



Floresteca S/A 2023 Management Plan



Floresteca

Introduction

Floresteca S/A (“Floresteca” or the “Company” or “FSA”) is a forest company focused on the sustainable and responsible management of Teak plantations in Brazil. Founded in 1994, the Company was established with the objective of developing and managing teak plantations in Brazil. Floresteca forests produce teak round logs for export markets and firewood.

The Company’s forest operations currently are focused on silvicultural maintenance, including thinning, pruning, pest control, road maintenance, among others. The current workforce stands at 15 active employees, distributed throughout Floresteca’s 18 teak farms located in the southern portion of Mato Grosso State. Floresteca’s forest management process is fully sustainable and ensures that the teak plantation activities occur in accordance with the preservation of the existing native forests reserves. Floresteca has received FSC certification for most of its forests since 1997.

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”) and the foreign entities Floresteca B.V. (“FBV”) and Stichting Beheer Tectona (“SBT” and/or “Beneficiary”), formerly named Stichting Administratie-en Trustkantoor Tectona (“SATT”), whereby the Company agrees to deliver high quality teak forests it has planted (“Forest”). At this point in time, neither FBV nor SBT have a permanent establishment in Brazil and the delivery of the physical product to SBT is merely notional.

Accordingly, the Company does not deliver a physical forest but is responsible for managing it.

The Company annually submits a Management Plan and Budget (“MP”) to SBT, 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 SBT. This MP includes the areas that are eligible for final cuts, and it is available for comments by SBT, prior to conclusion. In December 2022, the Company submitted a draft Management Plan for 2023 -2027 to SBT

Introduction

This Management Plan has been prepared on behalf of FSA by TRC Agroflorestal Ltda (TRC), in its role as external management service provider to FSA.

On request of SBT this MP 2023-2027 has been altered from previous MPs in order to abstain from referrals to general financial statements of FSA and henceforth will focus on SBT's results specifically.

Disclaimer

This Management Plan was prepared on behalf of FSA by TRC, in its role as external management service provider to FSA, and to be solely used by Stichting Beheer Tectona (“SBT” and/or “Beneficiary”) (the “Recipient”). Any and all use of this report other than as expressly authorized herein is strictly prohibited, and no other individual or legal entity other than the Recipients is authorized to make use of this Management Plan, except as otherwise agreed in writing by TRC. Nothing in this Management Plan is or shall be relied upon as a promise or representation of future events or results. TRC prepared this report based on information available to it at the time of its preparation and has no duty to update this Management Plan. Statements in this plan involving estimates are subject to change and actual amounts may materially differ materially from those described in this Management Plan depending on a variety of factors. As a result of such facts, TRC and FSA make no representation or warranty, express or implied, as to the accuracy or completeness of the information provided in this Management Plan or any other representation or warranty whatsoever concerning this Management Plan. Recipient’s use of the estimates contained in this report shall be at Recipient’s sole risk. TRC and FSA expressly disclaim any and all liability arising out of or relating to the use of this Management Plan.

Company History

Floresteca was originally founded as Floresteca Agroflorestal Ltda, under the National Tax Payers Registry number (CNPJ) 74.301.482/0001-56. The Company began plantation operations in 1994 in the municipality of Jangada, in the state of Mato Grosso, about 90 km from Cuiabá, the State capital. From 1994 to 1999, it expanded to include areas in Rosário Oeste, near Jangada.

In 1997, Floresteca received Forestry Stewardship Counsel (FSC) Certification, maintained to the present, for most of the plantations under management. From 1998 Floresteca began planting on third party land through usufruct or land use deal (LUD) contracts. Under these contracts, Floresteca planted teak on the property of the landowner-partner, who in return is due a percentage of the planted forest as payment, with delivery of the timber at roadside. The percentage due to the land partners varies as per the specific contracts. All costs associated with silviculture and maintenance, as well as harvesting and final land clearing for LUD partners are borne by FSA.

