



Floresteca S.A.

Annual 2021 Results Summary



Agenda

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

Final Harvest Operations by Farm

The table on the right presents FSA projects initially standing area, based on the end of 3Q 2021, the harvested area in the 4Q (where all the volume has been removed by the end of the period), and the currently standing area.

In total during this last quarter, 210.67 hectares have been finalized (SER 1999, VDO1999 and CPB 1999).

Together with the 1,020.73 ha finished in the first 3 quarters, in the year to date, 1,231.40 ha were harvested.

Table: Area Changes 4Q 2021

Project	Planting Year	Initial Area (ha) - End of 3Q 2021	Harvested Area (ha)	Current Area (ha) - End of 4Q 2021
Paiolandia	1997	281.17		281.17
Paraíso	1997	0.00		0
Paiolandia	1998	93.89		93.89
Bambu	1999	549.07		549.07
Capim Branco	1999	59.15	59.15	0
Serra das Araras	1999	104.96	104.96	0
Vale Dourado	1999	46.56	46.56	0
Bambu	2000	513.83		513.83
Duas Lagoas	2000	1,110.27		1,110.27
Duas Lagoas	2001	1,643.47		1,643.47
São Miguel	2001	97.52		97.52
Barranquinho	2002	960.13		960.13
Cacimba	2002	565.75		565.75
Duas Lagoas	2002	48.41		48.41
São Miguel	2002	5.71		5.71
Santa Maria do Jauí	2002	1,059.97		1,059.97
Barranquinho	2003	12.78		12.78
Cacimba	2003	10.19		10.19
Santa Maria do Jauí	2003	206.72		206.72
Santa Fé	2003	2,550.47		2,550.47
Barranquinho	2004	1,002.89		1,002.89
Terra Santa	2004	1,127.44		1,127.44
Duas Lagoas	2005	202.93		202.93
Duas Lagoas	2006	215.84		215.84
Mutum	2007	511.32		511.32
São José	2007	301.22		301.22
Santa Maria do Jauí	2008	94.42		94.42
Total		13,376.08	210.67	13,165.41

Harvest Operations by Farm

This graph shows the 2021 budgeted areas (FYB - brown color) and areas where sales have already started (YTD - green color). Here, operations may still be ongoing and also include thinnings.

Paraíso (PAR) and Vale Dourado (VDO) final harvests were fully performed according to plan, as well as the thinning in São José (SAJ).

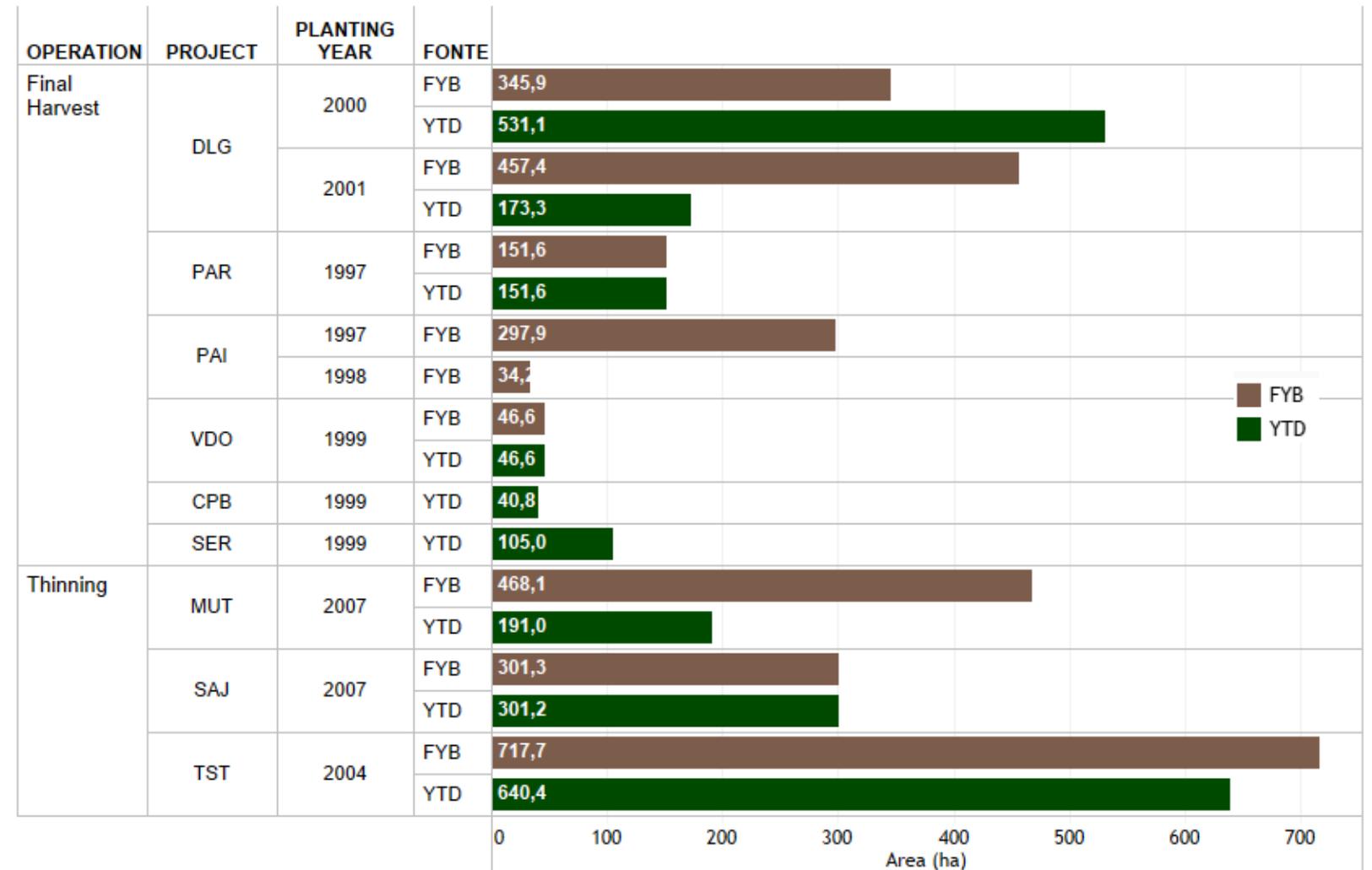
Harvest areas in Duas Lagoas (DLG) 2000 were above budget to compensate for the impossibility of starting Paiolandia (PAI).

