Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. Many of the factors that will determine these results are beyond our ability to control or predict.

Any of the risk factors described under “Item 3—Key Information—Risk Factors” and those described elsewhere in this annual report or in our other filings with the SEC, among other things, could cause our results to differ from any results or conditions that might be projected, forecasted or estimated by us in any such forward-looking statements.

We undertake no obligation to publicly update any forward-looking statement, whether because of new information, future events or otherwise, except as required by applicable law or stock exchange regulation. Investors are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1—IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2—OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3—KEY INFORMATION

A. (Reserved)

Not applicable.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk Factors

Risks Relating to our Business and Industry

We may be exposed to risks related to health epidemics and pandemics, such as the COVID-19 pandemic, which could adversely affect our business and results of operations.

In December 2019, a novel strain of coronavirus known as COVID-19 surfaced in Wuhan, China. The outbreak was declared a global pandemic by the World Health Organization on March 11, 2020. The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact are uncertain. We cannot foresee the extent, duration and the impacts of the measures adopted by the Brazilian or other governments to control the spread of the COVID-19 pandemic. There are no recent comparable events that may guide us. Outbreaks of contagious diseases could have an adverse effect on our business and operations.

In March 2020, we developed and implemented a plan comprised of certain measures to protect the health of our employees, prevent the spread of COVID-19 at our facilities and mitigate its effects on our operations. These measures included:

- the creation of a Prevention and Risk Committee to assess the overall situation, propose and revise preventive measures and actions to minimize risks, and coordinate the implementation of action plans;
- the adoption of a remote work policy for employees who are in certain risk groups or who work at our corporate headquarters in São Paulo;
- the implementation of certain measures and protocols to protect the safety of all persons involved in our operations, pursuant to the guidelines of the Brazilian Ministry of Health (*Ministério da Saúde*); and
- the adoption of contingency plans to prevent disruption in our operations.

Our operations in Brazil, Bolivia and Paraguay continued normally and, to date, we have not had any material impact on our business and operations arising out of the COVID-19 pandemic.

However, the COVID-19 pandemic could affect our operations if a significant portion of our workforce is unable to work due to the spread of the virus, quarantines, government actions, the shutdown of facilities or other restrictions. Part of our revenue is generated by the sale of commodities to local customers, but the global market for such commodities relies on an extensive logistics and supply chain, including ports, distribution centers and suppliers. In addition, the high volatility of the Brazilian *real*/U.S. dollar exchange rate and the prices of commodities as a result of the impact of the COVID-19 pandemic could result in losses for us.

We have experienced strong demand for exports because of the appreciation of the U.S. dollar against the Brazilian *real*. We have not experienced any significant disruptions in our logistics and export operations, as well as in inbound shipments of raw materials and goods, most of which had been acquired prior to the imposition of quarantine restrictions in Brazil. We have also not experienced any material changes in commitments for the 2021/2022 crop year.

We have preserved our short-term and long-term liquidity, and changes in inbound and outbound shipments were scaled not to materially affect our financial position. We did not identify any significant risks with regard to our capacity to continue operating.

We are unable to determine the full extent to which the COVID-19 pandemic may impact our business or results of operations in the future, which will depend on future developments that are highly uncertain and cannot be predicted. See “—Risks Relating to Brazil—The measures taken or to be implemented by the Brazilian government in response to the COVID-19 pandemic may have an adverse effect on our business and operations.”

Our ability to implement our business strategy successfully may be adversely affected by numerous factors beyond our control, which may materially and adversely affect our business, financial condition and results of operations.

Our business strategy depends on our ability to acquire, develop, operate and sell our agricultural properties on a profitable basis. Our strategy is based on our ability to acquire agricultural properties at attractive prices, develop them into efficient and profitable operations and sell them at a profit in the medium and long term. These factors are essential for our prospects of success, but are subject to significant uncertainties, contingencies and risks within our economic, competitive, regulatory and operational environment, many of which are beyond our control. Our ability to execute our business strategy successfully is uncertain and may be adversely affected by any of the following factors, among others:

- failure to pursue our business strategy;
- failure or difficulty to acquire and sell agricultural properties at attractive prices;
- changes in market conditions or failure to anticipate and adapt to new trends in Brazil’s rapidly evolving agricultural sector;
- inability to overcome certain limitations on the acquisition of land in Brazil by foreigners, as provided in the opinion of the Federal Attorney General (AGU), as further detailed in this annual report;

- failure to maintain the fiscal structure of our subsidiaries;
- inability to develop infrastructure and attract or retain personnel in a timely and effective manner;
- inability to identify service providers for our agricultural properties and projects;
- increased competition for suitable land from other agricultural real estate owners or developers, which increases our costs and adversely affects our profit margins;
- inability to develop and operate our agricultural properties profitably, which may result from inaccurate estimates regarding the cost of infrastructure, other investments or operating costs;
- failure, delays or difficulties in obtaining necessary environmental and regulatory permits;
- failure by purchasers of our properties to meet their payment obligations to us;
- increased operating costs, including the need for improvements to fixed assets, insurance premiums and property and utility taxes and fees that affect our profit margins;
- adverse climate conditions, such as global warming, which may contribute to the change of frequency of unpredictable or uncommon meteorological phenomena such as hurricanes and typhoons, as well as unpredictable and unusual patterns of rainfall, among others;
- unfavorable climate conditions in Brazil, Bolivia or Paraguay, particularly in the regions where we carry out our activities;
- the economic, political and business environment in Brazil, Bolivia or Paraguay, and specifically in the geographic regions where we invest and operate;
- inflation, fluctuating interest rates and exchange rates;
- disputes and litigation relating to our agricultural properties; and
- labor, environmental, civil and pension liabilities.

We may not be able to continue acquiring suitable agricultural properties on attractive terms, and our inability to do so could have a material adverse effect on us.

In recent years, investments in Brazil’s agriculture sector have increased substantially. As a result, demand and valuations for the kind of properties we seek to acquire have escalated significantly. We believe that prices for such properties are likely to continue to increase in the medium and long-term, perhaps significantly as demand is expected to remain high. We compete with local and foreign investors, many of whom are larger and have greater financial resources than we do. Such investors may be able to incur operating losses for a sustained period, retain their real estate investments for a longer period than we can or accept lower returns on such investments. As a result, such investors may be willing to pay substantially higher prices for agricultural properties than we are able or willing to, depriving us of opportunities to acquire the best agricultural properties or increasing our acquisition costs. As a result of the foregoing, we cannot assure you that we will be able to locate and acquire suitable investments on reasonable terms or at all, and our inability to do so could have a material adverse effect on us.

The imposition of restrictions on acquisitions of agricultural properties by foreign nationals may materially restrict the development of our business.

In August 2010, the then-president of Brazil approved the opinion of the Federal Attorney General (AGU) affirming the constitutionality of Brazilian Law No. 5,709/71, which imposes important limitations on the acquisition and lease of land in Brazil by foreigners and by Brazilian companies controlled by foreigners. Pursuant to this legislation, companies that are majority-owned by foreigners are not allowed to acquire agricultural properties in excess of 100 indefinite exploration modules, or MEI (which are measurement units adopted by the National Institute of Agrarian Development (*Instituto Nacional de Colonização e Reforma Agrária*), or INCRA, within different Brazilian regions, and which range from five to 100 hectares) absent the prior approval of the Brazilian Congress, while the acquisition of areas measuring less than 100 MEIs by such companies requires the prior approval of INCRA. In addition, agricultural areas that are owned by foreigners or companies controlled by foreigners shall not exceed 25% of the surface area of the municipality, of which area up to 40% shall not belong to foreigners or companies controlled by foreigners of the same nationality, meaning that the sum of agricultural areas that belong to foreigners or companies controlled by foreigners of the same nationality shall not exceed 10% of the surface area of the relevant municipality. In addition, INCRA is also required to verify if the agricultural, cattle-raising, industrial or colonization projects to be developed in such areas were previously approved by the relevant authorities. After that analysis, INCRA will issue a certificate allowing the acquisition or rural lease of the property. The purchase and rural lease of agricultural properties that do not comply with the aforementioned requirements need to be authorized by the Brazilian Congress. In both cases, it is not possible to determine an estimated time frame for the approval procedure, since at the date of this annual report, there are no known cases on the granting of such certificates.

Recently, Brazilian Law No. 13,986, of April 7, 2020, amended Law No. 5,709/91 and provided that the limitations mentioned above do not apply (i) to the pledge of real estate as collateral (including the fiduciary transfer of real estate property); and (ii) to debt settlements arising from the execution of real estate collateral.

As of September 30, 2022, approximately 57.3% of our common shares were held by foreigners. Bearing that in mind, the implementation of Law No. 5,709/71 may impose on us additional procedures and approvals in connection with our future acquisitions of land, which may result in material delays and our inability to obtain required approvals. There is also a case pending at the Supreme Court (*Supremo Tribunal Federal*), or STF, on the Opinion No. 461/2012-E, issued by São Paulo’s General Controller of Justice (*Corregedoria Geral de Justiça do Estado de São Paulo*), which has established that entities providing notary and registrar services located in the State of São Paulo are exempt from observing certain restrictions and requirements imposed by Law No. 5,709/71 and Decree No. 74,965/74. Moreover, on April 16, 2015, the Brazilian Rural Society filed a claim for the acknowledgment of non-compliance with basic principles (ADPF) under certain provisions of the Brazilian Constitution with the Supreme Court in order to (i) rule that paragraph 1, article 1, of Law No. 5,709/71 was repealed by the 1988 Federal Constitution and (ii) reverse the opinion issued by the Federal Attorney General (AGU) of 2010.

