



Floresteca S.A.

3Q2020 Results Summary

September 2020



Floresteca

Agenda

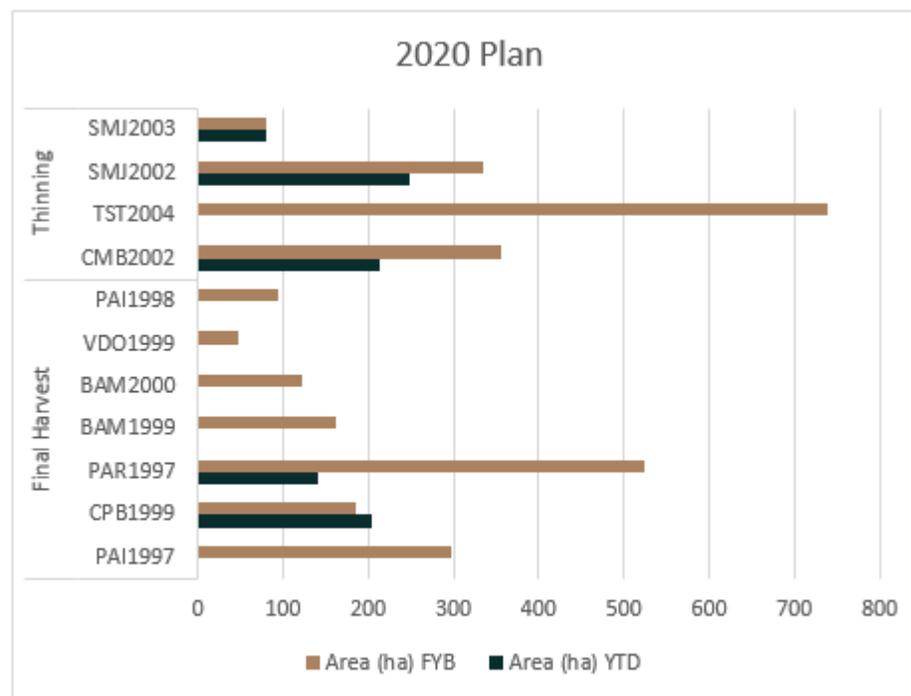
1. Harvesting Operations by Farm & Project Year
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Harvest Operations by Farm

Table 4.1 Area Changes in the YTD

Project	Planting Year	Initial Area (ha) - End of 1Q 2020	Harvested Area (ha)	Current Area (ha) - End of 2Q 2020
Paiolandia	1997	297.92		297.92
Paraiso	1997	540.95		540.95
São José da Canastra	1998	0.00		0.00
Paiolandia	1998	93.95		93.95
Bambu	1999	549.07		549.07
Capim Branco	1999	414.47		414.47
Serra das Araras	1999	105.01		105.01
Vale Dourado	1999	48.59		48.59
Bambu	2000	513.83		513.83
Duas Lagoas	2000	1,527.51		1,527.51
Duas Lagoas	2001	1,764.34		1,764.34
São Miguel	2001	97.52		97.52
Barranquinho	2002	970.2		970.2
Cacimba	2002	571.08		571.08
Duas Lagoas	2002	48.41		48.41
São Miguel	2002	5.71		5.71
Santa Maria do Jauru	2002	1,085.18		1,085.18
Barranquinho	2003	12.95		12.95
Cacimba	2003	10.19		10.19
Santa Maria do Jauru	2003	207.87		207.87
Santa Fé	2003	2,562.71		2,562.71
Barranquinho	2004	1,021.00		1,021.00
Terra Santa	2004	1,143.17		1,143.17
Duas Lagoas	2005	207.67		207.67
Duas Lagoas	2006	233.88		233.88
Mutum	2007	539.18		539.18
São José	2007	301.3		301.3
Santa Maria do Jauru	2008	99.87		99.87
Total		14,973.53		14,973.53



- None of the areas have been totally harvested this quarter.



Harvest Yields & Sales Summary

Sales volume (m³) YTD 2020 Actual and Budget

	January	February	March	April	May	June	July	August	September	Total
BAR2002										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	28	0	0	28	0	0	0	0	0	57
BAR2004										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	24	0	0	0	0	0	0	0	0	24
CAN1998										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	73	0	0	0	0	0	0	0	0	73
CMB2002										
Budget	1.700	1.700	1.800	2.500	1.669	0	0	0	0	9.369
YTD	799	1.154	1.261	171	-0	1.088	0	0	0	4.473
CPB1999										
Budget	1.000	1.000	1.000	1.000	1.199	0	1.397	1.616	1.728	9.941
YTD	3.054	3.281	2.746	1.263	1.153	1.281	2.316	1.502	2.629	19.222
MUT2007										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	1.137	0	0	0	0	0	0	0	0	1.137
PAI1997										
Budget	2.000	2.000	2.399	2.400	2.700	1.799	0	0	0	13.298
YTD	0	0	0	0	0	0	0	0	0	0
PAR1997										
Budget	2.022	2.022	2.022	2.022	2.022	2.022	0	0	0	12.134
YTD	841	2.289	509	0	0	268	146	0	0	4.053
SJT1998										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	49	0	24	0	0	0	0	0	0	73
SMJ2002										
Budget	2.400	2.400	2.700	134	0	0	0	0	0	7.634
YTD	349	0	1.686	0	456	779	0	0	0	3.270
SMJ2003										
Budget	0	0	0	2.504	0	0	0	0	0	2.504
YTD	398	1.437	439	0	187	0	0	0	0	2.461
TST2004										
Budget	0	0	0	0	3.000	5.000	0	0	0	8.000
YTD	0	0	0	0	0	0	0	0	0	0
VDO1999										
Budget	0	0	0	0	0	2.502	0	0	0	2.502
YTD	0	0	0	0	0	0	0	0	0	0
DLG2000										
YTD	0	0	0	0	0	0	0	0	0	0
Total Volume										
Budget	9.122	9.123	9.921	10.561	10.591	11.323	1.397	1.616	1.728	65.382
YTD	6.752	8.160	6.666	1.462	1.795	3.416	2.462	1.502	2.629	34.844

- Overall, 2020 production (34,844 m³) is much lower than forecasted, mainly due to the Covid-19 pandemic impact on operations;
- In the 3Q, only wood from Capim Branco (CPB) and a little volume from Paraíso (PAR) were sold.
- Paiolandia (PAI) final harvests are still being postponed due to market conditions and lingering issues with the landowners and that is the reason why we harvested more in CPB.
- The thinning in Cacimba (CMB) and Santa Maria do Jauru (SMJ) were halted in March and will not restart in 2021 since there is more urgent thinning to be carried in São José and Terra Santa farms (disease spread).