Mutum (MUT) thinning has started but was temporarily stopped in July to prioritize the thinning in Terra Santa (TST), where we need to work in the dry season. Mutum will be resumed in the 1Q 2022.

In Terra Santa (TST), we were not able to finished the planned area because the rain started sooner this year in Mato Grosso. And, in this farm, it is very hard to operate inside the stands over wet soils.

Capim Branco (CPB) has its final harvest finished outside of the original budget as there was one stand carried over from the previous year.

Serra das Araras (SER) was also harvested outside of the original budget. This farm was embargoed by the Brazilian environmental agency, but this was lifted in June



Sales Summary – Year end estimate

	January	February	March	April	May	June	July	August	September	October	November	December	Total
CPB1999													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	244	66	0	24	24	0	0	0	0	528	1.133	622	2.641
DLG2000													
Budget	3.500	3.000	3.500	4.000	4.500	0	0	0	0	0	3.556	3.000	25.056
YEE	2.552	3.645	5.276	4.961	2.776	1.611	2.782	1.894	1.738	0	0	548	27.782
DLG2001													
Budget	0	0	0	0	0	0	0	2.348	2.348	2.348	2.348	2.348	11.741
YEE	0	0	0	112	1.516	953	509	723	285	0	0	0	4.098
MUT2007													
Budget	0	0	2.017	2.017	2.017	0	0	0	0	0	0	0	6.051
YEE	0	0	0	0	647	1.646	379	0	0	0	0	0	2.671
PAI1997													
Budget	0	0	0	0	0	0	4.071	5.000	4.000	4.500	3.157	0	20.728
YEE	0	0	0	0	0	0	0	0	0	0	0	0	0
PAI1998													
Budget	0	0	0	0	0	0	0	0	0	0	343	3.000	3.343
YEE	0	0	0	0	0	0	0	0	0	0	0	0	0
PAR1997													
Budget	2.152	2.152	0	0	0	0	0	0	0	0	0	0	4.304
YEE	2.692	1.872	2.488	1.245	207	0	0	0	3	0	0	0	8.508
SAJ2007													
Budget	0	2.936	2.936	2.936	0	0	0	0	0	0	0	0	8.807
YEE	0	732	1.322	3.207	2.506	674	509	0	0	0	0	0	8.950
SER1999													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	0	0	0	0	0	0	0	1.310	3.604	1.689	227	369	7.199
TST2004													
Budget	0	0	0	0	0	0	0	2.500	4.500	2.943	0	0	9.942
YEE	0	0	0	0	0	0	0	656	2.354	2.442	1.504	270	7.226
VDO1999													
Budget	0	0	0	0	0	4.500	671	0	0	0	0	0	5.171
YEE	0	0	0	0	0	0	0	0	101	1.367	716	479	2.662
Total Volume													
Budget	5.652	8.088	8.452	8.952	6.517	4.500	4.742	9.848	10.848	9.791	9.404	8.348	95.142
YEE	5.487	6.315	9.086	9.548	7.676	4.883	4.179	4.583	8.085	6.026	3.580	2.288	71.738

Since October 2021 a legal injunction coming from the VTP court case is forcing FSA to stop all final harvesting. So, the only final harvest volumes sold in the 4Q came from projects where the trees were already felled: CPB1999, DLG2000, SER1999, VDO 1999. Remaining field stock from TST2004 thinning was also sold.

There were 24,600 m³ budgeted for final harvesting during 4Q and FSA is down by ~23,400 m³ in the whole year. So, we can state the VTP injunction was the main cause for this difference.

Some stocks in TST2004, VDO1999, DLG2000 and SER1999 were still in the field by year end and will be sold in January 2022 (~3,500 m³).

In January 2022 thinning in MUT2007 will be resumed and STF2003 will start by the end of the month.

Yields - Final Harvests

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

PROJECT	PLANTING YEAR	Site Class	DBH (cm)	AB (m ² /ha)	AREA (ha)		VOL (m ³ /ha)		REMOVED (TPH)	
					FYB	YTD	FYB	YTD	FYB	YTD
DLG	2000	S1	35,2	14,3	188,2	188,2	87,6	77,3	152	152
	2001	S1	35,6	13,7	44,8	44,8	85,2	68,2	126	126
PAR	1997	S2	24,7	13,1	93,5	93,5	46,6	47,2	275	275
		S3	21,6	10,3	461,6	461,6	22,2	28,7	270	270
VDO	1999	S1	38,6	16,9	15,2	15,2	115,3	50,5	121	121
		S2	33,1	14,3	31,3	31,3	109,0	72,4	170	170
Total			25,7	11,9	834,6	834,6	48,0	45,9	230	230

- Table = 2021 budget stands. Total values (volume, area and trees) planned and performed until end 4Q of 2021.
- DBH and BA are the last measured data.

