Individual and Consolidated Financial Statements

Floresteca S.A.

December 31, 2021
with Independent Auditor's Report

Floresteca S.A.

Individual and consolidated financial statements

December 31, 2021

Contents

Edifício Trade Tower
Av. José de Souza Campos, 900
1º e 3º andares - Nova Campinas
13092-123 - Campinas - SP - Brasil
Tel: +55 19 3322-0500
Fax: +55 19 3322-0559
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil

Independent auditor's report on individual and consolidated financial statements

To the
Shareholders, Board of Directors and Officers of
Floresteca S.A.

Opinion

We have audited the individual and consolidated financial statements of Floresteca S.A. (the Company), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2021, and the statements of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Floresteca S.A. as at December 31, 2021, its individual and consolidated financial performance and individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to support our opinion.

Responsibilities of management for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiary's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Campinas, June 09, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-SP-027623/O F SP

Cristiane Cléria S. Hilário
Accountant CRC-1SP243766/O-8

Floresteca S.A.

Statements of financial position
December 31, 2021 and 2020
(In thousands of reais)

	Note	Individual		Consolidated
		2021	**2020**	**2020**
Current assets				
Cash and cash equivalents	6	**2,797**	1,264	9,620
Trade accounts receivable		**1,336**	20	20
Related parties	7	**4,970**	6,660	6,660
Inventories		**1,317**	1,562	1,562
Taxes recoverable	8	**1,147**	2,603	2,811
Other assets		**152**	81	81
Total current assets		**11,719**	**12,190**	**20,754**
Noncurrent assets				
Trade accounts receivable		**2,250**	-	-
Related parties	7	**606,296**	605,243	605,063
Deferred income and social contribution taxes	15	**43.719**	43,253	43,253
Other assets		**6,885**	6,261	6,261
Biological assets	10	**15,592**	22,245	22,245
Property, plant and equipment	11	**612**	6,288	6,288
Intangible assets		**5**	5	5
Total noncurrent assets		**675,359**	**683,295**	**683,115**
Total assets		**687,078**	**695,485**	**703,869**

	Note	Individual		Consolidated
		2021	**2020**	**2020**
Current liabilities				
Loans and financing	12	**1,685**	3,027	22,638
Trade and other accounts payable		**2,951**	2,098	2,098
Taxes payable		**160**	141	141
Payroll, vacation pay and related charges		**187**	226	226
Total current liabilities		**4,983**	5,492	25,103
Noncurrent liabilities				
Loans and financing	12	**1,444**	2,576	4,871
Related parties	7	**628,942**	625,962	625,962
Provision for contingencies	13	**214**	486	486
Provision for losses on investments	9	**-**	13,522	-
Other provisions	14	**43,302**	37,080	37,080
Total noncurrent liabilities		**673,902**	679,626	668,399
Equity	16			
Capital		**27,798**	27,798	27,798
Legal reserve		**5,559**	5,559	5,559
Accumulated losses		**(25,164)**	(22,990)	(22,990)
Total equity		**8,193**	10,367	10,367
Total liabilities and equity		**687,078**	695,485	703,869

See accompanying notes.

Floresteca S.A.

Statements of profit and loss
Years ended December 31, 2021 and 2020
(In thousands of reais, unless otherwise stated)

	Note	Individual		Consolidated	
		2021	**2020**	**2021**	**2020**
Net operating revenue	17	**31,282**	29,908	**31,282**	29,908
Fair value adjustment of biological assets and investment properties	18	**(7,694)**	(66,130)	**(7,694)**	(66,130)
Gross profit (loss)		**23,588**	(36,222)	**23,588**	(36,222)
Operating income (expenses)					
Selling expenses	18	**(21)**	(3)	**(21)**	(3)
General and administrative expenses	18	**(14,365)**	(13,606)	**(14,372)**	(13,613)
Other operating income, net	18	**2,694**	609	**2,694**	609
Equity pickup	9	**529**	(5,030)	**-**	-
Income (loss) before finance income (costs)		**12,425**	(54,252)	**11,889**	(49,229)
Finance income	19	**15,226**	1,242	**19,994**	6,542
Finance costs	19	**(2,213)**	(2,556)	**(6,445)**	(12,879)
Finance income (costs), net		**13,013**	(1,314)	**13,549**	(6,337)
Income (loss) before taxes		**25,438**	(55,566)	**25,438**	(55,566)
Deferred income and social contribution taxes	15	**467**	32,715	**467**	32,715
Net income (loss) for the year		**25,905**	(22,851)	**25,905**	(22,851)
Number of shares				**27,796,555**	27,796,555
Earnings (loss) per share (in reais)				**0.93**	(0.82)

See accompanying notes.

Floresteca S.A.

Statements of comprehensive income (loss)
Years ended December 31, 2021 and 2020
(In thousands of reais, unless otherwise stated)

	Individual		Consolidated	
	2021	**2020**	**2021**	**2020**
Net income (loss) for the year	**25,905**	(22,851)	**25,905**	(22,851)
Total comprehensive income (loss) for the year	**25,905**	(22,851)	**25,905**	(22,851)

See accompanying notes.

Floresteca S.A.

Statements of changes in equity
Years ended December 31, 2021 and 2020
(In thousands of reais)

	Attributable to controlling shareholders of the Company				
	Capital	Legal reserve	Income reserve	Accumulated losses	Total
Balance at December 31, 2019	27,798	5,559	41,839	-	75,196
Loss for the year	-	-	-	(22,851)	(22,851)
Loss on BV operations (Note 16.c)	-	-	(41,978)	-	(41,978)
Allocation of profit					
Transfers to income reserve	-	-	139	(139)	-
Balance at December 31, 2020	**27,798**	**5,559**	**-**	**(22,990)**	**10,367**
Net income for the year	**-**	**-**	**-**	**25,905**	**25,905**
Loss on BV operations (Note 16.c)	**-**	**-**	**-**	**(28,079)**	**(28,079)**
Balance at December 31, 2021	**27,798**	**5,559**	**-**	**(25,164)**	**8,193**

See accompanying notes.

Floresteca S.A.

Statements of cash flows
Years ended December 31, 2021 and 2020
(In thousands of reais)

	Individual		Consolidated	
	2021	**2020**	**2021**	**2020**
Cash flows from operating activities				
Net income (loss) for the year	**25,905**	(22,851)	**25,905**	(22,851)
Adjustments to reconcile net income for the year to cash from (used in) operating activities:				
Depreciation and amortization	**440**	1,390	**440**	1,390
Depletion	**34**	-	**33**	-
Provision for contingencies	**(274)**	83	**(273)**	83
Fair value of biological assets	**7,694**	66,130	**7,694**	66,130
Exchange differences and interest incurred	**2,086**	2,576	**1,893**	9,848
Debt forgiveness – LFP loan	**(14,046)**	-	**(14,046)**	-
Proceeds from disposal of PP&E	**(3,114)**	61	**(3,114)**	61
Provision for losses on investments	**(529)**	5,030	**-**	-
Other provisions	**6,222**	2,125	**6,222**	2,125
FBV operations	**(28,079)**	(41,978)	**(28,079)**	(41,978)
Deferred income and social contribution taxes	**(467)**	(32,715)	**(467)**	(32,715)
	(4,128)	(20,149)	**(3,792)**	(17,907)
Changes in operating assets				
(Increase) decrease in trade accounts receivable	**933**	13	**933**	13
(Increase) decrease in related parties	**13,616**	19,544	**4,960**	19,544
(Increase) decrease in inventories	**244**	(1,517)	**244**	(1,517)
(Increase) decrease in taxes recoverable	**1,699**	1,081	**1,664**	946
(Increase) decrease in other receivables	**(690)**	(908)	**(691)**	(908)
Changes in operating liabilities				
Increase (decrease) in trade and other accounts payable	**(2,416)**	12,558	**(2,416)**	11,226
Increase (decrease) in taxes payable	**19**	(17)	**19**	(20)
Increase (decrease) in payroll, vacation pay and related charges	**(39)**	(126)	**(39)**	(126)
Net cash flows from operating activities	**9,238**	10,479	**882**	11,251
Cash flows from investing activities				
Acquisition of PP&E and intangible assets	**(150)**	(30)	**(150)**	(30)
Disposal of PP&E	**4,000**	-	**4,000**	
Additions to and acquisition of biological assets	**(1,075)**	(126)	**(1,075)**	(126)
Cash flows from (used in) investing activities	**2,775**	(156)	**2,775**	(156)
Cash flows from financing activities				
Related parties	**-**	(3,753)	**-**	(3,753)
Payment of loans - principal	**(10,480)**	(6,585)	**(10,480)**	(6,585)
Cash flows used in financing activities	**(10,480)**	(10,338)	**(10,480)**	(10,338)
Increase (decrease) in cash and cash equivalents, net	**1,533**	(15)	**(6,823)**	757
Cash and cash equivalents at end of year	**2,797**	1,264	**2,797**	9,620
Cash and cash equivalents at beginning of year	**1,264**	1,279	**9,620**	8,863

See accompanying notes.