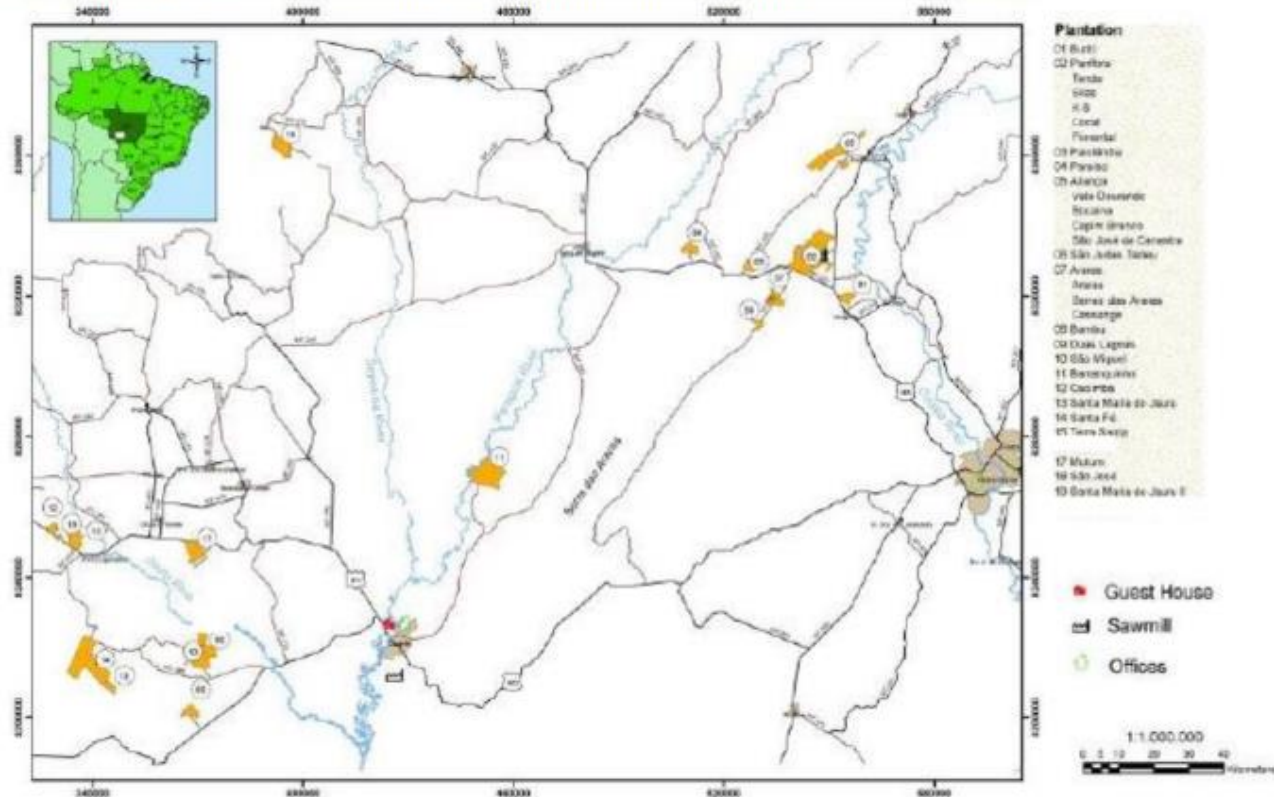
Between 1999 and 2000, the Company expanded to the Cáceres and Porto Esperidião regions of Mato Grosso, where there was greater availability of suitable land for teak plantations, as well as greater availability of support services. Over the years the Company has made changes to adapt to the ever changing legal and tax environment in Brazil. Today Floresteca is a Sociedade Anonima (SA) and is now called Floresteca S/A (“FSA”).

In 2015 FSA began final harvests.

In March 2017, FSA agreed to a Management Services and Timber Sales Agreement (MSTSA) with TRC Agroflorestal Ltda (TRC), outsourcing a wide range of services previously performed by FSA. This agreement allows FSA to maintain continuity in the management of its forests at on economically advantageous terms, at a variable costs tied to the number of hectares standing annually and assure access to the expert know-how of the largest teak management company in Brazil. While FSA maintains a small workforce to perform silvicultural maintenance, general administration and harvesting will be performed by TRC. Previously, FSA sold logs directly to buyers in Asia, incurring significant costs and risks for logistics and distribution. FSA now sells its timber roadside in Mato Grosso to TRC, greatly reducing the working capital requirements and risks associated with log export sales (credit/default risk). The logs are sold at market prices and based on an independently produced quarterly benchmark report for Mato Grosso teak logs.

Assets Location

Location of the Floresteca Plantations in Mato Grosso, Brazil



Current Standing Areas

Project	Planting Year	2022	2022	2023
		Initial	Harvested	Initial
Paiolandia	1997	281,17	-281,17	0,00
Paiolandia	1998	93,89	-93,89	0,00
Bambu	1999	549,07	0,00	549,07
Bambu	2000	513,83	0,00	513,83
Duas Lagoas	2000	1.110,27	-574,71	535,56
Duas Lagoas	2001	1.643,47	-175,09	1.468,38
São Miguel	2001	97,52	0,00	97,52
Barranquinho	2002	960,13	0,00	960,13
Cacimba	2002	565,75	0,00	565,75
Duas Lagoas	2002	48,41	-48,41	0,00
São Miguel	2002	5,71	0,00	5,71
Santa Maria do Jauru	2002	1.059,97	0,00	1.059,97
Barranquinho	2003	12,78	0,00	12,78
Cacimba	2003	10,19	0,00	10,19
Santa Maria do Jauru	2003	206,72	0,00	206,72
Santa Fé	2003	2.550,47	0,00	2.550,47
Barranquinho	2004	1.002,89	0,00	1.002,89
Terra Santa	2004	1.127,44	0,00	1.127,44
Duas Lagoas	2005	202,93	0,00	202,93
Duas Lagoas	2006	215,84	0,00	215,84
Mutum	2007	511,32	0,00	511,32
São José	2007	301,22	0,00	301,22
Santa Maria do Jauru II	2008	94,42	0,00	94,42
		13.165,41	-1.173,27	11.992,14

From the originally 19.528 hectares planted in Mato Grosso by Floresteca S/A, 13.165 hectares were still standing at the beginning of 2022.

Over the course of 2022 (including the expected harvest from the writing of this document until the end of 2022), another 1.173 hectares were harvested on 5 different projects.

