



Floresteca S.A.

2Q 2022 Results Summary

June 2022



Agenda

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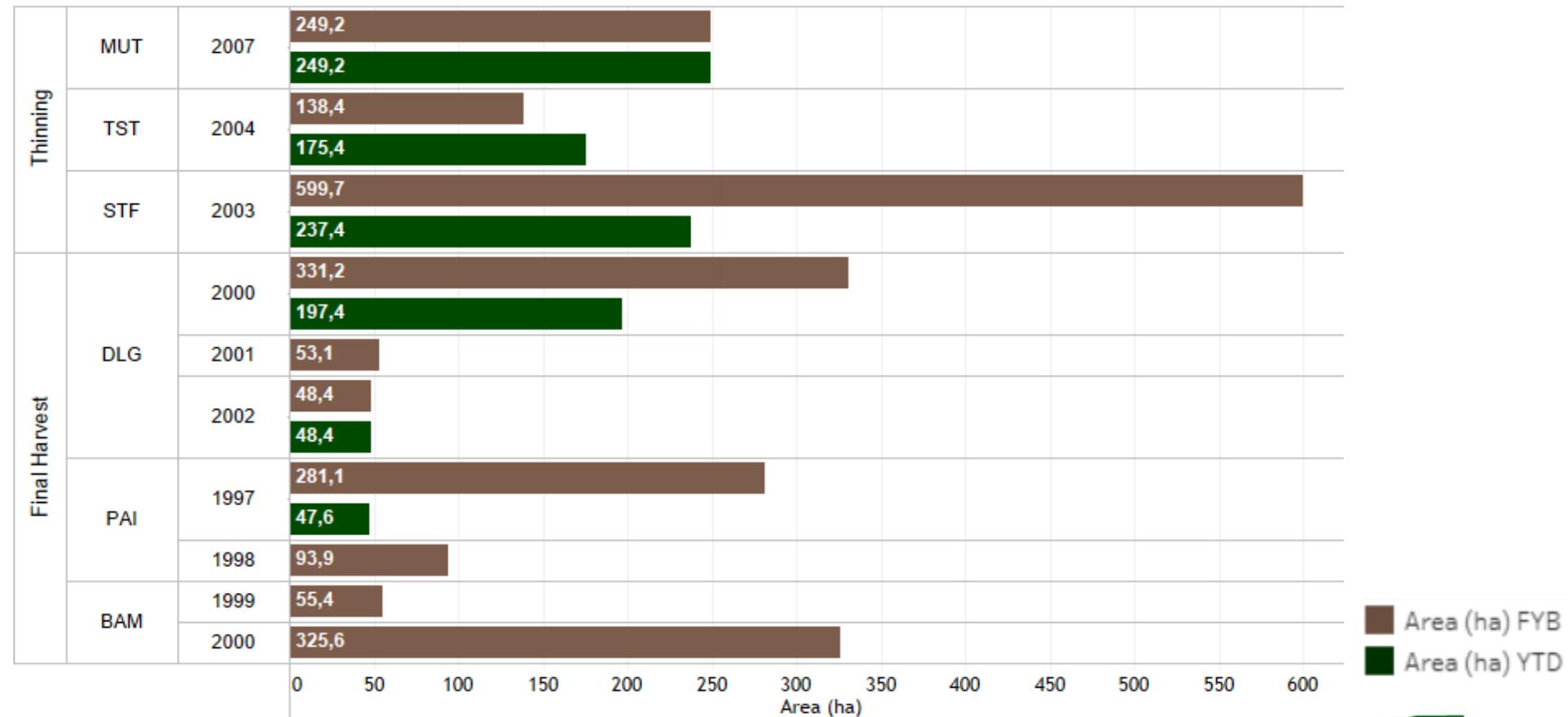
Harvest Operations by Farm

Table: Area Changes - YTD

Project	Planting Year	Initial Area (ha) - End of 1Q 2022	Harvested Area (ha)	Current Area (ha) - End of 2Q 2022
Paiolandia	1997	281.17		281.17
Paiolandia	1998	93.89		93.89
Bambu	1999	549.07		549.07
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 Jauru	2002	1,059.97		1,059.97
Barranquinho	2003	12.78		12.78
Cacimba	2003	10.19		10.19
Santa Maria do Jauru	2003	206.72		206.72
Santa Fé	2003	2,550.47		2,550.47
Barranquinho	2004	1,002.89		1,002.89
Terra Santa	2004	1,127.44		1,127.44
Duas Lagoas	2005	202.93		202.93
Duas Lagoas	2006	215.84		215.84
Mutum	2007	511.32		511.32
São José	2007	301.22		301.22
Santa Maria do Jauru II	2008	94.42		94.42
Total		13,165.41		13,165.41

The table on the left presents FSA projects initial area (ha), based on the end of 1Q 2022, the harvested area at the 2Q 2022, and the currently standing area. We do not have any final harvest areas fully finished in 2022.

The graphic below shows the 2022 budgeted areas (brown color) and areas where harvest operations have already started (green color). Here, operations may still be ongoing.