1. Operations

Floresteca S.A. ("Company" or "FSA") was incorporated on January 12, 1994 as a Brazilian publicly-held corporation, and changed its status to a privately-held corporation on October 24, 2007. Its principal place of business is at BR 364, km 510, Fazenda Buriti, in the city of Jangada, state of Mato Grosso, Brazil. The Company is a direct wholly-owned subsidiary of Floresteca B.V., whose ultimate controlling interests are held by Brazilian and foreign shareholders.

The Company is primarily engaged in forestry, which involves planting, cultivating, cutting, and trading Tectona grandis (Teak) wood products. The operating activities are performed in several cities in Mato Grosso State.

The Company has revenues that will be obtained from future sales of its own teak forests, in addition to revenues from the maintenance and management of forest land owned by third parties.

The Company is in the phase of maintaining and harvesting its own forests and third-party forests planted between 1994 and 2008, characterized by investments in cultivation and organization and development costs. The settlement of financial liabilities with third parties and with related parties, the recovery of cultivation costs on forest land owned by third parties, and the advances given to agricultural partners depend on the generation of future profits resulting from the interim thinning and final cutting of these forests.

The Company has not been currently investing in expanding its forest base, having focused only on the maintenance and harvesting of forestry assets in Mato Grosso State.

The Company has a Contract for Forest Services and Acknowledgement of Building and Planting Rights dated July 5, 2007 ("Master Agreement"), whose latest amendment ("fifth") and latest addendum ("ninth") were effective on the date of the accompanying financial statements. The contract was entered into by Floresteca S.A. ("FSA"), Panflora Agroflorestal Ltda., and the foreign entities Floresteca B.V. ("FBV") and Stichting Administratie-en Trustkantoor Tectona ("SATT") (beneficiary), whereby the Company agrees to deliver high quality teak forests it has planted ("Forest"). At this point in time, neither FBV nor SATT have permanent facilities in Brazil and the delivery of the physical product to SATT is merely notional. Accordingly, the Company does not deliver the physical forest but is responsible for its management.

1. **Operations** (Continued)

The Company annually submits a Management Plan and Budget ("MP") to Floresteca BV and SATT, containing the maintenance plan for the following year covering all forest maintenance activities, including thinning, overhead and management expenses, as well as harvesting costs, final cuts and sales relating to final cuts concerning the forests belonging to SATT. This MP includes the areas that are eligible for final cuts, and it is available for comments on Floresteca BV's website as well as by SATT, prior to conclusion. In December 2016, as a forest operator, the Company submitted a draft Management Plan for 2020 to Floresteca BV and SATT, and there were no objections to it from any of the parties involved in the Master Agreement.

The parties to the Master Agreement authorized FSA to select and engage a specialized consulting firm to conduct a market price survey. The market price survey is designed to provide a basis for the selling price to be adopted by FSA for the sale of forests that belong to SATT.

If SATT intends to sell, assign or transfer the timber from its forest, the Company will have the right of first refusal in the sale, assignment or transfer.

The amounts payable to SATT for the forests sold by FSA in Brazil will be given to SATT or FBV through the settlement of the loan and the amount received from sales in excess of the costs of third-party forests through capital gain remittances.

Third-party forests, extending over 14,610 hectares, are recorded at cost plus foreign exchange gains/losses on the loan, less depletion for the year (refer to Note 7).

The contractual terms and conditions are described below:

At the end of the planting cycle for each forest project, the Company will be reimbursed for the total aggregated costs of the project until its final cut.

(i) As pre-payment for the cost price, the Company is entitled to the revenue described in (ii), (iii) and (iv) below.

(ii) The amounts related to the thinning of trees between the third and eighth year of each project from the date of the planting of the teak will be fully appropriated by Floresteca S.A. in the form of prepayment for the purchase price of the forests.

(iii) In the case of an approximately 20-year cycle plantation: Up to US$2,000.00 per hectare from years 8 to 12 after the planting begins, and US$2,500.00 per hectare from years 12 to 15 after the planting begins.

(iv) In the case of an approximately 25-year cycle plantation: Up to US$2,000.00 per hectare from years 8 to 12 after the planting begins, US$2,500.00 per hectare from years 12 to 15 after the planting begins, and US$3,000,00 per hectare from years 15 to 20 after the planting begins.

1. **Operations** (Continued)

Additionally, at the end of the teak forestry cycle (final cutting), both for plantations with an approximately 20-year cycle and for plantations with an approximately 25-year cycle, the Company will be entitled to reimbursement of final cut costs, which include costs of extraction, pulling to roadside and returning the land clean and root-free to its owners, and an incentive fee of 5% of the wood harvested at final cutting. According to projections that consider the final cutting of the forests and the market value of teak, the overall compensation to be obtained by the Company will be sufficient to cover the costs until the final cutting.

Today, the activity of Floresteca S.A. is supported by revenue from tree thinning and final cutting, loans from related parties, and loans and financing obtained from financial institutions.

Corporate reorganization

As of December 31, 2021, the Company merged its subsidiary Buriti Imoveis S.A., a publicly-held corporation with head office in the city of Jangada, state of Mato Grosso, at Rodovia BR 364 s/nº Fazenda Buriti, Zona Rural, based on the net assets measured at book value by independent consultants as of December 31, 2021, in the amount of R$12,993.

The objective of this merger was to streamline and unify administrative activities.

The merged net assets based on the balances as of December 31, 2021 of Buriti Imoveis S.A. are summarized below:

Description	Balance
Taxes recoverable	243
Loans and financing	(21,713)
Intercompany loans	8,475
Net assets merged	**(12,993)**

Impacts of COVID-19 (Coronavirus) on the Company's business

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of the Coronavirus disease (COVID-19) a global pandemic. The outbreak triggered significant decisions by governments and private sector entities, which added to the potential impact of the outbreak, increased the degree of uncertainty for economic agents and can impact the financial statements. The major economies in the world and the major economic blocs have been studying packages of significant economic incentives to overcome the potential economic recession that these measures to mitigate the spread of COVID-19 may cause.

In Brazil, the Executive and Legislative Branches of the Federal Government published several regulatory acts to prevent and contain the pandemic, as well as mitigate the respective impacts on the economy, with emphasis on Legislative Decree No. 6, published on March 20, 2020, which declares a state of public emergency. State and local governments have also published several regulatory acts seeking to restrict the free movement of people and commercial and service activities, in addition to enabling emergency investments in the health area.

1. **Operations** (Continued)

Management has been constantly evaluating the impact of the outbreak on the operations and on the financial position of the Company and its subsidiaries, in order to implement appropriate measures to mitigate impacts on operations.

The operations of the Company and its subsidiaries for the year ended December 31, 2021 were not significantly impacted by the pandemic, as they are long-term, with a cycle of 20 to 25 years. Accordingly, the period the activities were suspended did not impact operations.

