



# Floresteca S/A 2021 – 2025 Budget

# Introduction

Floresteca S/A (“Floresteca” or the “Company”) 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 26 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.

# 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.

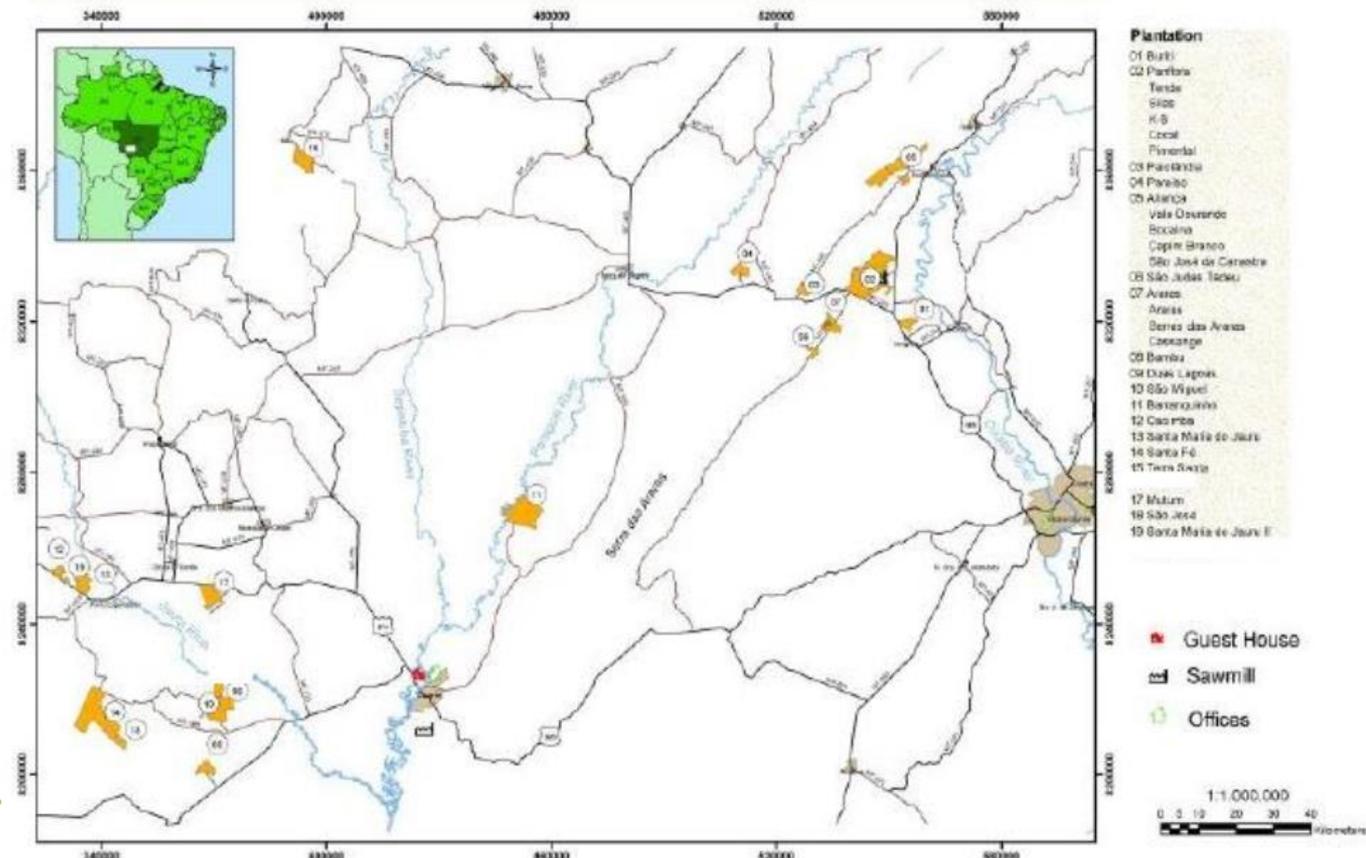
Between 1999 and 2000, the Company expanded to the Cáceres and Porto Esperidião regions of Mato Grosso, where there was greater availability of suitable land for teak plantations, as well as greater availability of support services. Over the years the Company has made changes to adapt to the ever changing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

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 dedicated 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	Initial *	Harvested	Current Area
Paiolandia	1997	297.92		297.92
Paraíso	1997	555.05	403.49	151.56
Bocaina	1998	63.90	63.90	0.00
São José da Canastra	1998	44.62	44.62	0.00
Paiolandia	1998	93.95		93.95
Bambu	1999	549.07		549.07
Capim Branco	1999	507.87	507.87	0.00
Serra das Araras	1999	105.01		105.01
Vale Dourado	1999	48.59	2.03	46.56
Bambu	2000	513.83		513.83
Duas Lagoas	2000	1,527.51	51.93	1,475.58
Duas Lagoas	2001	1,764.34		1,764.34
São Miguel	2001	97.52		97.52
Barranquinho	2002	970.20		970.20
Cacimba	2002	571.08		571.08
Duas Lagoas	2002	48.41		48.41
São Miguel	2002	5.71		5.71
Santa Maria do Jauru	2002	1,085.18		1,085.18
Barranquinho	2003	12.95		12.95
Cacimba	2003	10.19		10.19
Santa Maria do Jauru	2003	207.87		207.87
Santa Fé	2003	2,562.71		2,562.71
Barranquinho	2004	1,021.00		1,021.00
Terra Santa	2004	1,143.17		1,143.17
Duas Lagoas	2005	207.67		207.67
Duas Lagoas	2006	233.88		233.88
Mutum	2007	539.18		539.18
São José	2007	301.30		301.30
Santa Maria do Jauru II	2008	99.87		99.87
<b>Total</b>		<b>15,189.55</b>	<b>1,073.84</b>	<b>14,115.71</b>

From the originally 19.528 hectares planted in Mato Grosso by Floresteca S/A, 15.190 hectares were still standing at the beginning of 2020, while 4340 had already been harvested from 2015 to 2019.

During the course of 2019 (including the expected harvest from the writing of this document until the end of 2020), another 1.073 hectares were harvested on 6 different projects.

From these, two are completely finished (Bocaina 1998, São José da Canastra 1998), one is expected to be finished by year-end (Capim Branco 1999) and 3 still have standing forests through to 2021.

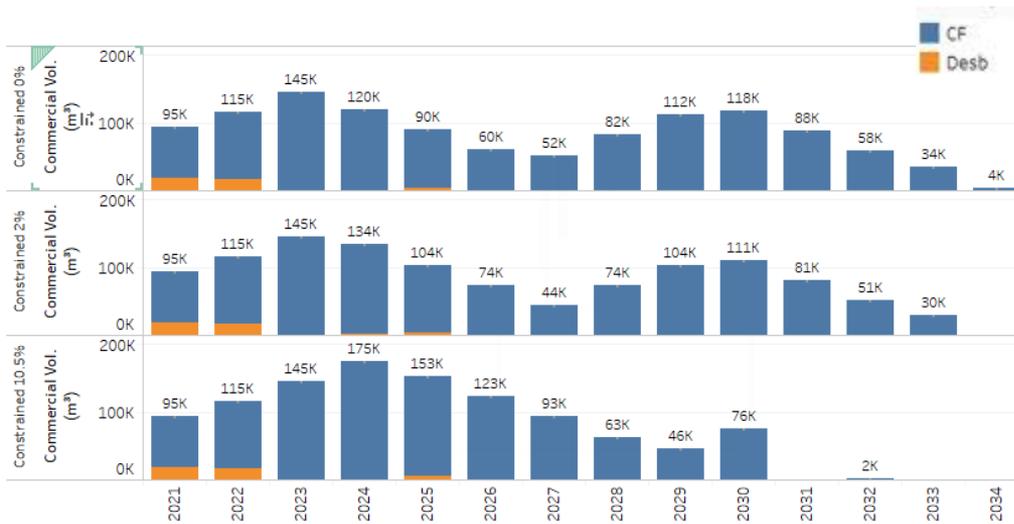
So, 26 projects adding up to 14.116 hectares will be standing at the start of the period of this management plan.