Sales Summary – Year to date

	January	February	March	April	May	June	Total
BAM1999							
Budget	0	0	1,477	0	0	0	1,477
YEE	0	0	0	0	0	0	0
BAM2000							
Budget	0	0	1,189	3,999	3,278	0	8,466
YEE	0	0	0	0	0	0	0
DLG2000							
Budget	3,500	2,878	0	653	0	0	7,032
YEE	674	1,331	154	1,470	1,806	527	5,962
DLG2001							
Budget	0	0	0	1,505	2,159	912	4,576
YEE	0	21	0	0	0	50	71
DLG2002							
Budget	0	0	0	0	0	1,247	1,247
YEE	0	0	0	0	0	2,294	2,294
MUT2007							
Budget	1,600	1,621	0	0	0	0	3,221
YEE	0	799	1,883	151	1,504	505	4,842
PAI1997							
Budget	0	122	4,000	4,000	4,500	4,500	17,121
YEE	0	0	0	0	0	0	0
SER1999							
Budget	0	0	0	0	0	0	0
YEE	488	0	0	0	0	0	488
STF2003							
Budget	0	0	0	0	0	0	0
YEE	0	0	1,313	3,098	3,176	1,238	8,825
TST2004							
Budget	0	0	0	0	0	0	0
YEE	90	573	0	1,138	1,569	0	3,369
VDO1999							
Budget	0	0	0	0	0	0	0
YEE	376	0	0	0	0	0	376
Total Volume							
Budget	5,100	4,621	6,666	10,158	9,937	6,659	43,140
YEE	1,629	2,724	3,350	5,856	8,055	4,615	26,229

During the 2Q, sales volumes increased following the court decision to lift the injunction that was forbidding any final harvests in FSA. With that final harvest resumed in Duas Lagoas (DLG 2002).

All thinnings that were ongoing at the time of that decision in Santa Fé (STF2003), Mutum (MUT2007) and Duas Lagoas (DLG2000) still had its final production extracted and sold in the 2Q.

Thinning also started in Terra Santa (TST2004), a farm with a strong issue with fungal infections where we can only operate during the dry season months (Apr-Sep).

Overall, we are nearly 17.000 m³ below the initial plan, mostly because of the injunction forbidding final harvests in the 1Q, but also because of global constraints in container availability which has been hindering our ability to export logs to India, Teak logs main market.

Sales Summary – Year end estimate

	January	February	March	April	May	June	July	August	September	October	November	December	Total
BAM1999													
Budget	0	0	1,477	0	0	0	0	0	0	0	0	0	1,477
YEE	0	0	0	0	0	0	0	0	0	0	0	0	0
BAM2000													
Budget	0	0	1,189	3,999	3,278	0	0	0	0	300	4,500	3,003	16,270
YEE	0	0	0	0	0	0	0	0	0	0	0	0	0
DLG2000													
Budget	3,500	2,878	0	653	0	0	0	546	3,576	4,500	4,000	2,104	21,757
YEE	674	1,331	154	1,470	1,806	527	2,105	3,468	810	3,996	5,992	5,432	27,765
DLG2001													
Budget	0	0	0	1,505	2,159	912	0	0	0	0	0	0	4,576
YEE	0	21	0	0	0	50	551	0	0	0	0	0	622
DLG2002													
Budget	0	0	0	0	0	1,247	2,528	2,088	0	0	0	0	5,863
YEE	0	0	0	0	0	2,294	931	0	0	0	0	0	3,225
MUT2007													
Budget	1,600	1,621	0	0	0	0	0	0	0	0	0	0	3,221
YEE	0	799	1,883	151	1,504	505	20	0	0	0	0	0	4,862
PAI1997													
Budget	0	122	4,000	4,000	4,500	4,500	1,370	0	0	0	0	0	18,491
YEE	0	0	0	0	0	0	0	3,277	3,277	3,277	3,277	3,277	16,385
PAI1998													
Budget	0	0	0	0	0	0	3,631	3,520	0	0	0	0	7,151
YEE	0	0	0	0	0	0	0	1,026	1,026	1,026	1,026	1,026	5,128
SER1999													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	488	0	0	0	0	0	0	0	0	0	0	0	488
STF2003													
Budget	0	0	0	0	0	0	0	0	0	577	1,333	3,013	4,923
YEE	0	0	1,313	3,098	3,176	1,238	1,904	221	0	0	0	0	10,950
TST2004													
Budget	0	0	0	0	0	0	0	0	478	4,047	0	0	4,525
YEE	90	573	0	1,138	1,569	0	272	2,000	0	0	0	0	5,641
VDO1999													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	376	0	0	0	0	0	0	0	0	0	0	0	376
Total Volume													
Budget	5,100	4,621	6,666	10,158	9,937	6,659	7,528	6,154	4,054	9,423	9,833	8,120	88,253
YEE	1,629	2,724	3,350	5,856	8,055	4,615	5,783	9,992	5,113	8,299	10,295	9,734	75,445

For the second semester, operations should concentrate on final harvest of Duas Lagoas (DLG2000) and Paiolandia (PAI1997 and PAI1998).

Final harvests in BAM1999 and BAM2000 are postponed to either 2023 or 2024 (decision to be taken in the next management plan) as they are very poor projects which contribute very little to FSA cash generation.

The forecast is to catch up on volumes and finish the year nearly 13.000 m³ below budget.

Yields - Thinning

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

Project	Planting Year	Site Class	DBH (cm)	BA (m ² /ha)	AREA (ha)		VOL (m ³ /ha)		REMOVED (TPH)	
					FYB	YTD	FYB	YTD	FYB	YTD
TST	2004	S1	36,3	11,1	640,4	640,4	14,4	16,5	48	65
Total			36,3	11,1	640,4	640,4	14,4	16,5	48	65

- Table = 2021 budget stands. Total values (volume, area and trees) planned and performed until end of 2Q 2022.
- DBH and BA are the latest measured data.