In June 2021, Supreme Court Justice Alexandre de Moraes issued an opinion to repeal certain restrictions on the ownership of property by foreigners and reverse the opinion issued by the Federal Attorney General (AGU) in 2010. The proceeding, however, is pending judgment by the Supreme Court. As of the date hereof, we are not able to provide an estimate of the timeframe for a final judgment to be issued by the Supreme Court.

Depending on the final decisions of these pending lawsuits, we may need to modify our business strategy and intended practices in order to be able to acquire agricultural properties. This might have the effect of increasing the number of transactions we must complete, which would increase our transaction costs. It might also require the execution of joint ventures or shareholder agreements, which increases the complexity and risks associated with such transactions.

Any regulatory limitations and restrictions could materially limit our ability to acquire agricultural properties, increase the investments, transaction costs or complexity of such transactions, or complicate the regulatory procedures required, any of which could materially and adversely affect us and our ability to successfully implement our business strategy. For more information, see “Item 4—Information on the Company—Business Overview—Ownership of Agricultural Land in Brazil by Foreigners.”

A substantial portion of our assets consists of illiquid agricultural properties that may affect our ability to carry out sales of properties timely and profitably, which could have a material adverse effect on us.

Our business strategy is based on the appreciation of the capital invested in our agricultural properties and the liquidity of those investments. We cannot assure you that the value of our agricultural properties will increase in the short, medium or long term, or at all, or that we will be able to monetize our agricultural investments successfully. Agricultural real estate assets are, as a general rule, illiquid and volatile, and agricultural properties in Brazil are especially illiquid and volatile. As a result, it may be difficult for us to promptly adjust our portfolio of properties in response to changes in economic or business conditions, and we may be unable to find purchasers willing to acquire our agricultural properties at prices that are favorable to us. Lack of liquidity and volatility in local market conditions would adversely affect our ability to carry out sales of properties timely and profitably, which could have a material adverse effect on us.

Fluctuation in market prices for our agricultural products could adversely affect us.

We are not able to obtain hedging protection or minimum price guarantees for the entirety of our production and therefore we are exposed to significant risks associated with the level and volatility of crop prices. The prices we are able to obtain for our agricultural products from time to time will depend on many factors beyond our control, including:

- global commodity prices, which historically have been subject to significant fluctuations over relatively short periods of time, depending on worldwide food supply and demand as well as factors related to financial speculation;
- disruptions in commodity markets caused by global events, including the impact of the COVID-19 pandemic;
- global economic disruptions and disruptions to commodity markets due to global conflicts and events, including the ongoing conflict between Russia and Ukraine, which may exacerbate disruptions, market pressures and volatility;
- increases in raw material costs, fuel costs and insurance premiums, especially in light of the ongoing conflict between Russia and Ukraine;
- weather conditions, or natural disasters in areas where agricultural products are cultivated;
- worldwide inventory levels (i.e., supply or stock of commodities carried over from year to year);
- the business strategies adopted by other major companies operating in the agricultural and agribusiness sectors;
- changes in agriculture subsidies with regard to certain important producers (mainly in the United States and the European Economic Community), trade barriers with regard to certain important consumer markets and the adoption of other government policies affecting market conditions and prices;
- available transportation methods and infrastructure development in the regions where we operate or in remote areas serving local markets and which affect the local prices of our crops; and
- cost of raw materials; and supply of and demand for competing commodities and substitutes.

Given the uncertainty around the extent and timing of the ongoing COVID-19 pandemic, we are unable to predict or anticipate its final effects on our business and results of operations. See "—We may be exposed to risks related to health epidemics and pandemics, such as the COVID-19 pandemic, which could adversely affect our business and results of operations."

In addition, we believe there is a close relationship between the value of our agricultural properties and market prices of the commodities we produce, which are affected by global economic and other conditions. A decline in the prices of grains, sugar or related by-products below their current levels for a sustained period of time would significantly reduce the value of our land holdings and materially and adversely affect our business, financial condition and results of operations.

Ethanol prices are correlated with the price of sugar and are also closely correlated with the price of oil, so that a decline in the price of any of these commodities may adversely affect our sugarcane business.

A vast majority of ethanol in Brazil is produced at sugarcane mills that produce both ethanol and sugar. Because sugarcane millers are able to alter their product mix in response to the relative prices of ethanol and sugar, the prices of both products are directly correlated, and the correlation between ethanol and sugar may increase over time. Sugar prices in Brazil are determined by prices in the world market, resulting in a correlation between Brazilian ethanol prices and world sugar prices.

In addition, gasoline prices in Brazil are influenced by the Brazilian government. Because flex-fuel vehicles, which have become popular in Brazil, allow consumers to choose between gasoline and ethanol at the pump, ethanol prices are correlated to gasoline prices and, consequently, oil prices.

Oil prices varied sharply in 2020, 2021 and 2022, with a record demand shock along with excess supply created by internal dispute among OPEC+ members. In March 2020, a dispute between Saudi Arabia and Russia sparked oil price volatility. Price volatility continued during 2022 as a direct result of the Russian invasion of Ukraine, thereby bringing the price of oil to its highest level since 2008.

A decline in sugar prices could have an adverse effect on the financial performance of our sugarcane businesses.

Substantially all of our revenue is derived from a small number of customers, and, besides that, we currently face a risk of default by our main customer, which may adversely affect our business, financial condition and results of operations.

We currently sell a substantial portion of our total crop production to a small number of customers who have considerable bargaining power. For instance, in the year ended June 30, 2022, four of our customers were responsible for 57.9% of our revenue, and each of these four customers was responsible for at least 10.0% of our revenue. Of these four customers, two were responsible for 97.8% of our revenue in the sugarcane segment, and two were responsible for 41.0% of our revenue in the grains/cotton segment. Comparatively, in the year ended June 30, 2021, three of our customers were responsible for 49.2% of our revenue, and each of these three customers was responsible for at least 10.0% of our revenue. Of these three customers, two (which are described below) were responsible for 99.0% of our revenue in the sugarcane segment, and one was responsible for 24.0% of our revenue in the grains segment. See Note 20 to our financial statements included elsewhere in this annual report.

We entered into a supply contract and a rural partnership agreement with Brenco – Companhia Brasileira de Energia Renovável – Em Recuperação Judicial (“Brenco”), which is controlled by Novonor S.A. – Em Recuperação Judicial (formerly known as Odebrecht S.A.), pursuant to which we currently supply them with 100% of our sugarcane production from Alto Taquari, Araucária and Partnership III farms. The term of this supply contract covers two full crop cycles, which consists of six crop years and five harvests. The term of this rural partnership agreement covers a total area of 5,624 hectares, which we expect to explore and operate until March 31, 2026.

In addition, we entered into a supply contract and a rural partnership agreement with Agro Pecuária e Industrial Serra Grande Ltda. (“Agro Serra”), pursuant to which we currently supply them with 100% of our sugarcane production from São José farm. The term of this supply contract covers at least 15 crop years, and therefore is scheduled to expire no earlier than in crop year 2032/2033, and encompasses a total area of 14,900 hectares, which we expect to explore and operate until its expiration.

The strong competition between a relatively fragmented sector of agricultural producers in the internal and external markets further increases the bargaining power of our highly concentrated customer base. Thus, we may not be able to maintain or form new relationships with customers, which could have a material adverse effect on our business, financial condition and results of operations.

Concentration among our customer base also increases the adverse consequences to us should we lose any of our customers or if any of our customers defaults on their obligations to us, either in the form of non-payment or through a breach of any contractual provision or obligation, such as shipping failures or delays. Delays in the shipment of our products could directly affect the planning of our harvest, which could generate losses and result in additional costs to us.

We are dependent on third-party service providers and subject to recent changes in the Brazilian labor legal framework.

In addition to our own personnel, we are highly dependent on third-party contractors to develop and cultivate our agricultural properties, and to provide the machinery and equipment needed for such purposes. As a result, our future success depends on the skill, experience, knowledge and efforts of our third-party service providers. We cannot assure you that we will be able to continue to hire the desired third-party service providers for our agricultural properties or that such providers will have the ability to ensure quality agricultural production in an efficient manner, and at competitive prices. Our failure to hire the desired service providers for our agricultural properties, or their failure to provide quality services, or the revocation or termination or our failure to renew our service contracts or negotiate new contracts with other service providers at comparable prices and terms could adversely affect us.

Our dependence on third-party contractors also subjects us to the risk of labor claims alleging that an employment relationship exists between us and our contractors' personnel, and that, as a result, we are secondarily liable for our contractors' labor and social security payment obligations, lease payments or other obligations.

Moreover, pursuant to Brazilian environmental law, we are jointly and severally liable, together with our contractors, for all environmental damage caused by our third-party contractors, irrespective of our fault. Such obligations or our costs for defending against any such claims may be significant and could have a material adverse effect on us if we were held liable.

Changes in government policies involving biofuels may adversely affect our business, financial condition and results of operations.

Government policies for encouraging biofuels as a response to environmental concerns have had, and are likely to continue to have, an impact on commodities prices. The nature and scope of future legislation and regulations affecting our markets are unpredictable, and we cannot assure you that current concessions, prices or market protections involving biofuels will be maintained in their current form for any period of time. Any change in the support afforded to biofuels by the United States government or any other government may result in stagnation or decline in the market prices of certain agricultural commodities and consequently the price of our agricultural properties, which may adversely affect our business, financial condition and results of operations.

Because we are subject to extensive environmental regulation, our business, financial condition and results of operations could be adversely affected if we are held liable for breach of such regulation.