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

PROJECT	PLANTING YEAR	Site Class	AREA (ha)	VOL (m ³ /ha)	REMOVED (TPH)
			YTD	YTD	YTD
CPB	1999	S1	40,8	55,4	95
DLG	2000	S1	225,4	61,1	155
		S2	19,1	62,8	180
	2001	S1	128,4	8,1	99
SER	1999	S2	105,0	74,2	247
Total			518,7	50,2	156

The tables show separately planned and non-planned sales in 2021. The planned tables show only stands where operations are fully finished, so that the yields per hectare are comparable.

Planned

In DLG, until the end of 4Q, 233 ha were finalized, with YTD yields 13% below budgeted. At this project, a significant number of defect logs were left behind due fungal disease on the trees.

Final harvest operations started in VDO during the 3Q2021. The actuals volumes were 41% lower than budget (65.3 m³/ha actual vs 111.1 m³/ha budget). Unfortunately, this project production happened when the logistic crisis hit, and a considerable portion of its logs originally set for export had to sit much longer in the field, subject to rots and insect attacks. Finally, these logs were reprocessed and sold to local sawmill, but this generated considerable losses.

Unplanned

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

SER was included as an embargo it was under was recently lifted, allowing us to operate there.

As the fire hit the stand 004 in CPB last year, it was finalized this year.

Yields - Thinning

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

PROJECT	PLANTING YEAR	Site Class	DBH (cm)	AB (m ² /ha)	AREA (ha)		VOL (m ³ /ha)		REMOVED (TPH)	
					FYB	YTD	FYB	YTD	FYB	YTD
MUT	2007	S1	23,9	20,0	57,7	57,7	17,8	19,3	175	202
		S2	22,3	19,9	96,9	95,1	16,8	14,5	256	274
		S3	18,9	12,3	38,2	38,2	2,5	4,6	204	201
SAJ	2007	S1	31,3	10,8	301,3	301,2	29,2	29,7	85	114
TST	2004	S1	34,0	16,5	173,8	173,8	12,2	17,1	41	73
Total			29,3	14,8	667,9	666,0	20,5	21,9	113	139

- Table = 2021 budget stands. Total values (volume, area and trees) planned and performed until end of 4Q.
- DBH and BA are the latest measured data.

In Terra Santa, a delay caused by export logistics problems occurred, and 173.8 ha were finished so far.

Our tree selection methodology for the third thinning targeting 159 tph in 3m x 3m spacing was impractical in field, so stands that were planned to 159 are being thinned to 148 trees per hectare. Also, systematic fifth row removal is being done in stands without enough space for the harvester to operate.

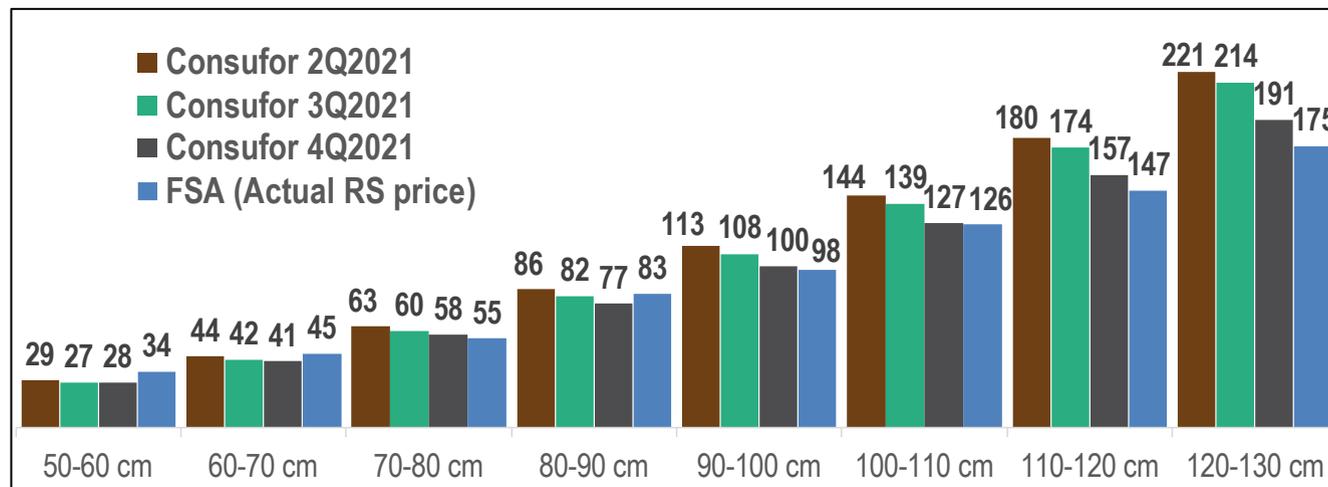
These changes resulted in a higher number of removed trees and volume than forecasted at these stands. However, we expect less volume coming from the project due to the sickness.

Log Sales & Prices

Roadside Prices Comparison 2021 YEE

	Volume m3		Value USD		Avg RS Price (USD/m ³)		Avg Girth (cm)		Proportion	
	Budget	YEE	Budget	YEE	Budget	YEE	Budget	YEE	Budget	YEE
50-60	9,285	11,453	389,099	395,022	42	34	60	57	10%	16%
60-70	16,864	1,710	925,399	77,691	55	45	66	67	18%	2%
70-80	28,502	18,061	2,065,179	997,620	72	55	75	72	30%	25%
80-90	14,127	16,670	1,360,044	1,384,002	96	83	85	85	15%	23%
90-100	9,007	6,142	1,070,722	600,303	119	98	93	94	9%	9%
100-110	5,375	9,370	846,995	1,180,193	158	126	105	105	6%	13%
110-120	8,950	4,958	1,674,714	729,370	187	147	113	114	9%	7%
120-130	2,236	2,584	529,237	451,949	237	175	125	125	2%	4%
130-140	718	766	203,444	160,631	283	210	135	133	1%	1%
140-150	69	24	23,069	4,428	335	188	145	145	0%	0%
150-160	8	0	3,081	0	391	0	155	0	0%	0%
Total Geral	95,142	71,738	9,090,984	5,981,209	96	83	92	88	100%	100%

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



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

The Consufor report has been showing a steady drop in roadside prices in Mato Grosso over 2021. This is a direct reflex of the COVID pandemic, affecting market stability and increasing risk for traders, and an overall increase logistic costs both because of inflation in Brazil and the international sea freight crisis.

