



Floresteca S.A.

2Q 2021 Results Summary

June 2021



Agenda

1. Harvesting Operations by Farm & Project Year
2. Yields
3. Log Sales and Prices
4. Market Update
5. Project Results to Date
6. Legal and Compliance Update
7. Outlook on Upcoming Quarters
8. Financial Summary
 - Cost of Production
 - Silvicultural Operations
 - General & Administrative Expenses
 - Summary P&L and Cash Flow (YTD)
 - Outlook
 - Cash Summary
 - Balance Sheet

Final Harvest Operations by Farm

The table on the right presents FSA projects initial area (ha), based on the end of 1Q2021, the harvested area (where all the volume has been removed by the end of 2Q 2021), and the currently standing area.

In total during this last quarter, 230.96 hectares have been finalized (PAR 1997 and DLG 2000).

Together with the 541.14 ha finished in 1Q, in the year to date, 772.10 ha were harvested.

Table: Area Changes 2Q 2021

Project	Planting Year	Initial Area (ha) - End of 1Q 2021	Harvested Area (ha)	Current Area (ha) - End of 2Q 2021
Paiolandia	1997	281.17		281.17
Paraíso	1997	179.07	179.07	0.00
Paiolandia	1998	93.89		93.89
Bambu	1999	549.07		549.07
Capim Branco	1999	59.15		59.15
Serra das Araras	1999	104.96		104.96
Vale Dourado	1999	46.56		46.56
Bambu	2000	513.83		513.83
Duas Lagoas	2000	1,464.45	51.89	1,412.56
Duas Lagoas	2001	1,688.29		1,688.29
São Miguel	2001	97.52		97.52
Barranquinho	2002	960.13		960.13
Cacimba	2002	565.75		565.75
Duas Lagoas	2002	48.41		48.41
São Miguel	2002	5.71		5.71
Santa Maria do Jauru	2002	1,059.97		1,059.97
Barranquinho	2003	12.78		12.78
Cacimba	2003	10.19		10.19
Santa Maria do Jauru	2003	206.72		206.72
Santa Fé	2003	2,550.47		2,550.47
Barranquinho	2004	1,002.89		1,002.89
Terra Santa	2004	1,127.44		1,127.44
Duas Lagoas	2005	202.93		202.93
Duas Lagoas	2006	215.84		215.84
Mutum	2007	511.32		511.32
São José	2007	301.22		301.22
Santa Maria do Jauru II	2008	94.42		94.42
Total		13,954.15	230.96	13,723.19

Harvest Operations by Farm

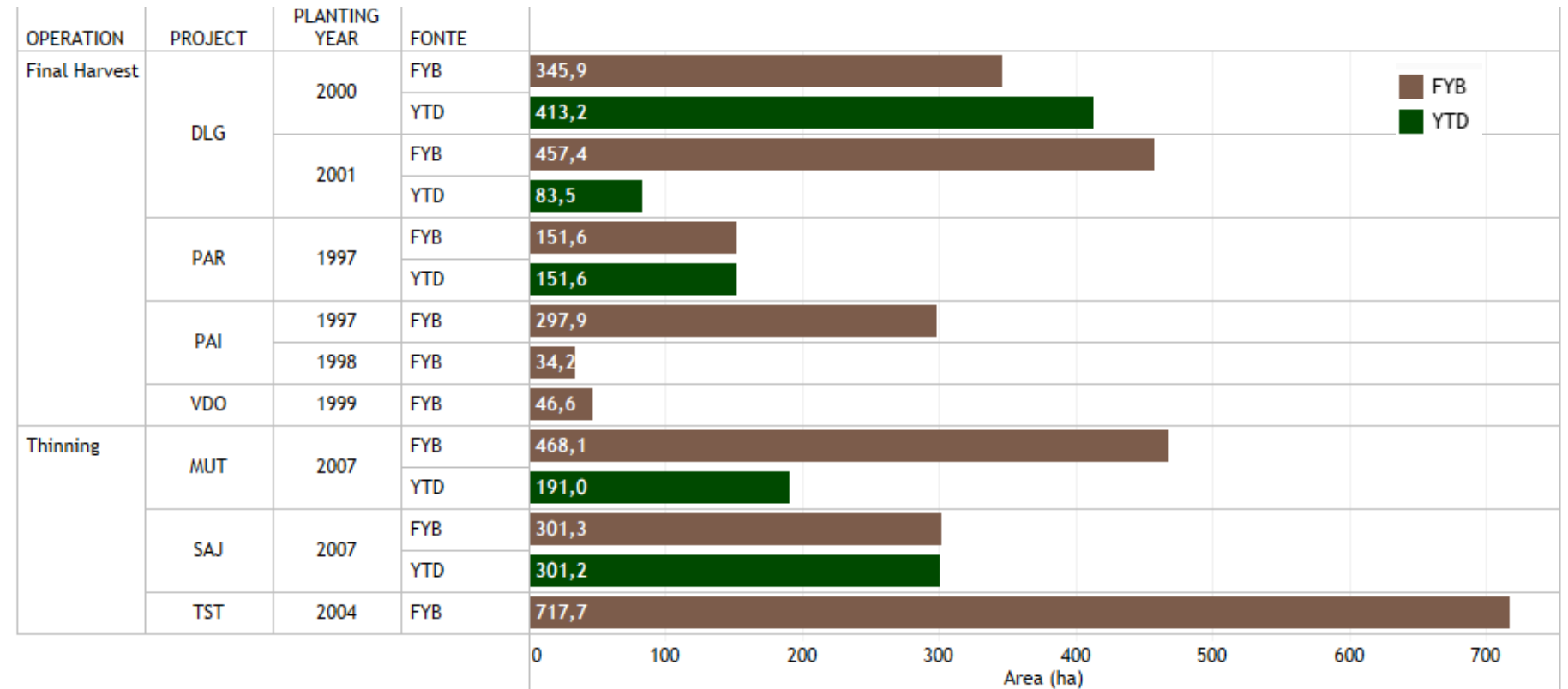
The graphic below shows the 2021 budgeted areas (brown color) and areas where sales have already started (green color). Here, operations may still be ongoing and also include thinnings

Harvest areas in Duas Lagoas (DLG) 2000 are going above budget to compensate for the impossibility of starting Paiolandia (PAI).

Paraíso (PAR) was harvested according to plan.

São José (SAJ) thinning was finished in the 2Q.

Mutum (MUT) thinning has started but was stopped in July to prioritize the thinning in Terra Santa (TST), where we need to work in the dry season. Mutum will be resumed in the 4Q.