Our business activities in Brazil are subject to extensive federal, state and municipal laws and regulations concerning environmental protection, which impose on us various environmental obligations, such as environmental licensing requirements, minimum standards for the release of effluents, use of agrochemicals, management of solid waste, protection of certain areas (legal reserve and permanent preservation areas), and the need for a special authorization to use water, among others. The failure to comply with such laws and regulations may subject the violator to administrative fines, mandatory interruption of activities and criminal sanctions, in addition to the obligation to rectify damages and pay environmental and third-party damage compensation, without any caps. In addition, Brazilian environmental law adopts a joint and several and strict liability system for environmental damages, which makes the polluter liable even in cases where it is not negligent and would render us jointly and severally liable for the obligations of our contractors or off-takers. If we become subject to environmental liabilities, any costs we may incur to rectify possible environmental damage would lead to a reduction in our financial resources, which would otherwise remain at our disposal for current or future strategic investment, thus causing an adverse impact on our business, financial condition and results of operations.

As environmental laws and their enforcement become increasingly stricter, our expenses for complying with environmental requirements are likely to increase in the future. Furthermore, the possible implementation of new regulations, changes in existing regulations or the adoption of other measures could cause the amount and frequency of our expenditures on environmental preservation to vary significantly compared to present estimates or historical costs. Any unplanned future expenses could force us to reduce or forego strategic investments and as a result could materially and adversely affect our business, financial condition and results of operations.

If we fail to innovate and utilize modern agricultural technologies and techniques to enhance production and yields of our acquired agricultural properties, we may be adversely affected.

Our business model is focused on our acquiring underdeveloped or underutilized agricultural properties and improving them by applying evolving agricultural technologies and techniques. Therefore, our strategy depends to a large extent on our ability to obtain and apply modern agricultural techniques and technologies to enhance the value of the properties we acquire. If we are unable to apply in a timely manner the most advanced technologies and farming techniques required to add value to our agricultural properties and make our products competitive and attractive to local and international investors, our business, financial condition and results of operations would be adversely affected.

We may experience difficulties implementing our investment projects, which may affect our growth prospects.

Part of our strategy with regard to our agricultural properties consists of investing in support infrastructure in order to increase the value of such agricultural properties. In implementing our investment projects, we may face a number of challenges, including: (i) failures or delays in acquiring necessary equipment or services; (ii) higher costs than those originally estimated; (iii) difficulties securing the necessary environmental and government licenses; (iv) changes in market conditions, which could render the projects less profitable than originally estimated; (v) impossibility or delays in acquiring land at attractive prices, or an increase in the land prices on account of growing demand for land by our competitors; (vi) impossibility of, and delay in identifying and acquiring land that is in compliance with Brazilian real estate property laws; (vii) lack of capacity to develop infrastructure and attract qualified labor on a timely and efficient basis; (viii) disputes and litigation relating to the land we acquire; (ix) cultural challenges deriving from the integration of new management and employees in our organization; and (x) the need to update accounting systems, administrative data and human resources. Our inability to manage these risks would adversely affect us.

Property prices in Brazil could decline significantly, which could adversely affect the value of our property holdings.

Real estate property prices in Brazil are influenced by a wide variety of factors beyond our control, and therefore we cannot assure you that property values will continue to increase or that property prices will not decline. A significant decline in property prices in Brazil could adversely affect the value of our property holdings.

Failure to retain and attract qualified personnel could harm our business.

We are highly dependent on the services of our technical and administrative staff. If we lose any of our senior management, or require additional management personnel, we will have to attract similarly qualified administrative and technical personnel. There is significant demand for high-level, technical personnel with the skills and know-how required to operate our business, and we compete for this talent in the global market. The availability of attractive opportunities in Brazil and other countries may adversely affect our ability to hire or retain highly-qualified personnel. If we fail to attract and retain the professionals we need to expand and manage our operations, our business may be materially and adversely affected.

Adverse weather conditions may have an adverse impact on our agricultural properties and products and, to a lesser extent, our cattle production.

The occurrence of severe weather conditions, including droughts, floods, heavy rainfall, hail, frost or extremely high temperatures is unpredictable and has had and could have in the future a potentially devastating impact on our agricultural properties or production and, to a lesser extent, our cattle production. Adverse weather conditions may be exacerbated by the effects of climate change. In recent years, different regions in Brazil have been affected by extreme weather conditions, and the regions where our properties are located have also experienced high temperatures and severe drought in recent years. The effect of severe weather conditions may materially reduce the productivity of our farms, impairing our revenue and cash flow, and requiring higher levels of investment or significant increases in our operating costs, any of which could have a material and adverse impact on us.

Diseases may affect our crops and cattle, potentially destroying all or part of our production.

The occurrence and effect of diseases can be unpredictable and devastating on crops, potentially rendering useless all or a significant portion of the affected crops. The cost of preventing and treating crop disease tends to be high. For example, diseases, such as Asian soybean rust (*Phakopsora pachyrhizi*) and pests, like corn earworm (*Helicoverpa zea*) and cotton bollworm (*Helicoverpa armigera)*, can spread and may result in lower crop yields and higher operating costs. Currently, Asian soybean rust, corn earworm and cotton bollworm can only be controlled, not eliminated.

Diseases affecting our cattle herds, such as tuberculosis, brucellosis and foot-and-mouth disease, can render cows unable to produce meat for human consumption. Outbreaks of cattle diseases may also result in the closure of certain important markets for our cattle products, such as the United States. Although we abide by national veterinary health guidelines, which include laboratory analyses and vaccination, to control diseases among the herds, especially foot-and-mouth disease, we cannot assure that future outbreaks of cattle diseases will not occur. A future outbreak of diseases among our cattle herds may adversely affect our cattle sales which could adversely affect our financial condition and results of operation.

The origination and spread of diseases may occur for many reasons beyond our control, including the failure of other producers to comply with applicable health and environmental regulations. The appearance of new diseases or the mutation or proliferation of existing diseases could damage or completely destroy our crops and cattle herds, which would materially and adversely affect our business, financial condition and results of operations.

Fires and other accidents may affect our agricultural properties and adversely affect us.

Our operations are subject to various risks affecting our agricultural properties and agricultural installations, including destruction of farms and crops by fire and other natural disasters or events, and theft or other unexpected loss of grains or fertilizers and supplies. We could be materially and adversely affected if any of these risks were to occur.

Widespread uncertainties and fraud involving ownership of real estate in Brazil may adversely affect us.

Under Brazilian law, ownership of real estate is conveyed only upon proper registration and filing of the relevant public deeds with the Real Estate Registry Office with jurisdiction where the property is located. In certain locations in Brazil, it is frequent to come across real estate registry errors, including duplicate or fraudulent certificates of enrollment and legal challenges. Lawsuits concerning the lawful title of real estate are prevalent in Brazil and, as a result, there is a risk that such errors, fraud or challenges adversely affect our business, financial condition and results of operations, thereby causing the loss of all or substantially all of our agricultural properties.

We depend on international trade and economic and other conditions in our key export markets.

Brazil’s current agricultural production capacity is greater than the demands of its domestic agricultural market. Agriculture exports account for an increasingly significant portion of our revenue, especially as our rehabilitated farm properties gain crop production capabilities and increased yield. Therefore, our results of operations increasingly depend on political, economic and regulatory conditions in our principal export markets. The ability of our products to effectively compete in these export markets may be adversely affected by a number of factors beyond our control, including the deterioration of macroeconomic conditions, the volatility of exchange rates, the imposition of tariffs or other trade barriers or other factors in those markets such as regulations relating to the chemical content of agricultural products and safety and health regulations.

Due to the growing market share of Brazilian agricultural and beef products in the international markets, Brazilian exporters are increasingly being affected by tariffs and other barriers imposed by importing countries, in order to, among other things, protect local producers by limiting access of Brazilian companies to their markets. For example, the European Union imposes protective tariffs designed to mitigate the effects of Brazil’s lower production costs on local European producers. Developed countries also use direct and indirect subsidies to enhance the competitiveness of their producers in other markets.

Additionally, due to the ongoing COVID-19 pandemic, governments and other authorities have established certain restrictions on the freedom of movement of individuals and business operations, including travel bans, which led to supply chain disruptions and border closures. Other measures, such as the restriction on imports or closures of ports, airports or any ports of entry, or border closures may have a material adverse effect on our business and results of operations. See "—We may be exposed to risks related to health epidemics and pandemics, such as the COVID-19 pandemic, which could adversely affect our business and results of operations."

The adoption of measures by a given country or region, such as restrictions, import quotas or suspension of imports could substantially affect the export volume of agricultural products and, consequently, our results of operations.

In July 2018, the U.S. and China began imposing tariffs on approximately $34 billion of each other's exports. Subsequently, the U.S. imposed tariffs on an additional $216 billion in Chinese goods, and China imposed tariffs on an additional $76 billion worth of U.S goods. Negotiations to resolve the trade dispute are currently ongoing. Continued global trade tensions may lead to the imposition of further tariffs or other future geopolitical economic developments. Future actions of the U.S. administration or other countries, including China, with respect to tariffs or international trade agreements and policies remain currently unclear. We are unable at this time to predict the outcome of the trade tensions between the United States and China. The escalation of such trade tensions between the United States and China, and the imposition of tariffs, retaliatory tariffs or other trade restrictions may result in a rebalancing of global export flows in our key export markets and an increase in global competition, which in turn could adversely affect our business, financial condition and results of operations.