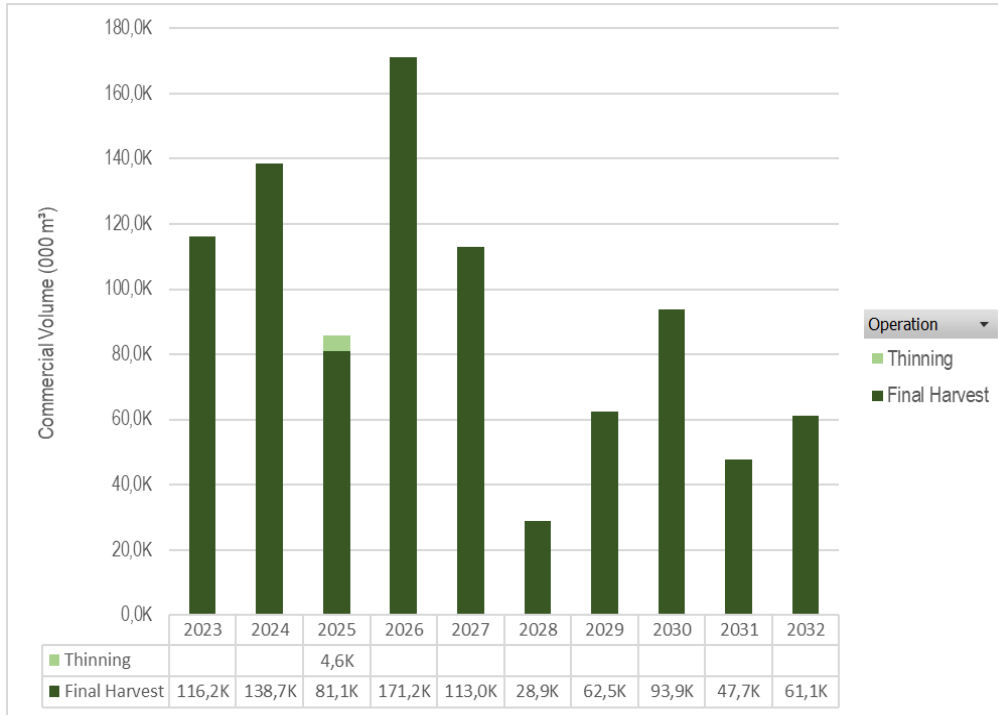
From these, one is completely finished (Duas Lagoas 2002), two are expected to be finished by year-end 2022 (Paiolandia 1997 and 1998) and 2 will still have standing forests through to 2023 (Duas Lagoas 2000 and 2001).

So, 20 projects adding up to 11.992 hectares, belonging to SBT and landowners are expected to be standing at the start of the period of this management plan.

Assumptions

- Fx rate: For convenience and continuity, we show the accrual P&L, Cash Flow and others financial tables in USD. TRC is considering the most up to date market consensus Fx rate from forecasts of the Brazilian Central Bank's Focus report: BRL 5.20 / USD for the full 2023-27 period.
- Inflation: For the starting period of this management plan, we are considering an inflation for the correction of salaries of 7,02%, which is the latest accumulated IPCA (Brazilian CPI). These salaries base the both FSA direct employees as well as TRC harvesting services costs.
- No inflation is considered for the future estimations.

Volumes - Long Term Plan



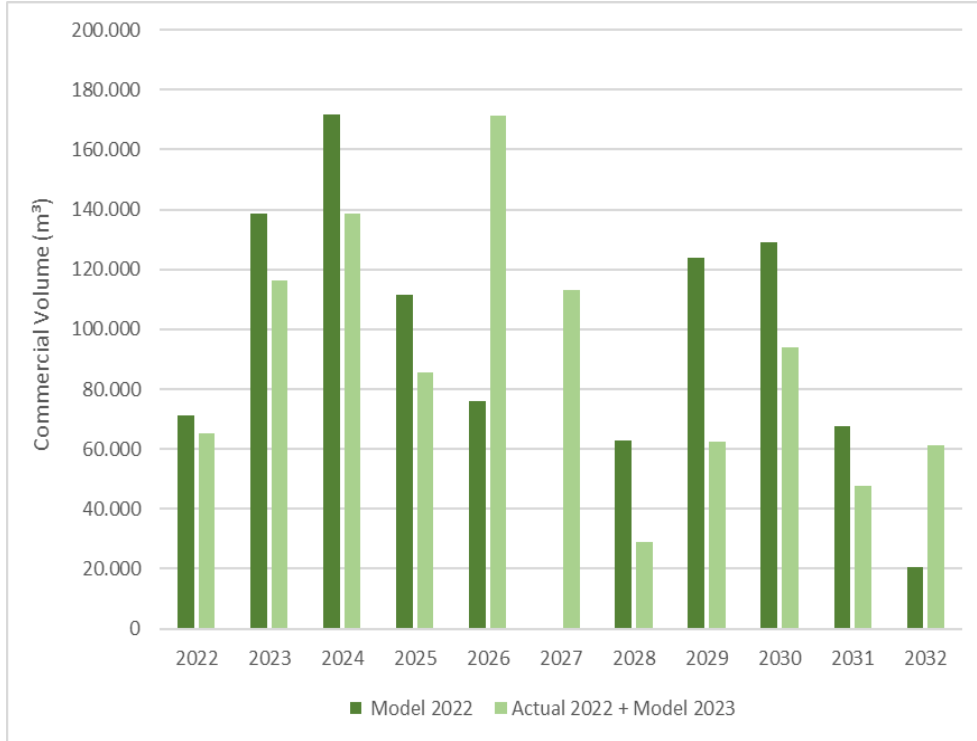
The estimated wood flow is obtained through an optimization model in Remsof Woodstock, whose objective is to maximize the NPV of the assets, based on the latest inventory data, price and costs assumptions.