Sales Summary – Year to date

	January	February	March	April	May	June	Total
CPB1999							
Budget	0	0	0	0	0	0	0
YTD	244	66	0	24	24	0	358
DLG2000							
Budget	3.500	3.000	3.500	4.000	4.500	0	18.500
YTD	2.552	3.645	5.276	4.961	2.776	1.611	20.819
DLG2001							
Budget	0	0	0	0	0	0	0
YTD	0	0	0	112	1.516	953	2.582
MUT2007							
Budget	0	0	2.017	2.017	2.017	0	6.051
YTD	0	0	0	0	647	1.646	2.292
PAI1997							
Budget	0	0	0	0	0	0	0
YTD	0	0	0	0	0	0	0
PAI1998							
Budget	0	0	0	0	0	0	0
YTD	0	0	0	0	0	0	0
PAR1997							
Budget	2.152	2.152	0	0	0	0	4.304
YTD	2.692	1.872	2.488	1.245	207	0	8.504
SAJ2007							
Budget	0	2.936	2.936	2.936	0	0	8.807
YTD	0	732	1.322	3.207	2.506	674	8.441
SER1999							
Budget	0	0	0	0	0	0	0
YTD	0	0	0	0	0	0	0
TST2004							
Budget	0	0	0	0	0	0	0
YTD	0	0	0	0	0	0	0
VDO1999							
Budget	0	0	0	0	0	4.500	4.500
YTD	0	0	0	0	0	0	0
Total Volume							
Budget	5.652	8.088	8.452	8.952	6.517	4.500	42.161
YTD	5.487	6.315	9.086	9.548	7.676	4.883	42.997

Overall, volumes sold during the first half of 2021 were slightly above budget (2%). It is important to say that we delivered the volume approved on year-to-date budget, even though the market uncertainty in India has hindered our sales plans in the 2Q.

CPB1999 volumes were produced in late 2020, but effectively sold only in 2021 due to methyl bromide shortage in Brazil.

DLG2000 and 2001 volumes were above the budget and partially compensate the lower volumes of MUT2007 and SAJ2007.

PAR1997 is finished with higher actual production than planned, also compensating the lower volumes of MUT2007 and SAJ2007.

SER1999, VDO1999, CPB1999 and TST2004 will be harvested during Q3.

Sales Summary – Year end estimate

	January	February	March	April	May	June	July	August	September	October	November	December	Total
CPB1999													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YTD	244	66	0	24	24	0	0	0	0	2.700	0	0	3.058
DLG2000													
Budget	3.500	3.000	3.500	4.000	4.500	0	0	0	0	0	3.556	3.000	25.056
YTD	2.552	3.645	5.276	4.961	2.776	1.611	2.600	0	0	0	8.000	7.000	38.419
DLG2001													
Budget	0	0	0	0	0	0	0	2.348	2.348	2.348	2.348	2.348	11.741
YTD	0	0	0	112	1.516	953	0	0	0	0	0	0	2.582
MUT2007													
Budget	0	0	2.017	2.017	2.017	0	0	0	0	0	0	0	6.051
YTD	0	0	0	0	647	1.646	0	0	0	0	0	2.100	4.392
PAI1997													
Budget	0	0	0	0	0	0	4.071	5.000	4.000	4.500	3.157	0	20.728
YTD	0	0	0	0	0	0	0	0	0	0	0	0	0
PAI1998													
Budget	0	0	0	0	0	0	0	0	0	0	343	3.000	3.343
YTD	0	0	0	0	0	0	0	0	0	0	0	0	0
PAR1997													
Budget	2.152	2.152	0	0	0	0	0	0	0	0	0	0	4.304
YTD	2.692	1.872	2.488	1.245	207	0	0	0	0	0	0	0	8.504
SAJ2007													
Budget	0	2.936	2.936	2.936	0	0	0	0	0	0	0	0	8.807
YTD	0	732	1.322	3.207	2.506	674	1.000	0	0	0	0	0	9.441
SER1999													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YTD	0	0	0	0	0	0	1.800	4.500	2.807	0	0	0	9.107
TST2004													
Budget	0	0	0	0	0	0	0	2.500	4.500	2.943	0	0	9.942
YTD	0	0	0	0	0	0	2.100	4.600	6.600	4.389	0	0	17.689
VDO1999													
Budget	0	0	0	0	0	4.500	671	0	0	0	0	0	5.171
YTD	0	0	0	0	0	0	0	0	1.500	2.731	0	0	4.231
Total Volume													
Budget	5.652	8.088	8.452	8.952	6.517	4.500	4.742	9.848	10.848	9.791	9.404	8.348	95.142
YTD	5.487	6.315	9.086	9.548	7.676	4.883	7.500	9.100	10.907	9.821	8.000	9.100	97.424

The YEE volumes are above the planned with some projects compensating others due to market constraints, volume estimations and COVID situations in Brazil and India.

TST2004, DLG2001, DLG2000, CPB1999, and PAR1997 will compensate for PAI1997 and PAI1998 volumes during 2021. Both projects were delayed to 2022 when FSA will try to clear fell PAI1997 and PAI1998, despite the friction in the relationship with the property owners.

MUT2007 was postponed to the end of the year because TRC does not have capacity to harvest TST2004 and MUT2007 at the same time and TST is a priority to be finished in the dry season (until, October).

COVID-19 situation in Brazil is improving in a slow pace and the operations ran well so far. India situation has worsened a lot in April but started to get better in the end of Q2 (more details in Market Section of this report).

Yields - Final Harvests

Table: Log sales final harvest, stands planned for 2021 budget

PROJECT	PLANTING YEAR	Site Class	DBH (cm)	AB (m ² /ha)	AREA (ha)		VOL (m ³ /ha)		REMOVED (TPH)	
					FYB	YTD	FYB	YTD	FYB	YTD
DLG	2000	S1	39,1	14,2	14,9	14,9	96,0	76,7	139	139
PAR	1997	S2	24,7	13,1	93,5	93,5	46,6	47,2	275	275
		S3	21,6	10,3	461,6	461,6	22,2	28,7	270	270
Total geral			23,1	11,1	569,9	569,9	28,1	33,0	268	268

- Table = 2021 budget stands. Total values (volume, area and trees) planned and performed until end 2Q of 2021.
- DBH and BA are the last measured data.