If the competitiveness of our products in one or more of our significant markets were to be affected by any one of these events, we may not be able to reallocate our products to other markets on comparable terms, which could therefore adversely affect our business, financial condition and results of operations.

A worldwide economic downturn could weaken demand for our products and lead to lower prices.

Demand for our products may be affected by international, national and local economic conditions that are beyond our control. Adverse changes in the perceived or actual economic conditions, such as higher fuel prices, higher interest rates, stock and real estate market declines and associated volatility, more restrictive credit markets, higher taxes, and changes in governmental policies could reduce the level of demand for, or the prices of, our products. We cannot predict the duration or magnitude of a downturn or the timing or strength of economic recovery following the adverse effects of the COVID-19 pandemic. If a downturn were to continue for an extended period of time or worsen, we could experience a prolonged period of decreased demand and prices. In addition, economic downturns may adversely affect our suppliers, which can result in disruptions to our operations and financial losses. Moreover, the deterioration of global economic conditions, particularly in relevant economies, such as the United States, China and Europe, as a result of the COVID-19 pandemic, may ultimately decrease the demand for our products and have a material adverse effect on our financial condition and results of operations. See "—We may be exposed to risks related to health epidemics and pandemics, such as the COVID-19 pandemic, which could adversely affect our business and results of operations."

Fluctuations in the value of the Brazilian* real *in relation to the U.S. dollar could adversely affect us.

Foreign exchange fluctuations, particularly of the Brazilian *real* against the U.S. dollar, may significantly affect our results of operations given that: (1) our products and the basic supplies used in our production are traded internationally; (2) soybean prices are defined based on prices prevalent on the Chicago Board of Trade, or CBOT; and (3) most markets are served by several suppliers from different countries, and competitiveness of farm products abroad may increase in relation to ours in light of the appreciation of the Brazilian currency in relation to the U.S. dollar. Fluctuations in the value of the *real* in relation to the U.S. dollar could impact our export revenue, our sales in U.S. dollars in the Brazilian market and our financial expenses and operating costs, which may adversely affect our business, financial condition and results of operations.

The *real* has suffered frequent depreciations and appreciations in relation to the U.S. dollar and other foreign currencies during the past decade. The Brazilian government has in the past utilized different exchange rate regimes, including sudden devaluations, periodic mini devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange rate markets and a floating exchange rate system. Since 1999, Brazil has adopted a floating exchange rate system with interventions by the Central Bank in buying or selling foreign currency. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian *real* and the U.S. dollar and other currencies. The devaluations in more recent periods resulted in significant fluctuations in the exchange rates of the *real* against the U.S. dollar and other currencies.

In 2018, the *real* depreciated by 17.1% against the U.S. dollar, and on December 31, 2018, the *real*/U.S. dollar exchange rate was R$3.8748. In 2019, the *real* depreciated by 0.6% against the U.S. dollar, and on December 31, 2019, the *real*/U.S. dollar exchange rate was R$4.0307. In 2020, the *real* depreciated by 29.2% against the U.S. dollar, and on December 31, 2020, the *real*/U.S. dollar exchange rate was R$5.1967. In 2021, the *real* depreciated by 7.4% against the U.S. dollar, and on December 31, 2021, the *real*/U.S dollar exchange rate was R$5.5799. In 2022 (until September 30, 2022), the *real* appreciated by 3.1% against the *U.S.* dollar, and the *real*/U.S. dollar exchange rate was R$5.4066 per US$1.00 on September 30, 2022. There can be no assurance that the *real* will not depreciate or appreciate against the U.S. dollar in the future.

We also hold derivative financial instruments to hedge risks relating to revenue from exports and operating costs denominated in foreign currencies. If we fail to manage these instruments properly, we may be adversely affected by our exposure to these risks, which may have a material adverse effect on our financial condition and results of operations.

Our business is seasonal, and our revenue may fluctuate significantly depending on the growing cycle of our crops.

Agribusiness operations are predominantly seasonal in nature. In Brazil, the harvest of soybean and corn generally occurs from February to June. The annual sugarcane harvest period in Brazil normally begins in April and ends in November of each year. Therefore, our results of operations are likely to continue to significantly fluctuate between the planting and harvest periods of each crop, which cause fluctuations in our cash flows as a result of disparities between our revenue stream and our fixed expenses. In addition, seasonality creates limited windows of opportunity for our producers to complete required tasks at each stage of crop cultivation. Should events such as adverse weather conditions (including deluges of rain as has recently been the case throughout Brazil) or transportation interruptions occur during these seasonal windows, we may face reduced revenue without an opportunity to recover until the following crop’s planting. Finally, because of the effects of seasonality, our quarterly results may not be indicative of our annual results.

Our growth plan will require additional capital, which may not be available on terms and conditions acceptable to us, or at all.

Our operations require a significant amount of capital. We may need to seek additional capital by issuing shares or debt instruments, or by incurring indebtedness. Our ability to raise capital will depend on our future profitability, which is currently uncertain, and on political and economic conditions in Brazil and the international agricultural and real estate markets. Depending on these and other factors, many of which are beyond our control, additional capital may not be available at all or on conditions that are favorable or acceptable to us. If we are required to finance our activities through indebtedness, it is likely that the terms of that debt will impose upon us obligations or covenants, financial or otherwise, that could restrict our operational flexibility. Should we fail to raise additional capital under conditions that are acceptable to us, our business, financial condition and results of operations could be adversely affected.

We plan to continue to use financial derivative instruments, which may result in substantial losses.

We plan to continue to use derivative financial instruments, mainly commodity hedge derivatives, foreign exchange derivatives and exchange rate swaps. If we enter into such hedging agreements and future prices of the underlying commodities differ from our expectations, we may incur substantial losses which could have an adverse effect on our financial condition and results of operations.

Furthermore, our hedging strategies may not properly take account of the effects of foreign exchange or commodity variations on our financial position. On entering into forward exchange and commodity agreements, we will be subject to the risk that our counterparties could fail to meet the conditions of such agreements. We may not be able to receive compensation for losses and damages from any defaulting counterparty through legal remedies, on account of laws protecting against bankruptcy or other similar protections for insolvent debtors, foreign laws restricting cross-border legal remedies, or for other reasons, which may adversely affect our business, financial condition and results of operations.

We may not be successful in our future partnerships and strategic relationships.

We have entered into strategic partnerships and alliances in order to benefit from certain business opportunities. We cannot predict if such strategic partnerships and alliances will be successful or if more partnerships and alliances will take place. Our ability to successfully expand our business by means of strategic partnerships and alliances depends on various factors, including our ability to negotiate favorable conditions for such partnerships and alliances, in addition to factors beyond our control, such as our partners' compliance with obligations arising from the partnership. Furthermore, our expectations regarding the benefits of these partnerships may not materialize. If we are unable to develop successful strategic partnerships and alliances, we could also be adversely affected.

Cresud, our controlling shareholder, and certain members of our board of directors may have interests that differ from those of our other shareholders.

As of September 30, 2022, Cresud held 38.25% of our common shares. Cresud has other numerous investments and may have other priorities that may conflict with those of our other shareholders, and as a result thereof, significant conflicts of interest may arise between Cresud and our other shareholders. In addition, five of our nine directors have been nominated by Cresud and certain members of our management, including our Chief Financial Officer and Investor Relation Officer, were previously employed by Cresud. This situation may give rise to actual or apparent conflicts of interest as such directors and officers may have fiduciary duties or other interests owed to both us and Cresud or any of its affiliates. It may also limit the ability of such directors and officers to participate in certain matters.

In addition, as a result of Cresud's ownership interest in us, conflicts of interest could arise with respect to transactions involving our ongoing business activities, and the resolution of these conflicts may not be favorable to us. Specifically, business opportunities, including but not limited to potential targets for rural property acquisitions, may be attractive to both Cresud and us. We may not be able to resolve any potential conflicts and, even if we do so, the resolution may be less favorable to us than if we were dealing with an unaffiliated party.

Increases in the price of raw materials and oil may adversely affect us.

Our agricultural properties are located in Brazil's *cerrado* biome (also known as the Brazilian savannah region), a location where the soil is mostly acidic and not very fertile, requiring the use of lime and fertilizers. Our operations require other raw materials such as pesticides and seeds which we acquire from local and international suppliers. We do not have long-term supply contracts for these raw materials and therefore are exposed to the risk of cost increases. A significant increase in the price of lime, fertilizers or other raw materials we use would likely reduce our profitability or otherwise adversely affect our business operations as these are not costs that can readily be passed on to our customers. In addition, certain of our production costs, including fertilizers and the cost of leasing agricultural machinery, are linked to the international price of oil and its derivatives. Therefore, if the price of oil increases significantly, our results of operations could be adversely affected.

We also rely on fertilizers and agrochemicals, many of which are petrochemical based. In our segments related to agricultural activity (grains, cotton, sugarcane and cattle raising), fertilizers and agrochemicals represented approximately 29% of our total cost of production (including manufacturing and administrative expenses) for the 2021/2022 harvest year. Worldwide production of agricultural products has increased significantly in recent years in response to increased demand for agrochemicals and fertilizers. However, supply shortages have continued to exist and have been aggravated by the ongoing conflict between Russia and Ukraine.

In addition, because Russia is one of the world's largest oil and fertilizer exporters, we expect recent global developments relating to the ongoing conflict between Russia and Ukraine, and resulting export disruptions, will likely lead to decreased global supply and increased fuel prices, the effects of which could be more acute if the members of the Organization of the Petroleum Exporting Countries – OPEC decide not to, or are unable to, increase their oil production.