The reference roadside prices decreased 4% from the 2Q to 3Q and another 8% to the 4Q.. Up to now, actual average price is 14% lower than budget (\$83 actual x \$96 budget).

It is still very unclear when the container availability problems will normalize and freight rates to India will be reestablished.

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

Market Update

In the 4Q2021, Ecuador, Brazil and Ghana were the main teak suppliers to India, with 70% of total teak logs imports. The total imported volume in India was 6% lower QoQ, and 25% higher YoY (considering the Covid-19 lockdown impact in India in 2020). In 2021, India has received a total volume 58% higher than 2020 and 3% higher than 2019 (pre pandemic). TRC's market share in India is estimated to 8% among all Indian imports in 2021 and 36% among Brazilian teak wood only.

The Covid-19 pandemic in India has been steady in the last quarter of 2021 after the second wave of infection in April 2021, however the country is facing a new rise of infections caused by a third wave which is proven weaker than the previous one and with no great impact on commercial activities. Vaccination has reached more than 846 million doses in the full year, with 44% of the population totally vaccinated and 61% receiving at least one dose.

The global market is still facing strong logistical bottlenecks with shortage of containers and a significant increase in maritime freight costs. It is not yet clear for how long the global supply chain disruption will last. Routes between Brazil and India are still strongly affected, while other Asian destinations important to Teak trade, such as China and Vietnam, are already back to regular in terms of freight rates and availability.

India is still suffering the mingling supply as Teak producing countries and traders are facing enormous difficulties in making way with their wood there. There is an opportunity for rising prices and cover the increasing freight costs if the container availability problem can be overcome. The continuation of this scenario is highly dependent on how container availability and prices will present to other important seasonal producing countries, such as Panama and Costa Rica, in the first semester of 2022.

TRC is seeking all logistic alternatives and strategic partners to properly deal with the current scenario. Production will still be limited to the capacity of the logistic channels that are made available.

Project Results to Date

Harvest Report Amounts Paid and Provisions (in USD):

2016 HR	7.841.879
2017 HR	5.645.549
2018 HR	1.977.316
2019 HR	6.103.896
2020 HR	81.498
Total	21.650.138
Paid	-9.526.585
Outstanding	12.123.553

Harvest Report 2020 refers only to biomass sales revenues that occurred in 2020 in SJT1998 farm, which was reported as finished in 2019.

- Note: Update 2020 HR – Includes now project CAN1998 finalized in 2020, but had been missed in the last quarterly reports, with a final value of USD 67.177.

No other projects were finalized in 2020.

Harvest report 2021 is still under development and should be delivered until the end of 1Q 2022

Legal and Compliance Update

VTP – Floresteca S/A:

11/16/2021: FSA requests to the judge of the claim (Mr. Yale) to reconsider the decision that prohibited the defendants to proceed with the final cut on the farms subject to expert study until the expert's analysis and presents the list of the farms/plantations and the status of the final cut in each one of them.

11/19/2021: the judge of the claim (Mr. Yale) maintains the decision from 11/04/2021 and ascertain that the case shall proceed.

11/26/2021: TRC NE, TRC AGRO, TRC PARÁ and LHS file an appeal before the COURT OF APPEALS, to temporary suspend the decision from 11/04/2021, that denied expert's questions and prohibited to proceed with the final cut on the farms subject to expert study and, in the end, reform it, arguing that (i) as ruled by the adversary system, the defendants need to express themselves about the decision, which has been denied by the judge of the claim; (ii) the decision prohibits the defendants to achieve their purposes as companies, with no term to end; (iii) according to the Brazilian law, this is not the appropriate moment to start the expert's evidences; (iv) to start the experts job in this moment is not urgent, and may cause irreversible damages to the defendants, and (v) the questions denied by the judge of the claim are relevant ("FIRST FINAL CUT INJUNCTION APPEAL").

11/30/2021: FLORESTECA and LAURENS file an appeal before the COURT OF APPEALS, with the same purpose of the FIRST FINAL CUT INJUNCTION APPEAL, in summary, to temporary suspend the decision from 11/04/2021 and, in the end, reform it ("SECOND FINAL CUT INJUNCTION APPEAL").

12/07/2021: Axis informs to the judge of the claim (Mr. Yale) that (i) the expert's fee are BRL 1,202,604.71 and shall be paid in the end of the case; (ii) the analyses should be concluded in 180 days, and (iii) Luiz Cesar Lino de Oliveira (agronomist engineer), Paula Cristiane da Silva Ferreira (forest engineer) Heloisa Cristina Marchese (economist) will assist the job, with a support team.

12/09/2021: in the FIRST and SECOND FINAL CUT INJUNCTION APPEAL, the reporting judge from the COURT OF APPEALS denies the temporary suspension of the decision from 11/04/2021 and justifies that there is no urgency to do it.