Table: Log sales thinning, 2022 FY volume vs Budget FY

Project	Planting Year	Site Class	DBH (cm)	BA (m ² /ha)	AREA (ha)		VOL (m ³ /ha)		REMOVED (TPH)	
					FYB	YTD	FYB	YTD	FYB	YTD
MUT	2007	S1	30,4	12,0	114,6	114,6	12,3	20,9	54	87
		S2	24,1	15,4	116,0	116,0	14,3	19,2	182	202
		S3	22,7	9,3	18,6	18,6	7,8	11,8	243	266
STF	2003	S1	35,7	9,1	83,5	83,5	7,7	36,0	30	85
Total			29,1	12,2	332,7	332,7	11,6	23,6	103	136

- Table = 2022 budget stands. Total values (volume, area and trees) planned and performed until end of 2Q 2022.
- DBH and BA are the latest measured data.

The tables show separately 2021 planned and 2022 planned sales. These tables show only stands where operations are fully finished, so that the yields per hectare are comparable.

Planned

In TST we finished the 2021 planned area during the 2Q 2022, due to the delay caused by export logistics problem.

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. Also, systematic fifth row removal is being done in stands without enough space for the harvester machine to operate.

Another point that have impacted the number of removed trees was the higher level of disease. These changes resulted in a higher volume than forecasted (16.5 against 14.4 m³/ha).

In 2Q 2022 we finished activities in MUT and STF. For both projects, the systematic fifth row removal, in some stands, resulted in a higher number of removed trees and volume than budgeted (12.9 against 19.4 m³/ha and 36.0 against 7.7 m³/ha), respectively. Also, in some stands, the high number of sick trees increased the number of removed trees.

Yields - Thinning

Table: Log sales thinning, 2022 unplanned

Project	Planting Year	Site Class	Area (ha)	Vol. (m ³ /ha)	Removed (TPH)
			YTD	YTD	YTD
STF	2003	S1	153,9	36,1	90
Total			153,9	36,1	90

• Table = 2022 non budget stands. Total values (volume, area and trees) performed until end of 2Q 2022.

The table shows 2022 unplanned sales. This table show only stands where operations are fully finished.

Unplanned

With the injunction forbidding final harvests in place, alternatives operations outside of the initial plan were execute to maintain FSA revenue stream. Some delayed thinnings in STF2003 were chosen to be performed for its capacity to generate good quality logs and being possible to operate during the wet season.

Log Sales & Prices

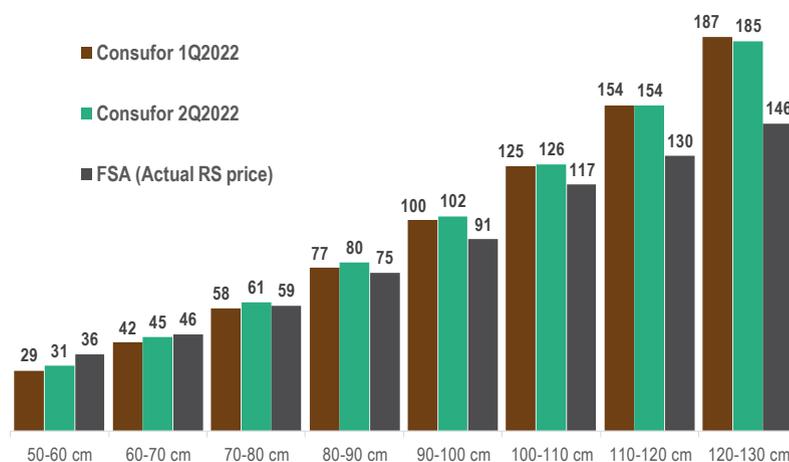
Roadside Prices Comparison 2022 YTD

Girth Class	Volume m3		Value USD		Avg RS Price (USD/m ³)		Avg Girth (cm)		Proportion	
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
50-60	4,404	5,675	146,792	206,422	33	36	56	60	10%	22%
60-70	7,470	5,543	331,169	254,273	44	46	66	70	17%	21%
70-80	7,798	1,365	457,573	81,117	59	59	75	74	18%	5%
80-90	2,955	3,512	227,944	263,642	77	75	85	86	7%	13%
90-100	11,878	5,862	1,023,720	532,170	86	91	94	94	28%	22%
100-110	3,885	2,015	492,563	235,287	127	117	105	106	9%	8%
110-120	2,650	1,366	416,107	178,076	157	130	114	115	6%	5%
120-130	1,374	748	262,497	108,945	191	146	125	123	3%	3%
130-140	589	119	125,509	22,524	213	189	135	133	1%	0%
140-150	107	24	29,025	4,545	271	190	145	141	0%	0%
150-160	29	0	7,972	0	271	0	155	0	0%	0%
Total Geral	43,140	26,229	3,520,871	1,887,002	82	72	96	89	100%	100%

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

Overall, roadside prices had a slight increase in the 2Q 2022, compared to the prices from 1Q 2022 used in the preparation of this budget (~2% on average). However, prices for defective logs, such as channelling or crooked, are given a discount on their Consufor value (30%). That is the reason why the actual averages on each girth classes are below Consufor prices in the bottom graph.

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



Market Update

In the 2Q 2022, Panama, Ghana and Ecuador were the main teak suppliers to India, with 64% of total teak wood imported. The total imported volume in India was 24% higher QoQ, and 37% lower YoY. TRC's market share in India was estimated to be 2% among all Indian imports and 51% among the imported Brazilian teak wood in the quarter.

The Covid-19 pandemic in India have been steady during the second quarter of 2022, the vaccination in the country have reached more than 1.02 billion doses with 66% of the population totally vaccinated and 74% received at least one dose.