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Yields - Final Harvests

Table: Log sales final harvest, 2020 YTD volume vs Budget FY

- 2019 Plan

Project	Year	Site Class	DBH (cm)	BA (m ² /ha)	Area (ha) - YTD	Area (ha) - FYB	Production Yield (m ³ /ha) - YTD	Production Yield (m ³ /ha) - FYB	Trees Removed (Trees/ha) - YTD	Trees Removed (Trees/ha) - FYB
CPB	1999	S1	34.9	10.3	165.7	165.7	70.0	71.4	108	108
		S2	31.4	9.2	27.4	27.4	46.4	56.8	120	120
Total					193.1	193.1	66.6	69.4	110	110

- 2020 Plan

Project	Year	Site Class	DBH (cm)	BA (m ² /ha)	Area (ha) - YTD	Area (ha) - FYB	Production Yield (m ³ /ha) - YTD	Production Yield (m ³ /ha) - FYB	Trees Removed (Trees/ha) - YTD	Trees Removed (Trees/ha) - FYB	
PAI	1997	S1	33.4	15.0	0.0	153.1	0.0	99.7	0	171	
		S2	30.1	10.1	0.0	29.5	0.0	59.3	0	140	
		S3	21.0	8.5	0.0	115.3	0.0	26.5	0	265	
	1998	S1	33.0	13.0	0.0	48.1	0.0	87.1	0	150	
		S2	27.7	10.5	0.0	45.9	0.0	55.0	0	173	
		S3	24.2	12.9	10.8	88.5	37.8	46.2	276	275	
PAR	1997	S2	24.2	12.9	10.8	88.5	37.8	46.2	276	275	
		S3	21.4	9.9	130.8	435.6	27.9	23.1	272	270	
CPB	1999	S1	35.2	10.5	234.7	171.8	48.8	74.4	103	108	
		S2	30.8	9.0	1.6	13.6	46.4	54.6	108	121	
VDO	1999	S1	34.1	13.9	0.0	48.6	0.0	103.0	0	152	
BAM	1999	S3	19.7	11.1	0.0	161.3	0.0	17.8	0	358	
		2000	S1	30.7	17.8	0.0	16.6	0.0	101.3	0	237
			S2	25.7	14.2	0.0	106.3	0.0	56.6	0	272
Total					377.8	1,434.0	41.2	48.8	166	234	

- First table = 2019 budget stands. Total values (volume, area and trees) planned and performed until the third quarter of 2020.
- Second table = 2020 budget stands. Total values (volume, area and trees) planned and performed until the third quarter of 2020.
- Site class, DBH and BA are provided to the budgeted stands.

In Capim Branco (CPB), final harvest started in 2019 and some stands considered to that year are still not closed, so the actual m³/ha will still increase.

From the original 2020 plan, only CPB and PAR were harvested so far, due to COVID19 and legal issues with the landowners of PAI.

CPB and VDO will not be finished during 2020 since one stand of CPB (stand 004) and the 50 remaining hectares in VDO got burned in September. No damage to the wood or the growth of remaining trees was observed, but due to the bad appearance of the bottom logs after the fire, TRC decided to not harvest them until the next wet season, so the blackish bark gets washed away.



Yields - Thinning

Table: Log sales thinning, 2020 YTD volume vs Budget FY

• 2019 Plan

Project ≡	Year ≡	Site Class	DBH (cm)	BA (m²/ha)	Area (ha) - YTD	Area (ha) - FYB	Production Yield (m³/ha) - YTD	Production Yield (m³/ha) - FYB	Trees Removed (Trees/ha) - YTD	Trees Removed (Trees/ha) - FYB
CMB	2002	S1	33.0	17.3	34.7	44.7	23.8	32.6	73	73
BAR	2002	S1	28.4	18.6	88.0	88.0	16.0	12.3	59	53
		S2	23.8	14.8	326.2	326.2	13.8	8.2	105	91
	2003	S1	28.7	22.2	10.4	10.4	27.2	33.6	130	102
	2004	S1	24.4	17.4	226.0	226.0	22.0	20.7	133	143
		S2	21.3	18.1	79.8	79.8	22.5	20.5	299	273
SMJ	2002	S1	28.6	14.0	55.5	55.5	4.5	21.9	86	86
	2003	S1	30.8	16.2	97.4	97.4	11.7	28.6	85	85
MUT	2007	S1	29.0	17.1	71.1	71.1	25.4	29.3	89	89
Total					989.2	999.2	17.2	18.0	118	112

• 2020 Plan

Project ≡	Year ≡	Site Class	DBH (cm)	BA (m²/ha)	Area (ha) - YTD	Area (ha) - FYB	Production Yield (m³/ha) - YTD	Production Yield (m³/ha) - FYB	Trees Removed (Trees/ha) - YTD	Trees Removed (Trees/ha) - FYB
CMB	2002	S1	31.8	15.7	209.7	354.8	17.4	26.4	71	70
SMJ	2002	S1	29.7	14.7	199.0	247.2	14.9	23.6	82	82
		S2	27.5	13.8	49.3	88.3	1.2	20.4	117	105
	2003	S1	32.2	17.0	79.6	79.6	16.6	31.5	78	78
TST	2004	S1	31.7	16.0	0.0	738.3	0.0	20.3	0	53
		S2	19.8	17.6	0.0	0.3	0.0	17.7	0	44
Total					537.5	1,508.6	14.9	22.9	80	66

The thinnings were interrupted at Cacimba (CMB) and Santa Maria de Jauru (SMJ) in March. For this next quarter, no thinnings are forecast.

- First table = 2019 budget stands. Total values (volume, area and trees) planned and realized until the third quarter of 2020.
- Second table = 2020 budget stands. Total values (volume, area and trees) planned and realized until the third quarter of 2020.
- Site class, DBH and BA are provided to the budgeted stands.