Legal and Compliance Update

PARAISO, TERRA SANTA, AND BAMBU IV FARMS - OVERVIEW

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

- Paraiso – As indicated earlier in the report, FSA has proceeded a mortgage to Paraiso Farm regarding past debts. In the APPEAL trial, the COURT OF APPEALS reforms the verdict, and (i) confirms that the usufruct agreement is valid and enforceable, and (ii) sentenced FRIGIERI to pay the court cost and legal attorney fees of 20%.
- Terra Santa; Floresteca has already contested the action and has been asking for the thinning to be authorized. The process is concluded for decision. A preliminary decision was granted not to cut the trees until the delimitation of Frigieri's area. Recently, Floresteca has obtained a favorable decision to proceed with a phytosanitary treatment. The phyto thinning started from July onwards. The expert's scheduled a new technical inspection for October 14th and 15th. The final expert's report were issued and now the FSA lawyers are contesting some points that Mr. Fausto Takizawa, FSA Director, disagreed with.
- Bambu IV; 08/03/2021: LHS requests to the judge of the claim to dismiss FRIGIERI'S OBJECTION and to freeze FRIGIERI's bank accounts. 08/26/2021: in the FIRST PRELIMINARY INJUNCTION APPEAL, FRIGIERI files a plea for clarification. 10/05/2021: the COURT OF APPEALS denies FRIGIERI's plea for clarification filed on 08/26/2021.

Legal and Compliance Update

LUD claim on PAIOLANDIA FARM:

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

12/01/2021: the judge of the claim grants the second plea for clarification filed by Rondon Company (on 11/24/2021), and rules that only Mr. Rondon shall pay the court cost and legal attorney fees. 12/09/2021: FSA files a plea for clarification of the decision from 12/01/2021, to maintain the original sentence, and reinforce that both plea for clarification filed by Rondon Company had identical arguments. Admit the second plea from clarification is contrary to the decision of the first plea for clarification.

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

Outlook on Upcoming Quarters

Lifting the injunction given by the judge in the VTP case, ordering to completely stop the final harvest operation, is key to Floresteca in the short term. FSA lawyers have already filed their response to the judge and appealed to the superior court to revert that decision, that can jeopardize the financial health of the Company and puts at risk hundreds of direct and indirect jobs. It is expected that our appeal will be judged by the end of February.

While this injunction is valid, TRC has rearranged operations and is performing thinnings in STF and MUT farms (only final harvests are forbidden), and if it extends further, it will also perform thinnings in BAR 2003 and 2004 plantations.

During 4Q COVID-19 cases in Mato Grosso were at the lowest level since June 2020 and vaccination program continues. Mato Grosso State currently is vaccinating 5-11-year-old child and the third dose started in December 2021. Nevertheless, COVID-19 cases spiked in Brazil and Mato Grosso State during January 2022, making the company maintain the cautious measures for awhile.

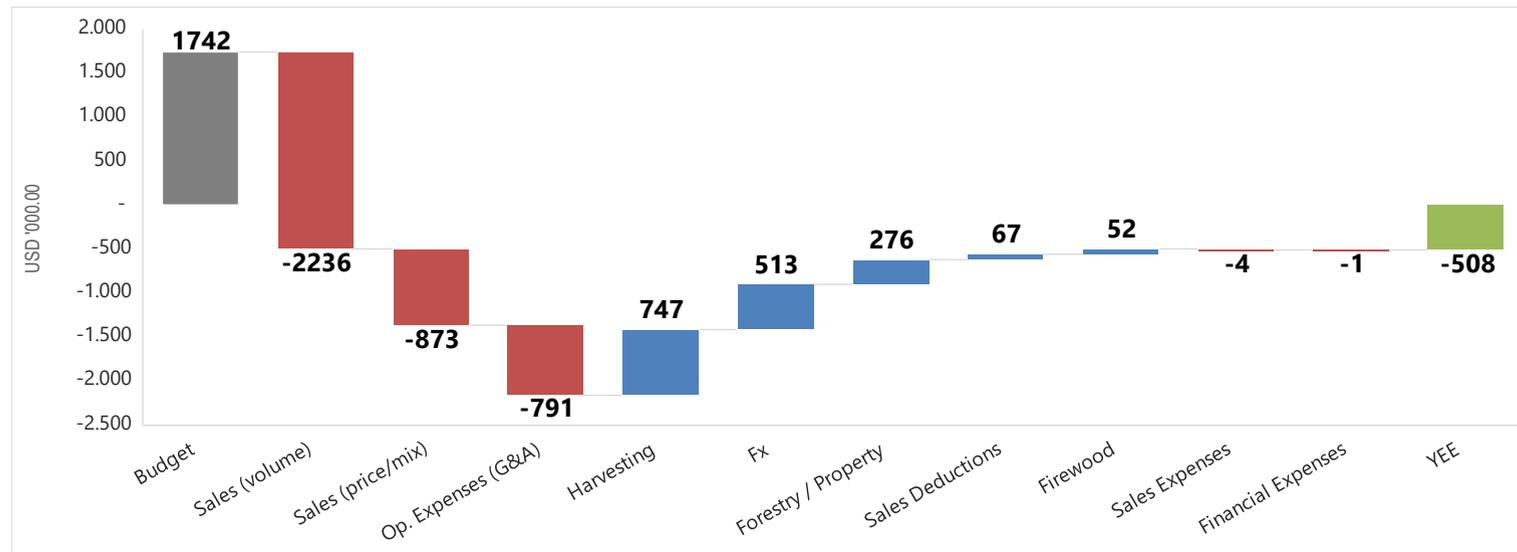
Logistics turmoil affected partially the operations during 4Q2021, but things are improving during 1Q2022 and some options for India are coming back. The spike in freight rates and the lack of available containers for export is still partially compromising the moving of the timber out of the farms, but part of it is being sold to TRC sawmill to maintain its liquidity.