Table: Log sales final harvest, stands unplanned for 2021 budget

PROJECT	PLANTING YEAR	Site Class	AREA (ha)	VOL	VOL (m ³ /ha)
			YTD	YTD	YTD
DLG	2000	S1	176,5	9.786,9	55,4
	2001	S1	38,6	156,9	4,1
Total geral			215,1	9.943,8	46,2

We adjusted two tables to show separately planned and unplanned sales in 2021 **for finalized stands**.

Planned

DLG operation started at the end of November. Until now, from the budget list, only stand 007 was closed, with YTD yields 20% below budgeted. A field study was performed when harvesting operations ended, and a significant number of defect logs were left behind due fungal disease on the trees.

Final harvest operations ended in Paraíso farm during 2Q2021. The actual volumes were 20% higher than budget due to the presence of thicker outlier trees in the poorer soils that were not well represented in our estimation process. In this case, a small absolute variation has a big proportional impact because of the low average yields on the S3 areas.

To make complete sense of the total volumes per hectare given that the final harvest can extend over longer periods, areas and volumes from 2020 were aggregated to the 2021 figures on this yield table, whenever necessary.

Unplanned

As Paiolândia was postponed to 2022, we are operating on non-planned stands in DLG to cover that and maintain FSA expected production for the year.

Yields - Thinning

Table: Log sales thinning, 2021 FY volume vs Budget FY

PROJECT	PLANTING YEAR	Site Class	DBH (cm)	AB (m ² /ha)	AREA (ha)		VOL (m ³ /ha)		REMOVED (TPH)	
					FYB	YTD	FYB	YTD	FYB	YTD
SAJ	2007	S1	29,7	17,7	301,3	301,2	29,2	29,7	85	111
Total geral			29,7	17,7	301,3	301,2	29,2	29,7	85	111

- Table = 2021 budget stands. Total values (volume, area and trees) planned and performed until end of 2Q.
- DBH and BA are the latest measured data.

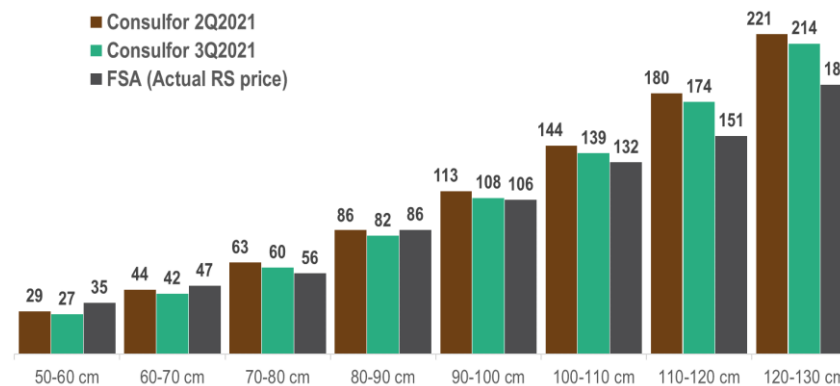
The third thinning at São José started at the end of January and was finished as planned in July. The final yields were in line with the estimates.

Log Sales & Prices

Roadside Prices Comparison 2021 YTD

	Volume m3		Value USD		Avg RS Price (USD/m ³)		Avg Girth (cm)		Proportion	
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
50-60	5.004	7.686	209.713	270.958	41,91	35,25	60	59	12%	18%
60-70	8.078	1.213	446.583	57.027	55,28	47,01	66	67	19%	3%
70-80	12.166	10.634	883.641	591.179	72,63	55,59	76	72	29%	25%
80-90	6.444	10.154	620.335	869.899	96,27	85,67	85	85	15%	24%
90-100	4.122	3.317	487.803	353.217	118,33	106,49	93	94	10%	8%
100-110	1.618	5.138	254.992	679.246	157,58	132,21	105	105	4%	12%
110-120	3.681	3.139	682.564	472.778	185,44	150,60	113	114	9%	7%
120-130	747	1.369	176.864	254.672	236,64	185,97	125	125	2%	3%
130-140	257	345	72.684	82.553	283,16	238,99	135	132	1%	1%
140-150	37	0	12.442	0	334,51	0,00	145	0	0%	0%
150-160	7	0	2.682	0	390,80	0,00	155	0	0%	0%
Total Geral	42.161	42.997	3.850.301	3.631.528	91,32	84,46	90	88	100%	100%

Floresteca S.A (YTD) VS Consufor roadside prices (USD/M³)



FSA sells to TRC at the roadside, based on the most recent Consufor price survey at the moment of sale.

Overall, roadside prices decreased in the 1S 2021, compared to the prices from 4Q 2020 used in the preparation of this budget (~15% on average). However, due to the better mix proportion (greater concentration in girth class above 100 cm) and higher Fx rate oscillation on period, total average prices finished the quarter very close to the budget.

The Indian market has been gradually recovering from the Covid-19 lockdown impact, however, the second wave of COVID-19 impacted greatly in May and June. It is important to emphasize that the pricing shown in the Consufor report for 1Q2021 and 2Q2021 is reflecting the current market conditions. – see the next slide for additional information.

Prices for defective logs, such as channel or crooked, are given a discount on their Consufor value (most relevant for thicker girth classes, or bottom logs) That is the reason why the actual averages on each girth classes are below Consufor prices in the graph.

Market Update

In the 2Q2021, Panama, Ghana and Ecuador were the main teak suppliers to India, with 56% of total teak logs imports. The total imported volume in India was 27% higher in the 2Q2021 when compared to the previous quarter and 56% higher when compared to the same period of 2020. The volume of arrivals, sales and ground stock have reached its records since 2017.

The second wave of COVID-19 resulted in a larger number of infections in India placing the country only behind the USA. After the Indian government refusal to apply another national lockdown to avoid a stronger economic impact, some states which imposed individual restrictions and lockdowns according to their needs started to loosen restrictions. Vaccination started in late January and reached more than 271 million doses in the second quarter of the year (20% of the population), however, the number of people fully vaccinated is still low (4,2% of the population).

Given the above scenario of state lockdowns plus general market feeling of precaution, TRC has taken a cautious approach during the second quarter by reducing sales volume by 30% for all segments to India in April, 50% in May and production of logs to India was put on hold in June. At this stage, the production was not completely cut on same level due a harvest arrangement and stock management. We are monitoring Indian market and COVID on a daily basis. By the end of 2Q lockdowns were lifted in India but ground stocks still at historical highs, we expect these stocks to be normalized in the 3Q allowing us to start productions and shipments with lower risks.

For the coming quarter, worldwide disruption on container availability may affect the capacity of producing countries on delivering their production to India. This may result in a reduction of current stock levels, given that a third wave of COVID-19 does not bring now lockdowns to the main market. We are already working at regular pace in order to start shipping again at regular levels in September and taking all possible measures to ensure enough containers and space in vessels.