Log Sales Volume YEE

	January	February	March	April	May	June	July	August	September	October	November	December	Total
BAR2002													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YTD	28	0	0	28	0	0	0	0	0	0	0	0	57
BAR2004													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YTD	24	0	0	0	0	0	0	0	0	0	0	0	24
CAN1998													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YTD	73	0	0	0	0	0	0	0	0	0	0	0	73
CMB2002													
Budget	1.700	1.700	1.800	2.500	1.669	0	0	0	0	0	0	0	9.369
YTD	799	1.154	1.261	171	-0	1.088	0	0	0	0	0	0	4.473
CPB1999													
Budget	1.000	1.000	1.000	1.000	1.199	0	1.397	1.616	1.728	1.363	320	0	11.624
YTD	3.054	3.281	2.746	1.263	1.153	1.281	2.316	1.502	2.629	3.450	3.682	629	26.983
MUT2007													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YTD	1.137	0	0	0	0	0	0	0	0	0	0	0	1.137
PAI1997													
Budget	2.000	2.000	2.399	2.400	2.700	1.799	0	0	0	0	0	0	13.298
YTD	0	0	0	0	0	0	0	0	0	0	0	0	0
PAR1997													
Budget	2.022	2.022	2.022	2.022	2.022	2.022	0	0	0	0	0	0	12.134
YTD	841	2.289	509	0	0	268	146	0	0	1.205	2.410	2.410	10.078
SJT1998													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YTD	49	0	24	0	0	0	0	0	0	0	0	0	73
SMJ2002													
Budget	2.400	2.400	2.700	134	0	0	0	0	0	0	0	0	7.634
YTD	349	0	1.686	0	456	779	0	0	0	0	0	0	3.270
SMJ2003													
Budget	0	0	0	2.504	0	0	0	0	0	0	0	0	2.504
YTD	398	1.437	439	0	187	0	0	0	0	0	0	0	2.461
TST2004													
Budget	0	0	0	0	3.000	5.000	0	0	0	0	0	0	8.000
YTD	0	0	0	0	0	0	0	0	0	0	0	0	0
VDO1999													
Budget	0	0	0	0	0	2.502	0	0	0	0	0	0	2.502
YTD	0	0	0	0	0	0	0	0	0	171	0	0	171
DLG2000													
YTD	0	0	0	0	0	0	0	0	0	0	0	2.989	2.989
Total Volume													
Budget	9.122	9.123	9.921	10.561	10.591	11.323	1.397	1.616	1.728	1.363	320	0	67.065
YTD	6.752	8.160	6.666	1.462	1.795	3.416	2.462	1.502	2.629	4.826	6.092	3.039	51.790

The fire in CPB and VDO and the issue with PAI landowners caused the need to anticipate the clear-fell in Duas Lagoas (the team will start the operations in mid November).

After FSA won in court the case against PAR landowner, operations were resumed and its final harvest should be finished in the 1Q 2021.



Log Sales & Prices

Roadside Prices Comparison 2020 YTD

	Volume m3		Value USD		RS Price (USD/m³)		Diameter Point	
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
15-20 cm	6.817	3.450	133.840	23.102	19,63	6,70	18,94	17,81
20-25 cm	27.813	13.167	1.493.276	718.555	53,69	54,57	22,73	22,77
25-30 cm	13.653	7.429	1.210.403	944.667	88,65	127,16	27,07	27,54
30-35 cm	10.714	4.688	1.471.675	730.370	137,36	155,79	31,46	32,72
35-40 cm	5.046	4.673	1.088.865	1.081.836	215,77	231,52	38,02	37,64
40+ cm	1.338	1.436	402.228	392.981	300,51	273,62	45,72	41,68
Total Geral	65.382	34.843	5.800.287	3.891.512	88,71	111,69	29,23	27,34

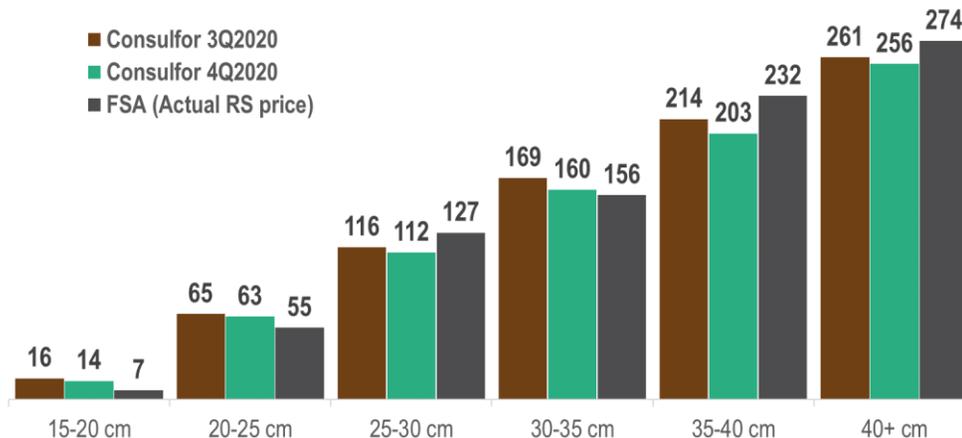
Overall average roadside prices is USD 111.69 vs USD 88.71 budgeted, a favorable variation of USD 22.98. An increased proportion of higher quality logs is observed, caused by the postponement of worse quality final harvests, such as PAR and PAI, and thinning projects (CMB, SMJ and TST).

FSA sells to TRC at the roadside, based on the most recent Consufor price survey from September 2020.

The Indian market has been gradually recovering from the Covid-19 lockdown impact and is increasing its volumes, it is important to emphasize that the pricing shown in the Consufor report for 3Q2020 is reflecting the current market, since all trading has reestablished – see the next slide for additional information;

Due to the situation of the teak market by the end of June, FSA sold to TRC at Consufor Minimum prices, also considering the very small volume initially planned. However, TRC started paying the price based on curve formula related with the girth measure.

