The Forest Company

Financial Statements
For the year ended
31 December 2023

Incorporated in Guernsey - Company Number: 47338

THE FOREST COMPANY LIMITED

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THE FOREST COMPANY LIMITED
GENERAL INFORMATION

Board of Directors
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Jukka Reijonen (non-executive)
John Enlow (non-executive)

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Website: www.theforestcompany.se

THE FOREST COMPANY LIMITED
GLOSSARY (CONTINUED)

The Group: refers to The Forest Company Limited and its investments. Refer to pp. 60-61 for the list of investments

AB Florestal: AB Florestal Empreendimentos Imobiliários, Atividades Florestais e Participações Ltda

Administrator: Vistra Fund Services (Guernsey) Limited

AGM: Annual General Meeting

Aimara: Aimara Empreendimentos Imobiliários e Participações Ltda

Antioquia: Antioquia Wood Holdings Limited

Auditor: BDO LLP

BioCarbono: BioCarbono Produção e Comércio de Carvão Ltda

Board: Directors of the Company

BRL: Brazilian real

CDI: Brazilian interbank interest rate

Charcoal: Solid material produced from biomass through carbonisation (also known as biocarbon)

Class A ordinary shares: A redeemable ordinary share of USD 0.10 in the capital of the Company.

COFINS: Contribuição para o Financiamento da Seguridade Social, a social contribution tax in Brazil based on gross revenue

Company: The Forest Company Limited, with its registered office in Guernsey

Company secretary: Vistra Fund Services (Guernsey) Limited

COP: Colombian peso

Corrupt practice: The direct or indirect offering, giving, receiving or soliciting of anything of value to improperly influence the actions of another party

CSLL: Contribuição Social sobre o Lucro Líquido das Pessoas Jurídicas, a social contribution tax in Brazil based on net profit

Investment manager: Timber Capital Limited (TCL)

IRR: Internal Rate of Return

ISAs (UK): International Standards on Auditing (UK)

Current adjusted NAV: the most recent adjusted net asset value preceding the date of payment

DCF: Discounted cash flow

Deferred tax: Tax payable or recoverable in a future period

Depletion: The fair value of harvested biological assets

El Guasimo: Reforestadora El Guasimo

Fair value: Defined in IFRS 13 as the price that is received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and it is the value by which all investments are held

FRC: Financial Reporting Council

Frondosa: Frondosa Empreendimentos Imobiliários, Atividades Florestais e Participações Ltda

FSC: The Forest Stewardship Council, an independent, internationally recognised non-profit forest management certification body established in 1993 to respond to global environmental concerns, especially as they pertain to deforestation

FSC certification: Obtained by organisations that comply with the principles and criteria set forth by the FSC through an independent annual audit carried out by accredited auditing bodies

GBP: Pounds sterling

Green Bond: Type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects. These bonds are typically asset-linked and backed by the issuing entity's balance sheet.

Green Steel: Green steel is produced through a sustainable production, using only charcoal from eucalyptus forests as raw material.

Hadoque: Hadoque Propriedades Rurais e Participacoes Ltda

IAS: International Accounting Standards

IFRS: International Financial Reporting Standards

IMA: Investment Management Agreement

IMF: International Monetary Fund

Joint venture: A joint contractual arrangement involving two or more parties whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement

Klabin: Klabin S.A.

KPI: Key performance indicator

Law: Provisions of the Companies (Guernsey) Law, 2008 (as amended)

LLC: Limited liability company

LLP: Limited liability partnership

Lucro Presumido: Presumed profit tax regime in Brazil

Lucro Real: Actual profit tax regime in Brazil

Management share: Non-redeemable ordinary share of USD 1.00 each in the capital of the Company

MDC: Volume-based unit of charcoal (approximately 200 kg)

MetLife: Metropolitan Life Insurance Company

Money laundering: the generic term used to describe the process by which the original ownership and control of the proceeds of illegal conduct are disguised to make such proceeds appear to have been derived from a legitimate source

MSTH: MS Timberland Holdings Ltd

Nature-based solutions: Solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions.

NAV: Net Asset Value

The Company prepares two NAVs:

Prohibited investments: Investments with, or on behalf of, terrorists, terrorist organisations or narcotics traffickers, including transactions with, or on behalf of, those persons or entities that are included on any relevant lists maintained by the United Nations Security Council or its committees, pursuant to any resolution issued under Chapter VII of the United Nations Charter

1. **IFRS NAV** – The value of all of the assets of the Company, less the liabilities to creditors of the Company where investments are stated at fair value determined in accordance with the valuation policy.

2. **Adjusted NAV** – The IFRS NAV adjusted, as below, for the purposes of reporting to the shareholders.

The adjusted NAV and adjusted NAV per share are currently calculated based on the IFRS and adjusted as follows:

1. A notional land lease charge over acquired planted land is removed. Whereas these notional land lease charges are included in the determination of the fair value of forest assets under the IFRS, for the purposes of the adjusted NAV, these costs are not included in the determination of the fair value of forest assets, because they are non-cash costs.

2. To reflect the capitalisation of costs associated with the Company's share capital issuances and original organisation costs. Whereas under the IFRS these costs are deducted from equity in the first accounting period, for adjusted measures, these costs are capitalised and amortised over a five-year period.

A reconciliation of the entity's NAV per share in accordance with these financial statements and the entity's adjusted NAV per share is disclosed in the Investment Manager Report.

Prior to the adoption of the Investment Entity Accounting treatment in previous years, the Company was adjusting for the deferred tax liability. From January 1, 2020 onwards the Company has incorporated this adjustment in the fair value of the Company's investments and is, therefore, reflected in the IFRS NAV.

NAV per share: Net asset value per ordinary share

New shares: Shares issued following the election of shareholders to receive the declared dividend in fully paid shares of the Company (either ordinary shares or Class A ordinary shares)

NPV: Net Present Value

OCI: Other comprehensive expense

Ordinary share: A redeemable ordinary share of USD 0.10 in the capital of the Company

Pig iron: Crude iron first obtained from a smelting furnace

PIS: Programa de Integração Social, a social integration programme tax in Brazil

GLOSSARY (CONTINUED)

REDD+: Reducing Emissions from Deforestation and Forest Degradation

Silverback: Silverback Ventures, which was appointed to independently assess and report the value of Silvotecnia, a forestry service company, in accordance with the IFRS.

Silvotecnia: Silvotecnia S.A.

SPV: Special purpose vehicles that hold the Company's investment portfolio of underlying forestry assets.

Surubim: Surubim Empreendimentos Imobiliários, Atividades Florestais e Participações Ltda

TCL: Timber Capital Limited (see also 'investment manager')

UK: The United Kingdom of Great Britain and Northern Ireland

USD: United States dollar

THE FOREST COMPANY LIMITED

CHAIRMAN'S STATEMENT

INTRODUCTION

Macroeconomic conditions in both Brazil and Colombia have continued to weaken, influenced by ongoing political uncertainty, US trade policies, and persistently elevated interest rates — a trend that remained evident through the date of this report. While demand for wood products in Brazil remains robust, market activity in Colombia has continued to moderate.

THE FOREST COMPANY IN 2023

As at 31 December 2023, the Company's adjusted net asset value (NAV) amounted to USD 201.4 million, compared with USD 168.6 million as at 31 December 2022, representing an increase of 19.5%. The increase was primarily attributable to the appreciation of the Company's functional currencies against the USD. The Company's IFRS NAV amounted to USD 183.3 million at year-end, compared with USD 154.9 million as at 31 December 2022.

During the year, the Company repaid approximately USD 10 million of long-term debt. The reduction in cash primarily reflects these debt repayments.

The Company did not declare or distribute any dividends to its shareholders during 2023

OUTLOOK FOR 2025 AND BEYOND

The Company anticipates a more cautious macroeconomic environment for the remainder of 2025 due to changing global policies and trade environment. While demand for wood products in Colombia and Brazil is expected to persist, price levels may face pressure. Nonetheless, ongoing global interest in renewable materials and the emerging market for carbon credits continue to offer opportunities for the Company's future growth.

We believe that the strategic priorities we have pursued over the years will enable us to capitalize on these opportunities and continue delivering long-term value to our shareholders including:

- Establishing long-term partnerships and offtake agreements with leading forest-based industry clients to secure sustainable returns
- Embedding ESG and impact principles across all business areas and operations
- Expanding our participation in the carbon market through the continued sale of credits generated by our projects

At the time of approving these financial statements, the Company is implementing a series of initiatives aimed at optimizing its cost structure and improving operational efficiency. Efforts are focused on reducing overhead expenses and recalibrating the cost base to ensure long-term sustainability. In line with its strategic objectives, the Company also plans to divest selected non-core assets in Brazil and Colombia over the medium to long term.