Project Results to Date

Harvest Report Amounts Paid and Provisions (in USD):

2016 HR	7.841.879
2017 HR	5.645.549
2018 HR	1.977.316
2019 HR	6.103.896
2020 HR	14.321
Total	21.582.961
Paid	-9.455.167
Outstanding	12.127.794

Harvest Report 2020 refers only to biomass sales revenues that occurred in 2020 in SJT1998 farm, which was reported as finished in 2019. No other projects were finalized in 2020.

Legal and Compliance Update

VTP – Floresteca S/A:

05/24/2021: the judge of the claim dismissed the case and sentenced VTP to pay the court cost and legal attorney fees of 10% of the value of the matter in controversy.

Legal and Compliance Update

PARAISO, TERRA SANTA, AND BAMBU IV FARMS - OVERVIEW

The three farms have land use deals (“LUDs”, also “Usufruct Agreements”) with the same landowner, Mr. Antonio Frigieri Filho and his wife Jacqueline da Costa Marques Frigeiri. Under these LUD agreements, they own a specific part of the planted area in each farm. The precise terms and the percentage area differ in each agreement. They received some advance payments for the final harvest proceeds under the agreements that shall be deducted from the actual final proceeds. It bears stating that the likely amounts to be received by the Landowners for the 3 farms are at present less than the advance payments, or at least will largely reduce the net amounts payable to them.

- Paraiso – As indicated earlier in the report, FSA has proceeded a mortgage to Paraíso Farm regarding past debts. FSA informs to the reporting judge that Paraíso Farm mortgage has been enrolled in the real estate registry office. No news since the last report.
- Terra Santa; Floresteca has already contested the action and has been asking for the thinning to be authorized. The process is concluded for decision. A preliminary decision was granted not to cut the trees until the delimitation of Frigieri's area. Recently, Floresteca has obtained a favorable decision to proceed with a phytosanitary treatment. The phyto thinning started from July onwards. The expert's work that will base the judge analysis should begin on 09/14/2021. LHS requests the publicity of the existence of the claim before Terra Santa Farm Real Estate Registry Office, in order to guarantee FRIGIERI's debts to FSA
- Bambu IV; The reporting judge from the COURT OF APPEALS cancelled the suspension of the main case (that shall proceed), considering that (i) FRIGIERI did not prove the land value of the escrow, and (ii) the legal preference order shall be observed. 06/22/2021: in the FIRST PRELIMINARY INJUNCTION APPEAL trial, the COURT OF APPEALS reformed the order from 03/03/2021 and confirmed that the escrow presented by FRIGIERI is insufficient and the main case should proceed. LHS requests to the judge of the claim to immediately send the case to the 8th Lower Civil Court of Cuiabá and requests to the judge of the claim to freeze FRIGIERI's bank account, in a value sufficient to cover the debts.

Legal and Compliance Update

LUD claim on PAIOLANDIA FARM:

Overview – Rondon Empreendimentos Imobiliários Ltda (“Rondon”) is the landowner of Paiolandia Farm and entered a land use with FSA. Rondon claims for the immediate payment of the debt by FSA, related to the timber of Paiolandia Farm.

No news since the last report.

Now a Rondon family lawsuit is in course, where Mr. Rondon Andrade Porto (partner of Rondon Empreendimentos Ltda) filed a case to remove the rightful Director of the company - Ms. Rebeca de Andrade Porto.

Outlook on Upcoming Quarters

We expect the second half of the year to be favorable on the market side, however the logistics turmoil on containers and shipping lines availability will be the biggest risk to our production.

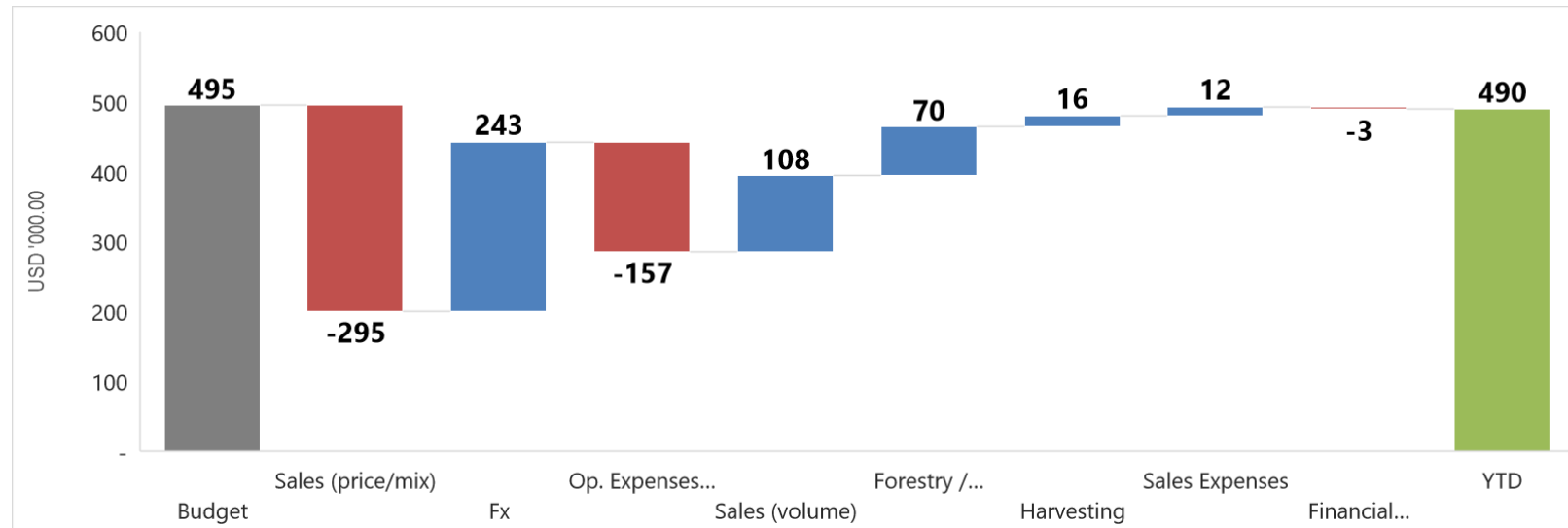
In Brazil, new cases have stabilized in April and started decreasing at the time of writing this report. However, we still need to be cautious on possible new developments of the disease and are working under a strict health and safety policy to ensure a safe environment for workers. TRC did a partnership with Cáceres Municipality in the 2nd week of June and vaccinated ~90% of its employees. Nevertheless, the company holds cautious measures like (i) keeping the workers with any kind of symptoms at home and giving them orientation and assistance when the disease is confirmed, (ii) increased the number of buses to transport the crew, (iii) provided individual masks, (iv) keeps hand sanitizer in many places, (v) disinfect the buses and houses with a sodium hypochlorite solution frequently and (vi) orientate the workers with the measures indicated by the World Health Organization and ANVISA (Brazilian National Health Agency).