Management constantly assesses the impact that the outbreak may have on the Company's operations and financial position, in order to implement appropriate measures to mitigate the impacts of the outbreak thereon.

Impacts of the conflict and sanctions related to Ukraine, Russia and/or Belarus on the Company's business

The instabilities caused by the war between the two countries raise costs and reduce growth expectations in Brazil and in the world. On February 24, 2022, Russia decided to attack Ukraine after months of crisis with the West. This decision resulted in the most serious military crisis in Europe since the Second World War. The economic effects in all countries, including Brazil, are the following:

(i) Increase in the price of oil and gas - for more than 7 years, the oil barrel price has not been higher than US$100, which will worsen worldwide, given that Russia is one of the world's largest producers. With the sanctions imposed by the American and European markets, the effects will be dramatic;
(ii) Food prices are expected to rise, as Ukraine accounts for 17% of the world's corn, in addition to Russia exporting 30% of the world's wheat;
(iii) The value of shares and the rise of the dollar price will be affected, especially by the political crisis that has set in. Stocks around the world are falling, and the dollar, gold and oil prices soared after the conflicts started, which could escalate to a global level;
(iv) Energy and the dollar are pressuring inflation and affecting Brazilian industries, which were already pressured by the very high US dollar rates in December 2021, and only worsened;
(v) Slowdown of the country's growth - depending on the magnitude of the war, the impacts on investor confidence and the economy can be significant, lasting for a few months or even years, reducing the prospects for economic growth.

The operations of the Company and its subsidiaries for the year ended December 31, 2021 were not significantly impacted by the pandemic, as they are long-term, with a cycle of 20 to 25 years. Accordingly, the period the activities were suspended did not impact operations. The Company will continue to constantly monitor the effects of this war and the impacts on its operations and on the financial statements.

2. Summary of significant accounting practices

Significant accounting practices adopted in the preparation of these individual and consolidated financial statements are described below. These practices have been consistently applied in all years presented, unless otherwise stated.

2.1. Statement of compliance and basis of preparation

The individual and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil, including the standards issued by the Brazilian Financial Accounting Standards Board (CPC), and disclose all the relevant information specific to the financial statements, and only such information is consistent with the information used to manage the Company's operations.

The individual and consolidated financial statements have been prepared on a historical cost basis, adjusted to reflect the fair value of own biological assets and investment properties owned by its subsidiary, and financial assets and liabilities measured at fair value through profit or loss.

The preparation of the financial statements requires management to make judgements and use certain critical accounting estimates in the process of applying the accounting practices. More complex areas that require a higher degree of judgment, and those where the assumptions and estimates are significant for the financial statements, are disclosed in Note 3.

These financial statements were authorized for issue by the executive board on June XX, 2022.

2.2. Consolidation

The Group consolidates all the entities that it controls, i.e. when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to direct the relevant activities of the investee.

The following accounting practices are adopted for the preparation of the consolidated financial statements

a) <u>Subsidiaries</u>

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

2. Summary of significant accounting practices (Continued)

2.2. Consolidation (Continued)

a) Subsidiaries (Continued)

Investments in subsidiaries are accounted for using the equity method from the date control is acquired. Under this method, financial interests in subsidiaries are recognized in the financial statements at cost, and regularly adjusted for the amount of the Company's share in the investee's net results, with a matching entry in operating income (expenses), except for the exchange gains/losses of these companies, which are recorded in "Equity Adjustments," a specific equity account. These effects will be recognized in income and expenses upon sale or disposal of the investment.

Transactions, balances and unrealized gains on intercompany transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment loss of the asset transferred. When necessary, adjustments are made to bring the subsidiary's accounting practices in line with those of the Company.

b) Associates

An associate is an entity over which the Company has significant influence, but not control, usually through a 20% to 50% ownership interest in the voting rights. Investments in associates are accounted for using the equity method and initially recognized at cost.

The Company's share in profit or loss of its associates is recognized in the statement of profit of loss and the share in changes in reserves is reflected in the Company's equity.

c) Individual and consolidated financial statements

In the individual financial statements, investments in subsidiaries are recorded under the equity method. The same adjustments are made to both individual and consolidated financial statements to reach the same profit or loss and equity attributable to the Company's shareholders.

2. Summary of significant accounting practices (Continued)

2.2. Consolidation (Continued)

d) Transactions eliminated on consolidation

Intra-group transactions and balances, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investees recorded using the equity method are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment. The Company's consolidated financial statements include the financial information of the following subsidiary until December 31, 2021, when the merger of this company took place, as explained in Note 1.1.

			Equity interest in investee	
	Interest	**Country**	**2021**	**2020**
Buriti Imóveis S.A.	Direct	Brazil	**0%**	99.99%

2.3. Foreign currency translation

a) Functional and presentation currency

The Company's functional currency is the Brazilian Real (R$) and the financial statements are presented in thousands of reais. All financial information presented in thousands of reais was rounded to the nearest thousand, unless otherwise stated. Amounts are rounded only after they have been totaled. Thus, the figures expressed in thousands when added together may not be the same as the related rounded totals.

b) Transactions and balances

Foreign currency-denominated transactions are translated into the functional currency at the rate of exchange prevailing at the transaction date or at the measurement date in case of subsequent measurements. Exchange gains and losses resulting from the settlement of transactions and translation adjustments using the exchange rates at year-end for monetary assets and liabilities in foreign currencies are recognized in the statement of profit and loss.

Exchange gains and losses are stated in the statement of profit or loss as finance income or finance costs.

2. Summary of significant accounting practices (Continued)

2.4. Financial instruments

Financial instruments are only recognized when the Company becomes a party to the contractual provisions of the instruments. Upon recognition, these are initially recorded at fair value plus transaction costs directly attributable to their acquisition or issuance, as applicable. Financial instruments are subsequently measured at every reporting date in accordance with the rules established for each type of classification of financial assets and liabilities.

Financial assets: On initial recognition, a financial asset is classified as measured at: (i) amortized cost; (ii) fair value through other comprehensive income; or (iii) fair value through profit or loss. Purchases and sales of financial assets are recognized on the trade date. Investments are initially recognized at fair value, plus transaction costs for all financial assets not measured at fair value through profit or loss.

Financial assets measured at fair value recognized in profit or loss are initially recognized at fair value, and the transaction costs are charged to the statement of profit and loss for the period in which they are incurred.

The fair value of publicly traded investments is based on current purchase prices. If the market for a financial asset is not active, the Company establishes the fair value using valuation techniques. These techniques include the use of recent arm's length market transactions, reference to other instruments that are substantially similar, analysis of discounted cash flows, and option pricing models that make maximum use of information generated by the market and rely as little as possible on information generated by the Company's management.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when: (i) the rights to receive cash flows from the asset expire; and (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full, without material delay, to a third party under a pass-through arrangement, and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Summary of significant accounting practices (Continued)

2.4. Financial instruments (Continued)

Financial liabilities: the Company initially recognizes financial liabilities on the date they are originated. All other financial liabilities are initially recognized at the trade date when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. The Company's financial liabilities include loans and financing and trade accounts payable.

The financial liabilities of the Company and its subsidiaries, which are initially recognized at fair value, include trade accounts payable and other payables, debentures, loans and financing.

A financial liability is written off when the obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective book values is recognized in the statement of profit or loss.

2.5. Impairment of financial assets

Additional disclosures referring to impairment of financial assets are also provided in the following notes:

- Disclosures of significant assumptions
- Debt instruments at fair value through other comprehensive income
- Trade accounts receivable, including contract assets

The Company recognizes a provision for expected credit losses for all debt instruments that are not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due under the contract and all cash flows that the Company expects to receive, discounted at an effective interest rate that approximates the original transaction rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The expected credit losses are recognized in two stages. For credit exposures for which there has been no significant increase in credit risk since the initial recognition, allowances are set up for losses expected to result from possible default events in the next 12 months (expected credit losses for 12 months). For credit exposures for which there has been a significant increase in credit risk since the initial recognition, an allowance for expected credit losses is required over the remaining life of the exposure, regardless of the timing of the default (a lifetime expected credit loss).