Political risks remain present mainly from the escalating conflict between Russia and Ukraine, medium-term relationship tensions between the United States and China, uncertainty over government instabilities in Europe and other local geopolitical risks. The materialization of these risks may affect global growth and decrease investors' interest in assets from Brazil and other countries in which we do business, which may materially and adversely our business, financial condition, results of operations and, therefore, adversely affect the market price of our shares, including of our ADSs, making it more difficult for us to access capital markets and, as a result, to finance our operations in the future.

We cannot predict the price and future availability of fuel or fertilizers with any degree of certainty, and significant increases in fuel prices or fertilizers, or the unavailability of fertilizers and other raw materials, may adversely affect our business, financial condition and results of operations.

Delays or failures in the delivery of raw materials used by us and our suppliers could have an adverse effect on us.

We depend on suppliers to provide us with fertilizers, seeds, other raw materials and machinery services. Possible delays in the delivery of such items may delay our planting efforts until we are able to establish agreements with other suppliers, or may delay our harvest in case of delay in delivery of machinery. Accordingly, any delays, failures or defects in the delivery of raw materials or inputs or with regard to the provision of services to us by our suppliers could adversely affect our business and results of operations. See "—Our business, financial condition and results of operations may be adversely affected by lack of transportation, storage and processing infrastructure in Brazil, which represents an important challenge for the Brazilian agricultural and agricultural real estate sectors."

We may be adversely affected by the ongoing conflict between Russia and Ukraine and the ensuing global geopolitical and economic instability.

The ongoing conflict between Russia and Ukraine has significantly disrupted supply chains and international trade. Following Russia's invasion of Ukraine in February 2022, the United States, the United Kingdom, the European Union and other countries and supra-national entities have imposed comprehensive economic sanctions against Russia, including financial measures such as freezing Russia's central bank assets and limiting its ability to access its U.S. dollar reserves. The United States, the United Kingdom and the European Union have also banned businesses from dealing with the Russian central bank, its finance ministry and its sovereign wealth fund. Certain Russian banks have also been removed from the Swift bank messaging system, which enables the transfer of money across borders. The United States, the United Kingdom and the European Union continue to impost or consider the imposition of additional sanctions on Russian entities and individuals, including major Russian companies and the Russian state. The United States, the United Kingdom and the European Union have also imposed sanctions on individuals with close ties to the Russian government, including their family members and close associates, as well as on the assets held by them worldwide.

The effects of the ongoing conflict between Russia and Ukraine on the Russian and global economy remains uncertain. However, they have resulted in significant volatility in financial markets, as well as an increase in energy and commodity prices globally. As a result, in particular, the availability and price of fertilizers for the 2022/2023 harvest year is subject to significant uncertainty in Brazil and the other countries in which we operate. From a supply point of view, Brazil and the other countries in which we operate are highly dependent on imports of fertilizers from Russia and other neighboring countries. In addition, fertilizer prices, which had already risen before the conflict, have continued to rise and have led producers to delay purchase negotiations. As a result of such supply risks, we believe that there may be shortages of some types of fertilizers (mainly of potash-based products). We may also be unsuccessful in finding alternative direct imports from non-sanctioned regions or in increasing our prices to reflect increased supply costs in the future. Failure to obtain fertilizer on favorable terms, or at all, could have a material adverse effect on our business, financial condition and results of operations.

Geopolitical tensions in petroleum-producing countries may also affect the global supply of oil and lead to increased prices. The conflict between Russia and Ukraine led to a spike in oil and energy prices. Although this positively impacted ethanol demand and prices, we cannot assure you that such geopolitical tensions will not adversely affect our business, financial condition and results of operations.

Certain of our agricultural products contain genetically modified organisms (GMOs), and risks associated with GMOs remain uncertain, which may result in increased regulatory scrutiny and harm our business and financial condition.

The totality of our products, including soybean and corn, contain genetically modified organisms, or GMOs, in varying proportions depending on the crop year. Production and consumption of GMOs remain controversial, and adverse publicity and consumer resistance have led to the adoption of certain governmental regulations limiting sales of GMO products in important markets including the European Union. If GMOs were determined to present risks to human health or to the environment, demand for our GMO products could collapse, and we could face potentially significant liability for harm caused by such products, all of which could materially and adversely affect our business, financial condition and results of operations.

In 2018, a Brazilian trial court ruled that new products containing “glyphosate” – a herbicide widely used in soybeans and others crops – were prohibited from being registered in Brazil, and existing registrations would be suspended until the government re-evaluates their toxicity. This decision also suspended the registration of others chemicals, such as the insecticide abamectin and the fungicide thiram. According to the Brazilian Agriculture Minister, this decision would be a disaster for the agricultural industry and, for this reason, the decision was subject to multiple appeals. On September 3, 2018, a court of appeals reversed the trial court’s decision. Currently, the use of glyphosate is permitted. However, we are unable to guarantee that it will continue to be allowed.

The prohibition of the use of glyphosate to control weed infestation could compromise no-till farming, which is important for productivity and sustainability, and lead to increased use of other products for pest control. Currently, there is no alternative in Brazil to replace glyphosate. Similar products have a high cost and are not readily available to meet the demand for glyphosate. As a result, our production costs could increase, and our productivity could be significantly impacted, which could result in lower production margins.

Our business, financial condition and results of operations may be adversely affected by lack of transportation, storage and processing infrastructure in Brazil, which represents an important challenge for the Brazilian agricultural and agricultural real estate sectors.

We depend on efficient access to transportation and port infrastructure for the growth of Brazilian agriculture and our operations. We may decide to acquire agricultural properties in areas where existing transportation infrastructure is inadequate and where improvements may be required to make our agricultural production more accessible to export centers at competitive prices. A substantial portion of Brazilian agricultural production is currently transported by trucks, which is significantly more expensive than transportation by rail cars. Given that our dependence on road transportation prevents us from being considered a low-cost producer, our ability to compete on the world market may be impaired, especially as the price of fuel increases. As a result, we may not be able to secure efficient transportation for our production to reach major markets in a cost-efficient manner or at all, which may adversely affect our business, financial condition and results of operations.

In addition, in May 2018, Brazil faced a widespread truck drivers’ strike, which caused a nationwide transportation paralysis, highway blockades, cargo delays, shortages of food, supplies and fuel in Brazil. If a widespread strike or similar disruptive event happens again, it could adversely affect the logistics sector as whole and our business, financial condition and results of operations.

Disruptions may also be caused by the spread of infectious disease, such as COVID-19, or by a deterioration in labor or union relations, disputes or work stoppages or other labor-related developments affecting us and our suppliers and distributors. See “—We may be exposed to risks related to health epidemics and pandemics, such as the COVID-19 pandemic, which could adversely affect our business and results of operations.”

Competition in the markets for our products may materially and adversely affect us.

We face significant domestic and international competition in each of our markets and in many of our production lines. The global market for agricultural products is highly competitive and sensitive to changes in industrial capacity, product inventories and cyclical changes in the world economy, any one or more of which may affect to a significant degree the selling price of our products and therefore our profitability. Since many of our products are agricultural commodities, such products compete in international markets almost exclusively based on price. Many other producers of these commodities are larger than us and have more significant financial and other resources. Furthermore, many other producers receive subsidies in their respective countries that generally are not available in Brazil. Such subsidies may afford producers lower production costs or enable them to operate in an environment with sharp price reductions, constrained margins and operating losses for longer periods. Any increased competitive pressure with respect to our products could materially and adversely affect our business, financial condition and results of operations.

Social movements may affect the use of our agricultural properties or cause damage to them.

Social movements such as the Landless Rural Workers’ Movement (*Movimento dos Trabalhadores Rurais Sem Terra*) and the Pastoral Land Commission (*Comissão Pastoral da Terra*) are active in Brazil and advocate land reform and property redistribution by the Brazilian government.

Invasion and occupation of agricultural land by large numbers of people is a common practice among the members of such movements and, in certain regions, including those where we currently invest, remedies such as police protection or eviction procedures are inadequate or non-existent. As a result, we cannot assure you that our agricultural properties will not be subject to invasion or occupation by any social movement. Any invasion or occupation may materially impair the use of our lands and adversely affect our business, financial condition and results of operations.

In addition, environmental social movements often promote and organize gatherings and other events to prevent, delay or reduce legal deforestation, which may adversely affect our operations. As a result, we cannot assure you that our operations will be not adversely affected by environmental social movements, which could lead to the revocation of operating licenses, delays or amendments thereto.

We made investments in farmland in Bolivia and Paraguay, and we may possibly make investments in other countries in and outside Latin America, in which case we would be subject to the associated economic, legal, political and regulatory risks.

Currently, we conduct our activities in Brazil, Bolivia and Paraguay. We are considering expanding into other countries in and outside Latin America, but currently have no definitive commitments or specific plans with respect thereto. In the future, we may expand our activities into other countries in Latin America or elsewhere if we decide that international expansion would be appropriate to achieve our objectives. The success in other countries of our business strategy and business model that we apply in Brazil would be subject to a high level of uncertainty and depend on numerous factors beyond our control. Therefore, we cannot assure you that any such expansion would be profitable or enable us to obtain the expected returns on our investments, or even recover our investments. Any international expansion of our activities would be subject to political, economic and regulatory risks in the relevant country and to risks inherent in the management of a transnational company, including:

- challenges posed by distance, language, local business practices and cultural differences (i.e. lack of financing; longer payment cycles in the relevant country; difficulties in forming partnerships or strategic alliances with local parties; conflicting or redundant practices in respect to tax, regulatory, legal and administrative aspects);
- negative effects of currency fluctuations or the imposition of exchange controls or restrictions on repatriation of capital;
- adverse changes in laws and local policies, particularly those relating to import tariffs, labor practices, environment, investment, acquisition of agricultural property by foreign companies or companies controlled by foreigners;

- difficulty of enforcement of contracts and collection or enforcement of debts, or difficulties or restrictions imposed by local courts;

- expropriation and imposition of legal or administrative limitations to the exercise of property rights as a result of changes in laws or applicable regulations;

- difficulty in obtaining licenses, permits or other approvals from local government authorities;

- political disputes, social unrest and deteriorating local economic conditions;

- transnational conflicts or disputes involving Brazil and the relevant country; and

- terrorism or military conflicts; and natural disasters, epidemics, riots and insurrections.