Although SBT has declared its preference to shorten rotation ages as close as possible to 20 years old, there are other limiting factors that doesn't allow harvest to follow integrally to that assumption.

Extending harvesting over a longer period may expose stakeholders to increased risk but at the same time may benefit them financially if these risks do not materialize. TRC stays as close as possible to the preference of SBT for a 20 year rotation.

In this graph, we show volumes expected until the end of clear fell on all FSA forestry assets under management, considering the latest optimization results.

Volumes - Long Term Plan – comparison to last year's model



In this graph, we present the comparison between the outputs of our long-term Woodstock model between last year and this year's model.

Despite some changes in the timing of operations due to changes in assumptions, the total expected production is stable, increasing from 973 K m³ in 2022 model to 984 K m³ for 2022 actuals + 2023 model, a variation of only 1%.

Short Term Harvesting Recommendations

Regarding production, manager makes the following recommendations:

1. The eligible projects for the final harvest, according to the recommended schedule are:

- **2023 Final Harvests:** Duas Lagoas 2000 and 2001 and Cacimba 2002 and 2023 and Barranquinho 2002 and 2003;
- **2024: Final Harvests:** Duas Lagoas 2000 and 2001, Bambu 1999 and 2000, Cacimba 2002, Barranquinho 2002 and Santa Maria do Juru 2002.

While projects might be eligible for harvest, issues caused by weather events, legal restrictions or market conditions may force alterations on the harvest schedule. For the next 2 years, we see higher risks in BAM due to litigations with landowners. If needed, projects of similar quality and yields will be reallocated in order to avoid stops in operations.

Sales and Price

- Roadside prices – benchmark market report (USD/m³):

Girth class (cm)	October 2021	October 2022
56-80	45,6	47,9
80-90	77,1	77,7
90-100	100,2	99,0
100-110	126,8	123,0
110-120	157,0	149,9
120-130	191,1	179,7
130+	270,9	248,0

Logs prices used as a base case for this document are based on the benchmark market report sent in October 2022, relative to the third quarter. This study excludes FSA and comprises 11 companies and 85 price samples for plantations throughout the state of Mato Grosso.

As can be noted, prices continued to drop over 2022, following a downward trend since the beginning of the pandemic in early 2020.

No price appreciation or inflation is considered in any of the calculations presented throughout this document.

Sales and Price

Roadside revenues (USD)

YEAR	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
Final Harvest Area (ha)	1.051	2.542	824	1.856	1.233	211	1.196	782	475	448	355	10.973
Commercial Volume - m ³	116.184	138.665	85.717	171.218	113.048	28.901	62.483	93.890	47.694	61.102	29.106	948.009
Gross Revenues	9.379	10.105	6.515	15.626	9.106	3.608	4.564	14.767	5.647	8.952	2.595	90.865
Biomass (<56 cm)	0	0	0	0	0	0	0	0	0	0	0	0
Logs: 56-80 cm	2.505	3.615	2.187	3.208	2.485	224	2.017	349	476	260	492	17.328
Logs: 80-90 cm	2.566	3.252	1.188	2.234	1.773	320	508	604	570	503	461	13.519
Logs: 90-100 cm	891	235	1.011	2.395	1.671	460	386	1.097	747	829	501	9.723
Logs: 100-110 cm	957	772	878	2.626	1.330	594	394	1.680	908	1.204	482	11.344
Logs: 110-120 cm	961	831	607	2.251	841	590	372	2.085	859	1.375	345	10.771
Logs: 120-130 cm	1.021	932	466	2.022	601	629	413	2.649	862	1.685	222	11.281
Logs: 130+ cm	477	468	178	889	404	792	474	6.302	1.224	3.096	92	14.304
Average price (USD/m³)	81	73	76	91	81	125	73	157	118	147	89	96
Average yields (m³/ha)	111	55	104	92	92	137	52	120	100	136	82	86
Average revenues (USD/ha)	8.921	3.975	7.903	8.420	7.388	17.090	3.816	18.878	11.896	19.996	7.317	8.281

The total roadside revenues for the year are calculated by crossing the estimated volumes with the prices discussed in the previous slides.

They are expected to reach almost USD 9.4M in 2023, representing an average price of USD 81/ m³ for the 116 K m³ projected in sales.

Total revenues and average prices differ year on year depending on the commercial volumes being sold and the quality (tree size) of the forests being harvested, as can be noted by the variation on the average KPIs for prices, yields and revenues/ha.