# Assumptions

Fx rate: For convenience and continuity, we show the accrual P&L, Cash Flow and others financial tables in USD. TRC is suggesting using the market consensus Fx rate from forecasts of the Brazilian Central Bank's Focus report, BRL 5.00 / USD for the full 2021-25 period.

Inflation: TRC is suggesting an inflation rate of 3.50% a year, also based on the market consensus Fx rate from forecasts of the Brazilian Central Bank's Focus report.

# Long Term Plan



TRC uses an optimization model in Remsoft Woodstock to maximize the NPV of the assets, based on the latest inventory data, price and costs assumptions.

This year, 8 different scenarios were compared and discussed between TRC and FSA stakeholders before preparing the detailed forecasts contained in this Management Plan.

Although no conclusion was made for the longer-term assumptions, such as the discount rates that drive decision to harvest, SATT agreed with the proposed harvesting levels for 2021 and 2022.

TRC is fully aware that extending harvesting over a longer period may benefit stakeholders and is open to discuss and change the long-term schedule accordingly.

In this graph, we show volumes expected for the next 10 years, for different discount rate and leveling variations year on year. Important to say that this was the starting point for the shorter-term projection and has been changed as necessary when other details not considered by the optimization model were included in the analysis.

## Sales Volumes (m<sup>3</sup>):

Intervention Project	2021		2022		2023		2024		2025	
	Plan	Prior	Plan	Prior	Plan	Prior	Plan	Prior	Plan	Prior
<b>Thinning</b>	<b>24.800</b>	<b>29.372</b>	<b>2.846</b>	<b>8.526</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
BAR2004	0	8.661	0	2.533	0	0	0	0	0	0
CMB2002	0	0	0	0	0	0	0	0	0	0
MUT2007	6.051	0	0	905	0	0	0	0	0	0
SAJ2007	8.807	10.323	0	0	0	0	0	0	0	0
SMJ2002	0	0	0	0	0	0	0	0	0	0
SMJ2003	0	0	0	0	0	0	0	0	0	0
STF2003	0	10.389	2.846	0	0	0	0	0	0	0
TST2004	9.942	0	0	5.088	0	0	0	0	0	0
<b>Final Harvest</b>	<b>70.343</b>	<b>63.086</b>	<b>108.640</b>	<b>111.112</b>	<b>129.342</b>	<b>182.607</b>	<b>173.688</b>	<b>138.846</b>	<b>110.826</b>	<b>0</b>
BAM1999	0	6.520	0	0	8.007	0	4.134	0	0	0
BAM2000	0	4.027	0	0	0	0	9.480	0	0	0
BAR2002	0	0	0	0	3.575	2.211	10.460	25.697	0	0
CMB2002	0	0	0	51	0	41.814	27.398	9.903	0	0
CMB2003	0	0	0	0	2.307	0	32.600	1.729	12.035	0
CPB1999	0	10.315	0	0	1.494	0	0	0	0	0
DLG2000	25.056	42.224	54.339	52.444	3.091	14.055	0	0	0	0
DLG2001	11.741	0	49.969	51.080	16.037	11.736	0	13.393	0	0
DLG2002	0	0	0	6.350	6.185	0	0	0	0	0
PAI1997	20.728	0	0	0	0	0	0	0	0	0
PAI1998	3.343	0	4.332	0	0	0	0	0	0	0
PAR1997	4.304	0	0	0	0	0	0	0	0	0
SMG2001	0	0	0	0	1.415	1.424	0	0	0	0
SMJ2002	0	0	0	1.186	15.892	9.600	13.948	29.602	0	0
SMJ2003	0	0	0	0	0	22.733	0	0	25.023	0
STF2003	0	0	0	0	71.338	79.035	40.552	54.947	0	0
TST2004	0	0	0	0	0	0	35.116	3.575	73.768	0
VDO1999	5.171	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>95.142</b>	<b>92.458</b>	<b>111.485</b>	<b>119.638</b>	<b>129.342</b>	<b>182.607</b>	<b>173.688</b>	<b>138.846</b>	<b>110.826</b>	<b>0</b>

Regarding production, manager makes the following recommendations:

- Maintain scheduled thinning to avoid in-stand competition and control disease outbreaks, independent of market conditions, as the most important value driver comes from the final cut volumes. During the first 24 months of this plan, our recommended thinning schedule is:
  - 2021 Thinnings:** Mutum 2007, Terra Santa 2004 and São José 2007;
  - 2022 Thinnings:** Santa Fé 2003.

These are the last regular thinnings forecast for all FSA assets. However, in the future, other phytosanitary thinnings may be needed if relevant fungal infections are observed.

- The eligible projects for the final harvest, according to the recommended schedule:
  - 2021 Final Harvests:** Paiolandia 1997 and 1998, Paraíso 1997, Vale Dourado 1999 and Duas Lagoas 2000 and 2001;
  - 2022 Final Harvests:** Duas Lagoas 2000 and 2001 and Paiolandia 1998.

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 PAI and PAR, 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

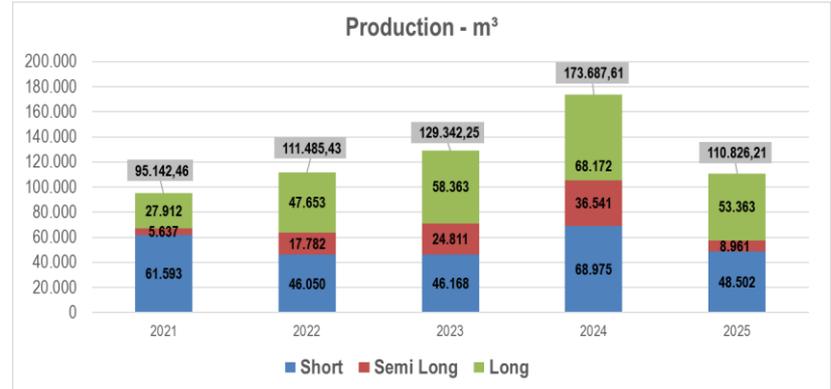
- Price USD/m<sup>3</sup>

Price (USD/m <sup>3</sup> )	50-60	60-70	70-80	80-90	90-100	100-110	110-120	120-130	130-140	140-150	150-160	Total
Short	210	281	371	481	594	788	936	1.183	1.416	1.673	1.954	536
Semi Long	-	258	360	481	-	-	-	-	-	-	-	328
Long	-	258	360	481	-	-	-	-	-	-	-	380
<b>Total</b>	<b>210</b>	<b>274</b>	<b>362</b>	<b>481</b>	<b>594</b>	<b>788</b>	<b>936</b>	<b>1.183</b>	<b>1.416</b>	<b>1.673</b>	<b>1.954</b>	<b>478</b>

- Gross Revenues USD

Revenues	50-60	60-70	70-80	80-90	90-100	100-110	110-120	120-130	130-140	140-150	150-160	Total
Short	1.945.497	3.377.434	2.596.154	3.336.254	5.353.610	4.234.974	8.373.571	2.646.185	1.017.221	115.346	15.406	33.011.653
Semi Long	-	761.467	602.505	483.503	-	-	-	-	-	-	-	1.847.475
Long	-	488.093	7.127.236	2.980.462	-	-	-	-	-	-	-	10.595.791
<b>Total</b>	<b>1.945.497</b>	<b>4.626.994</b>	<b>10.325.895</b>	<b>6.800.220</b>	<b>5.353.610</b>	<b>4.234.974</b>	<b>8.373.571</b>	<b>2.646.185</b>	<b>1.017.221</b>	<b>115.346</b>	<b>15.406</b>	<b>45.454.919</b>

- 2021 – 25 budget harvesting / sales volume



- Logs are priced based on the Consufor Mato Grosso Teak Price report of October 2020, a study that analyses the market tendencies for prices and results on a price curve formula related with the girth measure. This study engages 18 companies and 96 price samples.