The global market is still facing strong logistical bottlenecks with shortage of containers and a significant increase in sea freight costs, Brazil seems to be facing stronger barriers compared to the other exporting countries. It is not clear for how long the global supply chain disruption will last. Routes between Brazil and India are still strongly affected, also other Asian destinations important to Teak trade, such as China and Vietnam, are also being impacted by Chinese lockdowns that aims to reach zero covid rate and the war between Ukraine and Russia.

India's low supply have been overcome as Teak producing countries and traders have been able to somewhat overcome the enormous difficulties in making way with their wood there, although the availability of thicker logs is still at a low level in the country. Prices have risen and became able to cover the increased freight costs for most products. The rupee depreciation and the growing level of thin logs stock in India is concerning importers about the current price levels. TRC will keep tracking volume and price fluctuation on the 3Q2022.

TRC is seeking and achieving 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 to avoid any losses of harvested wood.

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
2021 HR	1.908.246
Total	23.558.384
Paid	-9.613.849
Outstanding	13.944.535

Harvest report 2021 is considering the finalization of the project CPB1999.

Legal and Compliance Update

VTP – Floresteca S/A:

06/28/2022: the Public Prosecutor specialized in the citizenship and consumer defense presented his legal opinion before the COURT OF APPEALS, to confirm that (i) VTP associates cannot be considered as consumers, they are investors who has undertaken the investment risks; (ii) the incomes are the main objective of the investment agreement executed between the investors and the Dutch companies, and (iii) the Brazilian jurisdiction is not proper to analyze and conduct the case.

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 – The judge of the claim released the deposited amounts and **dismissed the case**
- Terra Santa – Mediape (the expert) informed the judge of the claim that 2 more inspections in the farm will be needed to finish the expert’s job, on July 22 and August 9.
- Bambu IV; FSA presents an opposition against FRIGIERI's questions to the expert and reinforces that (i) the expert’s analyses shall be limited to the technical and scientific examination, such as the teak planting beginning, conditions, management and maintenance, and (ii) the questions regarding the interpretation of contractual clauses shall be denied.

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.

05/30/2022: the lawsuit was received in the COURT OF APPEALS, and Mr. Rondon’s court cost exception request should be analyzed by the reporting judge, Mr. Sebastião Barbosa Farias.

07/11/2022: Mr. Rondon presented to the judge of the claim more documents, to prove that he cannot pay for the court costs.

07/12/2022: the reporting judge – Mr. Sebastião Barbosa Farias, decided that Mr. Rondon’s appeal shall be judged by the same reporting judge of the FIRST PRELIMINARY APPEAL of the DIRECTOR REMOVAL LAWSUIT – Ms. Marilsen Andrade Addario, and forward the appeal to the 2nd Chamber of Private Law from Mato Grosso.

07/18/2022: Mr. Rondon filed a plea for clarification of the decision of 07/12/2022 provided by Judge Sebastião Barbosa Frias (which has sent the appeal to the same reporting judge of the FIRST PRELIMINARY APPEAL of the DIRECTOR REMOVAL LAWSUIT – Ms. Marilsen Andrade Addario) and argued that (i) the reporting judge needs to indicate in the decision the applicable articles of the COURT OF APPEALS bylaws; (ii) the jurisdiction conflict between the responsible reporting judge should be analyzed by the President of the COURT OF APPEALS, and (iii) Mr. Sebastião Barbosa Farias should be the reporting judge until the final decision of the COURT OF APPEALS President.

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

For the second semester the main challenge is now the logistic crisis which is still strongly affecting trade between Brazil and India, the main destination for all global Teak wood production. This is affecting not only freight rates, compressing margins for producers, but even the sheer availability of transporting units.

COVID-19: Despite an increase in the number of cases at the end of the 2Q throughout Brazil, having most of the population with a full vaccination helped to keep them very mild and hospitalization and casualties rates very low. No restrictive measures were necessary at this time.

FSA Summary Financial Information

Summary P&L

FSA (USD) PROFIT & LOSS	YTD Budget	YTD Actual	Var.	%	2022 Budget	2022 FY	Var.	%
<i>Volume m³</i>	43,140	26,229	-16,911	-39%	88,253	75,445	-12,809	-15%
Sales	3,520,871	1,944,831	-1,576,040	-45%	7,254,211	6,403,032	-851,179	-12%
Log Sales	3,520,871	1,887,002	-1,633,868	-46%	7,254,211	6,345,204	-909,007	-13%
Biomass	0	17,315	17,315	0%	0	17,315	17,315	0%
Other Sales	0	40,513	40,513	0%	0	40,513	40,513	0%
(-) Sales Deductions	-74,564	-98,489	-23,925	32%	-170,637	-314,592	-143,955	84%
Net Sales	3,446,307	1,846,342	-1,599,965	-46%	7,083,574	6,088,440	-995,134	-14%
COP	-1,687,260	-857,169	830,090	-49%	-3,578,024	-2,292,629	1,285,396	-36%
Gross Profit	1,759,047	989,173	-769,875	-44%	3,505,550	3,795,812	290,262	8%
Operational Expenses	-1,649,686	-1,315,176	334,510	-20%	-3,219,012	-3,867,708	-648,695	20%
Forestry	-216,358	-125,959	90,399	-42%	-370,493	-370,493	0	0%
Property Management	-258,467	-164,138	94,329	-36%	-530,443	-530,443	0	0%
SG&A Expenses	-1,082,245	-728,693	353,552	-33%	-2,040,231	-1,712,133	328,097	-16%
Land Use Deals	-92,615	0	92,615	-100%	-277,845	-185,230	92,615	-33%
Other operational	0	-54,028	-54,028	0%	0	-70,846	-70,846	0%
Fx gain (loss) to Actual	0	-242,357	-242,357	0%	0	-998,561	-998,561	0%
EBITDA	109,361	-326,003	-435,365	-398%	286,537	-71,896	-358,433	-125%
Depreciation/Amortization	0	-6,597	-6,597	0%	0	-6,597	-6,597	0%
Depletion	-2,854,730	-796,527	2,058,202	-72%	-6,316,582	-5,168,196	1,148,387	-18%
Other accounting adj.	0	54,162	54,162	0%	0	54,162	54,162	0%
Financial Income	0	111,000	111,000	0%	0	111,000	111,000	0%
Financial Expenses	-21,506	-43,270	-21,764	101%	-29,826	-51,590	-21,764	73%
EBT	-2,766,874	-1,007,235	1,759,639	-64%	-6,059,871	-5,133,116	926,755	-15%
Income Tax	0	-112,122	-112,122	0%	0	-112,122	-112,122	0%
Deffered Income Tax	0	197,717	197,717	0%	0	197,717	197,717	0%
Profit & Loss	-2,766,874	-921,640	1,845,234	-67%	-6,059,871	-5,047,521	1,012,350	-17%