In September 2025, the Company strengthened its financial position through the signing of a USD 25.1 million loan agreement with Banco BTG Pactual, a leading Brazilian investment bank. This facility enhances the Company's liquidity and provides the capacity to reinvest in plantation development and other core growth initiatives. The disbursement of the loan proceeds is conditional upon the satisfaction of certain pre-conditions, which will be met in tranches. A majority of the loan proceeds will be used to settle outstanding liabilities to service providers and appoint a new investment manager.

Accordingly, while the Board remains confident that the loan proceeds will be received as anticipated, the Board has determined that the dependency on factors beyond the Company's control gives rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Going Concern note 2.a in these financial statements further discloses details around the loan.

Yours sincerely,

Rainer Häggblom
Chairman
Date: 26 November 2025

THE FOREST COMPANY LIMITED

INVESTMENT MANAGER'S REPORT

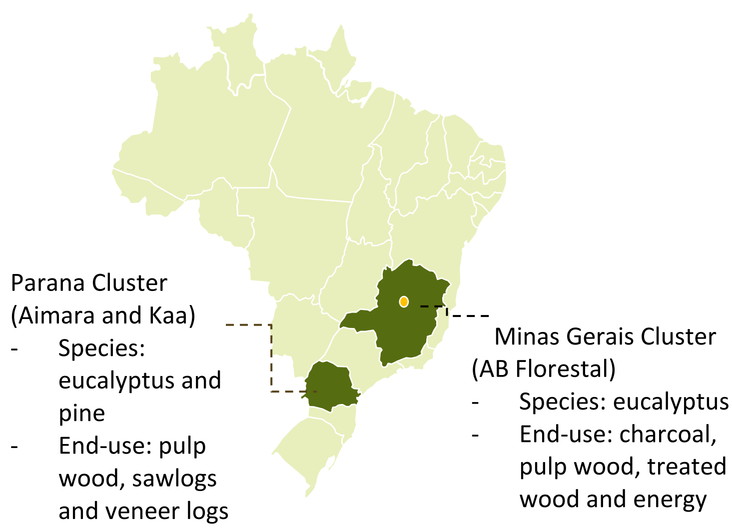
MAIN ACHIEVEMENTS DURING 2023

On 31 December 2023 the Company's adjusted NAV amounted to USD 201.4 million, up from USD 168.6 million on 31 December 2022. The value lift represents an increase of 19.5% resulting mainly from the appreciation of the Company's functional currencies against the USD. The Company's IFRS NAV ended the year at USD 183.3 million up from USD 154.9 million on 31 December 2022.

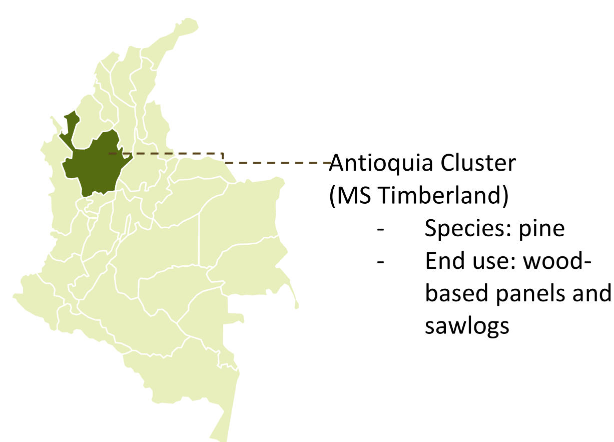
At the operations level, the focus continues to be on the implementation of operational plans, aiming to achieve improved profitability. The Company is highlighting the following achievements for 2023:

- Re-planted a total of 1,492 ha in Brazil with eucalyptus
- Paid off debt of USD 4.2 million over the year
- A total of 79,750 verified carbon units (VCU) were sold in the international market at USD 5.1 per unit, generating a total income of USD 407,000
- MS Timberland in Colombia completed its FSC audit with no remarks
- MS Timberland also started a pilot project in Colombian, installing solar panels in worker camps with the intention is to expand the project to all camps in the next 24 months. The aim is to reduce the consumption of gasoline for generators by 60%
- Silvotecnia in Colombia started implementing a real-time information system for the purpose of optimizing resources, planning and implementation
- Silvotecnia has successfully renewed its smart logging certification, while its client base improved over the year
- In Brazil the Company completed environmental licencing of all its farms in Minas Gerais
- Commenced negotiations to increase the volume of charcoal delivered to the Silicon Alloy industry
- Developed and implemented a new system for the monitoring and measurement of biodiversity
- Succeeded in reducing the silviculture cost per hectare for re-planting by 13% due to a reduction in fertiliser costs and other inputs

BRAZILIAN PROJECT LOCATIONS



COLOMBIAN PROJECT LOCATION



BRAZIL WOOD MARKET AND MACROECONOMIC UPDATE AS OF YE2023

WOOD MARKETS

The solid–wood products and wood-based panels markets were affected during 2023 where high-interest rates and high inflation affected sales.

Overall, industrial players experienced a rise in wood prices at the same time as the demand and price for their products reduced. This triggered negotiations with wood suppliers who wished to push wood prices down. Suppliers dealt with increased forestry capex and were unwilling to let go of the price gains achieved in 2021 and 2022, which are compensating for the lower wood production profitability in prior years.

The prospects for the charcoal industry improved during the second half of 2023 with increased economic activity in some key steel markets in Europe and US which improved the demand for charcoal. The Chinese demand for pig-iron was very slow during the first half of 2023. We saw demand slowly increasing during the second half of 2023 and thereafter further picking up during 2024. Longer term, we see relatively stable wood and charcoal demand in Brazil through a combination of a diminishing supply side supporting higher prices.

Globally wood product demand is growing rapidly, and emerging wood products have the potential to mitigate climate change by replacing carbon-intensive construction materials with ones sourced from commercially sustainable forests. Further, more adverse and severe climate events in recent years have impacted forest productivity and charcoal operations, which, together with a trend for forest areas to be converted into crops, have increased the perceived risk of investment, and thus reduced forest plantation areas. This factor has increased the gap between future demand and wood supply.

In addition, the pressure to achieve climate goals will require collective and innovative solutions which, supported by governments environmental and climate change mitigation policies, will open new opportunities for The Forest Company business in the future.

We see it as strategic to continue to invest in increasing our planted area while establishing long-term partnerships or off-take agreements with major industry consumers in the region to secure a steady cash-flow stream in the forthcoming years, capturing the opportunities the momentum will bring.

MACROECONOMIC AND POLITICAL

Macro indicators	2017	2018	2019	2020	2021	2022[1]	2023	2024	2025 F
GDP growth (%)	1.3	1.8	1.2	-3.9	4.6	3.0	3.2	3.4	2.2
USD/BRL	3.3	3.9	4.0	5.2	5.6	5.3	4.9	6.2	5.6
Inflation (%)	2.9	3.7	4.3	4.5	10.1	5.8	4.6	4.8	5.0
Interest rate (%)	7.0	6.5	4.5	2.0	9.3	13.8	11.8	12.3	15.0

[1] Source: Itaú as of October 2025, https://www.itau.com.br/relacoes-com-investidores/en/market-information/economic-environment/

Luiz Inácio Lula da Silva, the 77-year-old ex-metalworker who previously led the country through a commodities-driven boom from 2003 to 2010, retook office in January 2023 vowing to restore strong growth, fight resurgent poverty and "make Brazil happy again". However, a Congress dominated by conservative lawmakers, many opposed to Lula's plans for expanded social and environmental protection programmes is expected to bring negotiating challenges to the current president. During 2023, Brazilian politics have been marked by several hiccups in the coalition-building of the President's third administration, and this has continued through 2024 and much of 2025, as the US president Trump, is supporting the former president Bolsonaro, increasing tariffs on Brazilian exports to the US.

During 2H 2023 annual inflation (IPCA) has been reducing slowly, achieving a level of 4.6% in December. GDP showed further growth and reached 2% in December 2023 which is higher than earlier forecasts.

COLOMBIA WOOD MARKET AND MACROECONOMIC UPDATE

WOOD MARKETS

Colombia is consuming about 3 million cubic meters of wood per year. The balance is in deficit and there is at least another 3 million of wood demand in the market that cannot be supplied by current resources in the country. Hence, the market is increasingly relaying on imports to satisfy consumption needs.