2. Summary of significant accounting practices (Continued)

2.5. Impairment of financial assets (Continued)

For trade accounts receivable and contract assets, the Company applies a simplified approach for calculating expected credit losses. As such, the Company does not follow the changes in credit risk, but records an allowance for losses based on lifetime expected credit losses at each reporting date.

The Company established a provision matrix based on its historical losses on receivables, adjusted to specific prospective factors for debtors and the economic environment.

For debt instruments at fair value through other comprehensive income, the Company applies the optional low credit risk simplification. At each reporting date, the Company assesses whether the debt instrument is considered to be of low credit risk using all reasonable and supportable information available. In making this assessment, the Company reassesses the internal credit risk rating of the debt instrument. In addition, the Company considers that there was a significant increase in credit risk when the contractual payments are overdue for more than 30 days.

The Company considers a financial asset in a situation of default when the contractual payments are overdue for more than 90 days. However, in certain cases, the Company may also consider that a financial asset is in default when internal or external information indicates that it is unlikely that the Company will fully receive the contractual amounts outstanding before taking into account any credit improvements maintained by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.6. Inventories

Inventories are carried at the lower of cost and net realizable value. Inventory cost is based on the acquisition cost and includes costs incurred in acquisition of items, production and conversion costs and other costs incurred in bringing each item to its present location and condition.

The value of inventory of raw material does not exceed market value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the costs necessary to make the sale. The cost of standing timber transferred from the biological assets is its fair value less the selling expenses calculated on the cutting date.

2. Summary of significant accounting practices (Continued)

2.7. Investment property

Investment property is defined as property held to earn rental income or for capital appreciation, or both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment properties are stated at cost on initial recognition and subsequently at fair value. Changes in fair value are recognized in the statement of profit and loss.

When the use of a property changes so that it is reclassified as an item of property, plant and equipment, its fair value on the date of reclassification should be its cost for subsequent measurement.

2.8. Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment items are stated at acquisition or construction cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to the acquisition of an asset.

ii) Subsequent costs

Subsequent costs are capitalized only if it is probable that they will give rise to future economic benefits to the Company. Ongoing repair and maintenance costs are recognized as incurred.

iii) Depreciation

Property, plant and equipment items are depreciated from the date they are available for use or, in the case of built assets, on the day construction is completed and the asset is ready and available for use.

Depreciation is calculated to write off the cost of fixed asset items less their estimated residual value, using the straight line method over their estimated useful lives. The depreciation charge for each period is generally recognized in profit or loss unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful life, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

2. Summary of significant accounting practices (Continued)

2.8. Property, plant and equipment (Continued)

The estimated useful lives of significant property, plant and equipment items for current and comparative years are as follows:

	2021 and 2020
Buildings	10-25 years
Machinery and equipment	4-5 years
Facilities	10 years
Furniture and fixtures	10 years
Vehicles	5 years
Hardware	5 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjustments, if any, are recognized as changes in accounting estimates.

2.9. Intangible assets

i) Software

Software is recorded at acquisition cost, less amortization, which is calculated according to its estimated useful life. Intangible assets with finite lives are tested for impairment annually if there is evidence of impairment.

ii) Amortization

Amortization is recognized in the statement of profit and loss on a straight-line basis considering the estimated useful life of intangible assets, from the date they are available for use. The estimated useful life of software for the current and comparative periods is 5 years.

2.10. Impairment of nonfinancial assets

The book value of the Company's nonfinancial assets, other than biological assets, inventories and deferred taxes, is reviewed at each reporting date to determine whether there is an indication of impairment. If any indication exists, the Company determines the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Summary of significant accounting practices (Continued)

2.10. Impairment of nonfinancial assets (Continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped into smaller groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Based on the application of the procedures described below, management did not identify any evidence that could support the need to record an impairment of nonfinancial assets as at December 31, 2021 and 2020.

2.11. Short-term employee benefits

Liabilities from short-term employee benefits are recorded on an undiscounted basis and charged to the statement of profit or loss as expenses as the related service is provided.

2.12. Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are calculated by discounting estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Finance costs are charged to the statement of profit or loss as incurred.

2.13. Revenue recognition

Forest assets

Floresteca S.A. should benefit from the sale of wood as a result of thinning, keeping the revenue derived from this direct sale to Floresteca BV. The performance obligation is the management of the forest lands until the final cut, which includes thinning, which are expected to take place three times over the life of the teak forest.

In addition, the Company has its own forests, and revenue from the sale of forest assets and/or by-products is stated at the fair value of the consideration received or receivable. Revenue is only recognized when the performance obligation is satisfied, that is, when the wood is actually sold.

According to CPC 47 - Contracts with customers, the transaction price is based on the amount of the consideration to which the Company expects to be entitled in exchange for the transfer of the goods or services promised to the customer.

2. Summary of significant accounting practices (Continued)

2.13. Revenue recognition (Continued)

Forest assets (Continued)

The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both. In addition, the Company should assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be canceled, renewed or modified. As defined in the "Master Agreement," the transaction price has variable components, including the age of the thinned wood. Accordingly, the transaction price can only be determined and allocated at the time of negotiation with Floresteca BV., which will take place at each sale of wood extracted from thinning.

Forest management services – incentive fee

As defined in the Master Agreement, Floresteca S.A. is entitled to retain 5% of the volume of wood to be cut in the final harvest in the form of compensation, thus being able to negotiate that wood for the best price. Revenue is recognized at 5% of the selling price of the final cutting of the wood, and recognized over time as the performance obligations are satisfied. Given that the Company provides forest management services by improving an asset that the customer controls over time and, therefore, satisfies the performance obligation, the related revenue is also recognized over time.

Forest management services – retainer (silvicultural costs)

As defined the Master Agreement, the Company has the right to retain part of the revenues earned over the life of the projects based on the prices previously determined in the agreement, which vary according to the age of each plantation. Thus, revenues are recognized as each project reaches the age established in the Master Agreement, regardless of whether the wood was cut and/or sold. This revenue to which the Company is entitled is recognized as "retainer" and discounted from future profits to which Floresteca BV. is entitled, which are accrued in Equity, as per Note 16.

As of December 31, 2021, such revenue recorded in P&L totaled R$31,282. The Company also calculated retainer revenue in the amount of R$29,908 for the year ended December 31, 2020. Given that these amounts were considered immaterial for the individual and consolidated financial statements taken as a whole, the 2019 balances presented comparatively have not been restated.

2.14. Finance income and costs

Finance income substantially includes exchange gains. Finance costs basically comprise exchange losses and interest expenses on loans. Borrowing costs that are not directly attributable to acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method.

2. Summary of significant accounting practices (Continued)

2.15. Income and social contribution taxes

Income and social contribution tax expenses for the period include current and deferred taxes. Income taxes are recognized in P&L, except to the extent they relate to items directly recognized in equity.

Current income and social contribution tax charges are calculated based on tax laws enacted, or substantially enacted, at the statement of financial position date, when taxable profit is generated. Management periodically assesses the positions assumed by the Group in income tax returns regarding situations in which the applicable tax regulation gives rise to different interpretations. The Company records provisions where appropriate, based on the amounts expected to be paid to tax authorities.

Deferred income and social contribution taxes are recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their book values in the consolidated financial statements. However, deferred income and social contribution taxes are not recognized when they result from the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of the transaction, neither the accounting profit nor taxable profit (or loss) are affected.

Deferred income and social contribution taxes are determined by using tax rates (and tax laws) enacted, or substantially enacted, at the statement of financial position date, and that should be applied when the deferred tax asset is realized or the deferred tax liability settled.

Deferred income and social contribution tax assets are only recognized to the extent that future taxable profit is likely to be available, and against which the temporary differences can be used.