Summary P&L YTD

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



The YTD Operational Result was - USD 326 K versus USD 109 K budgeted or an unfavorable variation of USD 435 K.

The main negative variation remains coming from the lower than budget volume (16,911 m³). The VTP injunction and the logistic constraints affected production in the first semester 2022. As consequence, the COP (Harvesting costs) presented a saving by USD 830 K.

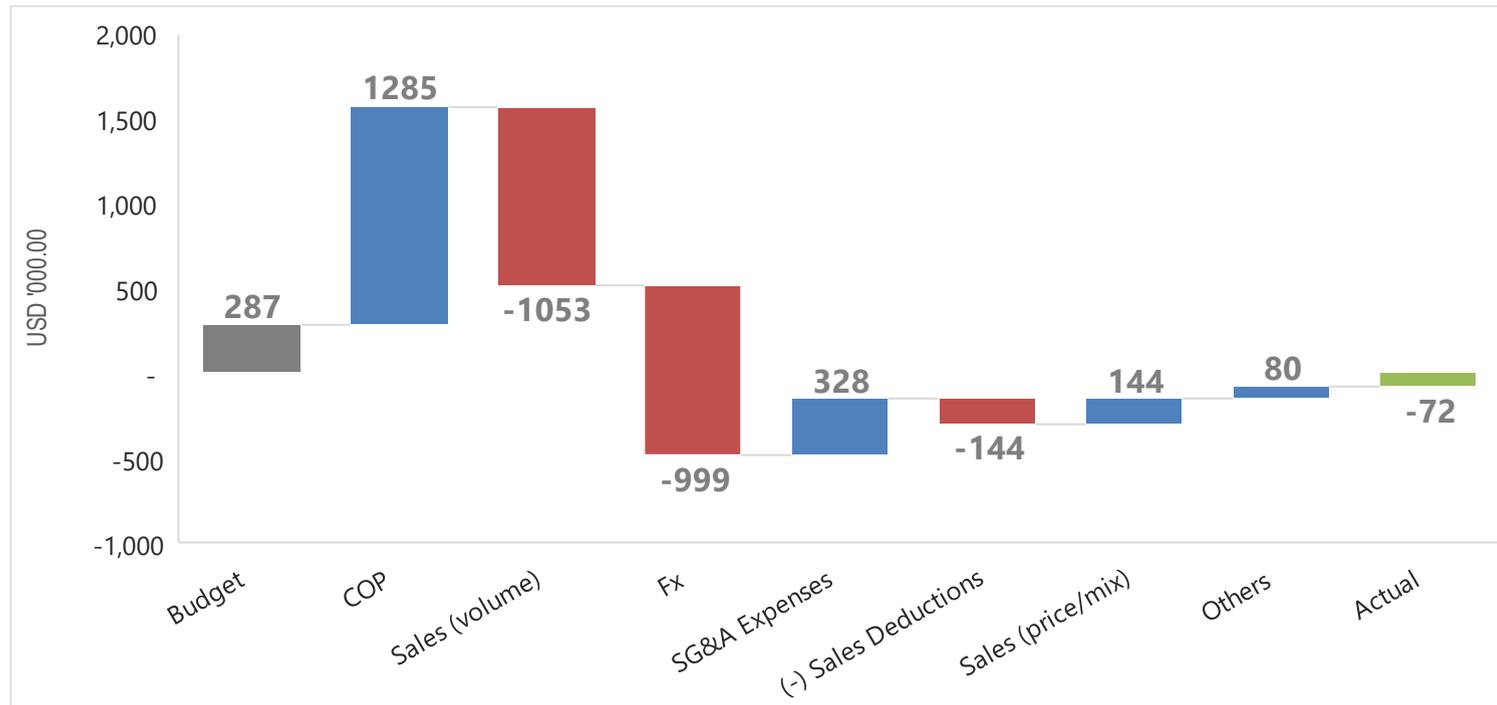
As commented on last report, the positive variance on SG&A Expenses was related to not invoicing Flat Fee in January and February. As agreed between involved parties (TRC and FSA), this is to offset an overcharge that was done in the past because of the wrong application of the inflation index to the contracted fee.