Operations in PAR and SAJ were finished, but MUT was postponed to the end of the year. TST phyto started in July. Operation in PAI is still dependent on the evolution of its court case. During Q3 SER, VDO and CPB will replace DLG clear fell volume and the intention is that all three projects are finished by the end of the year.

FSA Summary Financial Information

Summary P&L YTD

Operational Result vs Budget, Changes against Budget Amounts (USD, '000s)



Operational Result YTD was USD 490 k versus USD 495 k budgeted or an unfavorable variation of USD 5 k.

As detailed in last slides about prices, the sales (price/mix) were impacted for average drop of ~15% on Consufor Prices. However, offset by positive effect on Fx in which in the budget, the Fx rate was 5.2 vs 5.39 on period.

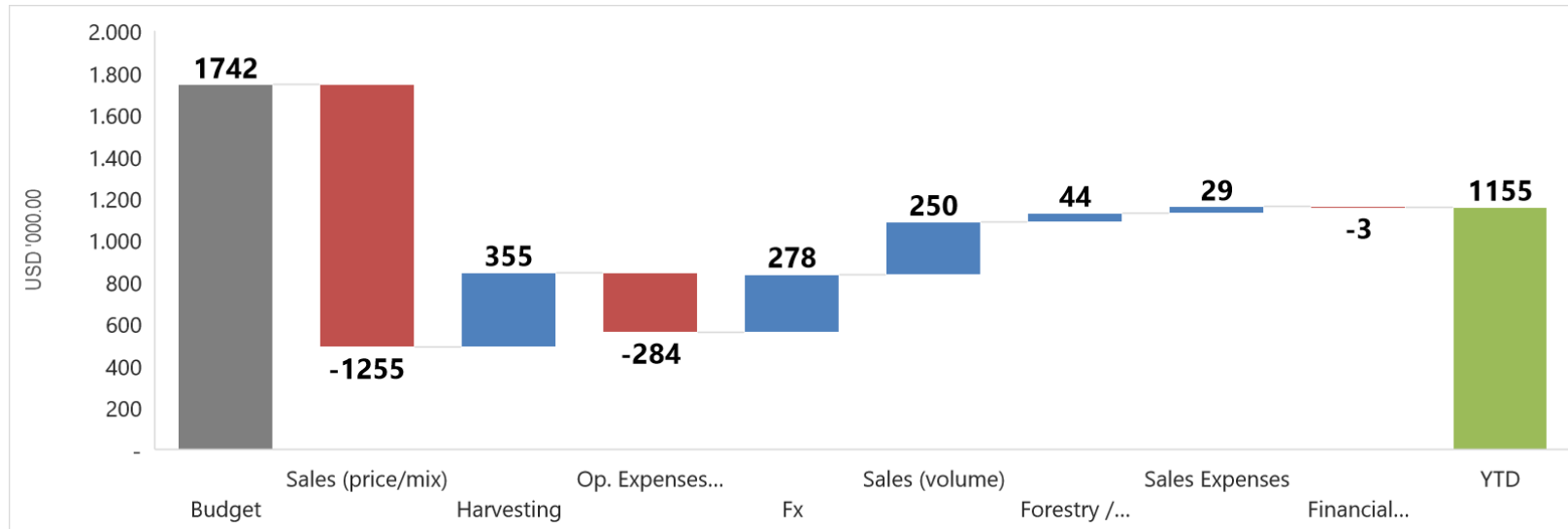
Op. Expenses: Due to inflation index IGP-M (General Index Price – Market) increase above expectations, the management fee between TRC and FSA has been higher than budget.

Sales Volume: slightly higher harvested volume (836 m3, or 2%), as explained in the production slides earlier in this report.

Forestry: Overall forestry costs were higher than the budget for 2020 mainly due to sprout control activity. This activity was carried in PA1997 as a cautious measure indicated by FSA lawyers and finished in April. The crew was dismissed after its end.

Summary P&L YEE

Operational Result vs Budget, Changes against Budget Amounts (USD, '000s)



Operational Result YEE is USD 1,155 k versus USD 1,742 k budgeted or an unfavorable variation of USD 587 k.

Sales (price/mix): the main driver was roadside prices decreased since Consufor price report dropped by roughly 15% on average. However, this is partially offset by a higher volume to estimated to year-end (2.281 m³).

The positive effect on Fx rates is due to BRL devaluation. The budget fx rate was 5.00 and we are projecting the exchange rate at the end of semester for the remainder of the year (5.38). Overall results were positively impacted.

Op. Expenses: overhead over budget mainly due to YTD effect.

Harvesting: Due to a strategy to improve FSA cash flow during 2021, the stump removal activity was partially postponed to 2022 (more details in next slide).

Cost of Production Summary - YTD

Harvesting Cost, per activity:

		Budget YTD	Actual YTD	Var. %
Tree Selection	BRL	0	0	0%
Harvesting	BRL	1.432.125	1.745.618	22%
Forwarding	BRL	1.625.278	1.430.924	-12%
Lot Formation	BRL	784.051	768.607	-2%
Loading	BRL	375.539	324.849	-13%
Tax	BRL	554.388	106.043	-81%
Total	BRL	4.771.381	4.376.041	-8%
Commercial Vol.	m³	42.161	42.997	2%
Stock Volume	m³	0	960	
BRL/m³	BRL	113,17	99,55	-12%
BRL/USD rate	-	5,00	5,00	100%
USD/m³	USD	23	20	-12%
Stump Removal	BRL	1.274.419	345.352	-73%
Standard Cost to Effective Adj	BRL	N/A	1.199.709	N/A
Total (+) Standard Cost	BRL	6.045.800	5.921.102	-2%
USD/m³	USD	28,68	27,54	-4%

Cost of Production (Harvesting) is lower than budget. TRC believes the COP will remain aligned with the budget if the harvest volume budgeted in YE is reached.

Stump removal was performed in DLG2000 but in a very slow pace. As part of the strategy to preserve cash on FSA during 2021, less stump removal area will be carried until the end of the year. Although this is a temporary saving, once the activity must be done earlier or later, FSA situation is expected to improve in the coming years and it will be able to bear those costs without compromising its financial health.