Macroeconomic Outlook

Brazil

Subject Descriptor	Units	2019	2020	Forecast				
				2021	2022	2023	2024	2025
Gross domestic product, constant prices	(%) change	1,2%	-3,9%	4,6%	2,8%	1,0%	1,9%	2,0%
Total investment	(%) of GDP	15,5%	15,9%	18,9%	18,8%	18,5%	18,5%	18,6%
Gross national savings	(%) of GDP	12,0%	14,2%	17,2%	17,3%	17,0%	16,9%	16,9%
Inflation, average consumer prices	(%) change	3,7%	3,2%	8,3%	9,4%	4,7%	3,9%	3,0%
Volume of Imports of goods	(%) change	5,7%	-3,5%	22,7%	-7,7%	-2,3%	1,9%	1,9%
Volume of exports of goods	(%) change	-2,0%	0,0%	4,1%	3,2%	4,1%	4,1%	2,5%
Unemployment rate	(%) of total labor force	12%	14%	13%	10%	10%	10%	10%
Population	Persons (Millions)	210	212	213	214	215	216	217
General government gross debt	(%) of GDP	88%	99%	93%	88%	89%	91%	92%
Current account balance	U.S. dollars (Billions)	-65,0	-24,5	-27,9	-27,5	-32,1	-36,5	-41,0

India

Subject Descriptor	Units	2019	2020	Forecast				
				2021	2022	2023	2024	2025
Gross domestic product, constant prices	Percent change	3,7%	-6,6%	8,7%	6,8%	6,1%	6,8%	6,8%
Total investment	Percent of GDP	30,2%	27,9%	31,2%	32,8%	33,0%	33,3%	33,5%
Gross national savings	Percent of GDP	29,4%	28,8%	30,0%	29,3%	30,1%	30,6%	30,9%
Inflation, average consumer prices	Percent change	4,8%	6,2%	5,5%	6,9%	5,1%	4,4%	4,1%
Volume of Imports of goods	Percent change	-6,0%	-15,5%	21,0%	8,5%	7,0%	6,8%	7,5%
Volume of exports of goods	Percent change	-4,5%	-7,3%	22,5%	-2,0%	3,0%	6,0%	6,0%
Population	Persons (Millions)	1.366	1.380	1.393	1.407	1.420	1.432	1.445
General government gross debt	Percent of GDP	75%	89%	84%	83%	84%	84%	84%
Current account balance	U.S. dollars (Billions)	-24,5	24,0	-38,7	-120,6	-112,4	-110,0	-118,9

*Data source: IMF (International Monetary Fund)

The Covid-19 pandemic strongly impacted emerging markets such as Brazil and India in 2020. The year of 2021 marked a global market recovery, followed by global challenges during 2022.

In Brazil, the GDP decreased since 2018 with a steeper drop in 2020 – due the pandemic crisis – and a higher recovery in 2021. It is forecasted to grow at a smaller pace in 2022 as the world faces a global inflation and difficulties led by the sea freight crisis and the war between Ukraine and Russia.

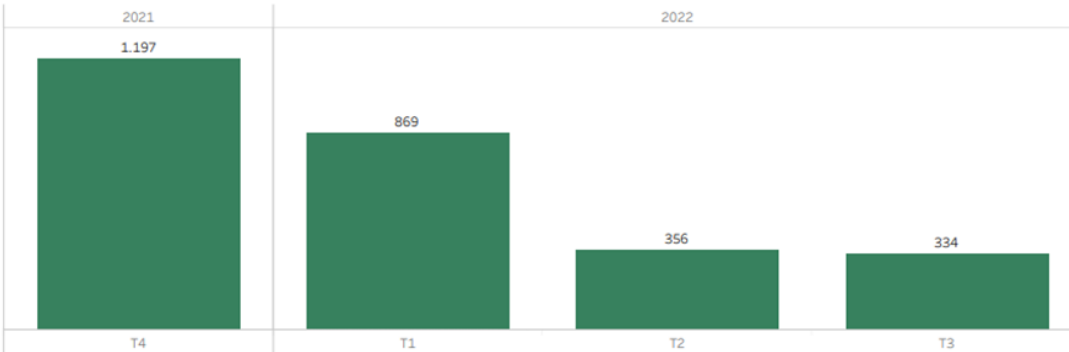
Inflation reached 8.3% in 2021 and is estimated to increase by another 1% in 2022, back to levels last recorded in 2015. Unemployment rate has dropped by 1% in 2021 and is forecasted to reach 10% in 2022, the lowest since 2016.

The government gross debt dropped by 6% in 2021 after reaching its peak in 2020 and is should decrease 5% more in 2022. Higher investment rates were recorded in 2021 and it is forecasted to maintain its GDP proportional level on the following years.

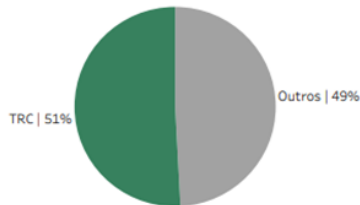
In India, the GDP recovered in 2021 after the pandemic crisis, followed by a slight deceleration in 2022. Inflation had dropped in 2021, however in 2022 it reached a higher level (6.9%) following a global trend.