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



Market Update

- In the 3Q2020 Ghana, Ecuador and Panama were the main teak supplier to India (representing 52% of total teak logs imports). The total imported teak wood volume in India was 70% lower in the 3Q2020 when compared to the same period of 2019;
- The COVID-19 pandemic led the Indian government to impose a national lockdown in late March, which has been extended to late May and entered the initial unlocking phase on June 1st. The country has now entered in the Unlocking Phase 5.0, however, there are still containment zones with restrictions on interstate and between districts transit;
- Log imports in India are still moving slow and customers are still facing labor constraints. It is unclear how the Indian market will be impacted in the medium term by Covid-19 and the lockdowns. We believe that it was already going through a slow growth period prior to this crisis, therefore a cautious approach is best suitable. TRC restarted shipping as local sawmills inventories are low but we are watchful as a quick oversupply for low quality logs should come back sometime in 2021;
- Sales outside of India have also been impacted since much of the underlying demand is tied to European and US demand for garden furniture. Although customers were complaining about orders and some have been paused/cancelled from March to June, in late July, some customers resumed contracts and new sales have been happening;



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
Total	21.568.640
Paid	-9.383.240
Outstanding	12.185.400

The outstanding value is unchanged since the last Quarterly Report.



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, final harvest began at Paraiso Farm (PAR 1997) in January 2020, but was interrupted by the courts verdict. The Local Judge ruled that the usufruct agreement be terminated, with the land reverting to the landowner, however the ruling was silent on the timber on the property. The decision did however uphold that the landowner owes FSA for past advances. On September 25th, the judge of the claim provides a new decision that reinstates FSA into Paraiso Farm possession. On October we restarted the final harvest at Paraiso Farm.
- 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 procedure will be accompanied by a technical assistant appointed and approved by the parties.
- Bambu IV; There has been no material update on these, however our legal advisors believe that decision in the case of Paraiso may have some future bearing on this outcome. On October, FSA legal advisory informed to the judge of the claim that intends to produce witness and expert evidence.

VTP – We were informed that VTP – The Dutch stakeholder group Vereniging Teak Participaten (VTP) filed a claim on February 27th in city of Cuiabá, State of Mato Grosso before the 7th civil court, demanding (among other measures) the indemnification of a minority of holders of certificates of beneficial interests – CBI – issued in the Netherlands by ATF and GOOD WOOD. There was a mandated freezing real state assets, and any changes in the legal structure all the defendants. On April 23rd, 2020, a preliminary favorable decision by Mato Grosso Court lifted the injunction, and the final decision was reached on July 29th, confirming the favorable decision taken on April 23rd. In the main proceedings, an expert was pointed to verify the quality of the farms, but such decision is pending of appeals by both parties.



Legal and Compliance Update

VTP – On August 11th, the judge of the claim provides a new decision, in short (i) to clarify that judicial analysis shall be done at farms related to foreign investors; (ii) to clarify that expert shall not respond to documentation questions (purpose of expert's job is simply agricultural analysis); (iii) to discharge VTP of paying expert's fees in advance; and (iv) to notify the expert if he agrees to be paid by the end of the case. On September 19th, the expert – Mr. Edson Mender de Freitas Neto, informs to the judge of the claim that (i) on-site survey in all the farms is mandatory; (ii) the engineers Mrs. Danilo Alonso and João Lucas Alonso may assist him in the job; (iii) the expert's fees are BRL 512,589.70 (BRL 300.00 per hour), that may be modified in case of additional services requested by the parties or by the judge; and also requests the advanced payment of 50% of the fees, and the remaining shall be paid in the report's presentation.

On October 28th VTP files an appeal before the COURT OF APPEAL, directed to the Superior Court of Justice, against the decision of the FIRST PRELIMINARY INJUNCTION APPEAL, to (i) reform the decision and maintain the PRELIMINARY INJUNCTION.

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.

On October 27th, FSA presents to the judge of the claim the defense¹, and the following arguments:

(i) Rondon has no evidence of debt, and the land use agreement does not have the information required by law to justify the claim; (ii) the debt indicated by Rondon - approximately BRL 47.592.444,78, does not correspond to the facts; (iii) the sum of all invoices issued for timber in Fazenda Paiolândia is BRL 2,802,941.10, and according to the land use agreement, the landowner shall receive 20% of this value - BRL 560,588.22; (iv) FSA paid Rondon in advance BRL 674,508.56 (updated values); (v) offsetting credits and debits, Rondon owes to FSA BRL 113,920.34; (vi) the power of attorney presented by Rondon is invalid, since has not been signed by the rightful Director; and (vii) Rondon has the financial conditions to pay for the court costs, and shall not be discharged.



Outlook on Upcoming Quarters

- The original 2020 Management Plan as it stands is no longer a useful reference. FSA prepared a revised plan for the remainder of 2020 and all related financial tables shown in this report are considering this new plan;
- Indian market is recovering from the 2Q lockdown and stocks on ground are facing a historical low, which has opened an opportunity window for companies that can get back to production faster, as many traders are out of business and some producing countries are still on their rainy season;
- Harvest is already at pre-COVID levels given these improvements of market conditions. These conditions are expected to remain positive until the end of the 1Q 2021. After that, it is still unclear how the Indian demand will structurally behave after stocks are back to regular levels.
- Legal issues with landowners in Paraíso were sorted and our crew resumed harvesting there.
- Legal issues brought to FSA and several other third parties by the Dutch association Vereniging Teak Participanten (VTP) continue to impose substantial legal costs on FSA and liabilities on unrelated third parties;