Silvicultural Operations Summary - YTD

Forestry Operations FY

Type	Act. Group	Unit	Total Cost (BRL)		Status Quantity (un)		Unitary Cost (BRL/un)	
			Actual	Budget	Actual	Budget	Actual	Budget
Silviculture	Firebreaks	ha	274.263	117.978	335	230	819	513
	Weed Control	ha	93.151		132		704	
	Pruning	ha		103.967		146		713
	Roads	km	79.664	489.956	90	160	881	3.062
	Inventory	parc	94.637	35.748	727	550	133	66
	Tree Selection	ha	185.889	95.131	1.298	962	183	124
	Operational Support	-	933.013	850.369	1	16	0	0
	Sprout Control	ha	197.197	40.940	299	73	661	561
	Taxes	--	20.820	117.687			0	0
	Adjustment	--	-475.645	0			0	0
Total geral			1.402.991	1.851.776	2.882	2.136	3.381	5.039

Forestry operations costs were slower than budget for S1. Main differences were:

- Firebreaks were brought forward due to lack of rain in March (increasing the risks of fire in some farms as CMB2002, SMJ2002 and SMJII2009) and to provide access to field crews in MUT2007, SAJ2007 and TST2004);
- Roads: part of the road maintenance was postponed due to the prospect of temporarily pausing the harvest (India lockdown). From July onwards there was more clarity about India market and the road maintenance restarted. Nevertheless, some savings due to FSA partnership with Municipalities and neighbours may occur.
- Inventory: in 2021 all projects will be measured and with this decision the inventory had to start earlier than planned.
- Standard cost to effective adjustment is the difference between the actual expenditures incurred in the period (effective) to the estimated costs of the resources used registered by our operational controls (standard cost). Primarily differences were caused by personnel transferences from forestry to harvesting, extraordinary expenses with buses and housing renting (measures taken to accomplish the regulations of social distancing between workers) and inputs (fuel buying that went to stock and to be registered by operational controls only when effectively used).

General & Administrative Expenses

G&A / Overhead Summary YTD

FSA Participações
Profit and Loss
(In USD 0,00) 5,61

	2021 Budget	2021 YTD	Variação
G&A Expenses	(1.051.515)	(1.215.346)	-163.830
Property Management	(235.107)	(254.685)	-19.578
Total	(1.286.622)	(1.470.031)	-183.408

G&A / Overhead Summary YEE

FSA Participações
Profit and Loss
(In USD 0,00) 5,20

	2021 Budget	2021 FY	Variação
G&A Expenses	(2.072.576)	(2.365.563)	-292.987
Property Management	(454.097)	(502.721)	-48.624
Total	(2.526.673)	(2.868.284)	-341.611

G&A costs include the management services agreement between FSA and TRC, as well as other direct FSA costs, such as the remuneration of the administrators and financial statements audit, among others.

Year to date, these costs were USD 55 k over the budget due to higher (20%) inflation index IGP-M (General Price Index–Market) than estimated on budget, which is the reference for the contract between TRC and FSA.

For year end, the increase on TRC invoices are also the main source of variation.

Cash Summary - YTD

Actual and Budget Cash Flow

FSA							
Cash Flow							
<i>(In USD 0,00)</i>							
	1Q2021	1Q2021	2Q2021	2Q2021	2021	2021	
	Budget	Actual	Budget	Actual	Budget	YTD	Variation
Fx rate	5,00	5,70	5,00	5,00	5,00	5,00	
Initial Balance	282.272	252.855	(3.567)	307.517	282.272	252.855	(29.417)
Gross Revenues	2.261.131	1.934.506	1.940.729	1.966.616	4.201.860	3.901.122	(300.738)
Biomass Sales	0	21.934	0	9.055	0	30.989	30.989
Log Sales	1.504.131	1.167.899	1.898.729	1.949.972	3.402.860	3.117.872	(284.988)
Other Sales	757.000	744.672	42.000	7.589	799.000	752.262	(46.738)
(-) Sales Deductions	(50.389)	(2.451)	(77.406)	(6.095)	(127.795)	(8.546)	119.250
Net Revenues	2.210.742	1.932.056	1.863.323	1.960.521	4.074.065	3.892.577	(181.488)
Operational expenses	(1.110.849)	(1.430.345)	(1.704.695)	(1.653.812)	(2.815.544)	(3.084.156)	(268.612)
Legal Expenses	(201.000)	(139.302)	(126.000)	(175.035)	(327.000)	(314.337)	12.663
Financial rev./exp.	(1.015.011)	295	(6.182)	25.300	(1.021.193)	25.595	1.046.787
Income tax	0	0	0	0	0	0	
Transfers to FBV	(107.021)	(171.291)	(91.940)	(118.620)	(198.961)	(289.911)	(90.950)
Transfers to SATT	(62.700)	(39.044)	(62.700)	0	(125.400)	(39.044)	86.356
Others Transfers	0	503	0	(69.083)	0	(68.579)	(68.579)
Bridge Loan	0	(55.325)	0	(165.974)	0	(221.298)	(221.298)
Fx gain/Loss	0	(42.886)	0	42.819	0	(68)	(68)
Closing Balance	(3.567)	307.517	(131.761)	153.633	(131.761)	153.633	285.394

The budget closing cash was USD (131 k) vs USD 153 k actuals, a favorable variance of USD 285 k.

The bridge loan has been refinanced, with FSA sales receivables given as collateral. So, the payments that were planned this quarter due to the sale of Capim Branco farm (previous collateral) could be kept on treasury, instead of paying the bank back.

Net revenues were lower than budget due to reduction on roadside price (more details in slide 8).

Operational expenses were higher than budget due to variations in G&A, according to commented in the previous slides. These higher expenses were partially offset by lower legal expenses in the period.

To facilitate comparisons, all values in BRL were converted to the USD using the budget fx rate of BRL 5.00/ USD. As the actual Fx rate increased over the year from 5.70 in 1Q and fell as much to 4.92 in June, overall results not were impacted by this adjustment.