Our inability to recognize and respond to these differences, challenges and risks could adversely affect any operations we may undertake in markets outside of Brazil, which could have a material adverse effect on our business, financial condition and results of operations.

Unauthorized disclosure, or loss of intellectual property or other sensitive business or personal information, or disruption in information technology by cyber-attacks, as well as our failure to comply with existing and future laws and regulations relating to data privacy and data security can subject us to penalties or liability and can adversely affect our operations, reputation and financial results.

We collect, store, process and use certain confidential information and other user data in connection with our business operations. We must ensure that any processing, collection, use, storage, dissemination, transfer and disposal of data for which we are responsible complies with relevant data protection and privacy laws. We rely on commercially available systems, software, tools and monitoring to provide secure processing, transmission and storage of confidential information, such as customer, employee, company and other personal information.

Data protection and privacy laws are developing to take into account the changes in cultural and consumer attitudes towards the protection of personal data. For example, on August 14, 2018, Brazil enacted Law No. 13,709/2018 (*Lei Geral de Proteção de Dados*, or the LGPD), a comprehensive data protection law establishing 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 and will affect all economic sectors, including the relationship between customers and suppliers of goods and services, employers and employees, and other relationships in which personal data is collected, whether in a digital or physical manner. The LGPD entered into force on September 18, 2020.

As we seek to expand our business and operations, we expect that we will be increasingly subject to laws and regulations relating to the collection, use, retention, security, and transfer of information, including the personally identifiable information of our employees and customers. These laws and regulations may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that will materially and adversely affect our business. If there are breaches of the LGPD obligations, or of other data privacy laws and regulations, as the case may be, we could face significant administrative and monetary sanctions as well as reputational damage, which could have a material adverse effect on our operations, financial condition and prospects.

In addition, despite the security measures that we have in place, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, cyber-attacks, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events.

See also "—We were the target of a cybersecurity incident that disrupted our systems".

We were the target of a cybersecurity incident that disrupted our systems.

In October 2019, we experienced a cybersecurity incident, in which certain of our network and computer systems and data became temporarily unavailable. We have no reason to believe that such incident resulted in the unauthorized disclosure of confidential information. Any security incident, or any perceived failure involving the misappropriation, loss or other unauthorized disclosure of confidential information, as well as any failure or perceived failure to comply with laws, policies, legal obligations or industry standards regarding data privacy and protection, whether by us or our service providers, could damage our reputation, expose us to litigation risk and liability, subject us to negative publicity, disrupt our operations and harm our business. We cannot assure you that our security measures, or those put in place by our service providers, will be sufficient to prevent future security breaches or incidents, which may directly or indirectly affect us, or that our failure to prevent them will not have a material adverse effect on our business, results of operations or financial condition.

Cyber-attacks or security breaches could compromise confidential, business and other critical information, cause a disruption in our operations or harm our reputation, as certain of our operations are dependent on information technology and telecommunication systems and services. Information assets, including intellectual property, personal data and other business-sensitive critical information are an attractive asset to cyber criminals, cyberterrorism or other external agents. A significant cyber-attack, a human error, including from our employees and partners, or obsolescence of technology could result in the loss of critical business information and adversely affect our operations and results of operations.

We continuously monitor and develop our information technology networks and infrastructure. We also conduct annual tests to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a material impact on us. However, we cannot assure you that these measures will be effective in protecting us against future cyberattacks and other related breaches of our information technology systems.

Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities that are discovered in the future. In addition, cyber-attacks could result in important remediation costs, increased cyber security costs, lost revenues due to disruption of activities, litigation and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial condition and results of operations.

Risks Relating to Brazil

The measures taken or to be implemented by the Brazilian government in response to the COVID-19 pandemic may have an adverse effect on our business and operations.

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Brazilian federal, state and municipal governments and other authorities have adopted a number of measures to address the potential impacts of the COVID-19 pandemic, including:

- to contain or delay the spread of COVID-19, the Brazilian Ministry of Health (*Ministério da Saúde*), as well as several state and municipal authorities have adopted or recommended social distancing measures;

- in March 2020, the Brazilian federal government created a Crisis Committee to Monitor the Impacts of COVID-19 in Brazil. Since then, it has announced several measures to adress the effects of the COVID-19 pandemic in Brazil

- the Brazilian National Congress has held discussions regarding several measures to increase the Brazilian government’s revenues, such as imposing new taxes, revoking tax benefits and increasing the rates of current taxes; and

- a revision of tax benefits and increase of the rates of current taxes;

It is also possible that our commercial agreements, including rural partnership agreements, could be affected by the adverse impacts derived from the COVID-19 pandemic, since the parties thereto may be unable to comply with their contractual obligations. The COVID-19 pandemic would most likely be considered as an act of God or force majeure event by Brazilian courts. If our agreements are litigated, parties thereto could try to justify nonperformance and request: (i) termination without penalties; (ii) adjustment or release from contractual obligations; (iii) adjustment or release from the effects of arrears; and (iv) adjustment or release from penalties for breach of contract, which, could have a material adverse effect on our business and operations.

In addition, there is considerable uncertainty regarding the possible outcomes of the COVID-19 pandemic. We cannot predict what other measures will be implemented to mitigate the impacts of COVID-19 and whether they will lead to restrictions or limitations that could affect our business operations. The deterioration of global economic conditions as a result of the COVID-19 pandemic may decrease demand for our products and have a material adverse effect on our business, financial condition and results of operations. The COVID-19 pandemic may also heighten several of the other risk factors described in this annual report.

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy, which, together with Brazilian political and economic conditions, may adversely affect us.

We may be adversely affected by the following factors, as well as the Brazilian federal government’s response to these factors:

- economic and social instability;
- increase in interest rates;
- exchange controls and restrictions on remittances abroad;
- restrictions and taxes on agricultural exports;
- exchange rate fluctuations;
- inflation;
- volatility and liquidity in domestic capital and credit markets;
- expansion or contraction of the Brazilian economy, as measured by GDP growth rates;
- allegations of corruption against political parties, elected officials or other public officials, including allegations made in relation to the Lava Jato investigation;
- government measures aimed at controlling the COVID-19 pandemic;
- government policies related to our sector; and
- fiscal or monetary policy and amendments to tax legislation; and other political, diplomatic, social or economic developments in or affecting Brazil.

Historically, the Brazilian government has frequently intervened in the Brazilian economy and has occasionally made significant changes in economic policies and regulations, including, among others, the enactment of new tax laws, changes in monetary, fiscal and tax policies, currency devaluations, capital controls and limits on imports.

The Brazilian economy has experienced volatile growth and slowdowns in recent years. The Brazilian GDP decreased 3.6% in 2016, increased 1.0% in 2017, increased 1.1% in 2018, increased 1.1% in 2019 and decreased 4.1% in 2020. In 2021, the Brazilian economy began to grow considerably. The Brazilian GDP increased 4.6% in 2021 and 2.3% in the first six months of 2022.

Inflation and interest rates have increased in recent years, and the Brazilian *real* has weakened significantly in relation to the U.S. dollar. Adverse economic conditions in Brazil may materially and adversely affect our business, financial condition and results of operations.

As a result of investigations carried out in connection with the *Lava Jato* (Car Wash) operation into corruption in Brazil, a number of senior politicians, including congressmen, and executive officers of certain of the major state-owned companies in Brazil have resigned or been arrested, while others are being investigated for allegations of unethical and illegal conduct. The matters that have come, and may continue to come, to light as a result of, or in connection with, the *Lava Jato* operation and other similar operations have adversely affected, and we expect that they will continue to adversely affect, the Brazilian economy, markets and trading prices of securities issued by Brazilian issuers in the near future.

The ultimate outcome of these investigations is uncertain, but they have already had an adverse effect on the image and reputation of the implicated companies, and on the general market perception of the Brazilian economy, the political environment and the Brazilian capital markets. The development of these investigations has affected and may continue to adversely affect us. We cannot predict if these investigations will bring further political or economic instability to Brazil, or if new allegations will be raised against high-level members of the Brazilian federal government. In addition, we cannot predict the results of these investigations, nor their effects on the Brazilian economy.

The ongoing economic uncertainty and political instability in Brazil may adversely affect the Brazilian economy, our business, and the market price of our shares and ADSs.

Brazil’s political environment has historically influenced, and continues to influence, the performance of the country’s economy. Political crises have affected and continue to affect the confidence of investors and the general public, which have historically resulted in economic deceleration and heightened volatility in the securities issued by Brazilian companies.

In recent years, there has been significant political turmoil in connection with the impeachment of the former president (who was removed from office in August 2016) and ongoing investigations of her successor (who left office in January 2019) as part of the ongoing “Lava Jato” investigations. Presidential elections were held in Brazil in October 2022. We cannot predict which policies the new President of Brazil, who will assume office on January 1, 2023, may adopt or change during his mandate or the effect that any such policies might have on our business and on the Brazilian economy. Any such new policies or changes to current policies may have a material adverse effect on us. The political uncertainty resulting from the presidential elections and the transition to a new government may have an adverse effect on our business, results of operations and financial condition and the price of our shares and ADSs.