# Macroeconomic Outlook

## Brazil

Subject Descriptor	Units	2017	2018	2019	2020	2021	2022	2023
Gross domestic product, constant prices	Percent change	1,3%	1,3%	1,1%	-5,8%	2,8%	2,3%	2,2%
Total investment	Percent of GDP	14,6%	14,8%	15,1%	14,7%	15,0%	15,2%	15,6%
Gross national savings	Percent of GDP	13,9%	12,6%	12,3%	14,9%	15,0%	15,2%	15,3%
Inflation, average consumer prices	Percent change	3,4%	3,7%	3,7%	2,7%	2,9%	3,1%	3,3%
Volume of imports of goods and services	Percent change	7,0%	5,9%	3,5%	-12,1%	12,5%	3,5%	4,9%
Unemployment rate	Percent of total labor force	12,8%	12,3%	11,9%	13,4%	14,1%	13,3%	12,5%
General government gross debt	Percent of GDP	83,7%	87,1%	89,5%	101,4%	102,8%	103,5%	103,8%
Current account balance	U.S. dollars (Billions)	-15,0	-41,5	-50,9	3,7	0,2	-0,7	-4,1

\*Data source: IMF (International Monetary Fund)

Forecast

The Covid-19 pandemic has strongly impacted emerging markets such as Brazil and India, as can be seen on the projected figures for 2020 highlighted in grey.

In Brazil, after the 2014-2016 recession period the country gradually recovered, although at a slow pace. The GDP grew at the same rate in 2017 and 2018 but slightly decreased to 1.1% in 2019 and it is forecasted to decrease by 5.8% in 2020, as effect of the pandemic crisis.

Unemployment had decreased until 2019 and is expected to grow 2.6% in 2020.

Investment have been maintaining its growth pace and is forecasted to be kept in the following years despite the pandemic recession.

## India

Subject Descriptor	Units	2017	2018	2019	2020	2021	2022	2023
Gross domestic product, constant prices	Percent change	7,0%	6,0%	4,0%	-10,0%	9,0%	8,0%	8,0%
Total investment	Percent of GDP	31,0%	32,0%	30,0%	28,0%	29,0%	30,0%	31,0%
Inflation, average consumer prices	Percent change	4,0%	3,0%	5,0%	5,0%	4,0%	4,0%	4,0%
Volume of imports of goods and services	Percent change	14,0%	4,0%	-4,0%	-17,0%	17,0%	11,0%	10,0%
General government gross debt	Percent of GDP	69,0%	70,0%	72,0%	89,0%	90,0%	90,0%	89,0%
Current account balance	U.S. dollars (Billions)	-48,7	-57,2	-24,6	8,5	-26,4	-48,8	-66,1

\*Data source: IMF (International Monetary Fund)

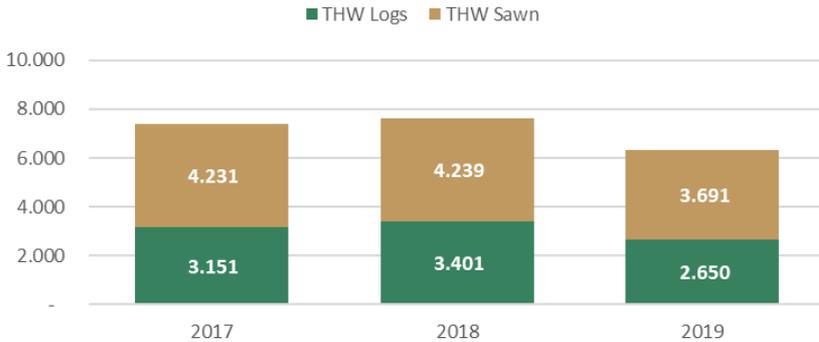
Forecast

In India, the GDP decreased strongly in 2020 due to the pandemic crisis which also impacted negatively the amount of investments, volume of imports of goods and services and the general government gross debt. Before the 2020 pandemic crisis, the country had been facing tougher credit conditions due to the crisis in the banking sector.

Both Brazilian and Indian currencies have strongly depreciated towards the USD in the year of 2020.

# Market Outlook

## Tropical Hardwoods Total World Imports (USD MM)

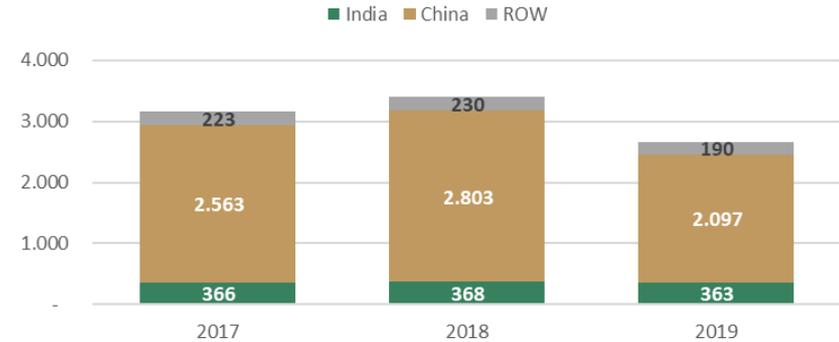


\*Data source: Global Trade Atlas (GTA) and UN Comtrade

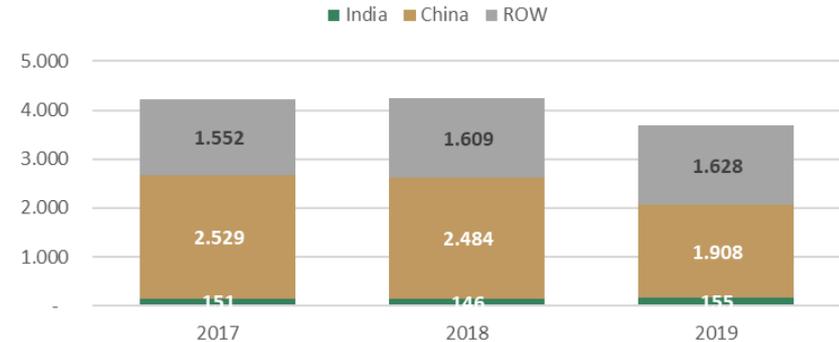
The value of the Global Tropical Hardwood Imports – which englobes Teak wood – decreased by 17% in 2019 (13% reduction for sawn wood and 22% for logs), as can be seen in the chart above. We suspect this reduction was caused by the lockdowns.

The charts on the right, divided between THW logs and sawn imports, show the importing share of India, China and the rest of the world (ROW). China is the main importer of this category, However, Teak wood represented only 0.9% of China’s THW sawn and 0.3% of THW logs in the year of 2019, revealing an opportunity to increase Teak participation there.

## Tropical Hardwoods Log Imports by Country (USD MM)

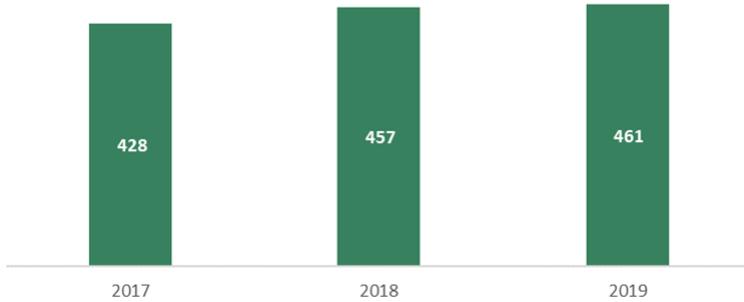


## Tropical Hardwoods Sawn Imports by Country (USD MM)



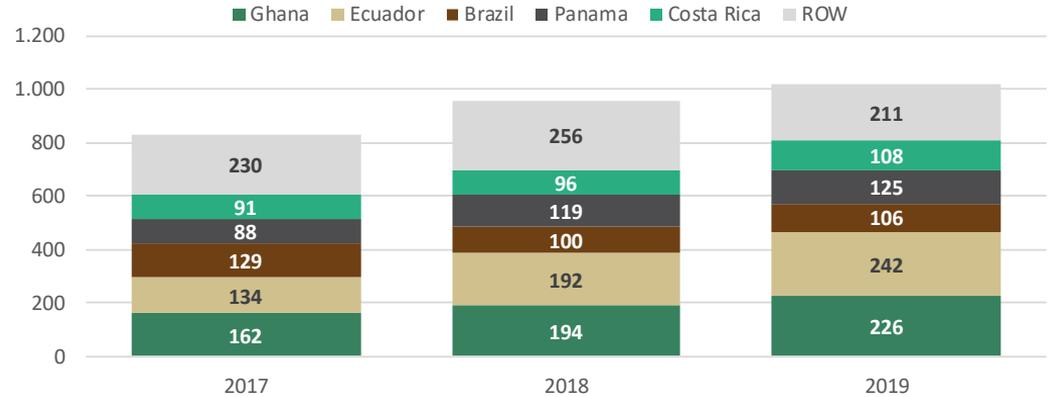
# Market Outlook - India

Teak Imports (Logs+Sawn), USD MM



\*Data source: Global Trade Atlas (GTA)

Annual Indian Teak Log Imports, Top 5 Exporters (thousand cbm)



Although the first chart shows a slight increase on the Teak wood market value in India in 2019, it is important to highlight that it does not follow the volume growth of imports, which can be seen on the second chart.