Cash Summary - YEE

Actual and Budget Cash Flow

FSA											
Cash Flow											
(In USD 0,00)											
	1Q2021	1Q2021	2Q2021	2Q2021	3Q2021	3Q2021	4Q2021	4Q2021	2021	2021	Variation
	Budget	Actual	Budget	Actual	Budget	Forecast	Budget	Forecast	Budget	FY	
Fx rate	5,00	5,70	5,00	5,00	5,00	5,00	5,00	5,00	5,00	5,00	
Initial Balance	282.272	252.855	(3.567)	307.517	(131.761)	153.632	59.531	99.816	282.272	252.855	(29.417)
Gross Revenues	2.261.131	1.934.506	1.940.729	1.966.616	2.175.253	2.069.542	2.424.640	2.165.710	8.801.753	8.136.374	(665.379)
Biomass Sales	0	21.934	0	9.055	0	0	0	0	0	30.989	30.989
Log Sales	1.504.131	1.167.899	1.898.729	1.949.972	2.133.253	2.027.542	2.382.640	2.123.710	7.918.753	7.269.124	(649.630)
Other Sales	757.000	744.672	42.000	7.589	42.000	42.000	42.000	42.000	883.000	836.262	(46.738)
(-) Sales Deductions	(50.389)	(2.451)	(77.406)	(6.095)	(44.000)	(44.000)	(73.526)	(73.526)	(245.322)	(126.072)	119.250
Net Revenues	2.210.742	1.932.056	1.863.323	1.960.521	2.131.253	2.025.542	2.351.114	2.092.184	8.556.432	8.010.302	(546.130)
Operational expenses	(1.110.849)	(1.430.345)	(1.704.695)	(1.653.812)	(1.551.427)	(1.636.455)	(1.918.474)	(1.724.915)	(6.285.444)	(6.445.526)	(160.082)
Legal Expenses	(201.000)	(139.302)	(126.000)	(175.035)	(126.000)	(126.000)	(126.000)	(126.000)	(579.000)	(566.337)	12.663
Financial rev./exp.	(1.015.011)	295	(6.182)	25.300	(2.100)	(2.100)	(5.346)	(5.346)	(1.028.639)	18.148	1.046.787
Income tax	0	0	0	0	0	0	0	0	0	0	
Transfers to FBV	(107.021)	(171.291)	(91.940)	(115.509)	(197.734)	(109.794)	(86.394)	(86.394)	(483.090)	(482.989)	101
Transfers to SATT	(62.700)	(39.044)	(62.700)	(39.012)	(62.700)	(39.060)	(62.700)	0	(250.800)	(117.116)	133.684
Others Transfers	0	503	0	(33.182)	0	0	0	0	0	(32.678)	(32.678)
Bridge Loan	0	(55.325)	0	(165.974)	0	(165.973)	0	(165.973)	0	(553.245)	(553.245)
Fx gain/Loss	0	(42.886)	0	42.819	0	24	0	7	0	(37)	(37)
Closing Balance	(3.567)	307.517	(131.761)	153.632	59.531	99.816	211.731	83.378	211.731	83.378	(128.353)

Full Year budgeted closing cash is USD 211 k vs a USD 83 k year-end estimate, an unfavorable variance of USD 128 k.

The bridge loan contracted will be repaid on monthly installments of BRL 276 k from March 2021 onwards.

The remaining variation was due the difference in the assumption of the Net Revenues (USD 546 k), driven by the price decrease on Consufor Report seen on last quarters (~15% on average)

Operational expenses were directly affected by the G&A variation, that explained in the slide 20. To YEE, operational expenses should maintain above the budget, due to higher index inflation on cumulated period (IGP-M).

FSA Balance Sheet

Balance Sheet position of January 01 to June 30, 2021

(In thousands of reais/dollars)

ASSETS			LIABILITIES AND EQUITY		
	R\$	\$		R\$	\$
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	10.438	1.832	Loans and financing	686.588	120.511
Accounts receivable	10.710	1.880	Leasing	2.875	505
Inventories	2.093	367	Suppliers and other accounts payable	6.251	1.097
Recoverable taxes	2.638	463	Taxes payable	161	28
Other receivables	431	76	Salaries, vacations and payroll charges payable	278	49
Total Current Asset	26.309	4.618	Total Current Liabilities	696.153	122.190
NON-CURRENT ASSETS			Non-current liabilities		
Advances to agricultural partners	7.016	1.232	Leasing	2.393	420
Deferred taxes	45.925	8.062	Contingencies	37.248	6.538
Biological Assets	655.398	115.049	Total Non-Current Liabilities	39.641	6.958
Property, plant & equipment	6.176	1.084			
Intangible assets	6	1	EQUITY		
Total Non-Current Asset	714.521	125.427	Capital	27.798	4.879
			Legal reserve	5.559	976
			Profit reserve	(28.320)	(4.971)
			Foreign exchange adjusts		14
			TOTAL EQUITY	5.037	898
TOTAL CURRENT ASSETS	740.831	130.046	TOTAL LIABILITIES AND EQUITY	740.831	130.046

FX RATE- ASSETS

5,0016

FX RATE - LIABILITIES

5,0022

Appendix - Financial Tables

Summary P&L - YTD (USD)

FSA Participações		5,61	
Profit and Loss (In USD 0,00)			
	2021 Budget	2021 YTD	Varição
Volume m3	42.161	42.997	835
Log Sales	3.850.309	3.663.516	-186.794
Logs	3.850.309	3.631.528	-218.781
Firewood	0	31.988	31.988
Other Sales	0	0	
(-) Sales Deductions	(137.166)	(124.758)	12.408
Net Sales	18.565.717	17.693.790	-871.928
CoGS			
COP	(1.200.554)	(1.184.220)	16.333
Depletion	(3.421.332)	(2.540.746)	880.586
Carry Over Costs	0	15.746	15.746
Total CoGS	(23.109.427)	(18.546.103)	4.563.324
Gross Profit + Depletion	(4.543.710)	(852.313)	3.691.397
Operational Expenses			
Payroll expenses	(5.545)	1.488	7.032
G&A Expenses	(1.051.515)	(1.215.346)	-163.830
Sales Expenses	0	(2.382)	-2.382
Other operational income/expenses	0	100.251	100.251
Operational Result	(9.829.009)	(6.432.259)	3.396.751
Financial Income	0	73.041.987	73.041.987
Financial Expenses	(5.717)	(73.111.101)	-73.105.384
Financial Result	(28.586)	(345.568)	-316.982
EBT	(9.857.595)	(6.777.827)	3.079.768
Income Tax	0	0	
Deffered Income Tax	0	339.409	339.409
Profit & Loss	(9.857.595)	(5.080.782)	4.776.813

FSA Participações		5,61	
Profit and Loss (In USD 0,00)			
	2021 Budget	2021 YTD	Varição
Profit & Loss	(9.857.595)	(5.080.782)	4.776.813
Income Tax	0	(339.409)	(339.409)
Financial Income	0	(73.041.987)	-73.041.987
Financial Expenses	5.717	73.111.101	73.105.384
Depreciation and Amortization	1.946	1.343	-603
Depletion	3.421.332	2.540.746	-880.586
Other accounting adjustments	0	(115.997)	-115.997
EBITDA	7.287.380	5.698.203	-1.589.178
Capitalized Costs			
Forestry	(647.626)	(280.206)	367.420
Depreciation	(41.092)	(49.652)	-8.560
Property Management	(235.107)	(254.685)	-19.578
Others	(38.980)	(308.034)	-269.054
Fx gain (loss) to Actual	0	242.698	242.698
EBITDA adjusted	494.671	489.762	-4.909

Note: In response to our Stakeholders' requests TRC has updated the reporting basis of the P&L to their formal accounting basis. Main differences is exclusion of non-cash / capitalized items in the accounting figures.

