



**FS LUXEMBOURG S.À R.L. ANNOUNCES
CASH TENDER OFFER AND CONSENT SOLICITATION**

São Paulo, Brazil, January 25, 2024 – FS Luxembourg S.à r.l. (the “Issuer”), a wholly-owned finance subsidiary of FS Indústria de Biocombustíveis Ltda. (“FS Ltda.”), announces that Morgan Stanley & Co. LLC (the “Offeror”), with the consent of the Issuer, has commenced a cash tender offer (the “Tender Offer”) for any and all of the outstanding US\$446,317,000 aggregate principal amount of 10.00% senior secured notes due 2025 (the “Notes”) issued by the Issuer and guaranteed by FS Ltda. and FS I Indústria de Etanol S.A. (together with FS Ltda., the “Guarantors”).

Concurrently with the Tender Offer, the Offeror, with the consent of the Issuer, is soliciting consents from holders of the Notes (the “Consent Solicitation”) for the adoption of proposed amendments (the “Proposed Amendments”) to the indenture governing the Notes (the “Indenture”), which Proposed Amendments would (i) eliminate the collateral package under the Indenture; (ii) eliminate substantially all of the restrictive covenants, as well as various events of default and related provisions contained in the Indenture; and (iii) reduce the minimum notice period to Holders (as defined in the Indenture) in the case of an optional redemption pursuant to Section 3.05 of the Indenture from 30 days to three Business Days (as defined in the Indenture).

The Tender Offer and the Consent Solicitation are being made upon the terms and subject to the conditions set forth in the Offer to Purchase and Consent Solicitation Statement, dated January 25, 2024 (as amended or supplemented from time to time, the “Offer to Purchase”).

Holders who tender Notes must also consent to the Proposed Amendments to the Indenture. Holders of Notes may not deliver Consents (as defined in the Offer to Purchase) to the Proposed Amendments without validly tendering the Notes in the Tender Offer and may not revoke their Consents without withdrawing the previously tendered Notes to which they relate. The Proposed Amendments are described in more detail in the Offer to Purchase.

In order for the Proposed Amendments to be adopted, Consents for the Proposed Amendment for Elimination and/or Changes of Covenants (as defined in the Offer to Purchase) must be received in respect of at least a majority of the aggregate outstanding principal amount of the Notes (the “Majority Consent”) and Consents for the Proposed Amendment for Collateral Removal (as defined in the Offer to Purchase) must be received in respect of at least two thirds of the aggregate outstanding principal amount of the Notes (the “Two-Thirds Consent”) (each of the Two-Thirds Consent and the Majority Consent, a “Requisite Consent”). For the avoidance of doubt, if the Two-Thirds Consent is obtained, a Consent for the Proposed Amendment for Elimination and/or Changes of Covenants shall also be deemed to be obtained.

If the Offeror receives any Requisite Consent, the Issuer and the Guarantors, among others, will execute a supplemental indenture to the Indenture (the “Supplemental Indenture”) containing the applicable Proposed Amendments to the Indenture; however, the Supplemental Indenture and the applicable Proposed Amendments will not be effective and operative until the Final Settlement Date and consummation of the Exchange (as defined below). Adoption of any of the Proposed Amendments will have adverse consequences for holders who elect not to tender Notes in the Tender Offer.

If any Requisite Consent is not obtained, the Offeror reserves the right in its sole discretion to accept and purchase Notes tendered pursuant to the Tender Offer.

Certain information regarding the Notes and the terms of the Tender Offer and the Consent Solicitation is summarized in the following table:

Description of Notes	CUSIP/ISIN	Outstanding Principal Amount of Notes	Tender Offer Consideration ⁽¹⁾	+	Early Tender Payment ⁽²⁾	=	Total Consideration ⁽³⁾
10.00% Senior Secured Notes due 2025	144A: 30315X AB0 / US30315XAB01 Reg S: L40756 AB1 / USL40756AB19	US\$446,317,000	US\$996.25		US\$50.00		US\$1,046.25

- (1) The amount to be paid for each US\$1,000 principal amount of Notes validly tendered (and not withdrawn) and accepted for purchase, not including accrued and unpaid interest on the principal amount of Notes accepted for purchase from the most recent interest payment date on the Notes to, but not including, the Settlement Date for the Notes accepted for purchase (“Accrued Interest”).
- (2) The additional amount to be paid for each US\$1,000 principal amount of Notes validly tendered (and not withdrawn) at or prior to the Early Tender Deadline and accepted for purchase, not including Accrued Interest.
- (3) For each US\$1,000 principal amount of Notes validly tendered (and not withdrawn) and accepted for purchase, the Total Consideration equals the Tender Offer Consideration *plus* the Early Tender Payment, not including Accrued Interest.

The Tender Offer and the Consent Solicitation will expire at 5:00 p.m. (New York City time) on February 23, 2024, unless extended by the Offeror (such time and date, as the same may be modified, the “Expiration Time”). The deadline for holders to validly tender (and not validly withdraw) Notes (as defined below) and deliver Consents in the Tender Offer and the Consent Solicitation and be eligible to receive payment of the Total Consideration, which includes the Early Tender Payment, will be 5:00 p.m. (New York City time) on February 7, 2024, unless extended by the Offeror (such time and date, as the same may be modified, the “Early Tender Deadline”). Holders validly tendering Notes and delivering Consents in the Tender Offer and the Consent Solicitation after the Early Tender Deadline and at or prior to the Expiration Time will only be eligible to receive payment of the Tender Offer Consideration, which equals the Total Consideration *less* the Early Tender Payment. Tendered Notes may be withdrawn and delivered Consents may be revoked at any time prior to the Early Tender Deadline, unless extended by the Offeror (such time and date, as the same may be modified, the “Withdrawal Deadline”), but not thereafter, unless required by applicable law.