The value x volume disconnection occurred as supplying markets such as Ghana and Ecuador delivered higher volumes of lower Teak wood quality with lower unit prices, softly increasing the total value traded.

# Cost of Production (CoP)

- Forecast Cost of Production (USD):

2022	Cost	m <sup>3</sup>	Unit/m <sup>3</sup>
Harvesting	BRL 3.388.046	111.485	30,39
Forwarding	BRL 3.395.052	111.485	30,45
Lot Formation	BRL 2.428.833	111.485	21,79
Loading	BRL 884.845	111.485	7,94
Tax	BRL 1.229.112	111.485	11,02
<b>Total</b>	<b>BRL 11.325.889</b>	<b>111.485</b>	<b>101,59</b>
	<b>Cost</b>	<b>há</b>	<b>Unit/há</b>
Land Cleaning	BRL 6.828.431	2.098	3.255,43
<b>Harvesting + Land Cleaning</b>	<b>BRL 18.154.321</b>	<b>111.485</b>	<b>162,84</b>

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

- Comparison, in USD

	2020 MP	2021 MP	Var.
Tree Selection	USD 27.765	0	-27.765
Harvesting	USD 660.179	647.935	-12.244
Forwarding	USD 908.145	725.600	-182.545
Lot Formation	USD 449.102	357.125	-91.977
Loading	USD 181.860	167.774	-14.086
Tax	USD 271.408	230.357	-41.051
<b>Total Harvesting</b>	<b>USD 2.498.458</b>	<b>2.128.791</b>	<b>-369.667</b>
Volume	(m <sup>3</sup> ) 104.660	95.144	-9.516
<b>Cop/m<sup>3</sup></b>	<b>USD 23,87</b>	<b>22,37</b>	<b>-1,5</b>
Cleaning	USD 878.560	831.903	-46.657
<b>Harvesting + Cleaning</b>	<b>USD 3.377.018,43</b>	<b>2.960.694,04</b>	<b>-416.324,4</b>

- Comparison, in BRL

	2020 MP	2021 MP	Var.
Tree Selection	BRL 106.060	0	-106.060
Harvesting	BRL 2.521.884	3.239.673	717.789
Forwarding	BRL 3.469.115	3.628.002	158.888
Lot Formation	BRL 1.715.571	1.785.625	70.054
Loading	BRL 694.704	838.868	144.164
Tax	BRL 1.036.778	1.151.787	115.009
<b>Total Harvesting</b>	<b>BRL 9.544.111</b>	<b>10.643.955</b>	<b>1.099.844</b>
Volume	(m <sup>3</sup> ) 104.660	95.144	-9.516
<b>Cop/m<sup>3</sup></b>	<b>BRL 91,19</b>	<b>111,87</b>	<b>20,7</b>
Land Cleaning	BRL 3.356.099	4.159.515	803.416
<b>Harvesting + Cleaning</b>	<b>BRL 12.900.210,39</b>	<b>14.803.470,20</b>	<b>1.903.259,8</b>

- The cost of production (COP) for the 2021 harvesting to be USD 22.37 per cubic meter (commercial volume).
- At the assumed FX rate of BRL 5/USD used throughout the management plan, this corresponds to BRL 111,87 per cubic meter. For comparison, in MP 2020, COP was BRL 91.19 per cubic meter, essentially very similar as budget for 2021 due to Fx rate effect ( 3.82 in MP2020 vs. 5.00 in MP2021). The increase in BRL is related to fuel and man labor price increase, however especially by the harvest of Paraiso, Paiolândia and Mutum (less productive areas).
- 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 a grading to level the land. Cleaning is included in the Harvesting + Depletion in the P&L. The total cost is estimated as BRL 3,180 / hectare, in current BRL terms, and is shown in USD at the budget FX rate:

# Forest Maintenance

Activities	Unit of Measure	2021			2022			2023			2024			2025		
		Units	USD	USD/Unit	Units	USD	USD/Unit	Units	USD	USD/Unit	Units	USD	USD/Unit	Units	USD	USD/Unit
Fertilization	ha	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Firebreak Maintenance	ha	430	-36.853	-86	420	-32.862	-78	951	-58.588	-62	532	-33.921	-64	207	-13.681	-66
Road Maintenance	ha	190	-115.990	-610	120	-74.513	-621	8	-8.008	-964	9	-9.335	-998	34	-34.721	-1.033
Sprout Control	ha	107	-10.931	-102	9	-950	-106	0	0	0	0	0	0	0	0	0
Ant Control	ha	1.120	-20.663	-18	0	0	0	840	-7.243	-9	100	-891	-9	0	0	0
Weed Control	ha	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pruning	ha	214	-27.803	-130	557	-96.184	-173	0	0	0	0	0	0	0	0	0
Inventory	parc	1.249	-15.252	-12	1.214	-15.735	-13	1.014	-11.340	-11	567	-6.565	-12	221	-2.648	-12
Planting	ha	1.859	-33.511	-18	451	-8.407	-19	0	0	0	0	0	0	0	0	0
Soil Preparation	ha	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operational Support	-	33	-366.689	-11.017	34	-370.153	-10.789	34	-534.004	-15.564	34	-742.187	-21.632	34	-490.148	-14.286
Tax over Forestry Services	-	0	-50.864	0	0	-51.169	0	0	-88.741	0	0	-123.337	0	0	-81.453	0
<b>Total</b>	ha	<b>14.116</b>	<b>-678.555</b>	<b>-48</b>	<b>12.808</b>	<b>-649.974</b>	<b>-51</b>	<b>10.710</b>	<b>-707.924</b>	<b>-66</b>	<b>8.507</b>	<b>-916.236</b>	<b>-108</b>	<b>6.063</b>	<b>-622.651</b>	<b>-103</b>

- 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.
- Inventory and Firebreak Maintenance are done annually.
- Ant Control will be done in Mutum and Cacimba in 2021, Sprout control and Pruning in Cacimba in 2021 and in Mutum in 2022.
- In 2021, USD 48 / ha is proposed, with USD 51 / hectare in 2022. For comparison, in 2020 USD 32 / hectare was spent on forestry maintenance, however slightly impacted by contingency plans COVID-19.

FSA (In USD 0,00)									
	1Q2021	2Q2021	3Q2021	4Q2021	2021	2022	2023	2024	2025
G&A: own expenses	(30.435)	(12.850)	(53.249)	(20.366)	(116.900)	(121.576)	(126.439)	(131.497)	(136.757)
G&A: Annual Management Fee	(358.088)	(361.686)	(365.320)	(368.991)	(1.454.086)	(1.372.598)	(1.192.464)	(983.133)	(727.305)
Legal Expenses	(184.500)	(109.500)	(109.500)	(109.500)	(513.000)	0	0	0	0
Property Management	(130.048)	(105.059)	(99.149)	(119.841)	(454.097)	(472.261)	(491.151)	(510.797)	(531.229)
Others	(20.576)	(18.404)	(21.361)	(21.365)	(81.706)	(84.974)	(88.373)	(91.908)	(95.584)
<b>Total Expenses</b>	<b>(723.647)</b>	<b>(607.499)</b>	<b>(648.578)</b>	<b>(640.063)</b>	<b>(2.619.788)</b>	<b>(2.051.409)</b>	<b>(1.898.428)</b>	<b>(1.717.335)</b>	<b>(1.490.875)</b>

**Own overhead expenses:** costs invoiced straight to FSA, include the remuneration of the administrators, financial statements audit, among other smaller costs. In 2020, this item should total USD 245 k. While in 2021, it is expected to be USD 117 k.