Summary P&L - YEE (USD)

FSA Participações		5,26	
Profit and Loss (In USD 0,00)			
	2021 Budget	2021 FY	Variação
Volume m3	95.142	97.424	2.281
Log Sales	9.090.992	8.085.628	-1.005.364
Logs	9.090.992	8.053.641	-1.037.352
Firewood	0	31.988	31.988
Other Sales	0	0	
(-) Sales Deductions	(264.348)	(235.141)	29.207
Net Sales	8.826.644	7.850.487	-976.157
CoGS			
COP	(2.960.694)	(2.605.972)	354.721
Depletion	(6.311.988)	(3.882.477)	2.429.510
Carry Over Costs	0	15.746	15.746
Total CoGS	(9.272.682)	(6.472.704)	2.799.977
Gross Profit + Depletion	(446.037)	1.377.783	1.823.820
Operational Expenses			
Payroll expenses	(11.410)	(2.506)	8.904
G&A Expenses	(2.072.576)	(2.365.563)	-292.987
Sales Expenses	0	(2.382)	-2.382
Other operational income/expenses	0	100.251	100.251
Operational Result	(2.530.023)	(892.417)	1.637.606
Financial Income	0	73.041.987	73.041.987
Financial Expenses	(10.626)	(73.116.010)	-73.105.384
Financial Result	(10.626)	(74.022)	-63.396
EBT	(2.540.649)	(966.439)	1.574.210
Income Tax	0	0	
Deffered Income Tax	0	339.409	339.409
Profit & Loss	(2.540.649)	(627.030)	1.913.619

FSA Participações		5,26	
Profit and Loss (In USD 0,00)			
	2021 Budget	2021 FY	Variação
Profit & Loss	(2.540.649)	(627.030)	1.913.619
Income Tax	0	(339.409)	(339.409)
Financial Income	0	(73.041.987)	-73.041.987
Financial Expenses	10.626	73.116.010	73.105.384
Depreciation and Amortization	3.401	2.318	-1.083
Depletion	6.311.988	3.882.477	-2.429.510
Other accounting adjustments	0	(115.997)	-115.997
EBITDA	3.785.366	2.876.382	-908.984
Capitalized Costs			
Forestry	(1.451.587)	(988.170)	463.416
Depreciation	(55.633)	(59.925)	-4.292
Property Management	(454.097)	(502.721)	-48.624
Others	(81.706)	(448.228)	-366.523
Fx gain (loss) to Actual	0	277.787	277.787
EBITDA adjusted	1.742.344	1.155.124	-587.219

Note: In response to our Stakeholders' requests TRC has updated the reporting basis of the P&L to their formal accounting basis. Main differences is exclusion of non-cash / capitalized items in the accounting figures.

Cash Summary - YEE

YEE and Budget Cash Flow BRL

FSA Cash Flow (In BRL 0,00)	FY										
	1Q2021 Budget	1Q2021 Actual	2Q2021 Budget	2Q2021 Forecast	3Q2021 Budget	3Q2021 Forecast	4Q2021 Budget	4Q2021 Forecast	2021 Budget	2021 FY	Variation
Initial Balance	1.411.359	1.264.273	(17.833)	1.752.014	(658.805)	768.500	297.657	499.298	1.411.359	1.264.273	(147.086)
Gross Revenues	11.305.654	9.672.531	9.703.646	9.833.081	10.876.267	10.347.709	12.123.201	10.828.550	44.008.767	40.681.871	(3.326.897)
Biomass Sales	0	109.672	0	45.273	0	0	0	0	0	154.945	154.945
Log Sales	7.520.654	5.839.497	9.493.646	9.749.862	10.666.267	10.137.709	11.913.201	10.618.550	39.593.767	36.345.618	(3.248.149)
Other Sales	3.785.000	3.723.362	210.000	37.946	210.000	210.000	210.000	210.000	4.415.000	4.181.308	(233.692)
(-) Sales Deductions	(251.944)	(12.253)	(387.032)	(30.476)	(220.000)	(220.000)	(367.632)	(367.632)	(1.226.608)	(630.360)	596.248
Net Revenues	11.053.710	9.660.278	9.316.614	9.802.605	10.656.267	10.127.709	11.755.569	10.460.919	42.782.160	40.051.511	(2.730.649)
Operational expenses	(5.554.244)	(7.151.723)	(8.523.476)	(8.269.058)	(7.757.133)	(8.182.274)	(9.592.368)	(8.624.575)	(31.427.221)	(32.227.630)	(800.409)
Legal Expenses	(1.005.000)	(696.509)	(630.000)	(875.177)	(630.000)	(630.000)	(630.000)	(630.000)	(2.895.000)	(2.831.686)	63.314
Financial rev./exp.	(5.075.054)	1.474	(30.909)	126.498	(10.500)	(10.500)	(26.732)	(26.732)	(5.143.195)	90.740	5.233.935
Transfers to FBV	(535.104)	(856.454)	(459.702)	(577.545)	(988.672)	(548.972)	(431.972)	(431.972)	(2.415.450)	(2.414.943)	507
Transfers to SATT	(313.500)	(195.219)	(313.500)	(195.060)	(313.500)	(195.300)	(313.500)	0	(1.254.000)	(585.579)	668.421
Others Transfers	0	2.517	0	(165.909)	0	0	0	0	0	(163.392)	(163.392)
Bridge Loan	0	(276.623)	0	(829.869)	0	(829.866)	0	(829.866)	0	(2.766.223)	(2.766.223)
Closing Balance	(17.833)	1.752.014	(658.805)	768.500	297.657	499.298	1.058.653	417.071	1.058.653	417.071	(641.582)



Obrigado / Thank You!

