20, 2020, which declares the state of public calamity. State and municipal governments have also published several normative acts seeking to restrict the free movement of people and commercial and service activities, in addition to enabling emergency investments in the health area.

On this view, the Company carried out simulation of different scenarios and assessed the possible impacts on operation. This assessment is considering micro and macroeconomic impacts effects arising from efforts to contain the spread the epidemic.

Based on this assessment the Company has adopted a series of measures to mitigate and preserve the health and safety of employees, as well to ensure the Companys going concern.
From the actions taken:

- Restriction of third party acess to units;
- Daily Check temperature of employees when accessing the units
- Implementation of policy of home office for all employees whose physical presence was not required
- Distribution of alcohol gel to employees
- Donation of alcohol gel to the local Public Institution, to help stop the spread vírus
- Adherence to the tax and labor benefits package offered by the government
- Renegociation in order to preserv cash to mantain operations
- Monitoring of accounts receivable position
- Prospecting for customers and effecting sales in new markets including exports
- Improvement organization

The Company believes that the economic effects of effort to contain the epidemic will not significantly impact the recoverable value of assets and will not compromisse the operational capacity and business (going concern).

* * *

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