Brazilian Teak Market Outlook

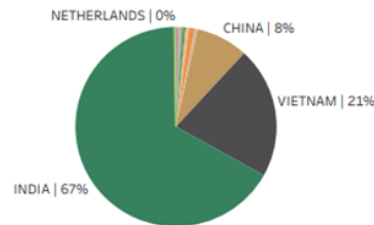
Brazilian Teak Exporting Volume, last 12 months (in containers)



TRC Exporting Share Among Brazilian Competitors, last 12 months (volume wise)



Brazilian Teak Exporting Destination Share, last 12 months (volume wise)



*Data source:
Piers, IHS Markit

The Brazilian teak wood market is mainly focused on planting for exporting. The country's main producing regions are the states of Mato Grosso and Pará.

The exported volume strongly decreased during the second quarter of 2022 as a reflection of the maritime freight crisis. Brazil is facing higher sea freights for longer than competing Teak producing countries leading to a longer period of low teak wood exports.

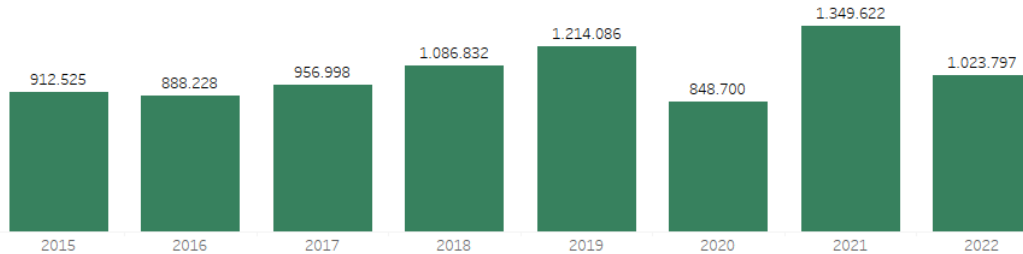
In the last 12 months, TRC achieved 51% of the Brazilian Teak market share among its exporting competitors.

The main importing country of Brazilian Teak is India, with 67% of the imported volume in the last 12 months, followed by Vietnam with 21% and China with 8%. Vietnam has strongly increased its Brazilian Teak wood importing share in the last 12 months.

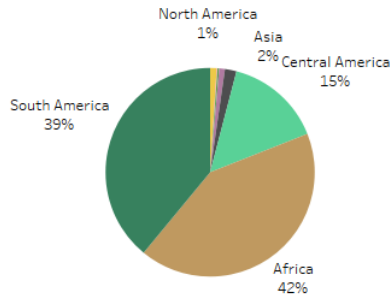
Indian Teak Market Outlook

Indian Total Teak Importing Volume, in cubic meters

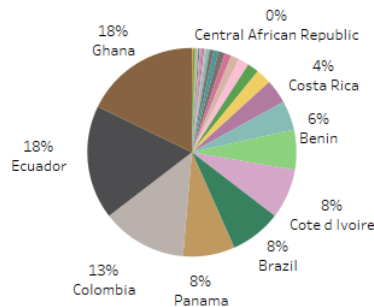
*2022 data available until August 2022



Market Share by Teak Exporting Region, in the last 12 months (volume wise)



Market Share by Teak Exporting Country, in the last 12 months (volume wise)



*Data source:
Piers, IHS Markit

India is the main global consumer of Teak wood. Its imported volume had been increasingly growing since 2017, until it was strongly impacted by the Covid-19 pandemic. During 2021 the country recovered its importing pace from 2019, as can be seen on the bar chart. Although the data available for 2022 goes only until August, it is possible to see the global impact of the many drawback seen in the year: sea freight crisis, global inflation, rupee depreciation and war between Ukraine and Russia. All of this directly impacted the trend in India. It is expected that 2022 imported teak wood volume reaches a level close to 2019.

India's main suppliers in the last 12 months, in terms of region, are Africa with 42% of all imports, followed by South America with 39% and Central America with 15%.

At country level, Ghana and Ecuador shipped the highest volumes (18% each), followed by Colombia (13%), Panama (8%), Brazil (8%), Ivory Coast (8%) and Benin (8%).

Although countries such as Ecuador and Ghana are playing an important role on India's Teak imports, they offer thinner logs with inferior quality and price when compared to TRC's Teak logs.

Harvesting and Land Clearing

Cost of Production (USD):

2023	Cost	m ³	Cost/m ³
Tree Selection	USD 0	0	0,00
Harvesting	USD 1.067.611	116.182	9,19
Forwarding	USD 867.812	116.182	7,47
Lot Formation	USD 644.140	116.182	5,54
Loading	USD 300.659	116.182	2,59
Tax	USD 266.687	116.182	2,30
Total	USD 3.146.909	116.182	27,09
	Cost	ha	Cost/ha
Stump Removal	USD 1.531.019	1.465	1.045,00
Harvesting + Land clearing	USD 4.677.928	116.182	40,26

Note: All unitary costs are calculated using the total sales volume.

The cost of production (COP) for the 2023 harvesting to be USD 27,09 per m³

Since production is increasing from 88K m³ to 116 K m³, absolute costs increase. However, at the assumed FX rate of BRL 5.20/USD, this corresponds to BRL 140.85 per m³, lower than in MP 2021, where COP was BRL 144.70 per m³. This decrease in unitary costs can be justified by the fact that the production this year is coming only from final harvests, where yields are higher than thinnings.