Furthermore, Brazil’s federal budget has been in deficit since 2014. Similarly, the governments of Brazil’s constituent states are also facing fiscal concerns due to their high debt burdens, declining revenues and inflexible expenditures. While the Brazilian Congress has approved a ceiling on government spending that will limit primary public expenditure growth to the prior year’s inflation for a period of at least 10 years, local and foreign investors believe that fiscal reforms, and in particular the reform of Brazil’s pension system, which was approved in 2019 by the Brazilian Congress, will be critical for Brazil to comply with the spending limit. As of the date of this annual report, discussions in the Brazilian Congress relating to fiscal reform remain ongoing. Diminished confidence in the Brazilian government’s budgetary condition and fiscal stance could result in downgrades of Brazil’s sovereign debt by credit rating agencies, negatively impact Brazil’s economy, lead to further depreciation of the *real* and an increase in inflation and interest rates, thus adversely affecting our business, results of operations and financial condition.

Uncertainty about the Brazilian government’s implementation of changes in policies or regulations that affect such implementation may contribute to economic instability in Brazil and increase the volatility of securities issued abroad by Brazilian companies, including our securities. Any of the above factors may create additional political uncertainty, adversely affect the Brazilian economy, our business, financial condition, results of operations and the market price of our shares and ADSs.

Inflation, coupled with the Brazilian government's measures to fight inflation, may hinder Brazilian economic growth and increase interest rates, which could have a material adverse effect on us.

Brazil has in the past experienced significantly high rates of inflation. As a result, the Brazilian government adopted monetary policies that resulted in Brazilian interest rates being among the highest in the world. The Central Bank's Monetary Policy Committee (*Comitê de Política Monetária do Banco Central*), or COPOM, establishes an official interest rate target for the Brazilian financial system based on the level of economic growth, inflation rate and other economic indicators in Brazil. Between 2004 and 2010, the official Brazilian interest rate varied from 19.75% to 8.75% per year. In response to an increase in inflation in 2010, the Brazilian government increased the official Brazilian interest rate, the SELIC rate, which was 10.75% per year as of December 31, 2010. The SELIC rate has increased and decreased since then and, as of June 30, 2019, it was 6.50% per year. The inflation rates, as measured by the General Market Price Index (*Índice Geral de Preços–Mercado*), or IGP-M, and calculated by *Fundação Getúlio Vargas*, or FGV, were 7.54% in 2018, 7.30% in 2019, 23.14% in 2020 and 17.78% in 2021. Cumulative inflation in the first six months of 2022, calculated by the same index, was 8.39%. The inflation rates, as measured by the broad consumer price index (*Índice de Preços ao Consumidor Amplo*), or IPCA, published by IBGE were 1.26% in 2018, 0.01% in 2019, 0.26% in 2020 and 10.06% in 2021. Cumulative inflation in the first six months of 2022, calculated by the same index, was 5.49%.

Inflation and the government measures to fight inflation have had and may continue to have significant effects on the Brazilian economy and our business. In addition, the Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and slowing economic growth. On the other hand, an easing of monetary policies of the Brazilian government may trigger increases in inflation. In the event of an increase in inflation, we may not be able to adjust our daily rates to offset the effects of inflation on our cost structure, which may materially and adversely affect us.

An increase in interest rates may have a significant adverse effect on us. In addition, as of June 30, 2022, certain of our loans were subject to interest rate fluctuations, such as the Brazilian long-term interest rate (*Taxa de Juros de Longo Prazo*, or TJLP), and the interbank deposit rate (*Certificados de Depósitos Interbancários*), or CDI. In the event of an abrupt increase in interest rates, our ability to comply with our financial obligations may be materially and adversely affected.

A deterioration in general economic and market conditions or the perception of risk in other countries, principally in emerging countries or the United States, may have a negative impact on the Brazilian economy and us.

Economic and market conditions in other countries, including United States and Latin American and other emerging market countries, may affect the Brazilian economy and the market for securities issued by Brazilian companies. Although economic conditions in these countries may differ significantly from those in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of Brazilian issuers. Crises in other emerging market countries could dampen investor enthusiasm for securities of Brazilian issuers, including ours, which could adversely affect the market price of our common shares. In the past, the adverse development of economic conditions in emerging markets resulted in a significant flow of funds out of the country and a decrease in the quantity of foreign capital invested in Brazil. Changes in the prices of securities of public companies, lack of available credit, reductions in spending, general slowdown of the global economy, exchange rate instability and inflationary pressure may adversely affect, directly or indirectly, the Brazilian economy and securities market. Global economic downturns and related instability in the international financial system have had, and may continue to have, a negative effect on economic growth in Brazil. Global economic downturns reduce the availability of liquidity and credit to fund the continuation and expansion of business operations worldwide.

In addition, the Brazilian economy is affected by international economic and market conditions generally, especially economic conditions in the United States. Share prices on B3 S.A. – Brasil, Bolsa, Balcão, or B3, for example, have historically been sensitive to fluctuations in U.S. interest rates and the behavior of the major U.S. stock indexes. An increase in interest rates in other countries, especially the United States, may reduce global liquidity and investors' interest in the Brazilian capital markets, adversely affecting the price of our common shares.

Risks Relating to our American Depositary Shares and Common Shares

A holder of our American Depositary Shares may face disadvantages compared to a holder of our common shares when attempting to exercise voting rights.

Holders of our American Depositary Shares, or ADSs, may instruct the depositary to vote the common shares underlying the ADSs. For the depositary to follow the voting instructions, it must receive them on or before the date specified in our voting materials. The depositary must try, as far as practical, subject to Brazilian law and our articles of association, to vote the common shares as instructed. In most cases, if the ADS holder does not give instructions to the depositary, it may vote the common shares in favor of proposals supported by our board of directors, or, when practicable and permitted, give a discretionary proxy to a person designated by us. We cannot be certain that ADS holders will receive voting materials in time to ensure that they can instruct the depositary to vote the underlying common shares. Also, the depositary is not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that ADS holders may not be able to exercise their right to vote and there may be nothing they can do if their common shares or other deposited securities are not voted as requested.

Holders of our common shares or ADSs may not receive any dividends or interest on shareholders' equity.

According to our bylaws, we must pay our shareholders at least 25% of our annual net income as dividends or interest on shareholders' equity, as calculated and adjusted under Brazilian corporate law. This adjusted net income may be capitalized, used to absorb losses or otherwise retained as allowed under Brazilian corporate law and may not be available to be paid as dividends or interest on shareholders' equity.

Additionally, Brazilian corporate law allows a publicly-traded company like ours to suspend the mandatory distribution of dividends in any particular year if our board of directors informs our shareholders that such distributions would be inadvisable in view of our financial condition or cash availability. Holders of our common shares or ADSs may not receive any dividends or interest on shareholders' equity in any given year if our board of directors makes such a determination or if our operations fail to generate net income.

Holders of our common shares or ADSs in the United States may not be entitled to the same preemptive rights as Brazilian shareholders, pursuant to Brazilian law, in the subscription of shares resulting from capital increases made by us.

Under Brazilian law, if we issue new shares in exchange for cash or assets as part of a capital increase, subject to certain exceptions, we must grant our shareholders preemptive rights at the time of the subscription of shares, corresponding to their respective interest in our share capital, allowing them to maintain their existing shareholding percentage. We may not legally be permitted to allow holders of our common shares or ADSs in the United States to exercise any preemptive rights in any future capital increase unless (i) we file a registration statement for an offering of shares resulting from the capital increase with the SEC, or (ii) the offering of shares resulting from the capital increase qualifies for an exemption from the registration requirements of the Securities Act. At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a registration statement for an offering of shares with the SEC and any other factors that we consider important in determining whether to file such a registration statement. We cannot assure the holders of our common shares or ADSs in the United States that we will file a registration statement with the SEC to allow them to participate in any of our capital increases. As a result, the equity interest of such holders in our company may be diluted.

If holders of our ADSs exchange them for common shares, they may risk temporarily losing, or being limited in, the ability to remit foreign currency abroad and certain Brazilian tax advantages.

The Brazilian custodian for the common shares underlying our ADSs must obtain an electronic registration number with the Central Bank to allow the depositary to remit U.S. dollars abroad. ADS holders benefit from the electronic certificate of foreign capital registration from the Central Bank obtained by the custodian for the depositary, which permits it to convert dividends and other distributions with respect to the common shares into U.S. dollars and remit the proceeds of such conversion abroad. If holders of our ADSs decide to exchange them for the underlying common shares, they will only be entitled to rely on the custodian's certificate of registration with the Central Bank for five business days after the date of the exchange. Thereafter, they will be unable to remit U.S. dollars abroad unless they obtain a new electronic certificate of foreign capital registration in connection with the common shares, which may result in expenses and may cause delays in receiving distributions. See "Item 10—Additional Information—Exchange Controls."

Also, if holders of our ADSs that exchange them for our common shares do not qualify under the foreign investment regulations, they will generally be subject to less favorable tax treatment of dividends and distribution on, and the proceeds from any sale of, our common shares. See "Item 10—Additional Information—Exchange Controls" and "Item 10—Additional Information—Taxation—Brazilian Tax Considerations."

Holders of our ADSs may face difficulties in protecting their interests because, as a Brazilian company, we are subject to different corporate rules and regulations and our shareholders may have fewer and less well-defined rights.