Deferred income taxes are recognized on temporary differences arising from investments in subsidiaries, except when the timing of the reversal of temporary differences is controlled by the Group, and provided that it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is an enforceable legal right to set off current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the taxable entity or different taxable entities, where there is intention to settle the balances on a net basis.

The Company elected the regime whereby taxable profit is computed as a percentage of gross revenue (lucro presumido); deferred taxes were duly accounted for, as applicable. The Company's associates and subsidiaries elected the regime whereby profits are computed based on their accounting records (lucro real).

2. Summary of significant accounting practices (Continued)

2.16. New or revised standards adopted for the first time in 2021

Certain standards and amendments adopted for the first time are effective for annual periods beginning on or after January 1, 2021. The Company decided against the early adoption of any other standard, interpretation or amendment issued that is not already in force.

Amendments to CPC 06 (R2), CPC 11, CPC 38, CPC 40 (R1), and CPC 48: Interest Rate Benchmark Reform

The amendments to CPC 38 and CPC 48 provide temporary reliefs which address the financial reporting effects when an interbank deposit certificate (CDI) rate is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by the reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the Company's individual financial statements. The Company intends to use the practical expedients in future periods if they become applicable.

Amendments to CPC 06 (R2): Covid-19 related rent concessions beyond June 30, 2021

The amendments provide relief to lessees from applying CPC 06 (R2) guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under CPC 06 (R2), if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the CPC extended the period of application of the practical expedient to June 30, 2022.The amendment applies to annual reporting periods beginning on or after January 1, 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

2. Summary of significant accounting practices (Continued)

2.17. Standards issued but not yet effective in 2021

The new and amended standards and interpretations issued but not yet in effect until the date of issue of the Company's financial statements are described below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 - Insurance Contracts

In May 2017, IASB issued IFRS 17 - Insurance Contracts (CPC 50 - Insurance Contracts, which replaced CPC 11 - Insurance Contracts), a new comprehensive accounting standard that includes recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (CPC 50) replaced IFRS 4 - Insurance Contracts (CPC 11) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

Certain scope exceptions apply. IFRS 17 general purpose is to provide insurance companies with an accounting model for insurance contracts that is more useful and consistent. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all significant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation to contracts with characteristics of direct participation (variable rate approach);
- A simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 and CPC 50 are effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early adoption is permitted, provided the entity also adopts IFRS 9 and IFRS 15 on or before the date of first-time adoption of IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1: Classification of liabilities as current or noncurrent

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, correlated with CPC 26, to specify the requirements for classifying liabilities as current or noncurrent. These amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

2. Summary of significant accounting practices (Continued)

2.17. Standards issued but not yet effective in 2021 (Continued)

Amendments to IAS 1: Classification of liabilities as current or noncurrent (Continued)

The amendments are effective for reporting periods beginning on or after January , 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IAS 8: Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 (correlated with CPC 23), in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.
The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments on the accounting policy disclosures.

3. Critical accounting estimates and judgments

The preparation of the individual and consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates.

Underlying estimates and assumptions are continuously reviewed. Revisions of accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Information on assumptions and estimates that present a significant risk of resulting in a material adjustment to the carrying amounts is disclosed in the following notes:

- Property, plant and equipment (Note 2.9)
- Financial instruments (2.5)
- Provisions (Note 2.13)
- Income taxes (IRPJ and CSLL) (Note 2.16)
- Fair value measurement (Note 4)

4. Fair value measurement

Fair values were calculated for valuation or disclosure purposes based on the methods below. Where applicable, further information on the assumptions used in measuring fair values is disclosed in specific notes.

a) Biological assets – Growing Tectonagrandis (Teak)

Own forests total 350,42 hectares. Teak cultivation is implemented on leased lands as described in Note 11 (located in Mato Grosso). Biological assets also include 5% of the volume of the final cut of forests that the Company manages, as remuneration for the service provided, as per the Mater Agreement.

The fair value of Teak plantations was determined using a discounted cash flow method, considering the following main assumptions:

(a) Cash inflows derived by multiplying Teak's future output during its useful life, measured in cubic meters of wood, by the price of Teak sold, which is estimated based on market prices adopted by a peer company.
(b) Cash outflows represented by estimated (i) costs necessary for the biological transformation of Teak (forest maintenance); (ii) thinning and harvesting costs; (iii) capital costs (lease of land); and (iv) taxes on positive cash flows.

Based on estimated revenues and costs, the Company determines the discounted cash flow to be generated each year, considering a discount rate aimed at defining the present value of biological assets. Changes in fair value are recorded in “Biological assets” matched with “gains and/or losses on biological assets” in the statement of profit or loss for the year.

4. Fair value measurement (Continued)

Planted teak forests are valued in the first year, due to the low biological transformation and the fact that the costs incurred during this period are significant, at the accumulated planting and maintenance cost, since this amount approximates fair value.

The model and assumptions used in the fair value determination represent management's best estimate at the reporting date, subject to annual review and adjustment, if necessary. The Company uses the Level 3 hierarchy to calculate the fair value of biological assets. Please see changes in Note 11.

b) Investment property

Fair value was calculated for measurement and/or disclosure purposes based on independent expert reports. Where applicable, further information on the assumptions used in measuring fair values is disclosed in specific notes.

5. Risk management

a) Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Currency risk

This note brings information on the Company's exposure to each of the foregoing risks, as well as the Company's objectives, policies and processes for measuring and managing such risks and the Company's capital management. Additional quantitative disclosures are included in these financial statements.

b) Risk management framework

The Company's risk management policies are established to detect and analyze risks faced by the Company, to set adequate risk limits and controls, and to monitor risks and compliance with these limits. These risk management systems and policies are regularly reviewed to reflect changes in market conditions and in the Company's activities.

i) *Credit risk*

Credit risk is the risk that a customer or counterparty to a financial instrument will not meet its contractual obligations, which arise mainly from the Company's trade receivables and investment securities, leading to a financial loss.

5. **Risk management** (Continued)

b) Risk management framework (Continued)

ii) *Liquidity risk*

Liquidity risk is the risk that the Company may have difficulty in satisfying obligations associated with financial liabilities that are settled in cash or with another financial asset. The Company's approach to liquidity management consists in ensuring, to the maximum extent possible, that it will always have sufficient liquidity to fulfil its obligations, under normal conditions and stress conditions, without causing unacceptable losses or the risk of adversely affecting the Company's reputation.

iii) *Market risk*

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, may affect the Company's gains or the value of their share in financial instruments. The purpose of market risk management is to manage and control exposures to market risks within acceptable standards while optimizing returns.

iv) *Operational risk*

Operational risk is the risk of direct or indirect loss resulting from a number of reasons associated with the Company's processes, personnel, technology and infrastructure and from external events, other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted business practices. Operational risks emerge from all of the Company's operations.

The Company's objective is to manage operational risk to avoid financial losses and damage to the Company's reputation, while ensuring cost effectiveness and avoiding control procedures that limit initiative and creativity.

The primary responsibility for developing and implementing controls to cover operational risks is attributed to senior management. The responsibility is supported by the development of overall standards for operational risk management in the relevant areas.

v) *Currency risk*

The Company is subject to currency risk in transactions involving sales, purchases and loans denominated in a currency other than the respective functional currencies of the Company's entities, especially the Brazilian Real (R$), but also the US Dollar (USD) and the Euro (€).

Interest on loans is expressed in the currency of the loans. In general, loans are denominated in a currency that is equivalent to the cash flows generated from the Company's basic operations.

6. Cash and cash equivalents

	Individual		Consolidated
	2021	**2020**	**2020**
Cash and banks	**2,797**	913	915
Short-term deposits	**-**	351	8,705
	2,797	1,264	9,620

Cash and cash equivalents include cash, bank deposits, and short-term investments. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Thus, an investment normally qualifies as a cash equivalent only when it has a short-term maturity, e.g. three months or less from the date of acquisition. The fair value of short-term investments, when applicable, is measured based on quotes or publicly-disclosed information.