In the case of wood product, the value of Colombian exports of wooden furniture remained stable in 2023, reaching USD 60.1 million. This value represented a slight decrease of 1.0% compared to 2022 (USD 60.69 million), exports of wood products in 2023 reduced 1.4% (USD 520.5 million) compared with 2022 (USD 527.6 million).

Wood product imports decreased 34% in 2023 (USD 265 Million) compared to 2022 (USD 403 million), and paper product 35% in 2023 (USD 960 Million) compared to 2022 (USD 1,467 million).

A key theme repeatedly highlighted by analysts, experts, and policymakers throughout the year was "deceleration." The economy recorded a negative Gross Domestic Product growth rate of -0.3% year-on-year in the third quarter of 2023 — a decline not observed since 1999, excluding the pandemic period. This slowdown was accompanied by a contraction in job creation, underscoring the broader weakening of economic activity.

The increase in interest rates by Colombia's Central Bank, combined with measures to curb inflation and ongoing political tensions, resulted in an 11% year-on-year decline in investment during the third quarter. The broader economic slowdown also contributed to a 1.5% decrease in exports for 2023.

MACROECONOMIC AND POLITICAL OUTLOOK

Macro indicators	2017	2018	2019	2020	2021	2022[1]	2023[1]	2024	2025 F
GDP (%)	1.4	2.6	3.3	-6.8	10.7	7.3	0.3	1.6	2.7
USD/COP	2,932	3,254	3,287	3,428	4,070	4,850	3,822	4,409	4,000
Inflation (%)	4.1	3.2	3.8	1.6	5.6	13.1	9.7	5.2	5.1
Interest rate (%)	4.8	4.3	4.3	1.8	3.0	12.0	12.8	9.5	9.3

[1] Source: Itaú as of October 2025. https://www.itau.com.br/relacoes-com-investidores/en/market-information/economic-environment/

Political turmoil during 2023 and 2024 in Colombia has raised concerns regarding the current President's administration's ability to move forward with the proposed reforms, which contain controversial changes in healthcare, pension and labour legislation, The reform discussions have been suspended while the government is rebuilding its coalition and the alleged malpractice regarding campaign financing is under investigation. It is expected the reforms will be revised to increase the chances of approval.

Colombia's GDP growth came below expectations in 4Q23, with investment dynamics remaining weak. The Colombian economy increased by 0.3% YoY in 4Q23 (-0.6% in 3Q23; revised down by 0.3pp). The Colombian economy had been growing sequentially in seven consecutive quarter, but activity has been weakening in line with tight monetary policy, low confidence, and high inflation. The benchmark interest rate decreased to 12.8%

Inflation fell slowly to 9.7% year-on-year in December 2023 with the Central Bank governor stating recently that inflation has peaked and that the 3% target over a two-year horizon is achievable.

The average unemployment rate continued to decrease during 2023 from a peak of 13.7% in January 2023, to 10% by the end of the year. During 2023, the COP appreciated by 25.9% against the USD aided by high interest rates and expectations of a smoother political reform process by the elected President.

THE FOREST COMPANY'S NET ASSET VALUE

As of 31 December 2023, the Company's IFRS Net Asset Value amounted to USD 183.3 million compared to USD 154.9 as of 31 December 2022. The reconciliation of the Company's fair value to the adjusted NAV, is shown in table below.

	Year end 2023 USD per share	Year end 2023 USD million	Year end 2022 USD per share	Year end 2022 USD million
NAV	3.56	183.3	3.02	154.9
Adjustment for notional land lease charge	0.35	18.2	0.27	13.7
Adjusted NAV	**3.91**	**201.4**	**3.29**	**168.6**

ADJUSTED NET ASSET VALUE (% CHANGE)

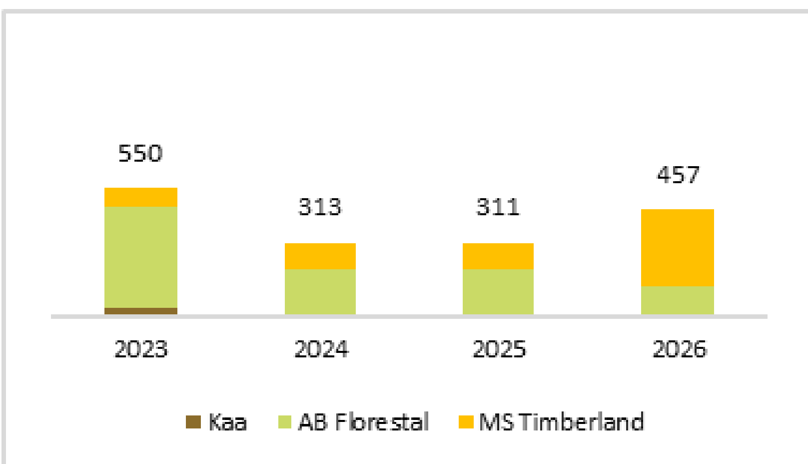
	2H 2023	2H 2022	Year end 2023 vs Year end 2022 (% chg.)
Adjusted NAV (USD million)	201.4	168.6	+19.5%
Adjusted NAV per share (USD)	3.91	3.29	+18.8%
Adjusted NAV adding back dividends per share since inception (USD	5.57	4.95	+12.5%

The adjusted NAV increased from USD 168.6 million end of 2022 to USD 201.4 million end of 2023, a USD 32.8 million uplift. The increase was primarily attributable to the appreciation of the Company's functional currencies against the USD. As of 31 Dec 2023, the adjusted NAV per share was USD 3.91 (year end 2022: USD 3.29). Adding back all previous dividends paid since inception, the adjusted NAV per share was USD 5.57(year end 2022: USD 4.95).

SALES OF GOODS AND SERVICES

During 2023 a total of 547.099 m3 of wood (including volume carbonised through the charcoal operations) was sold by the Company's investees including a total of 185.842 MDC of charcoal. Table below shows current contracted volumes for 2023.

CURRENT CONTRACTED VOLUMES ('000 M^3)



		2H 2023	2H 2022	% 2H 22/23	2023	2022	% Tot 22/23
Total for The Forest Company	Wood sales (m³)	229 105	475 569	-52%	547 099	972 375	-44%
	Charcoal sales (MDC)	105 853	95 137	11%	185 842	175 654	6%
	Gross sales (USD)	13 719 560	14 954 403	-8%	27 751 150	31 217 688	-11%
Paraná (Pine and Eucalyptus)	Wood sales (m³)	15 019	0	0%	26 516	224 745	-88%
	Gross sales (BRL)	369 853	0	0%	664 285	12 472 496	-95%
	Gross sales (USD)	73 566	0	0%	132 470	2 530 241	-95%
Minas Gerais (Eucalyptus)	Wood sales (m³)	174 712	426 530	-59%	436 903	655 932	-33%
	Gross sales (BRL)	12 441 263	25 193 327	-51%	29 702 059	38 615 545	-23%
	Gross sales (USD)	2 458 055	4 801 445	-49%	5 865 949	7 443 076	-21%
Minas Gerais (Charcoal)	Charcoal sales (MDC)	105 853	95 137	11%	185 842	175 654	6%
	Gross sales (BRL)	36 157 072	29 597 884	22%	66 538 214	61 330 247	8%
	Gross sales (USD)	7 144 885	5 638 999	27%	13 152 959	11 921 526	10%
Antioquia (Pine)	Wood sales (m³)	39 374	49 040	-20%	83 680	91 699	-9%
	Gross sales ('000 COP)	7 486 265	9 126 642	-18%	16 184 583	17 267 581	-6%
	Gross sales (USD)	1 691 830	1 980 100	-15%	3 588 425	4 060 120	-12%
Colombia (Forest Services)	Gross sales ('000 COP)	10 244 877	11 617 633	-12%	22 426 776	22 299 583	1%
	Gross Sales (USD)	2 351 225	2 533 859	-7%	5 262 725	5 430 690	-5%

During 2023, wood sales declined by 44%, from 972k m3 to 547k m3, compared to 2022. The decline was main a result of a large sales contract signed and sold to Klabin during 2022.

In Antioquia, total sales were down 9% compared to 2022 which had been impacted by constraints in the delivery capacity caused by heavy rains in the region and consequent reduction of transportation capacity. The depreciation of the Colombian peso adversely impacted the sales during the second half of the year.