Sales (price/mix) presented a negative variation due to some sales with defect (channelling or crooked) being given a discount on their Roadside value (~ 30%).

The negative effect on Fx rates is due to BRL valuation in comparison to the budget expectation. The budget fx rate was 5.50 and in the end of 2Q, it was 5.24, averaging 5.02 in the period.

Summary P&L YEE

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



The overall FY Operational Result is – USD 72 K versus USD 287 K budgeted or an unfavorable variation of USD 358 K.

The main source of the positive variation is related COP (Harvesting costs) due to the under budget estimative of volume. Also, the lower-than-planned activities of stump removal, intentionally postponed to preserve cash in 2022, contribute for this variation.

Because of the logistic constraints and the VTP injunction during the first semester, TRC is not able to achieve the volume budgeted for the YEE. However, this is partially offset by the increased on the roadside prices (USD 144 K).

As commented on previous slide, the valuation of BRL causing a negative impact on USD result. The budget fx rate was 5.50 and for forecast, TRC is considering 5.00.

There is no significant variation from YTD for the other items.

Cost of Production Summary - YTD

Harvesting Cost, per activity:

Type	Act. Group	Unit	Total Cost (BRL)		Quantity (un)		Unitary Cost (BRL/un)	
			Actual	Budget	Actual	Budget	Actual	Budget
Harvesting	Lot Formation	m³	583.886	1.016.279	24.455	43.637	24	23
	Felling	m³	1.367.547	2.215.291	35.085	76.585	39	29
	Forwarding	m³	1.398.393	1.861.226	39.270	43.272	36	43
	Loading	m³	312.851	502.551	25.897	43.860	12	11
	Operational Support	-	857.290	1.152.227	0	0	0	0
	Soil Prep	ha	125.088	1.179.636	105	594	1.191	1.984
	Stump Removal	ha		1.141.334		594		1.920
	Tree Selection	ha	175.407	44.967	957	249	183	180
	Taxes	Nulo	181.251	524.243			0	0
	Adjustment	Nulo	-287.280	-357.827			0	0
Total geral			4.714.432	9.279.927				

Commercial Vol.	m³	26.229	43.140	-39%
Stock Volume	m³	6.546	0	0%
COP/m3	BRL	140	161	-13%
BRL/USD Budget Rate		5,50	5,50	0%
COP/m3	USD	25	29	-13%
Stump Removal	BRL	125.088	2.320.970	-95%
COP/m3	USD	33	39	-16%

Total costs were lower than budget basically because final cut was halted by VTP injunction during Q1. Unitary COP (considering only harvesting activities was 13% lower), effects of good yields during Q2.

COP considering harvesting and stump removal was 16% lower - effect of the postponing the land clearing activities to preserve cash in 2022.

In Brazil, BRL appreciation and inflation of basic inputs like fuel, lubricants, machine parts and food are playing a negative role in overall prices, putting pressure in the forest activities. So far, TRC was able hold off any major increases.

Adjustment: is the difference between the actual expenditures incurred in the period to the estimated costs of the resources used registered by our operational controls (standard cost)

Silvicultural Operations Summary - YTD

Forestry Operations YTD

Type	Act. Group	Unit	Total Cost (BRL)		Quantity (un)		Unitary Cost (BRL/un)	
			Actual	Budget	Actual	Budget	Actual	Budget
Silviculture	Sprout Control	ha	134.808	68.277	112	96	1.199	712
	Research	-	21.932		0		0	
	Firebreak	ha	126.147	208.684	373	410	338	509
	Inventory	parc	191.089	81.034	1.356	508	141	160
	Pruning	ha		52.366		90		582
	Roads	km	51.356	380.000	27	100	1.931	3.800
	Weed Control	ha	90.164	238.998	257	657	351	364
	Taxes	Nulo	17.167	137.942			0	0
	Adjustment	Nulo	60.113	22.670			0	0
Total geral			692.775	1.189.970	2.125	1.861	326	639

Forestry costs were under budget for Q2. Main differences were:

- Sprout control: activity was performed in Mutum and Cacimba farm as barriers to prevent forest fires.

- Inventory: over budget because inventory started earlier than planned to cover 100% of FSA's planted areas.

- Roads: under budget because VTP injunction delayed the final cut and TRC postponed the maintenances until the injunction was lifted.

- Weed control: under budget because VTP injunction delayed the final cut and TRC postponed the pre-harvesting cleanings.

Adjustment: is the difference between the actual expenditures incurred in the period to the estimated costs of the resources used registered by our operational controls (standard cost).

General & Administrative Expenses

G&A / Overhead Summary YTD

FSA (USD)	YTD Budget	YTD Actual	Var.	%
TOTAL OVERHEAD COSTS				
SG&A Expenses	-1,082,245	-728,693	353,552	-33%
Property Management	-258,467	-164,138	94,329	-36%
Total	-1,340,712	-892,832	447,881	-33%

G&A / Overhead Summary YEE

FSA (USD)	2022 Budget	2022 FY	Var.	%
TOTAL OVERHEAD COSTS				
SG&A Expenses	-2,040,231	-1,712,133	328,097	-16%
Property Management	-530,443	-530,443	0	0%
Total	-2,570,674	-2,242,577	328,097	-13%

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

The positive variance on SG&A Expenses was related to not invoicing Flat Fee in January and February. As agreed between involved parties (TRC and FSA), this is to offset an overcharge that was done in the past because of the wrong application of the inflation index to the contracted fee.