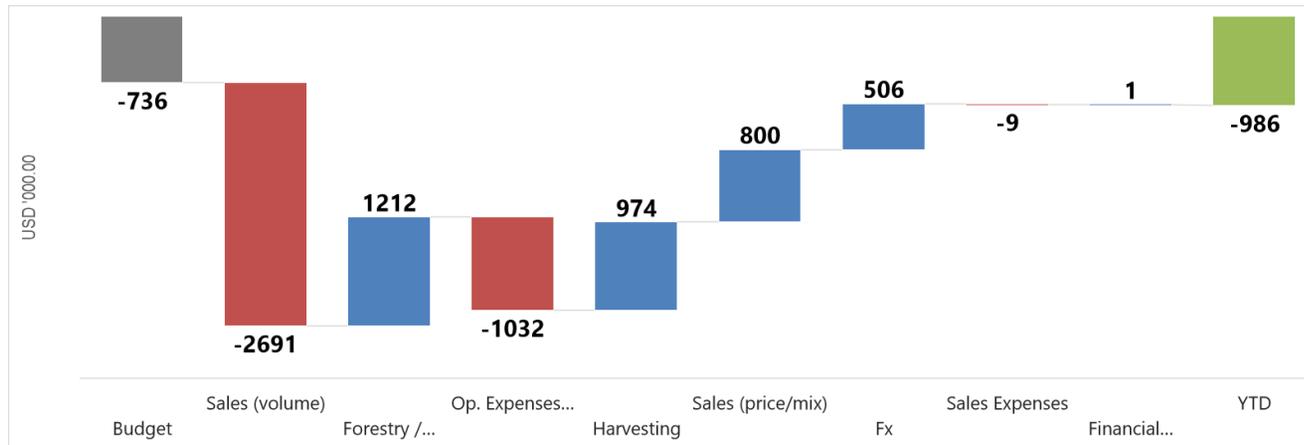


FSA Summary Financial Information



Summary P&L YTD

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

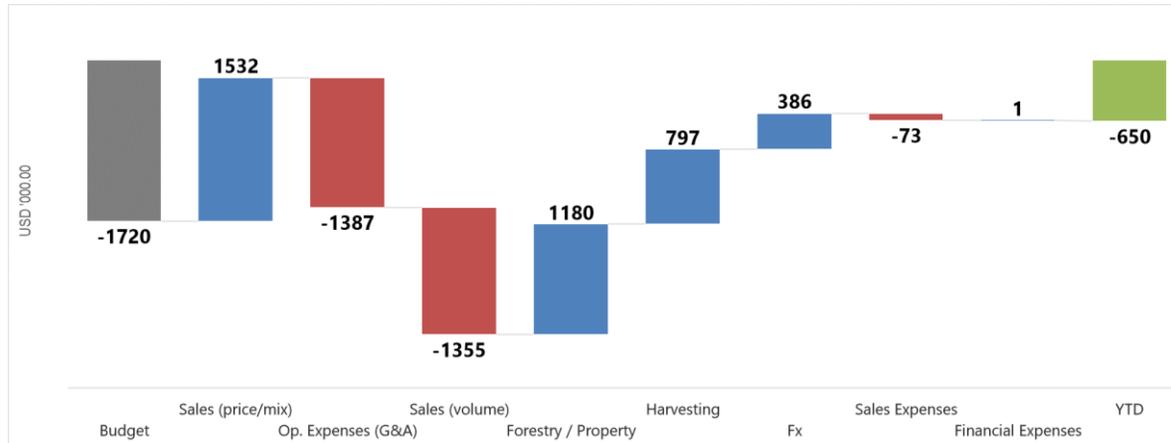


- The YTD Operational Result was USD -986 k versus USD -736 k budgeted or an unfavorable variation of USD 249 k.
- Sales Volume: the main driver was lower harvested volume (30k m³, or 48%) caused by the activities interruption due to COVID-19 and the Frigieri lawsuits in Paraiso and Terra Santa (both farms were planned to be harvested in 2020), which resulted in lower sales volume and harvesting costs.
- Forestry: Overall forestry costs were substantially lower than the budget for YTD due to COVID-19 pandemic.
- Op. Expenses: overhead over budget mainly due to higher legal expenses detailed in the compliance section;
- Sales (Price/Mix): a better sales mix since there was a higher proportion of logs sales from CPB1999 final harvest.
- To facilitate comparisons, all values in BRL were converted to the USD using the budget fx rate of BRL 3.82/ USD. As the actual fx rate increased over the year from 5.19 in 1Q, 5.47 in 2Q and 5.64 in 3Q overall results were positively impacted by this adjustment;



Summary P&L YEE

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



Note: Based on P&L table, slide 24

- The expected Year End Operational Result is USD -650 k versus the USD 1,7 M budgeted, a favorable variance of USD 1,7 M (62%).
- The positive variation on sales (price/mix) is almost offset by the lower sales volume (30 k m³), as we will have caused by the activities interruption due to COVID-19. However, the gradual resumption on 3^o quarter contributed to better result in YEE in comparison last report.
- Op. Expenses: overhead over budget mainly due to USD 1,2 M of legal expenses related to the VTP court case (in Op. Expenses)
- Forestry/Property related costs were USD 1,1 M lower than budget mainly due to the halt in activities forced by Covid-19 pandemic and the gradual resumption on 3^o quarter.
- For the forecast we are using the September 30th fx rate (5,64), favoring final results.



Cost of Production Summary (YTD)

Harvesting Cost, per activity:

		Budget YTD	Actual YTD	Var. %
Tree Selection	BRL	106.060	39.932	-62%
Harvesting	BRL	2.076.229	1.018.153	-51%
Forwarding	BRL	2.803.242	1.266.635	-55%
Lot Formation	BRL	1.434.843	443.537	-69%
Loading	BRL	572.416	267.845	-53%
Tax	BRL	852.601	858.498	1%
Total	BRL	7.845.391	3.894.600	-50%
Commercial Vol.	m ³	60.641	34.843	-43%
BRL/m ³	BRL	129,37	111,78	-14%
BRL/USD rate	-	3,82	3,82	100%
USD/m ³	USD	33,87	29,26	-14%
Standard Cost to Effective Adj	BRL	N/A	1.535.986	N/A
USD/m ³	USD	33,87	40,80	20%
Stump Removal	BRL	1.979.574	905.151	-54%
Total (+) Standard Cost	BRL	9.824.965	6.335.737	-36%
USD/m ³	USD	42,41	47,60	12%

- Cost of Production (Harvesting) after Standard Cost to Effective were 20% higher than budgeted. Basically, the measures took during the pandemic (forced vacation, suspensions and working-time decrease) helped to partially hold the expenses, but payroll and capital costs continued. Only a lower level of harvesting was kept in Capim Branco from April to August, due to COVID-19 and market restrictions.
- Stump removal was performed in Araras, Cassange, São Judas Tadeu and São José da Canastra farms and all the activities were concluded in July. FSA is terminating the usufruct's agreements in these farms. The stump removal was canceled in Capim Branco farm since FSA has a commitment to sell the farm in 2021 with the stumps on it.
- 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). This figure was exceptionally higher this year as workers were paid but did not work full time.