Total sales of forest management services and consultancy by Silvotecnia in Colombia increased by 1% in COP but fell by 5% when measured in dollars due to the depreciation of the local currency.

IMPACT INVESTING AND ESG

THE FOREST COMPANY'S IMPACT STRATEGY

The Forest Company invests in sustainable, high-growth forest plantations, building a portfolio that combines income yield with capital appreciation. Through our investments, we make a positive impact in the local regions where we operate. Our impact is linked to the UN sustainable development goals ("SDGs") (a collection of 17 global goals designed by the UN to be a blueprint for achieving a better and more sustainable future), and measurements and monitoring are integrated into our day-to-day operations.

At the beginning of the year, and as shown in the table below, we set themes related to six of the SDGs to focus on for the next five years.

2023 HIGHLIGHTS

Regarding responsible consumption and proper waste management practices, in Colombia, we initiated an integrated waste management project in La Culebra to establish a waste system, promote responsible disposal, and encourage recycling. This included providing education of waste disposal. In Brazil, we conducted ethanol fuel tests for motorcycles, transitioning to a company-wide policy that mandates ethanol in hybrid vehicles, thereby reducing reliance on fossil fuels.

Contributing to the impact of supporting gender equality, alongside the handicraft workshops, we continue to promote economic independence among communities in Colombia. Several sessions were held in different communities to foster a gender perspective.

For biodiversity conservation and forestry health in Brazil, our "Eyes on the Forest" project saw a significant increase in wildlife engagement among workers. We plan to expand these conservation efforts into 2024.

Regarding responsible water usage in Colombia, we educated students at El Chaquiral School on assembling homemade water filters and raised community awareness about the importance of watersheds and ecosystems.

As a recognition of good practices, by the end of 2023, MS Timberland achieved the "Sello de Sostenibilidad de Corantioquia" in the AAA category, garnering environmental recognition within the Corantioquia jurisdiction. Enhancing governance, also, by the end of the year in Brazil, we established the Ethics Committee to oversee ethical standards and internal policies.

IMPACT	GOAL	Status
I. Supporting gender equality	*Women at the office* Ensure equal employment opportunities for men and women in administrative positions	
	Women in the field Support 100 women from the regions of operation to learn a skill that will help them in the labor market	
II. Promoting responsible water practices	*Community education* Support and strengthen the participation of 100% of communities in our operations to protect water resources	
	Water bodies Guarantee that 100% of water bodies in areas of operation are protected by stream-side management areas that meet or surpass local regulations	
III. Developing our Employees	*Employees motivation* By 2027, to have reduced the turnover rate according to internal parameters	
	Employees safety and well being By 2027, to have reduced frequency rate according to internal parameters	
IV. Promoting responsible consumption and proper waste management practices	*Commuity consumption and waste management* Support 100% of the influenced communities with initiatives for responsible consumption and proper waste management and recycling	
	Operation consumption Reduce resources consumption per activity in the operation maintaining desirable production levels	
V. Mitigating climate change	*Carbon sequestration* Support and invest in reforestation, afforestation or land restoration of 20,000 hectares	
VI. Conserving biodiversity and managing forest health	*Environmental education* Increase awareness of the importance of the conservation of natural areas and biodiversity for 100% of the communities in the areas of influence and groups of interests	
	Biodiversity measurement Improve biodiversity monitoring measurements	

On hold
When progress towards achieving the sustainability impact has not been initiated, or it has been paused.

Initiated
When the company has begun taking steps to achieve the sustainability impact, but progress is limited or not yet measurable.

Partially achieved
When the company has made progress towards achieving sustainability impact goals set b not yet achieved them.

Achieved
When the company has met the defined target for the impact

Exceeded
When the company has exceeded the defined target for the impact

OUTLOOK FOR THE COMPANY

In 2023, the Company's Adjusted Net Asset Value (NAV) increased by 19%, reflecting the positive macroeconomic developments in the countries where we operate. The strengthening of local currencies against the U.S. dollar contributed favorably to the USD-reported Adjusted NAV. Additionally, falling inflation and declining interest rates led to lower discount rates applied by valuers in the assessment of biological assets, further supporting valuation growth.

We continue to observe increasing strategic interest from major wood-consuming industries seeking to secure long-term wood supply through ownership of plantation assets. This trend has already materialized, as evidenced by two significant plantation acquisitions by leading Brazilian forest industry players during the first months of 2024.

During 2023, the Company continued to deleverage with the repayment of the Metlife loan. This meant that the Company ended the year with a total outstanding debt-to-equity ratio of 0.012.

At the time of signing these financial statements, the Company is planning to continue to divest its assets piecemeal over the next years. In September 2025, the Company strengthened its financial position through the signing of a USD 25.1 million loan agreement with Banco BTG Pactual, a leading Brazilian investment bank. This facility enhances the Company's liquidity and provides the capacity to reinvest in plantation development and other core growth initiatives. The disbursement of the loan proceeds is conditional upon the satisfaction of certain pre-conditions, which will be met in tranches.

Accordingly, while the Company remain confident that the loan proceeds will be received as anticipated, the Company has determined that the dependency on factors beyond the Company's control gives rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Going Concern note 2.a in these financial statements further discloses details around the loan.

Johan Larsson
CEO
Timber Capital Limited

THE FOREST COMPANY LIMITED

INVESTMENT POLICY AND OBJECTIVE

INVESTMENT OBJECTIVE

The Company's objective is to provide shareholders with low-risk, high-quality, real long-term returns in the form of cash distributions and growth in net asset value through sustainable investments in forest assets. These investments include investments in biological assets, timberland-related assets and associated rural real estate activities.

INVESTMENT POLICY

The Directors have adopted the following investment policy to govern the investments made by the Company.

Certification — The Company fully intends for each of its forestry operations to be certified by the FSC, or, when relevant, another equally reputable forest management certification scheme. The Company will do this by implementing due diligence processes and requiring a forest audit based on international and regional standards to ensure that all assets acquired by the Company will be eligible to receive appropriate certification.

Minimum Investment Size — Each project should be substantial enough to require a capital commitment of at least USD 5 million from the Company in order to ensure cost-efficient management of investments.

Maximum Investment Size — The Company will seek to maintain a suitably diversified portfolio of investments in order to manage the Company's economic exposure to any counterparty, single project or separate legal entity.

Duration of Investment — The duration of investments will vary according to end markets, species and local requirements. The Company will aim, when possible and appropriate, to structure investments over periods in excess of 15 years. It is unlikely that the Company will seek early exits except for opportunistic reasons, portfolio rebalancing transactions or, if required, changes in regulatory conditions.

Target Returns — The Company will not seek to invest in a project unless the investment manager believes that the project has the possibility to generate a minimum real IRR of 8% per annum over the duration of the investment (on an unleveraged basis).

Diversification of End Markets — The Company will seek to invest in projects that serve different end markets and different value chains in order to reduce the Company's overall sensitivity to developments in the different value chains that consume wood produced by the Company.

Species Diversification — There are no set species diversification limits, but the Company aims to diversify its investments in different species in order to reduce its exposure to extreme weather, species-specific diseases and price movements in specific end markets.

Geographical Diversification — There are no set geographical diversification restrictions, but the Company will consider the benefits of geographical diversification in relation to its investments and management of its regulatory risk, currency risk, political risk, environmental policy risk and risk from adverse natural events.

Age Class Diversification — There are no set age class diversification limits, but the Company will seek to invest in projects with different levels of maturity and times to harvest in order to create early and smooth cash flows.

Investment Structure — Investments in forest assets will, where possible, be conducted through special purpose vehicles ("SPVs") via a structure of subsidiaries set up for each project. The Company intends to enter into agreements in which it either holds a controlling stake in the investment vehicle or in which it has a minority stake but has secured satisfactory protections for its stake. The Company may invest in partnership with a major wood-consuming industrial company, in partnership with an existing landowner or independently. The Company intends, when suitable, to enter into long-term wood sale agreements with leading companies as partners. However, long-term wood sale agreements will only represent a part of overall sales.

Borrowings — The Company may not incur debt at the company level without Board approval. The Company may, however, use overdraft and short-term borrowing facilities to satisfy short-term working capital needs, and the Board has approved entry into a short-term working capital facility. The Company may incur debt at the project level to the extent that the investment manager determines that a leveraged investment is in the best interests of the Company. However, the Board of the Company must approve drawdown of any debt financing at the project level that will result in total group leverage [debt/(debt + adjusted net asset value)] exceeding 20% at the time of such drawdown.