7. Related parties

The main asset and liability balances as at December 31, 2021, as well as certain transactions that impacted net income for the year, result from transactions with the parent company, key management personnel and other related parties. These transactions are carried out based on conditions agreed between the parties, considering the Company's organizational structure as a whole; accordingly, they could differ if performed directly with unrelated parties.

a) Balances

The commercial transactions involving the sale of forests and wood, as well as the loans and funding transactions between the companies are performed as follows:

7. Related parties (Continued)

a) Balances (Continued)

	Individual		Consolidated
	2021	**2020**	**2020**
Current assets			
Accounts receivable			
TRC Agroflorestal Ltda. (1)	**4,970**	6,660	6,660
	4,970	6,660	6,660
Noncurrent assets			
Costs to be reimbursed			
Floresteca B.V. (2)	**606,093**	604,646	604,646
	606,093	604,646	604,646
Other accounts receivable			
Buriti Imóveis S.A.	**-**	180	-
Sylvio de Andrade Coutinho	**-**	85	85
Sylvio de Andrade Coutinho Neto	**-**	35	35
LHS Participações Ltda.	**203**	297	297
	203	597	417
	606,296	605,243	605,063
Noncurrent liabilities			
Intercompany loan			
Floresteca B.V. (3)	**628,942**	625,962	625,962
	628,942	625,962	625,962

(1) This amount refers to accounts receivable from sales of teak logs. As defined in the Master Agreement, it is TRC Agroflorestal's priority right to sell these teak logs.

(2) Costs incurred with forest formation. As defined in the Master Agreement, at the end of the planting cycle for each forest project, the Company will be reimbursed for the total aggregated costs of the project until the final cut. These funds will be used to settle the intercompany loan transaction.

As described in Note 1 and item 3 of the Master Agreement, the forests are fully owned by FBV and SATT, Floresteca S.A. agrees to deliver a high quality forest planted with Teak, based on best practices, focusing on the final cut. Floresteca S.A acts as a forest manager. Third-party forests, extending over 12,385 hectares, are recorded at cost plus foreign exchange gains/losses on the loan, less depletion for the year.

Changes in costs to be reimbursed as at December 31, 2021 and 2020:

	Individual		Consolidated
	2021	**2020**	**2020**
Costs to be reimbursed at the beginning of the year	**604,646**	450,988	450,988
(+) Additions (a)	**13,444**	7,245	7,245
(-) Depletion (b)	**(16,033)**	(23,514)	(23,514)
(-) Amortization of land rehabilitation costs (c)	**(467)**	(751)	(751)
(+) Exchange rate adjustment (d)	**4,503**	170,677	170,677
Costs to be reimbursed at the end of the year	**606,093**	604,646	604,646

7. **Related parties** (Continued)

a) Balances (Continued)

(a) Silvicultural investments in forests throughout the year.

(b) Amortization of projects harvested throughout the year.

(c) At the end of the teak cultivating cycle (final cutting), the Company will be entitled to reimbursement by FBV of costs to return the land clean and root free to its owners (see Note 15).

(d) As the forests belong to third parties, the forest appreciation has been accounted for at cost plus foreign exchange gains/losses on the loan received from FBV to finance the operation, in accordance with the Master Agreement described in Note 1.

(3) Funds obtained from Floresteca B.V. to develop the Company's operations, adjusted for the foreign exchange gains/losses on the dollar or euro. In addition to the mentioned obligations in foreign currency, the Company has a contract in reais totaling R$1,073. These loans do not bear interest and they will be paid through the delivery of the forest or the financial resources from the teak forests.

Changes in the intercompany loan with Floresteca B.V. as at December 31, 2021 and 2020:

	Intercompany loan
At January 1, 2020	457,020
Foreign exchange differences	172,695
(-) Payment	(3,753)
At December 31, 2020	625,962
Foreign exchange differences	**6,249**
(-) Payment	**(3,269)**
At December 31, 2021	**628,942**

b) Key management personnel compensation

The Company's key management personnel compensation includes taxes on salaries and payroll totaling R$856 as at December 31, 2021 (R$390 in 2020). The members of the board of directors are not included in these figures, since they do not receive compensation.

8. Taxes recoverable

	2021	2020	2020
Financing (COFINS)	**576**	1,991	1,991
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	**159**	441	441
Income tax	**249**	15	222
Withholding Income Tax (IRRF)	**-**	2	2
State VAT (ICMS)	**9**	-	-
Funrural	**154**	154	155
Total	**1,147**	2,603	2,811

9. Investments

The financial information of subsidiaries and associates is summarized below: The information below considers the extent of the Company's percentage interests.

		Interest		Individual	
Investee	**Control**	**2021**	**2020**	**2021**	**2020**
Buriti Imóveis S.A.	Direct	0%	99.99%	**-**	**(13,522)**
				-	**(13,522)**

Buriti Imóveis S.A. was merged on December 31, 2021, as explained in Note 1.1. As such, the company no longer recorded investment balances on this date.

Investment in subsidiaries

The main information about the subsidiaries, whose fiscal year also ends as at December 31, is presented below. Changes in investments, considering the merger of Buriti Imoveis S.A. as of December 31, 2021 are as follows:

Investee	2020	Equity pickup	Merger (Note 1)	2021
Buriti Imóveis S.A.	**(13,522)**	**529**	**12,993**	**-**
	(13,522)	**529**	**12,993**	**-**

Investee	2019	Equity pickup	Write-off	2020
Buriti Imóveis S.A.	(8,483)	(5,030)	-	(13,523)
	(8,483)	(5,030)	-	(13,523)

December 31, 2020

Subsidiary	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity	Revenue	Loss for the year
Buriti Imóveis S.A.	**8,564**	**-**	**-**	**22,086**	**(8,492)**	**-**	**(5,030)**

10. Biological assets

	Individual and Consolidated	
	2021	**2020**
Balance at beginning of year	**22,245**	88,248
(+) Additions	**1,075**	126
(-) Depletion	**(34)**	-
(+/-) Fair value adjustment (a)	**(7,694)**	(66,130)
Balance at end of year	**15,592**	22,245

(a) Change in the value of own biological assets, which includes 5% of the volume of the final cut of forests, as part of its compensation, according to the Master Agreement.

List of projects

	Projects	Hectares
Fazenda Santa Fé	STF 2003	69.69
Fazenda Bambu	BAM 1999	141.90
Fazenda Bambu	BAM 2000	68.85
Fazenda Paiolandia	PAI 1997	69.98
		350.42

Regulatory and environmental risks

The Company defined environmental policies and procedures for compliance with environmental laws. Management carries out regular analyses to identify environmental risks and to ensure that the operating systems are adequate for managing the risks.

Supply and demand risks

The Company is exposed to risks resulting from fluctuation in prices and the volume of sales of its plantations. Whenever possible, the Company manages this risk by aligning its extraction volume with the market's supply and demand. Management regularly reviews the industry trends to ensure that the Company's price structure is in line with the market and to ensure that projected extraction volumes are consistent with the expected demand.

Climate and other risks

The Company's plantations are exposed to the risk of damage caused by climate changes, diseases, bushfires and other forces of nature. The Company has thorough action plans focusing on monitoring and reducing these risks, relying mainly on a fire brigade that is highly qualified with respect to implementing preventive controls for bushfires, and a forest systematization and planning team that monitors the forest health and analyzes diseases and pests.