Operations in Serra das Araras (SER), Vale Dourado (VDO) and Capim Branco (CPB) were finished by the end of the year and stump removal was performed in SER and VDO. The remaining debris will be burned and removed from the areas to accomplish the process of cleaning and returning the lands to the owners as soon as the climate allows.

FSA Summary Financial Information

Summary P&L YEE

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



The Year End Operational Result is USD -508 k versus USD 1,7 M budgeted, or an unfavorable variation of USD 2,2 M.

As explained in the production slides earlier in this report (pg. 05), sales volume remain as the main source of negative variation (- 23.404 m3, or - 25%). Also, because of the decreased on Consufor price along the year (dropped by roughly -15% on average compared to the budget), the result was affected by USD 873 k.

Regarding operational expenses, due to inflation index IGP-M (General Index Price – Market) increase above expectations, the management fee between TRC and FSA has been higher than budget. Also, the non-budgeted VTP's legal expenses contributed to this negative variation (~ USD 200k).

Harvesting costs was under budget due to the lower volume harvested and as part of the strategy to preserve cash on FSA during 2021, less stump removal area will be carried until necessary (more details in next slide).

The positive effect on Fx rates is due to BRL devaluation. The budget Fx rate was 5.00 and by year-end, it averaged 5.39.

The positive variation on forestry costs is related the process of LUD claim on Paiolandia Farm. The payment budgeted was not materialized.

Cost of Production Summary - YEE

Harvesting Cost, per activity:

		Budget YEE	Actual YEE	Var. %
Tree Selection	BRL	0	0	0%
Harvesting	BRL	3.239.671	3.676.356	13%
Forwarding	BRL	3.628.005	3.226.423	-11%
Lot Formation	BRL	1.785.626	1.678.482	-6%
Loading	BRL	838.868	708.936	-15%
Tax	BRL	1.229.112	389.533	-68%
Total	BRL	10.721.282	9.679.730	-10%
Commercial Vol.	m ³	95.142	71.738	-25%
BRL/m ³	BRL	112,69	134,93	20%
BRL/USD rate	-	5,00	5,41	100%
USD/m ³	USD	23	25	11%
Standard Cost to Effective Adjustment	BRL	N/A	-398.357	N/A
Total (+) Adjustment	BRL	10.721.282	9.281.373	-13%
USD/m ³	USD	23	24	6%
Stump Removal	BRL	4.159.514	1.788.834	-57%
Harvesting Adj + Stump Removal	BRL	14.880.796	11.070.207	-26%

Cost of Production (Harvesting) is 6% above budget (USD 24 actual x USD 23 budget). Less harvested volume, inflation (fuel, lubricants, parts and food) and COVID cautious measures (as providing masks, gloves, disinfectants, two buses per team and some medical assistance) are the main drivers for that.

Standard Cost 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). Basically, costs that were being considered in the silviculture should have been allocated in the harvesting.

Stump removal was performed in DLG2000, SER1999 and VDO1999 but in a very slow pace. As part of the strategy to preserve cash on FSA during 2021, less stump removal area will be carried until necessary. Although this is a temporary saving, once the activity must be done earlier or later, FSA situation is expected to improve in the future, and it will be able to bear those costs without compromising its financial health.

Silvicultural Operations Summary – YEE

Forestry Operations FY

Type	Act. Group	Unit	Total Cost (BRL)		Quantity (un)		Unitary Cost (BRL/un)	
			Actual	Budget	Actual	Budget	Actual	Budget
Silviculture	Firebreaks	ha	507.107	199.721	865	430	586	464
	Weed Control	ha	245.609		461		533	
	Pruning	ha		152.679		214		713
	Roads	km	216.634	579.948	98	190	2.201	3.052
	Inventory	parc	440.842	83.855	2.893	1.249	156	69
	Tree Selection	ha	201.307	183.875	1.396	1.859	181	124
	Operational Support	-	1.832.344	1.780.230	1	30	0	0
	Sprout Control	ha	263.453	60.123	463	107	569	561
	Pest Control	ha		112.833		1.120		101
	Research	-	1.637		8		0	
	Taxes	--	51.470	254.328			0	0
	Adjustment	--	-171.230	0			0	0
	Total geral			3.589.173	3.407.591	6.184	5.199	4.226

Forestry operations were slightly over the budget (~5%). Main differences were:

- Firebreaks were intensified during 2021 due to two very dry years in a row and the risks of forest fires were very high in the end of the dry period.
- Weed control was performed to achieve better safety conditions (visibility) during harvesting of some areas.
- Roads: part of the road maintenance was postponed due to the prospect of temporarily pausing the harvest (India partial lockdown during June and July). Maintenances that were scheduled to 4Q were halted since final harvested was halted by VTP injunction.
- Inventory: in order to have better estimates, in 2021, 100% of FSA projects were measured and resulted in more expenses than budgeted, where we only planned for measuring half of the projects.
- Forestry was also impacted by inflation (fuel, lubricants, parts and food) and COVID protective measures.

General & Administrative Expenses

G&A / Overhead Summary YEE

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

G&A Expenses
Property Management
Total

2021 Budget	2021 FY	Varição
(2,072,576)	(2,879,598)	-807,022
(454,097)	(518,186)	-64,089
(2,526,673)	(3,397,784)	-871,111

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

For full year, these costs were USD 807 k over the budget due to higher inflation index IGP-M (General Price Index– Market), which is the reference for the contract between TRC and FSA. Also, the non-budgeted VTP's legal expenses contributed to this negative variation.

There is no significant variance for property management.