Hedging Policy — The Company will keep the majority of its cash in USD. When the Company has anticipated expenses or capital outlays denominated in a currency other than USD, the Company may enter into a foreign currency hedge to manage exposure to the currency of the outlay. The Company does not currently envisage using other types of futures contracts aside from currency hedges.

Investment Period and Realisation Period — During the period until 31 December 2027, the Company and investment manager will invest and reinvest the assets of the Company in accordance with the investment policy outlined above.

Beginning on 31 December 2027, the Company shall cease to make new investments, and the investment manager will be instructed to dispose of the Company's assets in an orderly realisation process over a period of two years (subject to a 12-month extension at the absolute discretion of the Board) and to distribute available distributable proceeds.

The precise mechanism for any return of cash to shareholders will depend upon the relevant factors at the time and will be at the discretion of the Board, but it may include a combination of capital distributions, share repurchases and redemptions. The amount and frequency of such distributions will be at the Company's absolute discretion.

APPLICATION OF THE INVESTMENT POLICY

During 2023, the Company's investment management functions were outsourced to TCL. Under the terms of the Investment Management Agreement, TCL was required to manage the assets of the Company in accordance with the above investment policy. Investment decisions were presented to and approved by the Investment Committee of TCL.

Should a proposed investment be equal to or exceed 40% of the Company's adjusted NAV (as calculated from time to time) at the time of investment, the Investment Committee of the Company will be required to give final approval for the investment, which involves reviewing the proposed investment and taking into account the commercial terms and attractiveness of the investment for the Company in light of the Company's investment policy.

THE FOREST COMPANY LIMITED
DIRECTORS' REPORT

Below, the Directors present their report and audited financial statements for the financial year ended 31 December 2023.

INCORPORATION AND STATUS

The Forest Company Limited is a company incorporated in Guernsey with registered number 47338. The Company is limited by shares and is registered as a closed-ended collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 2020, and is regulated by the Guernsey Financial Services Commission in accordance with the Registered Collective Investment Scheme Rules and Guidance 2025.

PRINCIPAL ACTIVITIES

The Company was established to provide shareholders with both income and capital growth, combined with a relatively low-risk profile, through equity investments in companies (with a primary focus on Latin America) operating in the forestry sector and an asset base comprising new plantations, trees, timberland, timber-related assets and associated rural real estate activities. The Company holds investments in Brazil and Colombia.

INVESTMENT ENTITY CLASSIFICATION

Since the Company meets the definition of an investment entity, it has adopted the amendments to IFRS 10 – Consolidated Financial Statements and, therefore, does not consolidate its subsidiaries. Instead, those investments in subsidiaries are measured as financial assets at fair value through profit or loss in accordance with IFRS 9. Projects will be managed taking into consideration the Company's divestment phase which it is aimed to complete within the next three years..

REVIEW OF THE COMPANY'S ACTIVITIES

A review of the business as well as potential future developments is contained in the Chairman's Statement and the Investment Manager's Report. The Directors were satisfied with the performance of the investment manager during the financial year.

RESULTS AND DIVIDEND

The results for the financial year are set out in the statement of comprehensive income.

No dividend was paid during 2023 or the previous financial year.

GOING CONCERN

The Directors have, at the time of approving the audited financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of not less than twelve months from the date of the approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements, although a material uncertainty exists around the disbursement of loan proceeds as described in paragraph 2.a of these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN REGARD TO THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable laws and regulations. The Companies (Guernsey) Law, 2008, requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. Under that law the directors have elected to prepare the financial statements in accordance with IFRS adopted by the EU.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that sufficiently show and explain the Company's transactions and disclose the financial position of the Company at any time with reasonable accuracy and that enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 and accounting standards. They are also responsible for the system of internal control, safeguarding the assets of the Company and, hence, for taking reasonable steps to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that they have complied with the above requirements when preparing the financial statements. They each also confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and they have each taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given, and should be interpreted, in accordance with the provisions of Section 249 of the Law.

SUBSEQUENT EVENTS

Subsequent events are discussed in Note 19 to the financial statements.

ANTI-BRIBERY AND ANTI-MONEY LAUNDERING DISCLOSURES

The Directors have undertaken to operate the business in an honest and ethical manner and accordingly adopt a zero-tolerance approach to bribery and corruption. The key components of this approach are as follow:

- The Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.
- The Company's approach applies wherever the Company operates throughout the world, and the Company will uphold all laws related to countering bribery and corruption in the relevant jurisdictions.
- The Company will implement and enforce effective procedures to counter bribery.
- The Company requires all its service providers, joint venture operations and business partners to adopt equivalent or similar principles and performs ongoing assessment of bribery risks throughout its business. It also seeks to ensure that such policies, operated by relevant service providers, meet best practice standards.

It is the policy of the Company and the investment manager that neither the Company nor any subsidiaries, employees or Directors commit or engage in any prohibited investments, corrupt practices, or money laundering with respect to any transaction or business.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company who served during the financial year 2023 and as of 31 December 2023 are in the start section of this financial report called General Information. The biographies of the Directors who hold office on the date of signing for these financial statements are shown in the Audit Committee Report under Directors Section. Given the small size of the Board and the fact that all the Directors are independent and non-executive, it is considered unnecessary to appoint a senior independent director.

The Board has considered the need for a policy regarding tenure of office. However, the Board believes that any decisions regarding tenure should aim to balance between the need for continuity of knowledge and experience and the need to periodically refresh the Board's composition in terms of skills, age and length of service. The Board reviews the appointment of the Directors annually.

INDEPENDENT AUDITOR

The Board is appointing Ernst & Young as auditor of the Company and to conduct the 2024 audit. A resolution proposing their appointment and authorisation will be presented at the next AGM.

ANNUAL GENERAL MEETING

An announcement regarding the annual general meeting will be made in due course.

On behalf of the Board,

Howard Myles FCA
Director
Date: 26 November 2025

THE FOREST COMPANY LIMITED
AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The audit committee comprises Howard Myles (Chairman), Rainer Häggblom and Jukka Reijonen.

Howard Myles, Chairman of the Committee, is the designated financial expert. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

See the next page for biographical details of the Directors, including the current audit committee members.

ROLES AND RESPONSIBILITIES

The committee has written terms of reference, which are reviewed annually.

The main duties of the audit committee are:

- Monitoring the integrity of the Company's financial statements and any formal announcements relating to the Company's financial performance as well as reviewing significant financial reporting judgements contained therein;
- Reviewing the Company's quarterly accounts, cash flow forecasts and relevant sensitivities to those forecasts;
- Reviewing the Company's internal financial controls and, unless expressly addressed by the Board itself, the Company's internal control and risk management systems and mandatory effectiveness review;
- Making recommendations to the Board for resolutions to be put to shareholders for their approval in a general meeting, upon the appointment of the external auditor and approval of the remuneration and terms of engagement of the external auditor;
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the auditor and audit process, taking into consideration relevant professional and regulatory requirements; and
- Developing and implementing a policy regarding the engagement of the external auditor in supplying non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

The audit committee is required to report its findings to the Board, identify any matters for which it believes that action or improvement are needed and make recommendations regarding the steps to be taken.

AUDIT COMMITTEE AGENDA

The audit committee met two times during the year either in person or by telephone. The auditor and independent valuer can be invited by the audit committee to attend meetings when appropriate.

At each meeting, the committee considered the relevant quarterly, interim or annual reports of the Company's financial results, forecast cash flows and risk management issues.

EXTERNAL AUDIT

The audit committee has had regular contact with the investment manager and the auditor during the year-end audit process.

In addition, the audit committee has the opportunity, if it is deemed necessary, to hold a private session with the audit partner twice a year without the presence of representatives of the investment manager. Furthermore, the chairman of the audit committee meets with the audit partner or discusses matters on the telephone from time to time in order to provide opportunities for transparent communication and enable discussion about any concerns that either party may have about the audit process or matters impacting the Company.

INDEPENDENT VALUER

KPMG Corporate Finance Ltda.is the independent valuer appointed to value all the investees' forestry assets, as well as charcoal assets and the enterprise value of Silvotecnia.

INTERNAL AUDIT

At least once a year, the audit committee considers whether there is a need for an internal audit function. Currently, the audit committee does not consider there to be a need for an internal audit function, given that the Company outsources all management and administrative functions to managers and Administrator, who have their own internal controls and procedures.