11. Property, plant and equipment

	Individual and Consolidated							
	Land	**Buildings**	**Facilities**	**Machinery and equipment**	**Vehicles**	**Furniture and fixtures**	**Hardware**	**Total**
Balance at January 1, 2020	5,164	28	822	1,241	267	100	45	7,667
Additions and reclassifications	-	-	-	16	-	14	-	30
Disposals and write-offs	-	-	-	(263)	(351)	-	-	(614)
Depreciation	-	(3)	(218)	(979)	(149)	(17)	(25)	(1,391)
Depreciation written off or disposed of	-	-	-	255	341	-	-	596
Balance at December 31, 2020	5,164	25	604	270	108	97	20	6,288
Acquisition cost	5,164	4,328	3,985	20,108	2,966	654	989	38,194
Accumulated depreciation	-	(4,303)	(3,381)	(19,838)	(2,858)	(557)	(969)	(31,906)
Balance at December 31, 2020	**5,164**	**25**	**604**	**270**	**108**	**97**	**20**	**6,288**
Additions and reclassifications	**-**	**-**	**9**	**41**	**96**	**4**	**-**	**150**
Disposals and write-offs (i)	**(5,164)**	**(24)**	**-**	**(195)**	**-**	**-**	**(3)**	**(5,386)**
Depreciation	**-**	**(1)**	**(184)**	**(46)**	**(177)**	**(18)**	**(14)**	**(440)**
Balance at December 31, 2021	**-**	**-**	**429**	**70**	**27**	**83**	**3**	**612**
Acquisition cost	**-**	**1,983**	**3,966**	**14,077**	**2,762**	**657**	**872**	**24,317**
Accumulated depreciation	**-**	**(1,983)**	**(3,537)**	**(14,007)**	**(2,735)**	**(574)**	**(869)**	**(23,705)**
Balance at December 31, 2021	**-**	**-**	**429**	**70**	**27**	**83**	**3**	**612**
Annual depreciation rate - %	**-**	**04-10**	**10**	**20-25**	**20**	**10**	**20**	

(i) The write-off refers to the sale of the Campim Branco farm in 2021, located in the city of Jangada, state of Mato Grosso. The sale was for the total amount of R$8,500, divided into three installments, the first paid in cash in the amount of R$4,000 on January 31, 2021, and the other two in the amounts of R$2,250 each, to be paid on January 31, 2022 and January 31, 2023.

12. Loans and financing

		Individual		Consolidated
	Annual rate	**2021**	**2020**	**2020**
Local currency				
Lease		**3,065**	5,514	5,514
Finame	4.5 to 7.5%	**64**	89	89
		3,129	5,603	5,603
Foreign currency				
Foreign Funding Loan - LFP (a)	US$ +11%	**-**	-	21,906
		-	-	21,906
Current		**1,685**	3,027	22,638
Noncurrent		**1,444**	2,576	4,871
Total		**3,129**	5,603	27,509

(a) In 2012, subsidiary Buriti Imóveis S.A. obtained a foreign loan for the sole purpose of financing the forest planting, maintenance and harvest activities. The loan and financing agreements have non-financial covenants.

Changes in loans and financing - LFP Prime

	Individual		Consolidated	
	2021	**2020**	**2021**	**2020**
Beginning of period	-	-	21,906	15,965
(+/-) Assignment of credit	21,713	-	(21,713)	-
(+) Interest and exchange differences	-	-	(193)	5,941
(-) Debt forgiveness	(14,046)	-	-	-
(-) Payment	(7,666)	-	-	-
End of period	**-**	**-**	**-**	**21,906**

As of December 31, 2021, the Company entered into an agreement with LF Prime for acquisition of the entire debt of the subsidiary Buriti Imoveis S.A., calculated at R$21,713 on that date, for R$7,766, thus stating its agreement as to the debt according to the credit assignment agreement. The Company paid the remaining amount in full, thus settling the debt with the financial institution in 2021.

As at December 31, 2021 and 2020, the Company does not have loan, financing or other agreements subject to covenants that could give rise to liabilities to be recognized in the financial statements.

13. Contingencies

The Company is a party to (defendant in) legal and administrative proceedings at several courts and government agencies, arising from the normal course of business, involving tax, labor, civil and other matters.

Based on information from its legal advisors, on an analysis of the pending legal proceedings, and on experience in relation to the amounts claimed, management recorded a provision in an amount considered sufficient to cover the estimated losses on the lawsuits in progress, as follows:

	Individual and Consolidated	
	2021	**2020**
Labor claims	-	53
Civil and tax suits	**214**	433
	214	486

There are other contingencies considered possible losses by the Company's management, based on information provided by its legal advisors. For these cases, no provision was recorded. The amounts are shown below:

	Individual		Consolidated
	2021	**2020**	**2020**
Labor claims	167	10	10
Civil and tax suits (a)	64,881	51,339	51,339
	65,048	51,349	51,349

(a) On September 3, 2020, the Company is a party to legal proceeding No. 1043555-46.2020.8.11.0041, filed by Rondon Empreendimentos Ltda., which claims to have credits receivable from Floresteca SA amounting to R$47,592. The risk of loss is classified as possible.

14. Other provisions

	Individual and Consolidated	
	2021	**2020**
Provision for land restoration costs	**28,468**	27,160
Other	**14,834**	9,920
	43,302	37,080

15. Income and social contribution taxes

a) Deferred income and social contribution taxes

The major components of deferred income and social contribution taxes as of December 31, 2021 and 2020 are as follows:

	Individual and Consolidated				
	2020	**Additions**	**Write-offs**	**Net changes**	**2021**
Assets					
Tax loss carryforward (a)	109,431	5,328	-	5,328	114,759
	109,431	5,328	-	5,328	114,759
Deferred income and social contribution tax assets – 34%	37,207	1,811	-	1,811	39,018
Liabilities					
Provision for temporary differences	14,006	-	(13,794)	(13,794)	212
Accelerated depreciation tax incentive	(873)	-	(375)	(375)	(498)
Provision for restoration costs	8,147	467	-	467	8,614
Finance costs - restoration costs	15,688	1,306	-	1,306	16,993
Exchange differences taxed on a cash basis	(46)	-	(3)	(3)	(49)
Transfer pricing of investors' forests - fair value (a)	-	-	-	-	-
Total temporary differences - fair value	(19,140)	7,694		7,694	(11,445)
	17,782	9,467	(14,172)	(4,705)	13,827
Deferred income and social contribution tax assets – 34%	6,047	3,219	(4,819)	(1,600)	4,702
Deferred income and social contribution taxes	**43,253**	**5,030**	**(4,819)**	**212**	**43,719**

(a) Tax loss carryforward is a result of the Company's first years of operation, which comprises the forest plantation phase, with cycles of approximately 25 years. The Company is still in the phase of maintaining and harvesting its own forests and third-party forests planted between 1994 and 2008, characterized by investments in cultivation and organization and development costs. The Company will record tax profit through the sale of cuttings of these teak forests in the future. Therefore, these deferred income tax balances arising from tax losses recorded during this maintenance and planting phase will be used with the future generation of profits to be obtained from the intermediate cuttings and, especially, from the final cuttings of these forests. According to the Company's projections, the deferred income tax balance arising from tax losses is expected to be realized by 2030.

15. Income and social contribution taxes (Continued)

b) Current income and social contribution taxes

Reconciliation of income and social contribution tax expenses:

	Consolidated	
	2021	**2020**
Gross operating revenue	-	-
Rate applied on adjusted revenue (IRPJ 8%)	-	-
(+) Other finance income/costs		0.20
Tax base	-	0.20
Rate used for calculation (IRPJ 15%)	-	0.03
Rate used for calculation (IRPJ 10%)	-	-
Social contribution tax calculation		
Rate applied on adjusted revenue (CSLL 12%)		-
(+) Other finance income/costs	-	0.20
Tax base	-	0.20
Rate used for calculation (CSLL 9%)	-	0.02
Current income and social contribution taxes	-	0.05

16. Equity

a) Capital

At December 31, 2021 and 2020, subscribed and paid-in capital comprises 27,797,555 registered common shares with a par value of R$1 each, 27,796,553 of which belong to the foreign shareholders. There was no change in the Company's capital for the year.