**Annual Management Fee:** according to the Management Services Agreement between Floresteca S/A and TRC, a fixed value per hectare (BRL 503, or USD 100 for 2021) is charged for the administrative services (e.g. treasury, legal, forest planning, IT etc.). This is paid on monthly basis and is updated per Brazilian CPI inflation (25% since contract signing, .

**Legal Expenses:** given its relevance due to the VTP case, we are reporting this on a separate item. In 2020, this expenses already add up to USD 1.2 M and another USD 513 K are planned for 2021.

**Property management:** These expenses refer to local property management staff and infrastructure maintenance. In 2021, these expenses come to USD 454 k.

Except for the legal expenses, all other items are corrected by inflation annually.

## Comparison, in USD

FSA (In USD 0,00)			
	MP2020	MP2021	Variation
	Fx		
	3,82	5,00	
G&A: own expenses	(250.194)	(116.900)	133.294
G&A: Annual Management Fee	(1.807.661)	(1.454.086)	353.576
Legal Expenses	0	(513.000)	(513.000)
Property Management	(824.067)	(535.803)	288.264
<b>Total Expenses</b>	<b>(2.881.922)</b>	<b>(2.619.788)</b>	<b>262.134</b>

## Comparison, in BRL

FSA (In BRL 0,00)			
	MP2020	MP2021	Variation
G&A: own expenses	(955.741)	(584.501)	371.240
G&A: Annual Management Fee	(6.905.267)	(7.270.428)	(365.161)
Legal Expenses	0	(2.565.000)	(2.565.000)
Property Management	(3.147.935)	(2.679.013)	468.921
<b>Total Expenses</b>	<b>(11.008.943)</b>	<b>(13.098.942)</b>	<b>(2.090.000)</b>

# Profit and Loss

FSA										
Profit and Loss										
<i>(In USD 0,00)</i>										
	1Q2021	2Q2021	3Q2021	4Q2021	2021	2022	2023	2024	2025	
Log Sales	1,915,832	1,934,477	2,570,369	2,670,315	9,090,992	11,030,100	11,752,136	18,010,920	15,631,498	
Internal Market	797,684	581,126	608,148	625,157	2,612,116	634,029	710,394	1,023,976	54,769	
External Market	1,118,148	1,353,351	1,962,220	2,045,158	6,478,876	10,396,071	11,041,742	16,986,944	15,576,729	
(-) Sales Deductions	(78,575)	(58,590)	(62,680)	(64,503)	(264,348)	(245,550)	(262,692)	(400,609)	(322,124)	
<b>Net Sales</b>	<b>1,837,257</b>	<b>1,875,887</b>	<b>2,507,689</b>	<b>2,605,812</b>	<b>8,826,644</b>	<b>10,784,550</b>	<b>11,489,444</b>	<b>17,610,311</b>	<b>15,309,373</b>	
CoGS										
Harvesting	(643,896)	(556,658)	(810,588)	(949,552)	(2,960,694)	(3,630,864)	(4,204,770)	(5,544,611)	(3,156,307)	
Depletion	(2,900,212)	(521,119)	(1,469,289)	(1,421,368)	(6,311,988)	(5,469,302)	(2,866,163)	(3,783,450)	(5,050,355)	
<b>Total CoGS</b>	<b>(3,544,108)</b>	<b>(1,077,777)</b>	<b>(2,279,876)</b>	<b>(2,370,920)</b>	<b>(9,272,682)</b>	<b>(9,100,166)</b>	<b>(7,070,933)</b>	<b>(9,328,061)</b>	<b>(8,206,661)</b>	
<b>Gross Profit</b>	<b>(1,706,851)</b>	<b>798,109</b>	<b>227,812</b>	<b>234,892</b>	<b>(446,037)</b>	<b>1,684,384</b>	<b>4,418,511</b>	<b>8,282,250</b>	<b>7,102,712</b>	
<b>% Gross Margin</b>	<b>-93%</b>	<b>43%</b>	<b>9%</b>	<b>9%</b>	<b>-5%</b>	<b>16%</b>	<b>38%</b>	<b>47%</b>	<b>46%</b>	
Operational Expenses										
G&A: own expenses	(30,435)	(12,850)	(53,249)	(20,366)	(116,900)	(121,576)	(126,439)	(131,497)	(136,757)	
G&A: Annual Management Fee	(358,088)	(361,686)	(365,320)	(368,991)	(1,454,086)	(1,372,598)	(1,192,464)	(983,133)	(727,305)	
Legal Expenses	(184,500)	(109,500)	(109,500)	(109,500)	(513,000)	0	0	0	0	
<b>Operational Result</b>	<b>(2,279,875)</b>	<b>314,073</b>	<b>(300,256)</b>	<b>(263,965)</b>	<b>(2,530,023)</b>	<b>190,210</b>	<b>3,099,608</b>	<b>7,167,621</b>	<b>6,238,650</b>	
Financial Expenses	(2,621)	(3,096)	(2,100)	(2,809)	(10,626)	(13,480)	(13,893)	(13,890)	(14,252)	
<b>Financial Result</b>	<b>(2,621)</b>	<b>(3,096)</b>	<b>(2,100)</b>	<b>(2,809)</b>	<b>(10,626)</b>	<b>(13,480)</b>	<b>(13,893)</b>	<b>(13,890)</b>	<b>(14,252)</b>	
<b>EBT</b>	<b>(2,282,496)</b>	<b>310,977</b>	<b>(302,356)</b>	<b>(266,774)</b>	<b>(2,540,649)</b>	<b>176,730</b>	<b>3,085,714</b>	<b>7,153,731</b>	<b>6,224,398</b>	
<b>Profit &amp; Loss</b>	<b>(2,282,496)</b>	<b>310,977</b>	<b>(302,356)</b>	<b>(266,774)</b>	<b>(2,540,649)</b>	<b>176,730</b>	<b>3,085,714</b>	<b>7,153,731</b>	<b>6,224,398</b>	
<b>% R.E./R.L</b>	<b>-124%</b>	<b>17%</b>	<b>-12%</b>	<b>-10%</b>	<b>-29%</b>	<b>2%</b>	<b>27%</b>	<b>41%</b>	<b>41%</b>	
<b>Profit &amp; Loss Adjusted</b>	<b>617,716</b>	<b>832,096</b>	<b>1,166,932</b>	<b>1,154,594</b>	<b>3,771,339</b>	<b>5,646,032</b>	<b>5,951,877</b>	<b>10,937,181</b>	<b>11,274,753</b>	
Financial Expenses	2,621	3,096	2,100	2,809	10,626	13,480	13,893	13,890	14,252	
Depreciation and Amortization	973	973	973	482	3,401	0	0	0	0	
Depletion	2,900,212	521,119	1,469,289	1,421,368	6,311,988	5,469,302	2,866,163	3,783,450	5,050,355	
<b>EBITDA</b>	<b>621,311</b>	<b>836,165</b>	<b>1,170,005</b>	<b>1,157,884</b>	<b>3,785,366</b>	<b>5,659,512</b>	<b>5,965,770</b>	<b>10,951,071</b>	<b>11,289,005</b>	
Capitalized Costs										
Forestry	(163,565)	(200,380)	(131,179)	(183,431)	(678,555)	(649,974)	(707,924)	(916,236)	(622,651)	
Land Use Deals	0	(283,680)	(265,873)	(223,478)	(773,031)	0	0	0	0	
Depreciation	(23,152)	(17,940)	(7,518)	(7,023)	(55,633)	(53,268)	(34,314)	(17,959)	(11,583)	
Property Management	(130,048)	(105,059)	(99,149)	(119,841)	(454,097)	(472,261)	(491,151)	(510,797)	(531,229)	
Others	(20,576)	(18,404)	(21,361)	(21,365)	(81,706)	(84,974)	(88,373)	(91,908)	(95,584)	
<b>EBITDA adjusted</b>	<b>283,970</b>	<b>210,701</b>	<b>644,927</b>	<b>602,746</b>	<b>1,742,344</b>	<b>4,399,035</b>	<b>4,644,007</b>	<b>9,414,171</b>	<b>10,027,957</b>	

The table shows Floresteca's Profit and Loss (accrual basis) forecast for the next 5 years.