Assuming acceptance by the Offeror of all Notes validly tendered (and not validly withdrawn) at or prior to the Early Tender Deadline, the Offeror intends to accept such Notes for purchase and to make payment in cash of an amount equal to the Total Consideration *plus* Accrued Interest for such accepted Notes on the Early Settlement Date, which is expected to be one business day after the Early Tender Deadline or as promptly as practicable thereafter. Assuming acceptance by the Offeror of all Notes validly tendered (and not validly withdrawn) after the Early Tender Deadline, but at or prior to the Expiration Time, the Offeror intends to accept such Notes for purchase and the Issuer expects to directly make payment in cash of an amount equal to the Tender Offer Consideration *plus* Accrued Interest for such accepted Notes on the Final Settlement Date, which is expected to be one business day after the Expiration Time or as promptly as practicable thereafter.

The Issuer and the Guarantors have consented to the Offeror making the Tender Offer and the Consent Solicitation. It is intended that the Notes validly tendered (and not withdrawn) and purchased by the Offeror in the Tender Offer will be exchanged by the Offeror with the Issuer (the “Exchange”).

The Offeror’s obligation to accept for purchase, and to pay for, Notes validly tendered and not validly withdrawn pursuant to the Tender Offer is conditioned upon the satisfaction or, when applicable, waiver of the following conditions: (i) the Issuer generating net proceeds (including, among other possibilities, subject to market conditions and on terms satisfactory to the Issuer, by way of consummation of a potential offering of new debt securities) in an amount that is at least equal to the amount sufficient to effect the repurchase by the Issuer from the Offeror of the Notes validly tendered and accepted for purchase pursuant to the Tender Offer, including the payment of any premiums, Accrued Interest and costs and expenses incurred in connection therewith, at or prior to the Final Settlement Date; (ii) the exchange settlement agreement between the Offeror, the Issuer and the Guarantors having been entered into and having remained in full force and effect at all times until the Final Settlement Date; and (iii) certain general conditions set forth in the Offer to Purchase. The Offeror reserves the right, subject to applicable law, in its sole discretion, to waive any of the conditions, in whole or in part, at any time and from time to time. If the Offeror waives a material condition to the Tender Offer, applicable law or regulation may require it to extend the Tender Offer.

The Offeror has the right to amend or terminate the Tender Offer and the Consent Solicitation at any time, subject to applicable law.

Morgan Stanley & Co. LLC is acting as dealer manager in the Tender Offer and as solicitation agent in the Consent Solicitation, and can be contacted at its telephone numbers set forth on the back cover page of the Offer to Purchase with questions regarding the Tender Offer and the Consent Solicitation.

Copies of the Offer to Purchase are available to holders of Notes from D.F. King & Co., Inc., the information agent and the tender agent for the Tender Offer and the Consent Solicitation. Requests for copies of the Offer to Purchase should be directed to D.F. King at +1 (800) 283-9185 (toll-free), +1 (212) 269-5550 (collect) or fs@dfking.com.

Neither the Offer to Purchase nor any related documents have been filed with the U.S. Securities and Exchange Commission, nor have any such documents been filed with or reviewed by any federal or state securities commission or regulatory authority of any country. No authority has passed upon the accuracy or adequacy of the Offer to Purchase or any related documents, and it is unlawful and may be a criminal offense to make any representation to the contrary.

Under no circumstances shall this press release constitute an offer to buy or the solicitation of an offer to sell the Notes or any other securities of the Issuer, the Guarantors or any of their affiliates. The Tender Offer and the Consent Solicitation are not being made to, nor will the Offeror accept tenders of Notes or deliveries of consents from, holders in any jurisdiction in which the Tender Offer and the Consent Solicitation or the acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction. This press release also is not a solicitation of consents to the Proposed Amendments to the indenture.

Important Notice Regarding Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements are information of a non-historical nature or that relate to future events and are subject to risks and uncertainties. No assurance can be given that the transactions described in this press release will be consummated or as to the ultimate terms of any such transactions. None of the Offeror, the Issuer nor the Guarantors undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

DISCLAIMER

This press release must be read in conjunction with the Offer to Purchase. This announcement and the Offer to Purchase contain important information that must be read carefully before any decision is made with respect to the Tender Offer and the Consent Solicitation. If any holder of Notes is in any doubt as to the action it should take, it is recommended to seek its own legal, tax, accounting and financial advice, including as to any tax consequences, immediately from its stockbroker, bank manager, attorney, accountant or other independent financial or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Tender Offer and the Consent Solicitation. None of the Offeror, the Issuer, the Guarantors, the dealer manager, the solicitation agent, the information and tender agent or any person who controls, or is a director, officer, employee or agent of such persons, or any affiliate of such persons, makes any recommendation as to whether holders of Notes should participate in the Tender Offer and the Consent Solicitation.