Cash Summary - YEE

Actual and Budget Cash Flow

FSA - Cash Flow (In USD 0,00) Fx Rate	1Q2022	1Q2022	2Q2022	2Q2022	3Q2022	3Q2022	4Q2022	4Q2022	2022	2022	Var.
	Budget	Actual	Budget	Actual	Budget	Forecast	Budget	Forecast	Budget	FY	
Initial Balance	79,850	522,130	374,074	709,372	628,233	22,228	453,010	-2,201,544	79,850	522,130	442,280
Gross Revenues	1,536,155	980,899	1,997,777	707,690	1,504,416	1,556,420	1,707,807	1,521,195	6,746,155	4,766,204	-1,979,951
Gross Revenues	1,127,155	685,172	1,997,777	654,586	1,504,416	1,116,148	1,707,807	1,521,195	6,337,155	3,977,101	-2,360,054
Other Sales	409,000	295,726	0	53,104	0	440,273	0	0	409,000	789,103	380,103
(-) Sales Deductions	-32,458	-8,519	-42,106	-5,464	-42,352	-67,103	-53,721	-135,470	-170,637	-216,556	-45,919
Net Revenues	1,503,697	972,380	1,955,671	702,226	1,462,064	1,489,317	1,654,086	1,385,724	6,575,518	4,549,648	-2,025,870
Harvesting	-539,589	-236,707	-722,961	-509,310	-618,379	-712,783	-847,676	-749,085	-2,728,604	-2,207,886	520,719
Other operational expenses	0	0	-92,606	-151,328	-92,606	-96,616	-92,606	-96,616	-277,818	-344,561	-66,743
Management Services Cost	0	0	-272,797	-141,138	-428,473	-556,329	-433,608	-433,608	-1,134,878	-1,131,074	3,804
G&A own expenses	-42,174	-175,453	-39,194	-54,090	-31,571	-48,372	-41,606	-66,970	-154,545	-344,886	-190,340
Property costs	-141,126	-60,472	-117,342	-93,426	-131,238	-159,551	-140,687	-188,422	-530,392	-501,869	28,523
Forestry Costs	-78,584	-83,011	-137,774	-76,302	-87,202	-132,182	-66,932	-112,132	-370,493	-403,627	-33,134
Operational expenses	-801,473	-555,644	-1,382,672	-1,025,594	-1,389,470	-1,705,833	-1,623,115	-1,646,832	-5,196,731	-4,933,902	262,829
Operational Cash Generation	702,223	416,737	572,998	-323,368	72,594	-216,515	30,971	-261,108	1,378,787	-384,254	-1,763,042
Legal Expenses	-79,545	-47,280	-79,545	-50,399	-11,364	-81,474	-11,364	-11,364	-181,818	-190,516	-8,698
Financial expenses	-12,117	-12,098	-9,389	-5,928	-5,594	-10,963	-2,726	-2,726	-29,826	-31,716	-1,890
Loan	-138,768	-150,885	-144,337	-153,726	-145,291	1,430,663	-150,896	-341,983	-579,292	784,069	1,363,361
Transfers to FBV	-85,569	-58,217	-85,569	-18,600	-85,569	-195,520	-85,569	-154,954	-342,274	-427,291	-85,017
Transfers to SATT	-92,000	-45,782	0	-37,876	0	-39,673	0	-39,885	-92,000	-163,216	-71,216
Cash Generation	294,224	102,474	254,158	-589,897	-175,223	886,519	-219,583	-812,020	153,577	-412,925	-566,502
VTP Costs	0	0	0	0	0	-2,909,091	0	-1,890,909	0	-4,800,000	-4,800,000
Fx gain/Loss	0	84,769	0	-97,247	0	-201,199	0	-270,293	0	-483,971	-483,971
Closing Balance	374,074	709,372	628,233	22,228	453,010	-2,201,544	233,427	-5,174,766	233,427	-5,174,766	-5,408,193

YTD Notes:

VTP injunction affected production in the 4Q2021 and 1Q 2022, and consequently the 1Q and 2Q receivables (90-day payment term).

Operational expenses presented savings because payments of TRC management services for February and March were pushed to 1Q.2023. A delayed tax payment coming from the incorporation of Buriti by FSA caused the SGA expenses in the 1Q to come above budget. But together with the revenues that came in December, this operation was positive for FSA.

As agreed, in July there was a new loan by BRL 4 M to support operations. It will be repaid in 32 installments of BRL 156 K from August 2022 to March 2025.

Full Year Notes:

The expected cash generation for 2022 is USD – 412 K versus USD 153 K budgeted.

The main driver for FY result is a lower projection of revenues, due to VTP injunction and logistic constraints in container shipping between Brazil and India.

Aiming to improve the cash, TRC agreed with the buyer of Capim Branco Farm to anticipate the second installment to August. The original payment was budget to 1Q.2023.

TRC suggests a new hire of working capital by BRL 5 M (~USD 1 M) in September, as part of the total operation approved by FBV (BRL 11 M).

The decision in FSA's favor in the VTP case triggered significant success fees for lawyers to be paid in September and December. Together with anticipated legal costs arising from the probable fact of VTP appealing to the second instance against this decision, these costs add up to USD 4.8 M.

To facilitate comparisons, all values in BRL were converted to the USD using the budget fx rate of BRL 5.50/ USD. As the by the end of 2Q, it registered BRL 5.24/ USD, and for forecast, TRC considering BRL 5.00/ USD, overall results were negatively impacted by this adjustment.