Once a farm has completed its final harvest, the land must be cleaned prior to returning it to the landowner. The cleaning process involves extracting the roots, and their subsequent removal from the property, and finally plowing to level the land. The total cost is estimated as BRL 5.434 / hectare and takes in general about 12 months.

Comparison, in USD

		2022 MP	2023 MP	Var
Tree Selection	USD	0	0	
Harvesting	USD	809.969	1.067.611	257.642
Forwarding	USD	682.948	867.812	184.864
Lot Formation	USD	378.572	644.140	265.568
Loading	USD	179.091	300.659	121.568
Tax	USD	209.568	266.687	57.119
Total	USD	2.260.149	3.146.909	886.761
Volume	m³	85.907	116.182	30.275
COP/m³		26,31	27,09	0,78
		Cost	Cost	
Stump Removal	USD	702.714	1.531.019	828.305
Harvesting + Land clearing	USD	2.962.863	4.677.928	1.715.066

Forest Maintenance

Activities	Unit	2023		
		Units	BRL	BRL/Unit
Firebreak Maintenance	ha	650	70.053	560
Road Maintenance	km	170	163.462	5.000
Sprout Control	ha	103	11.405	576
Ant Control	ha	1.087	18.011	86
Weed Control	ha	826	71.779	452
Pruning	ha	206	34.894	881
Inventory	parc	2.631	84.432	167
Operational Support	-	48	532.119	0
Tax over Forestry Services	-	-	8.732	0
Depreciation			0	
Total		11.992	994.887	83

Most relevant expenses are on Operational Support and Road Maintenance, which are actually linked to the harvesting operations, to allow extraction of the wood and the proper functioning of machinery.

Weed Control is done with a mower prior to harvesting operations to improve traffic conditions and safety inside the stands.

Inventory and Firebreak Maintenance are done annually.

Currently FSA has 6 direct employees for its own silvicultural activities, but part of these activities planned are performed as service either by TRC (inventory and operational support) or by third-party contractors (road maintenance)

YEAR	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
G&A	-3.074	-2.335	-1.821	-1.654	-1.278	-1.029	-986	-744	-586	-490	-399
Management Services Cost	-1.838	-1.520	-1.131	-1.004	-720	-531	-499	-316	-196	-123	-54
Delayed Mmgt Services Invoices	-320	0	0	0	0	0	0	0	0	0	0
G&A own expenses	-135	-135	-135	-135	-135	-135	-135	-135	-135	-135	-135
Legal Expenses	-192	-192	-192	-192	-192	-192	-192	-192	-192	-192	-192
Property costs	-589	-488	-363	-322	-231	-170	-160	-101	-63	-39	-17

Annual Management Fee: According to the Management Services Agreement between Floresteca S/A and TRC, a fixed value per hectare (BRL 797, or USD 153 for 2023) is charged for the administrative services (e.g. treasury, legal, forest planning, IT etc.). This is paid on monthly basis and is updated, compliant to the MSTSA, per Brazilian IGP-M inflation index (~9% in 2022). These expenses are set to decrease at the same proportion as managed area decreases

G&A own expenses: Costs invoiced straight to FSA, include the remuneration of the administrators, financial statements audit, among other smaller costs. In 2023, it is expected to be USD 135 K and are considered to be fixed annual costs.

Legal Expenses: General costs related to litigations in which FSA is involved. Currently estimated at USD 182 K per year, considered to be fixed annual costs. Additional claims from other defendants in the VTP-case, which now has been closed, can not be ruled out but no provision is calculated in the above.

Property costs: These expenses refer to local property management staff, infrastructure maintenance, operational and environmental licenses, as well as FSC certification costs. In 2023, these expenses come to USD 589 K. These expenses are set to decrease at the same proportion as managed area decreases. Among other expenses, currently FSA holds 7 employees on these functions.

Retainers

Above slides regarding FSA costs of Forestry Maintenance and G&A have been included with the goal of providing full transparency.

The project results of the plantations presented in the following slide comprise the forestry assets belonging to SBT and landowners (LUD) jointly.

The project results of SBT however are computed by taking into account so called Retainers as depicted in the Master Agreement and applied in verified harvest reports and external valuation reports of Sewall.

Project Results

Project	Project Result (USD 000)													Total
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
1999BAM	0	0	0	0	0	0	0	0	0	0	0	0	0	
2000BAM	0	0	0	0	0	0	0	0	0	0	0	0	0	
2000DLG	0	0	0	0	0	0	0	0	0	0	0	0	0	
2001DLG	0	0	0	0	0	0	0	0	0	0	0	0	0	
2001SMG	0	0	0	0	0	0	0	0	0	0	0	0	0	
2002BAR	0	0	0	0	0	0	0	0	0	0	0	0	0	
2002CMB	0	1,329	0	0	0	0	0	0	0	0	0	0	1,329	
2002SMJ	0	0	0	0	0	0	0	0	0	0	0	0	0	
2002SMG	0	0	0	0	0	0	0	0	0	0	0	0	0	
2003BAR	0	0	0	0	97	0	0	0	0	0	0	0	97	
2003CMB	240	0	0	0	0	0	0	0	0	0	0	0	240	
2003STF	0	0	0	0	0	0	0	0	0	0	0	0	0	
2003SMJ	0	0	0	0	0	1,040	0	0	0	0	0	0	1,040	
2004BAR	0	0	0	0	0	0	0	0	0	0	0	0	0	
2004TST	0	0	0	0	0	0	0	7,656	0	0	0	0	7,656	
2005DLG	0	0	0	0	0	0	0	0	0	0	0	0	0	
2006DLG	0	0	0	0	0	0	0	0	432	0	0	0	432	
2007MUT	0	0	0	0	0	0	0	0	0	0	1,200	0	1,200	
2007SAJ	0	0	0	0	0	0	0	0	0	3,755	0	0	3,755	
2008SMJII	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	240	1,329	0	0	97	1,040	0	7,656	432	3,755	1,200	0	15,749	