For continuity with the prior account plan and results, we calculate Adjusted EBITDA, which considers include the capitalized forestry and farm/property related expenses. This corresponds to what we have called Operational Result in the quarterly management reports produced to date.

# Cash Flow

FSA									
Cash Flow									
(In USD 0,00)									
	1Q2021	2Q2021	3Q2021	4Q2021	2021	2022	2023	2024	2025
Fx rate	5,00	5,00	5,00	5,00	5,00	5,00	5,00	5,00	5,00
<b>Initial Balance</b>	<b>282.272</b>	<b>12.933</b>	<b>(98.764)</b>	<b>109.024</b>	<b>282.272</b>	<b>277.723</b>	<b>10.072.569</b>	<b>17.524.524</b>	<b>29.253.773</b>
<b>Gross Revenues</b>	<b>1.504.131</b>	<b>1.898.726</b>	<b>2.133.249</b>	<b>2.382.640</b>	<b>7.918.746</b>	<b>10.820.928</b>	<b>11.565.263</b>	<b>16.420.092</b>	<b>16.307.121</b>
Internal Market	386.060	780.580	779.902	420.420	2.366.962	978.718	684.939	919.449	377.838
External Market	1.118.071	1.118.146	1.353.346	1.962.220	5.551.784	9.842.210	10.880.324	15.500.644	15.929.283
(-) Sales Deductions	(50.389)	(77.406)	(44.000)	(73.526)	(245.322)	(245.550)	(262.692)	(400.609)	(322.124)
<b>Net Revenues</b>	<b>1.453.742</b>	<b>1.821.320</b>	<b>2.089.249</b>	<b>2.309.114</b>	<b>7.673.425</b>	<b>10.575.378</b>	<b>11.302.571</b>	<b>16.019.484</b>	<b>15.984.996</b>
Operational expenses	(1.110.849)	(1.704.695)	(1.551.427)	(1.918.474)	(6.285.444)	(862.945)	(3.944.960)	(4.394.731)	(219.478)
Legal Expenses	(184.500)	(109.500)	(109.500)	(109.500)	(513.000)	0	0	0	0
Financial expenses	(1.015.011)	(6.182)	(2.100)	(5.346)	(1.028.639)	(43.587)	(31.657)	(21.503)	(14.252)
Income tax	0	0	0	0	0	0	0	0	0
Others Revenues	757.000	42.000	42.000	42.000	883.000	126.000	126.000	126.000	126.000
Transfers to FBV/SATT	(169.721)	(154.640)	(260.434)	(149.094)	(733.890)	0	0	0	0
<b>Operational Cash Generation</b>	<b>342.893</b>	<b>116.625</b>	<b>537.822</b>	<b>390.640</b>	<b>1.387.980</b>	<b>9.712.433</b>	<b>7.357.612</b>	<b>11.624.752</b>	<b>15.765.518</b>
<b>Closing Balance</b>	<b>12.933</b>	<b>(98.764)</b>	<b>109.024</b>	<b>277.723</b>	<b>277.723</b>	<b>10.072.569</b>	<b>17.524.524</b>	<b>29.253.773</b>	<b>45.131.039</b>

The following tables summarizes the net cash flow of Floresteca for the 2021-25 period.

Note that Floresteca is assuming, only for 2021, USD 733 k on cash transfer to Floresteca BV and SATT for its operations. We have not included estimates for later years, as these expenses are under discussion among the stakeholders.

No payments of the outstanding amounts from previous harvest results have been included, as their timing is not certain. Whenever they happen, they would come out of this cash flow.

Operational cash generation will be throughout the period considered.

There is a temporary cash gap in the 2Q of 2021, caused by high legal expenses and the need to pay back the loan FSA got in July 2020. Capim Branco was the collateral for that debt and is being sold.

The gap will need to be covered through third-party funding, either by banks or related-parties cash advance.

# CapEx

- Recommended Capex for Floresteca S/A in 2021 (USD):

Description	Purpose of Use	Type	Acquisition Date	Quantity	Unit Value	Total
Weed Eater	Forestry	Tractors and Implements	01/01/2020	2	700	1.400

- The total recommended CapEx for Floresteca Properties in 2021 is USD 1,400 of which are for equipment for normal continuity of operations.
- The Capex for Floresteca considers only equipment for the silviculture team. The weed eater are essential for basic property maintenance, since both will be used for fire prevention, safety and access to the properties.

# Legal and Compliance Update

## **PARAISO, TERRA SANTA, AND BAMBU IV FARMS - OVERVIEW**

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

- Paraiso – As indicated earlier in the report, final harvest began at Paraiso Farm (PAR 1997) in January 2020, but was interrupted by the courts verdict. The Local Judge ruled that the usufruct agreement be terminated, with the land reverting to the landowner, however the ruling was silent on the timber on the property. The decision did however uphold that the landowner owes FSA for past advances. On September 25th, the judge of the claim provides a new decision that reinstates FSA into Paraiso Farm possession. On October we restarted the final harvest at Paraiso Farm.
- Terra Santa; Floresteca has already contested the action and has been asking for the thinning to be authorized. The process is concluded for decision. A preliminary decision was granted not to cut the trees until the delimitation of Frigieri's area. Recently, Floresteca has obtained a favorable decision to proceed with a phytosanitary treatment. The procedure will be accompanied by a technical assistant appointed and approved by the parties.
- Bambu IV; There has been no material update on these, however our legal advisors believe that decision in the case of Paraiso may have some future bearing on this outcome. On October, FSA legal advisory informed to the judge of the claim that intends to produce witness and expert evidence.

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

# Legal and Compliance Update

**VTP** – On August 11th, the judge of the claim provides a new decision, in short (i) to clarify that judicial analysis shall be done at farms related to foreign investors; (ii) to clarify that expert shall not respond to documentation questions (purpose of expert's job is simply agricultural analysis); (iii) to discharge VTP of paying expert's fees in advance; and (iv) to notify the expert if he agrees to be paid by the end of the case. On September 19th, the expert – Mr. Edson Mender de Freitas Neto, informs to the judge of the claim that (i) on-site survey in all the farms is mandatory; (ii) the engineers Mrs. Danilo Alonso and João Lucas Alonso may assist him in the job; (iii) the expert's fees are BRL 512,589.70 (BRL 300.00 per hour), that may be modified in case of additional services requested by the parties or by the judge; and also requests the advanced payment of 50% of the fees, and the remaining shall be paid in the report's presentation. On October 28th VTP files an appeal before the COURT OF APPEAL, directed to the Superior Court of Justice, against the decision of the FIRST PRELIMINARY INJUNCTION APPEAL, to (i) reform the decision and maintain the PRELIMINARY INJUNCTION.

## **LUD claim on PAIOLANDIA FARM:**

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

On October 27th, FSA presents to the judge of the claim the defense<sup>1</sup>, and the following arguments:

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

# Appendix

# P&L (BRL)

<b>FSA</b>									
<b>Profit and Loss</b>									
<i>(In BRL 0,00)</i>									
	1Q2021	2Q2021	3Q2021	4Q2021	2021	2022	2023	2024	2025
Log Sales	9.579.160	9.672.386	12.851.843	13.351.573	45.454.962	55.150.501	58.760.681	90.054.600	78.157.488
Internal Market	3.988.421	2.905.632	3.040.742	3.125.784	13.060.580	3.170.145	3.551.972	5.119.879	273.843
External Market	5.590.739	6.766.754	9.811.100	10.225.789	32.394.382	51.980.356	55.208.709	84.934.721	77.883.646
(-) Sales Deductions	(392.877)	(292.952)	(313.398)	(322.514)	(1.321.741)	(1.227.750)	(1.313.462)	(2.003.044)	(1.610.622)
<b>Net Sales</b>	<b>9.186.283</b>	<b>9.379.434</b>	<b>12.538.444</b>	<b>13.029.059</b>	<b>44.133.221</b>	<b>53.922.751</b>	<b>57.447.219</b>	<b>88.051.556</b>	<b>76.546.867</b>
<b>CoGS</b>									
Harvesting	(3.219.478)	(2.783.291)	(4.052.939)	(4.747.760)	(14.803.468)	(18.154.321)	(21.023.850)	(27.723.054)	(15.781.533)
Depletion	(14.501.062)	(2.605.596)	(7.346.443)	(7.106.838)	(31.559.940)	(27.346.509)	(14.330.813)	(18.917.250)	(25.251.774)
<b>Total CoGS</b>	<b>(17.720.540)</b>	<b>(5.388.887)</b>	<b>(11.399.382)</b>	<b>(11.854.598)</b>	<b>(46.363.408)</b>	<b>(45.500.830)</b>	<b>(35.354.663)</b>	<b>(46.640.304)</b>	<b>(41.033.307)</b>
<b>Gross Profit</b>	<b>(8.534.257)</b>	<b>3.990.547</b>	<b>1.139.062</b>	<b>1.174.461</b>	<b>(2.230.187)</b>	<b>8.421.921</b>	<b>22.092.557</b>	<b>41.411.252</b>	<b>35.513.560</b>
<b>% Gross Margin</b>	<b>-93%</b>	<b>43%</b>	<b>9%</b>	<b>9%</b>	<b>-5%</b>	<b>16%</b>	<b>38%</b>	<b>47%</b>	<b>46%</b>
<b>Operational Expenses</b>									
G&A: own expenses	(152.176)	(64.251)	(266.243)	(101.831)	(584.501)	(607.881)	(632.196)	(657.484)	(683.784)
G&A: Annual Management Fee	(1.790.441)	(1.808.431)	(1.826.601)	(1.844.954)	(7.270.428)	(6.862.988)	(5.962.322)	(4.915.665)	(3.636.526)
Legal Expenses	(922.500)	(547.500)	(547.500)	(547.500)	(2.565.000)	0	0	0	0
<b>Operational Result</b>	<b>(11.399.375)</b>	<b>1.570.365</b>	<b>(1.501.282)</b>	<b>(1.319.824)</b>	<b>(12.650.115)</b>	<b>951.052</b>	<b>15.498.038</b>	<b>35.638.103</b>	<b>31.193.250</b>
Financial Expenses	(13.107)	(15.479)	(10.500)	(14.044)	(53.130)	(67.400)	(69.467)	(69.449)	(71.261)
<b>Financial Result</b>	<b>(13.107)</b>	<b>(15.479)</b>	<b>(10.500)</b>	<b>(14.044)</b>	<b>(53.130)</b>	<b>(67.400)</b>	<b>(69.467)</b>	<b>(69.449)</b>	<b>(71.261)</b>
<b>EBT</b>	<b>(11.412.481)</b>	<b>1.554.886</b>	<b>(1.511.782)</b>	<b>(1.333.868)</b>	<b>(12.703.245)</b>	<b>883.652</b>	<b>15.428.572</b>	<b>35.768.654</b>	<b>31.121.989</b>
<b>Profit &amp; Loss</b>	<b>(11.412.481)</b>	<b>1.554.886</b>	<b>(1.511.782)</b>	<b>(1.333.868)</b>	<b>(12.703.245)</b>	<b>883.652</b>	<b>15.428.572</b>	<b>35.768.654</b>	<b>31.121.989</b>
<b>% R/E / R/L</b>	<b>-124%</b>	<b>17%</b>	<b>-12%</b>	<b>-10%</b>	<b>-29%</b>	<b>2%</b>	<b>27%</b>	<b>41%</b>	<b>41%</b>
<b>Profit &amp; Loss Adjusted</b>	<b>3.088.581</b>	<b>4.160.482</b>	<b>5.834.661</b>	<b>5.772.970</b>	<b>18.856.694</b>	<b>28.230.161</b>	<b>29.759.385</b>	<b>54.685.904</b>	<b>56.373.763</b>
Financial Expenses	13.107	15.479	10.500	14.044	53.130	67.400	69.467	69.449	71.261
Depreciation and Amortization	4.866	4.866	4.866	2.408	17.005	0	0	0	0
Depletion	14.501.062	2.605.596	7.346.443	7.106.838	31.559.940	27.346.509	14.330.813	18.917.250	25.251.774
<b>EBITDA</b>	<b>3.106.554</b>	<b>4.180.827</b>	<b>5.850.027</b>	<b>5.789.422</b>	<b>18.926.829</b>	<b>28.297.561</b>	<b>29.828.851</b>	<b>54.755.353</b>	<b>56.445.024</b>
<b>Capitalized Costs</b>									
Forestry	(817.827)	(1.001.902)	(655.893)	(917.155)	(3.392.777)	(3.249.869)	(3.539.622)	(4.581.178)	(3.113.257)
Land Use Deals	0	(1.418.400)	(1.329.367)	(1.117.390)	(3.865.156)	0	0	0	0
Depreciation	(115.759)	(89.702)	(37.588)	(35.115)	(278.164)	(266.341)	(171.571)	(89.796)	(57.914)
Property Management	(650.241)	(525.294)	(495.743)	(599.207)	(2.270.485)	(2.361.304)	(2.455.756)	(2.553.987)	(2.656.146)
Others	(102.878)	(92.022)	(106.804)	(106.824)	(408.529)	(424.870)	(441.864)	(459.539)	(477.921)
<b>EBITDA adjusted</b>	<b>1.419.848</b>	<b>1.053.507</b>	<b>3.224.633</b>	<b>3.013.730</b>	<b>8.711.718</b>	<b>21.995.177</b>	<b>23.220.037</b>	<b>47.070.853</b>	<b>50.139.786</b>

- TRC Property Management and G&A Expenses (BRL):

FSA (In BRL 0,00)									
	1Q2021	2Q2021	3Q2021	4Q2021	2021	2022	2023	2024	2025
G&A: own expenses	(152.176)	(64.251)	(266.243)	(101.831)	(584.501)	(607.881)	(632.196)	(657.484)	(683.784)
G&A: Annual Management Fee	(1.790.441)	(1.808.431)	(1.826.601)	(1.844.954)	(7.270.428)	(6.862.988)	(5.962.322)	(4.915.665)	(3.636.526)
Legal Expenses	(922.500)	(547.500)	(547.500)	(547.500)	(2.565.000)	0	0	0	0
Property Management	(650.241)	(525.294)	(495.743)	(599.207)	(2.270.485)	(2.361.304)	(2.455.756)	(2.553.987)	(2.656.146)
Others	(102.878)	(92.022)	(106.804)	(106.824)	(408.529)	(424.870)	(441.864)	(459.539)	(477.921)
<b>Total Expenses</b>	<b>(3.618.236)</b>	<b>(3.037.497)</b>	<b>(3.242.892)</b>	<b>(3.200.317)</b>	<b>(13.098.942)</b>	<b>(10.257.043)</b>	<b>(9.492.139)</b>	<b>(6.586.675)</b>	<b>(7.454.376)</b>

- Comparison G&A Expenses (BRL):

FSA (In BRL 0,00)			
	MP2020	MP2021	Variation
G&A: own expenses	(955.741)	(584.501)	371.240
G&A: Annual Management Fee	(6.905.267)	(7.270.428)	(365.161)
Legal Expenses	0	(2.565.000)	(2.565.000)
Property Management	(3.147.935)	(2.679.013)	468.921
<b>Total Expenses</b>	<b>(11.008.943)</b>	<b>(13.098.942)</b>	<b>(2.090.000)</b>

- Floresteca S.A Projected Cash Flow (BRL):