Holders of our ADSs are not direct shareholders of our company and are unable to enforce the rights of shareholders under our bylaws and Brazilian corporate law.

Our corporate affairs are governed by our bylaws and Brazilian corporate law, which differ from the requirements that would apply if we were incorporated in a jurisdiction in the United States, such as the State of Delaware or New York, or elsewhere outside Brazil. Even if a holder of our ADSs surrenders its ADSs and becomes a direct shareholder, its rights as a holder of our common shares under Brazilian corporate law to protect its interests relative to actions by our board of directors may be fewer and less well-defined than under the laws of those other jurisdictions.

Holders of our ADSs may face difficulties in serving process on or enforcing judgments against us and other persons.

We are organized under the laws of Brazil, and certain of our executive officers and our independent registered public accountants reside or are based in Brazil. Most of our assets and those of these other persons are located in Brazil. As a result, it may not be possible for holders of our ADSs to effect service of process upon us or these other persons within the United States or other jurisdictions outside Brazil or to enforce against us or these other persons judgments obtained in the United States or other jurisdictions outside Brazil. In addition, because substantially all of our assets and all of our directors and officers reside outside the United States, any judgment obtained in the United States against us or any of our directors or officers may not be collectible within the United States. Because judgments of U.S. courts for civil liabilities based upon the U.S. federal securities laws may only be enforced in Brazil if certain conditions are met, holders may face greater difficulties in protecting their interests in the case of actions by us or our board of directors or executive officers than would shareholders of a U.S. corporation.

In addition, rules and policies against self-dealing or for preserving shareholder interests may be less well-defined and enforced in Brazil than in the United States and certain other countries, which may put holders of our common shares and ADSs at a potential disadvantage. Corporate disclosures also may be less complete or informative than those of a public company in the United States or in certain other countries.

Our status as a foreign private issuer allows us to follow local corporate governance practices, which may limit the protections afforded to investors.

We are a foreign private issuer, as defined by the SEC for purposes of the Exchange Act. As a result, for so long as we remain a foreign private issuer, we will be exempt from most of the corporate governance requirements of stock exchanges located in the United States; accordingly, you will not be provided with the benefits or have the same protections afforded to shareholders of U.S. public companies.

The standards applicable to us are considerably different from the standards applied to U.S. domestic issuers. Although Rule 10A-3 under the Exchange Act generally requires that a listed company have an audit committee of its board of directors composed solely of independent directors, as a foreign private issuer, we are relying on a general exemption from this requirement that is available to us as a result of the features of Brazilian law applicable to our fiscal council (when installed). In addition, we are not required to, among other things:

- have a majority of independent members on our board of directors;
- have a compensation committee or a nominating/corporate governance committee of our board of directors; and
- have regularly scheduled executive sessions with only non-management directors; or have at least one executive session of solely independent directors each year.

At our shareholders' meeting held on October 27, 2022, our shareholders adopted certain amendments to our bylaws to allow the creation of a statutory audit committee, as described under "Item 10—Additional Information—B. Memorandum and Articles of Association—Statutory Audit Committee."

As of the date of this annual report, the statutory audit committee has not been installed.

We are an emerging growth company within the meaning of the Exchange Act and, if we decide to take advantage of certain exemptions from various reporting requirements applicable to emerging growth companies, our common stock could be less attractive to investors.

We are an "emerging growth company" within the meaning of the rules under the Exchange Act. We are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with any PCAOB rules, that, if adopted in the future, would require mandatory audit firm rotation and auditor discussion and analysis pursuant to any future audit rule promulgated by the PCAOB (unless the U.S. Securities and Exchange Commission, or the SEC, determines otherwise). In addition, we are not subject to the additional level of review of our internal control over financial reporting as may occur when outside auditors attest as to our internal control over financial reporting. As a result, our stockholders may not have access to certain information they may deem important. We will remain an emerging growth company for up to five years from the date of our initial public offering of securities under an effective registration statement under the Securities Act, though we may cease to be an emerging growth company earlier under certain circumstances.

We take advantage of the exemption from the auditor attestation report requirement and may decide to rely on other exemptions in the future. We do not know if some investors will find our common stock less attractive as a result. The result may be a less active trading market for our common stock, and our stock price may be more volatile.

Brazilian tax laws may have an adverse impact on the taxes applicable to the disposition of our common shares and ADSs.

Under Law No. 10,833/2003, the gain on the disposition or sale of assets located in Brazil by a non-Brazilian resident, whether to another non-Brazilian resident or to a Brazilian resident, may be subject to income tax withholding in Brazil. With respect to the disposition of our common shares, as they are assets located in Brazil, a non-Brazilian resident should be subject to income tax on the gains assessed, regardless of whether the transactions are conducted in Brazil or with a Brazilian resident. With respect to our ADSs, although the matter is not entirely clear, arguably the gains realized by a non-Brazilian resident upon the disposition of ADSs to another non-Brazilian resident will not be taxed in Brazil, on the basis that ADSs are not "assets located in Brazil" for the purposes of Law No. 10,833/2003. We cannot assure you, however, that the Brazilian tax authorities or the Brazilian courts will agree with this interpretation. As a result, gains on a disposition of ADSs by a non-Brazilian resident to a Brazilian resident, or even to a non-Brazilian resident, in the event that courts determine that ADSs would constitute assets located in Brazil, may be subject to income tax in Brazil. See "Item 10—Additional Information—Taxation—Brazilian Tax Considerations."

The imposition of IOF taxes may indirectly influence the price and volatility of our ADSs and our common shares.

Brazilian law imposes the Tax on Foreign Exchange Transactions, or the IOF/Exchange tax, on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais*. Brazilian law also imposes the Tax on Transactions Involving Bonds and Securities, or the IOF/Securities tax, due on transactions involving bonds and securities, including those carried out on a Brazilian stock exchange.

The IOF/Exchange tax rate may be modified by the Brazilian government by decree. The IOF/Exchange tax rate was raised from zero to 6% on October 20, 2009. As of December 1, 2011, certain investments were excluded from the 6% tax and subject instead to a 2% IOF/Exchange tax. In 2009, the IOF/Securities tax was increased from zero to 1.5% on shares issued by a Brazilian company and listed on a Brazilian stock exchange for the purpose of allowing depositary receipts traded outside Brazil to be issued. In 2011, the IOF/Securities tax was increased from zero to 1% on currency-related derivative transactions resulting in an increase of the short position exposure in foreign currency or in a decrease of the long position in foreign currency. Since June 30, 2013, the IOF/Exchange tax and the IOF/Securities tax rates have been zero.

The imposition of these taxes may discourage foreign investment in shares of Brazilian companies, including our company, due to higher transaction costs, and may negatively impact the price and volatility of our ADSs and common shares if they become listed on a stock exchange in the United States, as well as on the B3.

We may be classified as a passive foreign investment company, which could result in adverse U.S. tax consequences for U.S. investors.

We may be classified as a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes. Such characterization could result in adverse U.S. tax consequences to you if you are a U.S. Holder (as defined in “Item 10—Additional Information—Taxation—U.S. Federal Income Tax Considerations”) of our common shares or ADSs. For example, if we are a PFIC, U.S. Holders of our common shares or ADSs may become subject to increased tax liabilities under U.S. tax laws and regulations and will become subject to burdensome reporting requirements. The determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. Specifically, for any taxable year we will be classified as a PFIC for U.S. tax purposes if either (i) 75% or more of our gross income in that taxable year is passive income or (ii) the average percentage of our assets by value in that taxable year that produce or are held for the production of passive income is at least 50%. For this purpose, income from commodities transactions is generally considered passive unless such income is derived in the active conduct of a commodities business.

See “Item 10—Additional Information—Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company.”

ITEM 4—INFORMATION ON THE COMPANY

A. History and Development of the Company

Overview

Our legal and commercial name is BrasilAgro—Companhia Brasileira de Propriedades Agrícolas. We are a corporation (*sociedade por ações*) organized under the laws of Brazil, and were incorporated on September 23, 2005. Our principal offices are located at Avenida Brigadeiro Faria Lima, 1309, 5th floor, São Paulo, SP, 01452-002, Brazil, and our telephone number is +55 11 3035 5350.

We are focused on the acquisition, development and exploration of agricultural properties that we believe possess significant potential for cash flow generation and value appreciation. We seek to transform our acquired properties through investments in infrastructure and technologies which permit cultivation of high value-added crops (soybean, corn, sugarcane and others) and cattle raising and sell our developed properties in order to realize capital gains.

Since our initial public equity offering and listing in Brazil on the B3 stock exchange in April 2006, or the IPO, and the subsequent commencement of our operations until the date hereof, we acquired 22 agricultural properties in seven Brazilian states, aggregating 321,007 hectares, of which 216,842 hectares were arable but less than 15% of which were cultivated when acquired and 103,922 hectares were protected by environmental regulation. Since then, four of our agricultural properties were fully sold and six of our agricultural properties were partly sold, representing in the aggregate a total area of 94,908 hectares. As of the date hereof, we hold 294,070 hectares, including 68,601 hectares leased.

On November 22, 2019, we entered into a merger agreement (the “Merger Agreement”) with Agrifirma Holding S.A. (the “Merger Agreement”). Under the terms of the Merger Agreement, Agrifima Holding would be merged into us and we would receive all of its assets, rights and obligations, holding 100% of the equity capital of the subsidiary Agrifirma Agro Ltda. and its subsidiaries, in exchange for common shares and warrants (“Agrifirma Warrants”) issued by us to the selling shareholders of Agrifirma Holding (the “Merger”).