Standard Cost %	
Pessoal	56%
Custo Capital	33%
Manutenção	11%



Silvicultural Operations Summary (YTD)

Forestry Operations YTD

Activity Group	Un.	Status	Total Cost (BRL) ★	Quantity (un.)	Unitary Cost (BRL/un.)
Operational Suport -		Actual	864.882	0	0
		Budget	1.812.613	0	0
Roads	km	Actual	159.744	34	4.769
		Budget	483.000	164	2.945
Weed Control	ha	Actual	93.711	289	325
		Budget	924.059	3.375	274
Sprout Control	ha	Actual	68.736	114	605
		Budget	1.013.273	3.578	283
Inventory	parc	Actual	90.261	1.256	72
		Budget	127.479	1.612	79
Pruning	ha	Actual	19.708	116	170
		Budget	589.374	869	678
Firebreaks	ha	Actual	146.189	446	328
		Budget	346.351	460	753
Fire Fighting	-	Actual	34.729	0	0
Pest Control	ha	Actual	14.090	586	24
		Budget	241.400	9.226	26
Tax	-	Actual	131.702	0	0
		Budget	131.623	0	0

- Overall forestry costs were substantially lower than the budget for 1S2020.
- Operational support was under budget and should be kept lower in the YEE, since is primarily related to harvesting and all harvest activities were severely impacted as mentioned in previous sections of the report.
- Road maintenance was taken in Cacimba, Santa Maria and Paraiso farms. The YEE is expected to be lower than budgeted.
- Weed control was carried out partially in some stands in Capim Branco, Cacimba, Santa Maria and Paraiso to provide visibility and safety for the harvesting teams. It's is expected to be much lower in the YEE.
- Sprout control and pruning are halted until YE. This extreme measure was taken during the meetings with the SATT and FSA board to steady the company cash flow.
- Firebreaks maintenance and inventory were kept as planned and should be within budget.
- Standard Cost: Same as previous slide, but in lower scale.

Actual	1.457.321
Budget	5.537.550
Standard Cost to Effective Adj -	
Actual	220.342
Budget	0
Actual	1.844.094
Budget	5.669.173
Total Cost (BRL)	

Status
■ Actual
■ Budget

General & Administrative Expenses

G&A / Overhead Summary YTD

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

	2020 Budget	2020 YTD	Varição
G&A Expenses	(1.614.487)	(2.616.204)	-1.001.717
Property Management	(529.922)	(344.802)	185.120
Total	(2.144.409)	(2.961.006)	-816.597

- Overall G&A Local costs were 1 M over the budget on YTD and 1,3 M on YEE due to higher legal expenses and attorney success fees for VTP process (see the compliance section);
- Property management costs were 180 K under budget due to lower general expenses (110 k), third-party services (37 k) and maintenance (30 k). These savings are expected to be maintained for YEE.

G&A / Overhead Summary YEE

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

	2020 Budget	2020 FY	Varição
G&A Expenses	(2.182.736)	(3.535.998)	-1.353.262
Property Management	(643.476)	(463.382)	180.094
Total	(2.826.212)	(3.999.380)	-1.173.168



Cash Summary YTD

Actual and Budget Cash Flow

FSA									
Cash Flow									
<i>(In USD 0,00)</i>									
	1Q2020	1Q2020	2Q2020	2Q2020	3Q2020	3Q2020	2020	2020	Variation
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	YTD	
Fx rate	3,82	5,19	3,82	5,47	3,82	5,64	3,82	5,64	
Initial Balance	817.040	334.914	1.056.241	358.395	155.727	1.148.699	817.040	334.914	(482.126)
Gross Revenues	2.167.768	2.170.579	2.169.389	1.090.001	1.640.875	1.933.888	5.978.032	5.194.467	(783.565)
Biomass Sales	0	5.958	0	5.645	0	6.147	0	17.750	17.750
Log Sales	2.167.768	2.164.620	2.169.389	1.069.312	1.640.875	1.857.870	5.978.032	5.091.802	(886.230)
Other Sales				15.044		69.871	0	84.915	84.915
(-) Sales Deductions	(28.354)	0	(31.223)	(243)	(39.902)	(1.534)	(99.479)	(1.777)	97.703
Net Revenues	2.139.414	2.170.579	2.138.166	1.089.758	1.600.973	1.932.354	5.878.553	5.192.690	(685.863)
Operational expenses	(1.741.902)	(1.478.670)	(2.862.084)	(1.260.107)	(1.530.813)	(1.538.423)	(6.134.799)	(4.277.200)	1.857.598
Legal Expenses	0	(156.227)	0	(158.840)	0	(469.894)	0	(784.960)	(784.960)
Financial rev./exp.	(35.350)	8.616	(72.753)	4.509	(3.927)	10.437	(112.029)	23.562	135.591
Income tax	0	0	0	0	0	0	0	0	
Transfers to FBV	(158.312)	(392.283)	(176.595)	(86.157)	(140.708)	(210.754)	(475.615)	(689.195)	(213.580)
Bridge Loan	0	0	0	1.568.773	(78.758)	(78.758)	(78.758)	1.490.015	1.568.773
Fx gain/Loss	0	(128.534)	0	(367.631)	0	79.837	0	(416.329)	(416.329)
Closing Balance	1.056.241	358.395	155.727	1.148.699	6.422	873.497	6.422	873.497	867.076

- September closing cash was USD 873 k versus USD 6 k budgeted (USD 867 k variation).
- FSA hired a bank loan of BRL 6M loan to finance operations in order to reduce pressure on company cash through these times of reduced sales. This accounts for most of the variation observed. FSA pay per month USD 79 k.
- The remaining variation was due the difference in the assumption of the Legal Expenses (USD 784 k).
- Operational expenses and Sales were directly affected by the COVID-19 pandemic, with lower activity level resulting in lower expenses and revenues.
- To facilitate comparisons, all values in BRL were converted to the USD using the budget fx rate of BRL 3.82/ USD. As the actual fx rate increased over the year from 5.19 in 1Q to 5.64 in 3Q overall results were positively impacted by this adjustment.