The total project results from forests still to be harvested expected is USD 15,7 M

There is still an outstanding position of USD 13.9 M to be paid from previously published Harvest Reports until 2021.

2022 Harvest report result is still to be calculated and will be delivered in the 1Q of 2023.

Legal and Compliance Update

VTP – Floresteca S/A:

11/22/2022: FLORESTECA and VTP submit to the reporting judge the settlement of the case, whereby, among others, (i) VTP acknowledges the accuracy of the verdict and COURT OF APPEALS's decision, final and unappealable, and expressly waives any appeal or cases in Brazil; (ii) VTP acknowledges that it is forbidden to file new cases in Brazil against the defendants, except for the ratification of the Dutch court decision, between the original parties; (iii) the lawyers for Floresteca and the other defendants waive the legal attorney fees.

11/24/2022: the settlement is ratified by the COURT OF APPEALS. The VTP case is closed in Brazil, however there is still an ongoing court case in The Netherlands against its Board of Director.

FAZENDAS PARAISO, TERRA SANTA E BAMBU IV and the **LUD claim on FAZENDA PAIOLANDIA** still remain, and the update will be sent with each quarterly report.

For 2023 we still have legal fees related to the cases to be paid.

Appendix

Annual Inventory Summary

Projects measured in 2022

Project	Year	Area (ha)	Age (years)	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m ² /ha)	Trees/ha	Total Volume (m ³ /ha)	Individual Vol (m ³ /tree)	Total Vol (m ³)
BAM	1999	549,1	21,9	20,5	15,5	17,0	12,3	362	83,2	0,23	45.682
	2000	513,8	20,9	23,9	17,3	18,3	13,0	288	96,1	0,34	49.400
BAR	2002	960,1	19,4	26,6	20,9	21,9	14,3	261	123,8	0,51	118.828
	2003	12,8	18,6	32,9	26,2	26,9	18,5	214	193,5	0,91	2.472
	2004	1.002,9	17,4	25,5	20,7	22,0	16,4	328	141,2	0,47	141.574
CMB	2002	565,7	19,3	34,1	23,9	24,5	14,3	161	124,9	0,82	70.649
	2003	10,2	18,2	35,1	26,6	27,1	18,4	190	170,5	0,90	1.738
DLG	2000	962,6	21,6	27,9	19,0	19,7	9,6	150	75,6	0,51	72.753
	2001	1.590,3	20,6	25,1	17,1	17,8	10,1	214	73,7	0,41	117.168
	2005	202,9	16,5	27,8	18,2	19,2	10,3	165	73,7	0,45	14.953
	2006	215,8	15,4	31,0	19,5	20,1	13,3	173	97,8	0,57	21.110
MUT	2007	511,3	13,9	26,8	19,6	20,1	12,6	227	97,2	0,46	49.677
SAJ	2007	301,2	14,3	34,1	23,2	23,5	12,8	139	109,7	0,79	33.030
SMG	2001	97,5	20,4	26,1	18,8	19,5	11,7	215	90,8	0,43	8.859
	2002	5,7	19,3	28,9	22,2	22,9	13,4	201	115,8	0,58	661
SMJ	2002	1.060,0	19,5	28,6	21,0	22,1	14,2	236	114,7	0,55	121.589
	2003	206,7	18,6	33,8	23,5	24,2	14,9	179	130,9	0,82	27.063
SMJII	2008	94,4	13,0	26,3	18,6	19,1	13,8	257	101,9	0,40	9.618
STF	2003	2.550,5	18,4	27,1	20,2	21,1	13,3	258	105,1	0,51	267.949
TST	2004	1.127,4	17,7	34,7	25,1	25,5	13,6	156	132,0	0,92	148.782
Total geral		12.541,1	18,7	27,8	20,2	21,1	13,0	232	105,5	0,54	1.323.555

Annual Inventory Summary

Projects measured in 2021

Project	Year	Area (ha)	Age (years)	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m ² /ha)	Trees/ha	Total Volume (m ³ /ha)	Individual Vol (m ³ /tree)	Total Vol (m ³)
PAI	1997	278,4	22,9	29,2	20,7	21,4	12,7	213	107,0	0,60	29.791
	1998	93,9	22,4	33,0	23,3	23,8	12,1	141	108,9	0,77	10.220
Total geral		372,3	22,8	30,2	21,3	22,0	12,6	195	107,5	0,65	40.011



Thank you!



Floresteca