On behalf of the audit committee,

Howard Myles FCA
Chairman of the audit committee
Date: 26 November 2025

THE FOREST COMPANY LIMITED
DIRECTORS

Rainer Häggblom
Independent Non-Executive Chairman
Age: 68

Appointed: August 2008

Experience:
Rainer Häggblom has participated in strategy and investment planning as well as mergers and acquisitions assignments in more than 50 countries for a wide variety of companies. He is a director of United Bankers Oyj, Empower Oyj and Häggblom & Partners Ltd Oy. Formerly, he was chairman and CEO of Jaakko Pöyry Consulting Oy (later named Pöyry Forest Industry Consulting Oy), which he left in 2008 to establish his own independent advisory company, Häggblom & Partners. Mr Häggblom graduated from the University of Helsinki and Aalto University and has participated in management training at INSEAD, Harvard and the Helsinki School of Business Administration. He has chaired several international forestry, pulp and paper and business management conferences and has published numerous articles on issues related to forestry and the forest industry.

Last re-elected to the Board: August 2018
Committee membership:
Audit Committee

Shareholding in Company:
99,383

Howard Myles
Independent Non-Executive Director
Age: 76

Appointed: October 2016

Experience:
Howard Myles was a partner at Ernst & Young from 2001 to 2007 where he was responsible for the Investment Funds Corporate Advisory team, and was previously with UBS Warburg from 1987 to 2001. Mr Myles began his career in stockbroking in 1971 as an equity salesman. In 1975, he joined Touche Ross & Co, where he qualified as a chartered accountant. In 1978, he joined W. Greenwell and Co. on the corporate broking team, and, in 1987 moved to SG Warburg Securities. There he was involved in a wide range of commercial and industrial transactions in addition to leading Warburg's corporate finance function for investment funds. He is a fellow of the Institute of Chartered Accountants in England and Wales and of the Chartered Securities Institute. Since his retirement from Ernst & Young in 2007 he has been a non-executive director of a number of investment companies, and is currently chairman of Chelverton UK Dividend Trust PLC.

Last re-elected to the Board: n/a

Committee membership:
Audit Committee (Chairman)

Shareholding in Company:
15,924

Field Griffith
Independent Non-Executive Director
Age: 71

Appointed: March 2017

Experience:
Field Griffith has been an institutional investor and director for the past 38 years, investing across a broad range of real asset categories. He was the Director of Real Assets Investments for the Virginia Retirement System from 2004-2016 where he was responsible for managing the System's global timberland, real estate, infrastructure and natural resource portfolios. Mr. Griffith was also a member of the management committee of the Virginia Retirement System. His prior employment included investment and portfolio management responsibilities for Gemini Rosemont Commercial Real Estate, UNUM Life Insurance Company and Phoenix Life Insurance Company. Mr. Griffith is a Chartered Financial Analyst and received a B.A. from Beloit College and an M.B.A. from the University of Washington. From 2007 to 2013, he served as a board member of the Pension Real Estate Association and from 2017 to 2021; he also served on the Board of Tedford Housing, Inc., a non-profit entity. From 2016 to present, Mr. Griffith has been an Independent Director on the Board of Blackstone Real Estate Income Trust where he serves as Chairman of the Compensation Committee. Beginning in 2018, Mr. Griffith is also serving as a non-executive Board Director of Morgan Stanley's Prime Property Fund, LLC.

Last re-elected to the Board: n/a

Shareholding in Company:
28,996

Jukka Reijoinen
Independent Non-Executive Director

Age: 61

Appointed: September 2019

Experience:
Jukka Reijonen was the Head of Private Equity, Debt and Infrastructure at IImarinen, with over 30 years of investment and finance industry experience. He was a director of Etera Real Investments from 2014 to 2018, where he was responsible for managing real assets, including real estate, loans, infrastructure, forecasts and other tangible assets. He has also worked for Royal Bank of Scotland, Kaupthing Bank, Municipality Finance plc and Postipannki Asset Management, where he served as senior executive management. Mr Jukka holds an MSc. (Technology) in Industrial Engineering and a Master's in Business Leadership. He has served as a board member at the following companies: Keliber OY, Fingrid Oy, Finsilva Oy, Metsämassi Oy, Tieyhtio Valtatie 7, Valtatie 7 Holding, Navidom Oy and Tornator Oyi.

Last re-elected to the Board: n/a

Committee membership:
Audit Committee

Shareholding in Company:
11,979

John Enlow
Independent Non-Executive Director

Age: 57

Appointed: June 2021

Experience:
John D. Enlow, Sr., has been a member of Keweenaw Land Association Limited Board of Directors since 2019. Mr. Enlow joined the Board of Directors of PRT Growing Services Limited in 2021. He is a Principal of Forest Resource Advisors, Inc., an investment advisory firm he co-founded in 2018 to help institutional investors, endowments, sovereign wealth funds, and private equity groups unlock value and maximise returns from forest resource investments. Previously, he was employed by Deltic Timber Corporation as President and Chief Executive Officer, and member of its Board of Directors and Executive Committee from 2017 to 2018. Prior to that, Mr. Enlow served as Vice President of Southern Timberlands and Real Estate for Weyerhaeuser Company, from 2014 to 2016. Prior to that, Mr. Enlow was employed by Rayonier Inc and Union Camp Corporation. Mr. Enlow received his B.S. in Forestry from Mississippi State University and his M.B.A. from Brenau University,

Last re-elected to the Board: n/a

Committee membership:
Audit Committee

Shareholding in Company:
Nil

Since 2020 that the Company no longer has a Nominations and Remunerations Committee or a Management Engagement Committee. The Board's view is that these committees are not necessary because of the small number of Directors all of whom are non-executive . The Board will consider at least annually any matters which would otherwise fall under the Nominations and Remunerations Committee and the Management Engagement Committee.

See Note 17 for information about the bonus performance scheme.

THE FOREST COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE FOREST COMPANY LIMITED

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of The Forest Company ("the Company") for the year ended 31 December 2023 which comprise The Statement of Financial Position as at 31December 2023, The Statement of Comprehensive Income for the financial year ended 31 December 2023, The Statement of Changes in Equity for the financial year ended 31 December 2023, The Statement of Cash Flows for the financial year ended 31 December 2023 and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2a to the financial statements, which indicates the Company's investee, BioCarbono, entered into a loan agreement to address the Group's liquidity constraints. Disbursement of the loan proceeds is subject to the fulfilment of specified pre-conditions that may impact the amount and timing of proceeds received from the loan. Some of these conditions are outside the BioCarbono's direct control. If BioCarbono is unable to draw down on these loan proceeds in line with the planned timetable this will impact on that entity's ability to distribute funds to the Company, if alternative sources of funding are not obtained the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. As stated in Note 2a, these events or conditions, along with other matters as set forth in Note 2a, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might be necessary if the Company were unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES (GUERNSEY) LAW, 2008 REPORTING

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be IFRS as adopted by the EU, Companies (Guernsey) Law 2008, taxation laws applicable to Guernsey, Brazil and Colombia and other relevant legislation applicable in Guernsey, Brazil and Colombia.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of special purposes consolidated financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred

Fraud
We assessed the susceptibility of the special purpose consolidated financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the special purpose consolidated financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related special purpose consolidated financial statement areas impacted by these; and

Based on our risk assessment, we considered the areas most susceptible to fraud to be:

- Revenue recognition around the period end
- Fair valuation of biological assets
- Fair valuation of land assets
- Management override of controls

Our procedures in respect of the above included:

- Testing revenue transactions, with particular consideration made for cut off testing, and agreeing to supporting documentation.
- Assessing significant estimates made by management for bias around assumptions used of the fair valuation of the biological assets and the land valuations; and
- Testing a sample of journal entries throughout the year, which met a defined risk criterion, by agreeing to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Jack Draycott
4FB34D873A17477...

Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

26 November 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

THE FOREST COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

	Note	31 Dec 2023 USD '000	31 Dec 2022 USD '000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	**5**	185,956	164,991
Total non-current assets		185,765	164,991
Current assets			
Cash and cash equivalents			
Restricted	**9**	16	17
Unrestricted	**9**	324	2,409
Trade and other receivables	**10**	33	33
Total current assets		373	2,459
TOTAL ASSETS		186,329	167,450
Current liabilities			
Trade and other payables	**12**	(926)	(882)
Interest-bearing borrowings	**11**	(2,124)	(11,625)
Total current liabilities		(3,050)	(12,507)
TOTAL LIABILITIES		(3,050)	(12,507)
Net assets		183,279	154,943

THE FOREST COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023
(Continued)

	Note	31 Dec 2023 USD '000	31 Dec 2022 USD '000
Equity			
Share capital account	**15**	330,940	330,852
Share-based payment reserve	**17**	17	87
Accumulated loss		(147,678)	(175,996)
Equity attributable to holders of redeemable ordinary and Class A ordinary shares		183,279	154,943
Number of redeemable ordinary shares in issue at year end	**15**	26,434,520	26,407,391
Number of redeemable Class A ordinary shares in issue at year end	**15**	24,836,250	24,836,250
		51,270,770	51,243,641
Net asset value per redeemable ordinary and Class A ordinary share		$3.57	$3.02

The financial statements were approved by the Board of Directors on 26 November 2025 and signed on their behalf by:

The notes on pages 35 to 56 form an integral part of these financial statements

Howard Myles FCA
Director
Date: 26 November 2025

THE FOREST COMPANY LIMITED

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	31 Dec 2023 USD'000	31 Dec 2022 USD '000
Income			
Investment income	**4**	10,524	7,219
Gross profit		10,524	7,219
Unrealised gain on loan from investee		-	3
Net gain on financial assets at fair value through profit or loss	**5**	23,121	6,403
Exchange differences on other financial assets	**5**	(5)	(142)
		33,640	13,483
Operating expenses			
Administrative expenses	**6**	(4,506)	(4,659)
Total operating income/(expenses)		(4,506)	(4,659)
Operating gain		29,134	8,824
Interest expense—bank borrowings		(816)	(1,011)
Profit before tax		28,318	7,813
Taxation	**7**	-	-
Profit for the year from continuing operations		28,318	7,813
Profit for the year		28,318	7,813
Holders of redeemable ordinary shares and Class A ordinary shares		28,318	7,813
		28,318	7,813

THE FOREST COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Continued)

	31 Dec 2023 USD'000	31 Dec 2022 USD '000
Profit for the financial year	28,318	7,813
Other comprehensive profit for the financial year	-	-
Total comprehensive profit for the financial year	28,318	7,813
Total comprehensive profit attributable to:		
Holders of redeemable ordinary shares and Class A ordinary shares	28,318	7,813
Non-controlling interests		
	28,318	7,813
Total comprehensive profit per share (US cents)*		
Holders of redeemable ordinary shares and Class A ordinary shares	55.31	15.26
Profit per share—basic and diluted (US cents)		
From continuing operations	55.31	15.26

* Calculated using the weighted average number of shares as the denominator.

The notes on pages 35 to 56 form an integral part of these financial statements

THE FOREST COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

2023	**Note**	**Share capital account USD '000**	**Share-based payment reserve USD '000**	**Accumulated loss USD '000**	**Total USD '000**
As at 1 January, 2023		330,852	87	(175,996)	154,943
Share-based payments	**17**	88	(70)	-	18
Profit for the financial year		-	-	28,318	28,318
As at 31 December, 2023		330,940	17	(147,678)	183,279

2022	**Note**	**Share capital account USD '000**	**Share-based payment reserve USD '000**	**Accumulated loss USD '000**	**Total USD '000**
As at 1 January, 2022		330,852	61	(183,809)	147,104
Share-based payments	**17**	-	26	-	26
Loss for the financial year		-	-	7,813	7,822
As at 31 December, 2022		330,852	87	(175,996)	154,943

The notes on pages 35 to 56 form an integral part of these financial statements

THE FOREST COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	31 Dec 2023 USD '000	31 Dec 2022 USD '000
Cash flows from operating activities			
Net cash flows received from investees		10,527	5,383
Cash paid to suppliers and employees		(4,219)	(4,674)
Capital contribution in investees		(100)	(111)
Cash flow from operating activities before financial items and taxes		6,208	598
Tax paid		-	-
Net cash from operating activities		6,208	598
Cash flow from investing activities			
Return of capital		2,252	2,856
Net cash generated from investing activities		2,252	2,856
Cash flow from financing activities			
Loan capital, Interest and other financial expenses paid		(10,546)	(1,050)
Net cash used in financing activities		(1,0,546)	(1,050)
Net decrease in cash and cash equivalents during the financial year		(2,086)	(2,404)
Cash and cash equivalents at the beginning of the financial year		2,426	22
Cash and cash equivalents at the end of the financial year	9	340	2,426

The notes on pages 35 to 56 form an integral part of these financial statements

1. General information

The Forest Company in brief

The Forest Company is a closed-ended investment company that combines the objectives of long-term capital appreciation, income yield and significant social impact. The Company focuses on forest investments and associated industries in Brazil and Colombia. The Company invest in forestry projects that are certified by a reputable forest management certification scheme and does not acquire native forest for harvesting.

After seven years of being listed on TISE (formerly the Channel Islands Stock Exchange), the company's listing was cancelled with effect from 23 October 2019, in accordance with the decision made by shareholders at the annual general meeting held in September.<

With effect from 1 January 2020, the Company has been considered as an investment entity, following the decision in November 2019 to adopt a limited life structure and changes in the Company's investment policy. Projects will be managed taking into consideration the Company's divestment phase starting at the end of 2027.

Following a shareholder vote, during 2021, where a high proportion of shareholders expressed a preference for a realisation or liquidity event for their shareholdings, the Board appointed Stifel Nicolaus Europe Limited ("Stifel"), an appropriately qualified independent financial firm with specialist expertise in the forestry sector. On 22 November, 2021 the Company announced publicly that it had initiated a "formal sale process". In this regard, the Board states that a sale of the Company is only one option that is under consideration and there can be no certainty that any offer will be forthcoming or of the terms of any such offer.

In October 2022, the Company had received offers and selected bidders went through due diligence during 2023. One bidder was selected and final negotiations, and drafting of contracts were negotiated during 2024. The bidder however had financing difficulties and the deal process broke down during 2024. Stifel continued the process of finding suitable buyers for the Company's assets, although with limited success.

As of 1H2025, the sales process was halted. The prolonged sales process has generated significant costs and pressure on the Company's cash position. As a result, on 30 September 2025, one of the Company's investees (BioCarbono) and Banco BTG Pactual ("BTG") a Brazilian investment bank, entered into a loan agreement for USD 25.1 million, of which USD 3.1 million represents structuring fees. The loan has a four-year term, bears interest rate at 11%, with annual interest payments and a bullet payment at maturity.

The loan proceeds required in Guernsey are transferred through the group structure by means of capital reductions and dividend payments. At time of signing these financial statements the first tranche of USD 6.6 million has been disbursed.

The Company continues to seek divestment opportunities of its assets although the timing to do so has changed from short term divestitures to medium- and long-term divestiture planning.

Investment manager

The Forest Company has entered into an investment management agreement with the investment manager, Timber Capital. Under this agreement, the investment manager is responsible for sourcing, evaluating, negotiating, completing and monitoring investments in compliance with the Company's investment policy and subject to the overall supervision of the Board. The investment manager will also advise the Board on proposed divestments and will be authorised to implement approved divestments.

2. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except for investment in subsidiaries, which has been measured at fair value through profit or loss in conformity with IFRSs as adopted by the EU.

Changes in accounting policies

There are no changes in accounting policies for the financial year ended 31 December, 2023, affecting the financial statement presentation and accounting that require disclosure in this financial statement.

Investment entity

The Company became an investment entity as defined in paragraph 27 of IFRS 10, with effect from 1 January, 2020. In accordance with IFRS 10, an investment entity measures and evaluates performance of substantially all its investments on a fair value basis. Moreover, such entity shall measure its investments in subsidiaries at fair value through profit or loss, in accordance with IFRS 9 and IFRS 13 fair value being the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where an entity is an investment entity, IFRS 12 requires additional disclosure, including:

- The fact the entity is an investment entity;
- Information about significant judgements and assumptions it has made in determining that it is an investment entity, and specifically where the entity does not have one or more of the “typical characteristics” of an investment entity;
- Details of subsidiaries that have not been consolidated (name, place of business, ownership interests held);
- Details of the relationship and certain transactions between the investment entity and the subsidiary (e.g. restrictions on transfer of funds, commitments, support arrangements, contractual arrangements); and
- Information where an entity becomes, or ceases to be, an investment entity.

An entity making these disclosures is not required to provide various other disclosures required by IFRS 12. See note 5.

Following the classification of TFC as an investment entity with effect from 1 January 2020, and in accordance with IFRS 10, the Company measures and evaluates the performance of all its investments on a fair value basis. Investments in subsidiaries are measured as financial assets at fair value through profit or loss, in accordance with IFRS 9.