Cash Summary YEE

YEE and Budget Cash Flow

Cash Flow (In USD 0,00)	1Q2020 Budget	1Q2020 Actual	2Q2020 Budget	2Q2020 Actual	3Q2020 Budget	3Q2020 Actual	4Q2020 Budget	4Q2020 Forecast	2020 Budget	2020 FY	Variation
Fx rate	3,82	5,19	3,82	5,47	3,82	5,64	3,82	4,62	3,82	5,64	
Initial Balance	817.040	334.914	1.056.241	358.395	155.727	1.148.699	6.422	873.497	817.040	334.914	(482.126)
Gross Revenues	2.167.768	2.170.579	2.169.389	1.090.001	1.640.875	1.933.888	1.429.932	1.213.177	7.407.964	6.407.644	(1.000.320)
Biomass Sales	0	5.958	0	5.645	0	6.147	0	2.675	0	20.426	20.426
Log Sales	2.167.768	2.164.620	2.169.389	1.069.312	1.640.875	1.857.870	1.429.932	1.143.381	7.407.964	6.235.183	(1.172.780)
Other Sales				15.044		69.871		67.120	0	152.035	152.035
(-) Sales Deductions	(28.354)	0	(31.223)	(243)	(39.902)	(1.534)	(26.097)	(53.746)	(125.576)	(55.523)	70.054
Net Revenues	2.139.414	2.170.579	2.138.166	1.089.758	1.600.973	1.932.354	1.403.834	1.159.431	7.282.387	6.352.121	(930.266)
Operational expenses	(1.741.902)	(1.478.670)	(2.862.084)	(1.260.107)	(1.530.813)	(1.538.423)	(1.221.561)	(1.368.387)	(7.356.359)	(5.645.588)	1.710.771
Legal Expenses	0	(156.227)	0	(158.840)	0	(469.894)	0	(380.821)	0	(1.165.781)	(1.165.781)
Financial rev./exp.	(35.350)	8.616	(72.753)	4.509	(3.927)	10.437	(3.927)	33.946	(115.956)	57.508	173.463
Income tax	0	0	0	0	0	0	0	0	0	0	
Transfers to FBV	(158.312)	(392.283)	(176.595)	(86.157)	(140.708)	(210.754)	(154.660)	(128.255)	(630.275)	(817.449)	(187.175)
Bridge Loan	0	0	0	1.568.773	(78.758)	(78.758)	(236.274)	(236.274)	(315.031)	1.253.741	1.568.773
Fx gain/Loss	0	(128.534)	0	(367.631)	0	79.837	0	297.073	0	(119.256)	(119.256)
Closing Balance	1.056.241	358.395	155.727	1.148.699	6.422	873.497	(202.238)	250.210	(202.238)	250.210	452.448

- Year End Budgeted closing cash is USD (202 k) vs USD 250 k Year End Estimation, a favorable variance of USD 452 k.
- FSA started the gradual activities resumption on 3^o quarter, however, this revenues will be rolling cash only in 2021.
- Exchange rates are treated as described in the previous slide
- Compared to the cash position sent in last report, in which the closing balance was USD 395 k the main changes are:
 - Legal expenses are considering probable attorney costs and success fee related to the VTP court case(USD 425 k);
 - Operational Expenses were lower USD 162 k than last report.
 - Gross Revenues figures in June were lower by USD 90 k;



FSA Balance Sheet

Floresteca S/A - Balance Sheet position of January 01 to September 30, 2020

(In thousands of reais/dollars)

FX RATE- ASSETS **5,6401**
FX RATE - LIABILITIES **5,6407**

ASSETS			LIABILITIES AND EQUITY		
	R\$	\$		R\$	\$
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	13.542	2.401	Loans and financing	3.170	562
Accounts receivable	13	2	Trade and other accounts payable	2.791	495
Related parties	4.352	772	Taxes payable	147	26
Inventories	65	12	Payroll, vacation pay and related charges	312	55
Recoverable taxes	3.209				
Other receivables	453	80	Total Current Liabilities	6.421	1.138
Total Current Assest	21.634	3.267			
NON-CURRENT ASSETS			Non-current liabilities		
Related parties	643.443	114.084	Loans and financing	26.166	4.639
Other receivables	5.881	1.043	Related parties	656.517	116.389
Deferred tax	18.613	3.300	Provision for contingencies	529	
Investment property	-	-	Provision for losses on subsidiaries and unrealized gains	0	
Own biological assets	88.141	15.627	Other provisions	36.423	
Property, plant & equipment	6.561	1.163	Total Non-Current Liabilities	719.636	121.028
Intangible assets	7	1			
Total Non-Current Assest	762.645	135.218	EQUITY		
TOTAL CURRENT ASSETS	784.280	138.485	Capital	27.798	4.928
			Legal reserve	5.559	986
			Profit reserve	24.866	4.408
			Foreign exchange adjusts		15
			TOTAL EQUITY	58.223	10.337
			TOTAL LIABILITIES AND EQUITY	784.280	132.503



Floresteca

Appendix - Financial Tables



Summary - P&L YTD (USD)

FSA Participações			
Profit and Loss			
<i>(In USD 0,00)</i>			
	2020	2020	Variação
	Budget	YTD	
<i>Volume m3</i>	65.382	34.843	-30.539
Log Sales	5.811.597	3.909.304	-1.902.293
Logs	5.811.597	3.891.512	-1.920.085
Firewood	0	17.792	17.792
(-) Sales Deductions	(101.415)	(110.488)	-9.073
Net Sales	21.812.896	14.511.480	-7.301.416
CoGS			
Harvesting + Depletion	(9.555.541)	(5.330.491)	4.225.050
Total CoGS	(36.502.165)	(20.362.475)	16.139.690
Gross Profit + Depletion	(14.689.269)	(5.850.995)	8.838.274
Operational Expenses			
Payroll expenses	(357)	(40.344)	-39.987
G&A Expenses	(1.614.487)	(2.616.204)	-1.001.717
Sales Expenses	0	(748)	-748
Other operational income/expenses	(15.572)	(2.152.080)	-2.136.508
Operational Result	(20.917.457)	(24.222.811)	-3.305.354
Financial Income	0	314.110.754	314.110.754
Financial Expenses	(18.262)	(314.326.311)	-314.308.049
Financial Result	(69.761)	(823.427)	-753.666
EBT	(20.987.218)	(25.046.237)	-4.059.020
Deffered Income Tax	0	2.113.656	2.113.656
Profit & Loss	(20.987.218)	(16.972.073)	4.015.145