While analyzing a request from Mr. Evert Bos about the evolution of G&A fees, TRC discovered an error in the inflation correction on past G&A charges since January 2018. This resulted in an accumulated over charge of approximately BRL1.5 M since then. This value will be reimbursed to FSA by discounting G&A invoices from TRC in January and February 2022.

Cash Summary - YEE

Actual and Budget Cash Flow

FSA Cash Flow (In USD 0,00)											
	1Q2021 Budget	1Q2021 Actual	2Q2021 Budget	2Q2021 Actual	3Q2021 Budget	3Q2021 Actual	4Q2021 Budget	4Q2021 Actual	2021 Budget	2021 FY	Variation
Fx rate	5.00	5.70	5.00	5.00	5.00	5.44	5.00	5.58	5.00	5.58	
Initial Balance	282,272	252,855	(3,567)	307,517	(131,761)	153,632	59,531	309,620	282,272	252,855	(29,417)
Gross Revenues	2,261,131	1,934,506	1,940,729	1,966,616	2,175,253	2,059,877	2,424,640	1,700,618	8,801,753	7,661,617	(1,140,137)
Biomass Sales	0	21,934	0	9,055	0	5,681	0	11,262	0	47,932	47,932
Log Sales	1,504,131	1,167,899	1,898,729	1,949,972	2,133,253	2,049,668	2,382,640	1,688,944	7,918,753	6,856,484	(1,062,270)
Other Sales	757,000	744,672	42,000	7,589	42,000	4,528	42,000	412	883,000	757,201	(125,799)
(-) Sales Deductions	(50,389)	(2,451)	(77,406)	(6,095)	(44,000)	(3,046)	(73,526)	(3,700)	(245,322)	(15,291)	230,031
Net Revenues	2,210,742	1,932,056	1,863,323	1,960,521	2,131,253	2,056,831	2,351,114	1,696,918	8,556,432	7,646,326	(910,106)
Operational expenses	(1,110,849)	(1,430,345)	(1,704,695)	(1,653,812)	(1,551,427)	(1,338,756)	(1,918,474)	(1,273,700)	(6,285,444)	(5,696,612)	588,832
Legal Expenses	(201,000)	(139,302)	(126,000)	(175,035)	(126,000)	(189,638)	(126,000)	(141,354)	(579,000)	(645,329)	(66,329)
Financial rev./exp.	(3,718)	295	(6,182)	25,299	(2,100)	629	(5,346)	(5,632)	(17,346)	20,591	37,937
Income tax	0	0	0	0	0	0	0	0	0	0	0
Transfers to FBV	(107,021)	(171,291)	(91,940)	(115,509)	(197,734)	(116,798)	(86,394)	(109,258)	(483,090)	(512,856)	(29,766)
Transfers to SATT	(62,700)	(39,044)	(62,700)	(39,012)	(62,700)	(37,849)	(62,700)	0	(250,800)	(115,904)	134,896
Others Transfers	0	503	0	(33,182)	0	(25,317)	0	221,919	0	163,923	163,923
Bridge Loan	(1,011,293)	(55,325)	0	(165,973)	0	(165,973)	0	(165,973)	(1,011,293)	(553,244)	458,048
Fx gain/Loss	0	(42,886)	0	42,819	0	(27,142)	0	(31,017)	0	(58,227)	(58,227)
Closing Balance	(3,567)	307,517	(131,761)	153,632	59,531	309,620	211,731	501,522	211,731	501,522	289,791

The closing cash was USD 501 k versus USD 211 k budgeted, or a favorable variance of USD 289 k.

The main negative variation was on log sales. The decrease in harvested volume as consequence of the VTP's injunction, also, the decrease on roadside prices (Consufor) contributed for the lower revenues when compared to budgeted.

Operational expenses were under budget due to the savings on forestry and harvesting costs, as explained on the P&L slide.

The bridge loan contracted will be repaid on monthly installments of BRL 276 k from March 2021 onwards, until December of 2022. The collateral for this transaction is the collection of FSA receivables for log sales.

To facilitate comparisons, all values in BRL were converted to the USD using the budget fx rate of BRL 5.00/ USD. As the by the end of 4Q, it registered 5.58, overall results were negatively impacted by this adjustment.

FSA Balance Sheet

Floresteca S/A

Balance Sheet position of January 01 to December 31, 2021

(In thousands of reais/dollars)

FX RATE- ASSETS 5,5799
FX RATE - LIABILITIES 5,5805

ASSETS			LIABILITIES AND EQUITY		
	R\$	\$		R\$	\$
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	2.797	501	Loans and financing	629.006	112.715
Accounts receivable	8.557	1.533	Leasing	1.672	300
Inventories	1.317	236	Suppliers and other accounts payable	2.951	529
Recoverable taxes	1.147	206	Taxes payable	160	29
Other receivables	177	32	Salaries, vacations and payroll charges payable	187	33
Total Current Asset	13.994	2.508	Total Current Liabilities	633.977	113.606
NON-CURRENT ASSETS			Non-current liabilities		
Advances to agricultural partners	7.063	1.266	Leasing	1.393	250
Deferred taxes	43.719	7.835	Contingencies	43.515	7.798
Biological Assets	621.684	111.415	Total Non-Current Liabilities	44.909	8.047
Property, plant & equipment	612	110	EQUITY		
Intangible assets	5	1	Capital	27.798	4.981
Total Non-Current Asset	673.084	120.626	Legal reserve	5.559	996
			Profit reserve	(25.164)	(4.509)
			Foreign exchange adjust		13
			TOTAL EQUITY	8.193	1.481
TOTAL CURRENT ASSETS	687.078	123.134	TOTAL LIABILITIES AND EQUITY	687.078	123.134