FSA									
Cash Flow									
(In BRL 0,00)									
	1Q2021	2Q2021	3Q2021	4Q2021	2021	2022	2023	2024	2025
<b>Initial Balance</b>	1.413.725	67.033	(491.454)	547.484	1.413.725	1.390.982	50.365.212	87.624.986	146.271.233
<b>Gross Revenues</b>	7.520.654	9.493.631	10.666.243	11.913.202	39.593.730	54.104.640	57.826.317	82.100.461	81.535.603
Internal Market	1.930.299	3.902.901	3.899.511	2.102.100	11.834.811	4.893.591	3.424.696	4.597.243	1.889.188
External Market	5.590.355	5.590.730	6.766.732	9.811.102	27.758.919	49.211.049	54.401.621	77.503.218	79.646.415
(-) Sales Deductions	(251.944)	(387.032)	(220.000)	(367.632)	(1.226.608)	(1.227.750)	(1.313.462)	(2.003.044)	(1.610.622)
<b>Net Revenues</b>	7.268.710	9.106.599	10.446.243	11.545.571	38.367.123	52.876.890	56.512.855	80.097.418	79.924.981
Operational expenses	(5.554.244)	(8.523.476)	(7.757.133)	(9.592.368)	(31.427.221)	(4.314.724)	(19.724.798)	(21.973.657)	(1.097.392)
Legal Expenses	(922.500)	(547.500)	(547.500)	(547.500)	(2.565.000)	0	0	0	0
Financial expenses	(5.075.054)	(30.909)	(10.500)	(26.732)	(5.143.195)	(217.936)	(158.284)	(107.513)	(71.261)
Others Revenues	3.785.000	210.000	210.000	210.000	4.415.000	630.000	630.000	630.000	630.000
Transfers to FBV/SATT	(848.604)	(773.202)	(1.302.172)	(745.472)	(3.669.450)	0	0	0	0
<b>Operational Cash Generation</b>	1.714.466	583.124	2.689.110	1.953.202	6.939.902	48.562.166	36.788.058	58.123.761	78.827.589
<b>Closing Balance</b>	67.033	(491.454)	547.484	1.390.982	1.390.982	50.365.212	87.624.986	146.271.233	225.657.561

- Operational Expenses Breakdown (BRL):

FSA									
(In BRL 0,00)									
	1Q2021	2Q2021	3Q2021	4Q2021	2021	2022	2023	2024	2025
<b>OpEx</b>									
Harvesting and Cleaning	(3.219.478)	(2.783.291)	(4.052.939)	(4.747.760)	(14.803.468)	(18.154.321)	(21.023.850)	(27.723.054)	(15.781.533)
G&A: own expenses	(152.176)	(64.251)	(266.243)	(101.831)	(584.501)	(607.881)	(632.196)	(657.484)	(683.784)
G&A: Annual Management Fee	(1.790.441)	(1.808.431)	(1.826.601)	(1.844.954)	(7.270.428)	(6.862.988)	(5.962.322)	(4.915.665)	(3.636.526)
Property Management	(650.241)	(525.294)	(495.743)	(599.207)	(2.270.485)	(2.361.304)	(2.455.756)	(2.553.987)	(2.656.146)
Others	(102.878)	(92.022)	(106.804)	(106.824)	(408.529)	(424.870)	(441.864)	(459.539)	(477.921)
Forestry	(817.827)	(1.001.902)	(655.893)	(917.155)	(3.392.777)	(3.249.869)	(3.539.622)	(4.581.178)	(3.113.257)
Land Use Deals	0	(1.418.400)	(1.329.367)	(1.117.390)	(3.865.156)	0	0	0	0
<b>Total Expenses</b>	(6.733.042)	(7.693.590)	(8.733.590)	(9.435.122)	(32.595.344)	(31.661.233)	(34.055.611)	(40.890.907)	(26.349.166)

# Annual Inventory Summary

## Cáceres Region Plantations 2019 Inventory Data

Project	ANO	Area (ha)	Age year	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m <sup>2</sup> /ha)	Trees/ha	Total Volume (m <sup>3</sup> /ha)	Individual Vol (m <sup>3</sup> /ha)	Total Volume (m <sup>3</sup> )
BAM	1999	549	19,1	19,6	14,2	15,3	11,3	366	66,8	0,18	36.668
	2000	514	18,1	23,4	16,5	17,3	12,4	285	84,6	0,30	43.446
BAR	2002	970	16,5	24,9	19,4	20,6	16,0	325	128,5	0,40	124.627
	2003	13	15,7	30,0	24,4	25,3	23,1	326	226,2	0,69	2.930
	2004	1.021	14,6	23,6	19,1	20,4	16,6	380	133,8	0,35	136.572
Total geral											344.242

## Cáceres Region Plantations 2020 Inventory Data

Project	ANO	Area (ha)	Age year	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m <sup>2</sup> /ha)	Trees/ha	Total Volume (m <sup>3</sup> /ha)	Individual Vol (m <sup>3</sup> /ha)	Total Volume (m <sup>3</sup> )
DLG	2000	1.527,5	19,7	29,2	19,9	20,5	11,2	165	91,1	0,55	139.194
	2001	1.826,3	18,7	24,6	16,7	17,3	10,3	243	71,6	0,29	130.797
	2002	48,4	17,5	38,8	24,2	24,7	17,6	146	155,3	1,07	7.517
	2005	207,7	14,6	25,7	17,5	18,1	8,7	164	62,7	0,38	13.012
	2006	233,9	13,5	28,5	18,4	18,9	11,3	173	81,8	0,47	19.130
SMG	2001	97,5	18,6	25,3	18,2	18,9	11,3	225	86,2	0,38	8.409
	2002	5,7	17,5	28,3	21,7	22,4	13,1	204	115,1	0,56	657
Total geral											318.716

# Annual Inventory Summary

## Porto Esperidião Region Plantations 2019 Inventory Data

Project	ANO	Area (ha)	Age year	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m <sup>2</sup> /ha)	Trees/ha	Total Volume (m <sup>3</sup> /ha)	Individual Vol (m <sup>3</sup> /ha)	Total Volume (m <sup>3</sup> )
STF	2003	2.563	15,5	25,6	18,7	19,5	12,9	272	95,6	0,35	245.070
TST	2004	1.143	14,8	30,8	22,9	23,6	15,8	222	138,0	0,62	157.710
Total geral											402.780

## Porto Esperidião Region Plantations 2020 Inventory Data

Project	ANO	Area (ha)	Age year	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m <sup>2</sup> /ha)	Trees/ha	Total Volume (m <sup>3</sup> /ha)	Individual Vol (m <sup>3</sup> /ha)	Total Volume (m <sup>3</sup> )
CMB	2002	571,0	17,6	31,6	22,4	23,0	13,8	179	114,4	0,64	65.316
	2003	10,2	16,4	33,7	24,6	25,2	18,9	210	165,0	0,78	1.682
MUT	2007	539,2	12,2	24,2	17,8	18,4	15,6	369	114,0	0,31	61.447
SAJ	2007	301,3	12,6	29,8	21,8	22,1	17,7	252	146,0	0,58	43.993
SMJ	2002	1.085,2	17,4	26,8	19,6	20,6	12,9	245	97,5	0,40	105.807
	2003	207,9	16,6	31,7	22,3	23,0	13,2	180	110,2	0,61	22.911
SMJII	2008	99,9	11,4	23,7	16,6	17,1	11,6	266	76,9	0,29	7.680
Total geral											308.836

# Annual Inventory Summary

## Jangada Region Plantations 2018 Inventory Data

Project	ANO	Area (ha)	Age year	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m <sup>2</sup> /ha)	Trees/ha	Total Volume (m <sup>3</sup> /ha)	Individual Vol (m <sup>3</sup> /ha)	Total Volume (m <sup>3</sup> )
VDO	1999	49	17,4	34,1	23,1	23,7	13,9	152	124,3	0,82	6.040
Total geral											6.040

## Jangada Region Plantations 2019 Inventory Data

Project	ANO	Area (ha)	Age year	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m <sup>2</sup> /ha)	Trees/ha	Total Volume (m <sup>3</sup> /ha)	Individual Vol (m <sup>3</sup> /ha)	Total Volume (m <sup>3</sup> )
PAI	1997	298	21,3	28,3	19,9	20,6	12,0	204	99,3	0,49	29.578
	1998	93	20,5	30,4	21,6	22,1	11,8	161	101,7	0,63	9.505
PAR	1997	555	21,5	21,9	16,8	17,7	10,4	271	73,2	0,27	40.615
SER	1999	105	19,5	26,9	21,0	21,9	14,4	241	122,5	0,51	12.863
Total geral											92.561

## Jangada Region Plantations 2019/2020 Inventory Data

Project	ANO	Area (ha)	Age year	DBH (cm)	Height (m)	Dominant Height (m)	Basal Area (m <sup>2</sup> /ha)	Trees/ha	Total Volume (m <sup>3</sup> /ha)	Individual Vol (m <sup>3</sup> /ha)	Total Volume (m <sup>3</sup> )
CPB	1999	466,5	20,0	36,1	23,5	23,8	11,1	111	98,0	0,88	45.713
Total geral											45.713

# Thank you!



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