Shareholder	Equity interest	Number of shares	R$ thousand
Floresteca B.V.	100.00%	27,796,551	27,797
Sylvio de Andrade Coutinho Neto	0.00%	1,002	1
Hendrik Cornelis van Druten	0.00%	1	-
Laurentius P. Antonius Brouns	0.00%	1	-
	100%	**27,797,555**	**27,798**

16. Equity (Continued)

b) Legal reserve

The legal reserve is recognized at a rate of 5% of net income for each year, under the terms of article 193 of Law No. 6404/76, limited to 20% of capital stock. Given that the limit has already been reached, no reserve amount was recorded in 2021 and 2020.

c) Income reserve

This reserve refers to the profits to be transferred to the Company's parent Floresteca B.V., as defined in the articles of incorporation.

The Company also includes in the reserve the total P&L from the operations of Floresteca B.V., relating to the sale of forests in the final cut stage, since the Company is used as a vehicle to complete these operations. Changes in operations as at December 31, 2021 and 2020:

	2021	**2020**
Sale of logs - domestic market	**32,699**	22,358
Forest management services – retained (a)	**(31,282)**	(29,908)
Other sales (firewood, blocks and boards)	**261**	114
(-) Sales taxes	**(994)**	(696)
(-) Sales returns	**(420)**	(944)
(-) Cost of goods sold	**(28,343)**	(32,902)
	(28,079)	(41,978)

(a) This amount refers to incentive fee and retainer. Net amount of revenue that the Company is entitled to, as defined in the Master Agreement.

17. Net operating revenue

Reconciliation between gross revenue for tax purposes and net revenue shown on the statement of profit or loss:

	Individual		Consolidated	
	2021	**2020**	**2021**	**2020**
Forest management services	**34,471**	32,956	**34,471**	32,956
(-) Taxes and deductions	**(3,189)**	(3,048)	**(3,189)**	(3,048)
Net operating revenue	**31,282**	29,908	**31,282**	29,908

18. Costs and expenses by nature

	Individual		Consolidated	
	2021	**2020**	**2021**	**2020**
Fair value adjustment of biological assets	**(7,694)**	(66,130)	**(7,694)**	(66,130)
Advisory and professional services	**(12,384)**	(11,590)	**(12,390)**	(11,595)
Payroll	**(21)**	(71)	**(21)**	(71)
Taxes	**(2,000)**	(1,732)	**(2,001)**	(1,734)
Disposal of PP&E	**3,114**	-	**3,114**	-
Depreciation	**(11)**	(61)	**(11)**	(61)
Other income (expenses)	**(390)**	454	**(390)**	454
	(19,386)	(79,130)	**(19,393)**	(79,076)
Fair value adjustment of biological assets	**(7,694)**	(66,130)	**(7,694)**	(66,130)
Selling expenses	**(21)**	(3)	**(21)**	(3)
Other operating income, net	**2,694**	609	**2,694**	609
General and administrative expenses	**(14,365)**	(13,606)	**(14,372)**	(13,613)
	(19,386)	(79,130)	**(19,393)**	(79,076)

19. Finance income (costs)

	Individual		Consolidated	
	2021	**2020**	**2021**	**2020**
Finance income				
Foreign exchange gains (a)	**-**	-	**3,984**	3,851
Debt forgiveness (Note 12)	**14,046**		**14,046**	
Other	**1,180**	1,242	**1,964**	2,691
	15,226	1,242	**19,994**	6,542
Finance costs				
Foreign exchange losses (a)	**(1,743)**	(1,972)	**(6,214)**	(10,963)
Interest (b)	**(390)**	(558)	**(150)**	(1,889)
Other	**(80)**	(26)	**(81)**	(27)
	(2,213)	(2,556)	**(6,445)**	(12,879)
	13,013	(1,314)	**13,549**	(6,337)

Finance income substantially includes foreign exchange gains. The change in value of forests arising only from foreign exchange gains is reflected here.

Finance costs basically comprise exchange losses and interest expenses on loans. Borrowing costs that are not directly attributable to acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method.

(a) Net exchange gains and losses refer to fluctuations in the exchange rates of loans obtained from Floresteca B.V. in USD and Euro (€) mainly.

(b) Interest on loans from LFP Prime and Brazilian financial institutions.

20. Financial instruments

The Company uses financial instruments in its operations. Most of the instruments used by the Company include financing, bank loans, and short-term investments in certificates of bank deposit and other short-term money market instruments. These instruments are managed through operational strategies and internal controls aimed at ensuring liquidity, profitability, and security. The Company does not engage in speculative investments in derivatives or any other risk assets.

The Company's operations are subject to the risk factors described in Note 5.

All transactions involving financial instruments are recognized in the Company's financial statements, as shown below:

20. Financial instruments (Continued)

		Consolidated			
		2021		2020	
	Level	Book value	Fair value	Book value	Fair value
Assets					
Fair value through profit or loss					
Cash and cash equivalents (Note 6)	**2**	**2,797**	**2,797**	9,620	9,620
Assets at amortized cost					
Trade accounts receivable	**2**	**3,586**	**3,586**	20	20
Related parties (Note 7)	**2**	**611,266**	**611,266**	611,723	611,723
Other assets	**2**	**7,036**	**7,036**	6,342	6,342
		624,685	**624,685**	627,705	627,705
Liabilities					
Liabilities at amortized cost					
Loans and financing (Note 12)	**2**	**3,129**	**3,129**	27,509	27,509
Related parties (Note 7)	**2**	**628,942**	**628,942**	625,962	625,962
Trade and other accounts payable	**2**	**2,951**	**2,951**	2,098	2,098
		635,022	**635,022**	655,059	655,059

a) Identification and valuation of financial instruments

The book value of financial instruments recorded in the statement of financial position is the same as market value.

b) Derivatives

The Company has no transactions involving financial instruments that are not reflected in the financial statements for December 2021 and 2020, nor does it engage in transactions involving financial derivatives (swaps, long-term contracts, hedging, commitments for the purchase or sale of foreign currency, future contracts or options, among others).

c) Determining the fair value of financial instruments

The Company reports its financial assets and liabilities at fair value, based on applicable accounting pronouncements that define fair value, by reference to fair value measurement concepts and disclosure requirements.

In the specific case of disclosure, the Company applies the hierarchy rules as follows:

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

20. Financial instruments (Continued)

c) Determining the fair value of financial instruments (Continued)

Fair value measurements are categorized into a three-level hierarchy, based on the observable inputs used to value an asset or liability on the measurement date.

Valuation according to a three-level hierarchy for measuring fair value is based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy shown in the above table and detailed below:

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities. Transactions with balances classified at this level refer to amounts held in cash quoted in Brazilian local currency and held for trading.

Level 2: Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices). Transactions with balances classified at this level refer to amounts held as investments in Bank Deposit Certificates(CDB), General Market Price Index (IGPM), interest received according to fluctuations in Interbank Deposit Certificate (CDI) rates, and fixed rates. The criteria for measuring book value, which is equivalent to fair value given the nature of the transaction, depend substantially on observable information in an active market.

The financial instruments subject to exchange risk and their related sensitivity analyses are shown in the table below:

	US$/R$	
Individual and Consolidated	**Ptax Purchase**	**Ptax Sale**
Rate at December 31, 2021	5.5799	5.5805
Scenario 1: 25% devaluation of the Real	6.9749	6.9756
Scenario 2: 50% devaluation of the Real	8.3699	8.3708
Scenario 3: 25% appreciation of the Real	4.1849	4.1854
Scenario 4: 50% appreciation of the Real	2.7900	2.7903

	Euro/R$	
Individual and Consolidated	**Ptax Purchase**	**Ptax Sale**
Rate at December 31, 2021	6.3187	6.3210
Scenario 1: 25% devaluation of the Real	7.8984	7.9013
Scenario 2: 50% devaluation of the Real	9.4781	9.4815
Scenario 3: 25% appreciation of the Real	4.7390	4.7408
Scenario 4: 50% appreciation of the Real	3.1594	3.1605