Appendix - Financial Tables

Summary P&L - YEE (USD)

FSA Participações			
Profit and Loss			
<i>(In BRL 0,00)</i>			
	2021	2021	Variação
	Budget	FY	
<i>Volume m3</i>	95.142	71.738	-23.404
Log Sales	9.090.992	6.033.084	-3.057.908
Logs	9.090.992	5.981.209	-3.109.784
Firewood	0	51.875	51.875
Other Sales	0	0	
(-) Sales Deductions	(264.348)	(197.444)	66.904
Net Sales	8.826.644	5.835.640	-2.991.004
CoGS			
COP	(2.960.694)	(2.214.041)	746.652
Depletion	(6.311.988)	(3.334.270)	2.977.718
Carry Over Costs	0	234.604	234.604
Total CoGS	(9.272.682)	(5.313.708)	3.958.974
Gross Profit	(446.037)	521.932	967.970
Operational Expenses			
Payroll expenses	(11.410)	5.098	16.508
G&A Expenses	(2.072.576)	(2.879.598)	-807.022
Sales Expenses	0	(4.118)	-4.118
Other operational income/expenses	0	644.169	644.169
Operational Result	(2.530.023)	(1.712.517)	817.506
Financial Income	0	104.614.007	104.614.007
Financial Expenses	(10.626)	(102.011.311)	-102.000.685
Financial Result	(10.626)	2.602.697	2.613.323
EBT	(2.540.649)	890.179	3.430.829
Income Tax	0	0	
Deferred Income Tax	0	93.339	93.339
Profit & Loss	(2.540.649)	983.518	3.524.167

FSA Participações			
Profit and Loss			
<i>(In BRL 0,00)</i>			
	2021	2021	Variação
	Budget	FY	
Profit & Loss	(2.540.649)	983.518	3.524.167
Deferred Income Tax	0	(93.339)	(93.339)
Financial Income	0	(104.614.007)	-104.614.007
Financial Expenses	10.626	102.011.311	102.000.685
Depreciation and Amortization	3.401	2.279	-1.122
Depletion	6.311.988	3.334.270	-2.977.718
Other accounting provisions	0	(878.772)	-878.772
EBITDA	3.785.366	745.260	-3.040.106
Capitalized Costs			
Forestry	(1.451.587)	(717.862)	733.724
Depreciation	(55.633)	(89.158)	-33.525
Property Management	(454.097)	(518.186)	-64.089
Others	(81.706)	(441.316)	-359.611
Fx gain (loss) to Actual	0	512.886	512.886
EBITDA adjusted	1.742.344	(508.378)	-2.250.721

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

Cash Summary - YEE

YEE and Budget Cash Flow, in BRL

FSA Cash Flow (In BRL 0,00)	FY										
	1Q2021 Budget	1Q2021 Actual	2Q2021 Budget	2Q2021 Actual	3Q2021 Budget	3Q2021 Actual	4Q2021 Budget	4Q2021 Actual	2021 Budget	2021 FY	Variation
Initial Balance	1,411,359	1,264,273	(17,833)	1,752,014	(658,805)	768,500	297,657	1,684,145	1,411,359	1,264,273	(147,086)
Gross Revenues	11,305,654	9,672,531	9,703,646	9,833,081	10,876,267	10,299,383	12,123,201	8,503,090	44,008,767	38,308,084	(5,700,683)
Biomass Sales	0	109,672	0	45,273	0	28,404	0	56,310	0	239,659	239,659
Log Sales	7,520,654	5,839,497	9,493,646	9,749,862	10,666,267	10,248,339	11,913,201	8,444,722	39,593,767	34,282,419	(5,311,348)
Other Sales	3,785,000	3,723,362	210,000	37,946	210,000	22,640	210,000	2,058	4,415,000	3,786,006	(628,994)
(-) Sales Deductions	(251,944)	(12,253)	(387,032)	(30,476)	(220,000)	(15,228)	(367,632)	(18,498)	(1,226,608)	(76,455)	1,150,153
Net Revenues	11,053,710	9,660,278	9,316,614	9,802,605	10,656,267	10,284,154	11,755,569	8,484,592	42,782,160	38,231,629	(4,550,531)
Operational expenses	(5,554,244)	(7,151,723)	(8,523,476)	(8,269,058)	(7,757,133)	(6,693,781)	(9,592,368)	(6,368,498)	(31,427,221)	(28,483,061)	2,944,160
Legal Expenses	(1,005,000)	(696,509)	(630,000)	(875,177)	(630,000)	(948,188)	(630,000)	(706,771)	(2,895,000)	(3,226,645)	(331,645)
Financial rev./exp.	(18,591)	1,474	(30,909)	126,496	(10,500)	3,145	(26,732)	(28,162)	(86,732)	102,953	189,685
Income tax	0	0	0	0	0	0	0	0	0	0	
Transfers to FBV	(535,104)	(856,454)	(459,702)	(577,545)	(988,672)	(583,990)	(431,972)	(546,290)	(2,415,450)	(2,564,279)	(148,829)
Transfers to SATT	(313,500)	(195,219)	(313,500)	(195,060)	(313,500)	(189,243)	(313,500)	0	(1,254,000)	(579,522)	674,478
Others Transfers	0	2,517	0	(165,909)	0	(126,587)	0	1,109,594	0	819,614	819,614
Bridge Loan	(5,056,463)	(276,623)	0	(829,866)	0	(829,866)	0	(829,866)	(5,056,463)	(2,766,221)	2,290,242
Closing Balance	(17,833)	1,752,014	(658,805)	768,500	297,657	1,684,145	1,058,653	2,798,743	1,058,653	2,798,743	1,740,090



Obrigado / Thank You!