FSA Balance Sheet

Floresteca S/A

Balance Sheet position of January 01 to June 31, 2022

(In thousands of reais/dollars)

FX RATE- ASSETS **5,2374**
FX RATE - LIABILITIES **5,2380**

ASSETS			LIABILITIES AND EQUITY		
	R\$	\$		R\$	\$
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	123	24	Loans and financing	555.151	105.985
Accounts receivable	8.684	1.658	Leasing	1.620	309
Inventories	1.287	246	Suppliers and other accounts payable	4.850	926
Recoverable taxes	1.001	191	Taxes payable	75	14
Other receivables	363	69	Salaries, vacations and payroll charges payable	247	47
Total Current Assest	11.459	2.188	Total Current Liabilities	561.944	107.282
NON-CURRENT ASSETS			Non-current liabilities		
Advances to agricultural partners	7.623	1.455	Leasing	43.495	8.304
Deferred taxes	48.835	9.324	Contingencies	4.029	769
Biological Assets	546.597	104.364	Suppliers and other accounts payable	47	9
Property, plant & equipment	488	93	Total Non-Current Liabilities	47.570	9.082
Intangible assets	5	1	EQUITY		
Total Non-Current Assest	603.548	115.238	Capital	27.798	5.307
			Legal reserve	5.559	1.061
			Profit reserve	(27.864)	(5.320)
			Foreign exchange adjusts		13
			TOTAL EQUITY	5.493	1.062
TOTAL CURRENT ASSETS	615.007	117.426	TOTAL LIABILITIES AND EQUITY	615.007	117.426

Appendix - Financial Tables

Cash Summary - YEE

YEE and Budget Cash Flow BRL

FSA Cash Flow (In BRL 0,00)	1Q2022	1Q2022	2Q2022	2Q2022	3Q2022	3Q2022	4Q2022	4Q2022	2022	2022	Var.
	Budget	Actual	Budget	Actual	Budget	Forecast	Budget	Forecast	Budget	FY	
Initial Balance	439,175	2,797,258	2,057,409	3,360,863	3,455,279	116,430	2,491,553	-11,007,718	439,175	2,797,258	2,358,083
Gross Revenues	8,448,852	5,394,943	10,987,772	3,892,294	8,274,290	8,560,312	9,392,938	8,366,570	37,103,852	26,214,120	-10,889,732
Gross Revenues	6,199,352	3,768,448	10,987,772	3,600,225	8,274,290	6,138,812	9,392,938	8,366,570	34,854,352	21,874,055	-12,980,297
Other Sales	2,249,500	1,626,495	0	292,069	0	2,421,500	0	0	2,249,500	4,340,065	2,090,565
(-) Sales Deductions	-178,520	-46,852	-231,582	-30,052	-232,938	-369,066	-295,463	-745,088	-938,503	-1,191,057	-252,554
Net Revenues	8,270,332	5,348,092	10,756,190	3,862,243	8,041,352	8,191,246	9,097,475	7,621,483	36,165,349	25,023,063	-11,142,286
Harvesting	-2,967,740	-1,301,890	-3,976,283	-2,801,208	-3,401,085	-3,920,305	-4,662,217	-4,119,968	-15,007,324	-12,143,370	2,863,954
Other operational expenses	0	0	-509,333	-832,304	-509,333	-531,390	-509,333	-531,390	-1,528,000	-1,895,084	-367,084
Management Services Cost	0	0	-1,500,381	-776,256	-2,356,603	-3,059,808	-2,384,842	-2,384,842	-6,241,827	-6,220,907	20,920
G&A own expenses	-231,957	-964,994	-215,567	-297,497	-173,643	-266,048	-228,833	-368,333	-850,000	-1,896,872	-1,046,872
Property costs	-776,192	-332,594	-645,378	-513,841	-721,807	-877,528	-773,781	-1,036,319	-2,917,158	-2,760,282	156,876
Forestry Costs	-432,214	-456,562	-757,756	-419,659	-479,612	-727,000	-368,128	-616,726	-2,037,711	-2,219,948	-182,237
Operational expenses	-4,408,103	-3,056,041	-7,604,699	-5,640,765	-7,642,083	-9,382,079	-8,927,134	-9,057,578	-28,582,019	-27,136,463	1,445,557
Operational Cash Generation	3,862,229	2,292,051	3,151,491	-1,778,522	399,269	-1,190,833	170,340	-1,436,095	7,583,329	-2,113,400	-9,696,729
Legal Expenses	-437,500	-260,042	-437,500	-277,193	-62,500	-448,105	-62,500	-62,500	-1,000,000	-1,047,840	-47,840
Financial expenses	-66,642	-66,541	-51,639	-32,605	-30,769	-60,298	-14,994	-14,994	-164,044	-174,438	-10,394
Loan	-763,227	-829,869	-793,854	-845,494	-799,100	7,868,649	-829,926	-1,880,907	-3,186,107	4,312,380	7,498,486
Transfers to FBV	-470,627	-320,195	-470,627	-102,300	-470,627	-1,075,361	-470,627	-852,247	-1,882,507	-2,350,103	-467,596
Transfers to SATT	-506,000	-251,800	0	-208,320	0	-218,200	0	-219,368	-506,000	-897,688	-391,688
Cash Generation	1,618,234	563,605	1,397,871	-3,244,433	-963,727	4,875,852	-1,207,706	-4,466,112	844,672	-2,271,088	-3,115,760
VTP Costs	0	0	0	0	0	-16,000,000	0	-10,400,000	0	-26,400,000	-26,400,000
Closing Balance	2,057,409	3,360,863	3,455,279	116,430	2,491,553	-11,007,718	1,283,847	-25,873,830	1,283,847	-25,873,830	-27,157,676



Thank You!