FSA Participações			
Profit and Loss			
<i>(In USD 0,00)</i>			
	2020	2020	Variação
	Budget	YTD	
Profit & Loss	(20.987.218)	(16.972.073)	4.015.145
Income Tax	0	(2.113.656)	(2.113.656)
Financial Income	0	(314.110.754)	-314.110.754
Financial Expenses	18.262	314.326.311	314.308.049
Depreciation and Amortization	14.497	15.045	548
Depletion	6.922.717	3.671.916	-3.250.801
Other accounting adjustments	5.191	2.152.080	2.146.889
EBITDA	5.602.527	(1.917.674)	-7.520.202
Capitalized Costs			
Forestry	(1.164.001)	(482.747)	681.254
Depreciation	(138.669)	(64.024)	74.645
Property Management	(529.922)	(344.802)	185.120
Others	(370.433)	(99.164)	271.269
Fx gain (loss) to Actual	0	506.360	506.360
EBITDA adjusted	(736.395)	(986.386)	-249.991

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			
Profit and Loss			
<i>(In USD 0,00)</i>			
	2020 Budget	2020 FY	Variação
<i>Volume m3</i>	67.065	51.789	-15.276
Log Sales	6.039.149	6.202.442	163.293
Logs	6.039.149	6.184.650	145.501
Firewood	0	17.792	17.792
(-) Sales Deductions	(113.517)	(186.117)	-72.600
Net Sales	5.925.632	6.016.326	90.694
CoGS			
Harvesting + Depletion	(9.912.670)	(6.198.952)	3.713.717
Total CoGS	(9.912.670)	(6.198.952)	3.713.717
Gross Profit + Depletion	(3.987.037)	(182.626)	3.804.411
Operational Expenses			
Payroll expenses	29	(42.904)	-42.933
G&A Expenses	(2.182.736)	(3.535.998)	-1.353.262
Sales Expenses	0	(748)	-748
Other operational income/expenses	(20.763)	(2.157.271)	-2.136.508
Operational Result	(6.190.508)	(5.919.547)	270.960
Financial Income	0	314.110.754	314.110.754
Financial Expenses	(24.374)	(314.332.423)	-314.308.049
Financial Result	(24.374)	(221.669)	-197.295
EBT	(6.214.882)	(6.141.216)	73.666
Deffered Income Tax	0	2.113.656	2.113.656
Profit & Loss	(6.214.882)	(4.027.560)	2.187.321

FSA Participações			
Profit and Loss			
<i>(In USD 0,00)</i>			
	2020 Budget	2020 FY	Variação
Profit & Loss	(6.214.882)	(4.027.560)	2.187.321
Income Tax	0	(2.113.656)	(2.113.656)
Financial Income	0	(314.110.754)	-314.110.754
Financial Expenses	24.374	314.332.423	314.308.049
Depreciation and Amortization	15.493	16.041	548
Depletion	6.937.470	4.020.963	-2.916.506
Other accounting adjustments	10.381	2.157.271	2.146.889
EBITDA	772.836	274.728	-498.108
Capitalized Costs			
Forestry	(1.245.534)	(591.700)	653.834
Depreciation	(165.561)	(90.916)	74.645
Property Management	(643.476)	(463.382)	180.094
Others	(437.923)	(166.654)	271.269
Fx gain (loss) to Actual	0	385.657	385.657
EBITDA adjusted	(1.719.657)	(652.267)	1.067.391

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										
	1Q2020 Budget	1Q2020 Actual	2Q2020 Budget	2Q2020 Actual	3Q2020 Budget	3Q2020 Actual	4Q2020 Budget	4Q2020 Forecast	2020 Budget	2020 FY	Variation
Initial Balance	3.121.093	1.279.373	3.899.804	1.860.071	181.928	6.283.384	(403.420)	4.927.136	3.121.093	1.279.373	(1.841.720)
Gross Revenues	8.280.875	8.291.610	8.287.065	4.163.803	6.268.142	7.387.450	5.462.338	4.377.935	28.298.421	24.477.199	(3.821.222)
Biomass Sales	0	22.761	0	21.565	0	23.480	0	10.220	0	78.026	78.026
Log Sales	8.280.875	8.268.850	8.287.065	4.084.770	6.268.142	7.097.064	5.462.338	4.367.715	28.298.421	23.818.399	(4.480.021)
Other Sales	0	0	0	57.468	0	266.906	0	256.400	0	580.774	580.774
(-) Sales Deductions	(108.312)	0	(119.272)	(929)	(152.426)	(5.858)	(99.691)	(205.310)	(479.702)	(212.096)	267.606
Net Revenues	8.172.563	8.291.610	8.167.793	4.162.874	6.115.716	7.381.592	5.362.647	4.429.026	27.818.719	24.265.103	(3.553.616)
Operational expenses	(6.654.064)	(5.648.520)	(10.933.160)	(4.813.609)	(5.847.706)	(5.876.777)	(4.666.362)	(5.227.240)	(28.101.292)	(21.566.146)	6.535.147
Legal Expenses	0	(596.786)	0	(606.767)	0	(1.794.995)	0	(1.454.738)	0	(4.453.285)	(4.453.285)
Financial rev./exp.	(135.036)	32.914	(277.915)	17.223	(15.000)	39.869	(15.000)	129.673	(442.950)	219.680	662.630
Income tax	0	0	0	0	0	0	0	0	0	0	0
Transfers to FBV	(604.751)	(1.498.520)	(674.594)	(329.121)	(537.503)	(805.082)	(590.801)	(489.934)	(2.407.649)	(3.122.657)	(715.008)
Bridge Loan	0	0	0	5.992.712	(300.855)	(300.855)	(902.565)	(902.565)	(1.203.420)	4.789.292	5.992.712
Closing Balance	3.899.804	1.860.071	181.928	6.283.384	(403.420)	4.927.136	(1.215.500)	1.154.959	(1.215.500)	1.411.359	2.626.859





Obrigado / Thank You!



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