In a resolution approved in November 2019, the Board confirmed that it was satisfied that TFC meets the following criteria to be classified as an investment entity:

1. It obtains funds from one or more investors for the purpose of providing them with professional investment management services;

2. It commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

3. It measures and evaluates the performance of all its investments on a fair value basis.

2. Accounting policies (continued)

a) Basis of preparation (continued)

Consolidation exemption: Investment entity

Since the Company meets the definition of an investment entity, it has adopted the amendments to IFRS 10 – Consolidated Financial Statements and, therefore, does not consolidate its subsidiaries. Instead, those investments in subsidiaries are measured as financial assets at fair value through profit or loss in accordance with IFRS 9.

Going concern

The Forest Company generates cash flow through the sale of primary wood products, charcoal, and consulting services via its operating subsidiaries in Brazil and Colombia. Dividends from these subsidiaries are remitted to the Company and, when deemed appropriate by the Board, distributed to investors as meaningful cash becomes available.

For the purpose of this going concern assessment, the Company has reviewed and stress-tested its cash flow forecast. The cash flow forecast adopted a 18-month period of assessment from the date of signing these financial statements. The Board has evaluated the Company's capacity to cover costs and expenses, as well as forecasted expenditures for the coming year. Both base-case and worst-case scenarios have been analysed to assess expected free cash flow generation and potential distributions.

Financing initiatives

The Company's MetLife loan balance (approximately USD 2.1 million) was repaid in March 2024 and no remaining obligations remain with MetLife.

In October 2024, the Company negotiated a debt facility between Itaú Bank in Brazil and the Company's three Brazilian subsidiaries, Rio Verde Gusa Participac ltda, Ibiracu Emp Imob Atividades, and Biocarbono. The Company has drawn an approximate amount of USD 2.5 million (BRL 13.5 million).

In May of 2025, Biocarbono, a subsidiary of the Company, signed a loan agreement with Banco Rendimento, a Brazilian bank, for USD 1,3 million (BRL 10 million). The use of proceeds from this loan helped repay outstanding payables to third party service providers to the Company.

On 30 September 2025, one of the Company's investees (BioCarbono) and Banco BTG Pactual ("BTG") a Brazilian investment bank, entered into a loan agreement for USD 25.1 million, of which USD 3.1 million represents structuring fees. The investee companies Rio Verde, Frondosa, AB Florestal, Surubim, Pargo, Piava, Hadoque, The Forest Company do Brasil, Ibiraçu, Quintino, and Kaa act as guarantors under the contract. The loan has a four-year term, bears interest rate at 11%, with annual interest payments and a bullet payment at maturity. At time of signing these financial statements the first tranche of USD 6.6 million has been disbursed.

Disbursement	% of proceeds	M USD	Requirements	Expected timing
First	30%	6.6	Registration of share pledge	7 days after signing
Second	70%	15.4	Registration of asset pledge	30 business days after filing of asset pledge

The second disbursement is contingent on the registration of biological assets and land as collateral. It is expected that this registration will take 30-60 days after the registration application is submitted.

If it takes longer than 30 business days, and all information is provided by the Company as defined in the loan agreement, it is agreed that another 4.4 million, or 20% of total proceeds, will be paid out. Thereafter the remaining loan disbursements will be paid out in proportion to the asset pledges being registered.

2. Accounting policies (continued)

a) Basis of preparation (continued)

Going concern (continued)

Use of BTG loan proceeds
The use of loan proceeds is targeted to be used as follows.

Use of proceeds	Amount
Repayment of ITAU and Rendimento loan (required under loan agreement)	~USD 4.5 million
Termination fee to Timber Capital (required under loan agreement)	~USD 3.2 million
Outstanding payables to 3rd party service providers	~USD 6.0 million
Cotopaxi share buyback	~USD 5.0 million
Restructure and unwinding	~USD 0.5 million
Other operational expenses and CAPEX	~USD 2.9 million
Structuring fees (will be retained by BTG, and BioCarbono receives USD 22 million in loan proceeds)	~USD 3.1 million
Total	**~USD 25.1 million**

The Company's primary priority is the payment of outstanding liabilities to third-party service providers. The next priority will be the settlement of obligations to Timber Capital, including the termination fee, all historical outstanding fees, and recharged amounts to be paid. Furthermore, the company must satisfy creditors on a pro-rata basis and can only settle with Timber Capital once the second loan tranche is received as a result.

In aggregate, the termination of Timber Capital is assumed to comprise USD 3.2 million in termination fees and USD 3.8 million in accrued and late payment charges (including 5% penalty interest), resulting in a total settlement of approximately USD 7 million.

Further, the ITAU and Rendimento loans remain an earmarked obligation and proceeds will be applied to repaying these two loans.

Any residual proceeds will be allocated at the Company's discretion, including potential CAPEX for planting, the Cotopaxi share buyback, and re-domiciliation to Spain.

Key strategic initiatives

The Company is implementing measures to strengthen cash flow, enhance liquidity, and align overhead costs more closely with its subsidiaries ability to generate cash flow. Current efforts are concentrated on three key initiatives.

First, the termination of Timber Capital as investment manager and the appointment of &Forest is expected to reduce annual management fees by more than 65% at current management fee levels. The termination agreement with Timber Capital has been executed, and a new management agreement has been entered into with &Forest.

Second, the Company is evaluating a potential re-domiciliation to Spain. The objective is to lower overhead costs currently incurred in Guernsey and to benefit from the double taxation treaty between Colombia and Spain. This process remains under review and is subject to further due diligence and Company approval.

Third, the Company will review overhead and other costs in Guernsey and its operating SPV's to identify efficiency gains and overhead savings.

Fourth, on May 8, 2025 the Company signed a Share Purchase Agreement (the "SPA") for the sale of its two BVI Holding Companies Vichada Timberland Holdings Ltd and Santa Ana Florestal Ltd. The two Holding companies own 12 BVI Subsidiaries which in turn owns 12 Colombia branch companies, each with land titles in Vichada, Colombia. The SPA is worth USD 3.7 million. The SPA is subject to buyer financing and has a long stop date on 31 December 2025.

Sensitivity analysis

The Company has prepared a detailed model forecast of expenses and revenues expected for the coming 18 months. It has produced a Base Case scenario and a Worst Case scenario.

2. Accounting policies (continued)

a) Basis of preparation (continued)

Going concern (continued)

The Base Case scenario considers the full loan amount of USD 25.1 million being disbursed to the company over 8 months. It assumes TCL terminated and replaced by 1 December 2025. Conservatively, all other overhead remains unchanged in a base case scenario.

The worst-case scenario represents a 50% reduction in dividends remitted from operating subsidiaries in Colombia and Brazil, a termination of the Vichada land sales, and a failure to register all land and biological assets resulting BTG disbursements of a total of USD 16.5 million. All other assumptions remain the same as under the base case scenario.

Material uncertainty

As previously disclosed, on 30 September 2025, the Company's investee, BioCarbono, entered into a loan agreement with BTG to address the Group's liquidity constraints. Disbursement of the loan proceeds is subject to the fulfilment of specified pre-conditions, including the registration of pledges over shares, biological assets and land assets, which are expected to be satisfied in tranches that may impact the amount and timing of proceeds received from the loan.

Management has prepared an 18-month cash flow projection and, based on these, believes that BioCarbono will be able to meet the conditions precedent to the full disbursement of the loan. However, certain of these conditions are outside the BioCarbono's direct control, including the registration of the biological asset pledge with the relevant Brazilian authorities.

If BioCarbono is unable to draw down on these loan proceeds in line with the planned timetable this will impact on that entity's ability to distribute funds to the Company, if alternative sources of funding are not obtained the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. This gives rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The directors have concluded that it is appropriate to prepare the financial statement on a going concern basis and do not include any adjustments that might be necessary if the Company were unable to continue as a going concern.

b) Investment income

Investment income is accounted for on an accrual basis.

The Company receives dividend distributions from its investees, which are accounted for as investment income in the statement of comprehensive income.

Overseas dividends are included gross of any withholding tax.

c) Financial assets at fair value through profit or loss

The Company's business is investing in financial assets with a view to gaining from their total return in the form of income and capital growth. The portfolio of financial assets is managed, and its performance evaluated on a fair value basis, in

2. Accounting policies (continued)

c) Financial assets at fair value through profit or loss (continued)

accordance with a documented investment strategy. Information is provided internally on that basis to the Company's Board of Directors.

The Forest Company's investments are all focused in the forestry sector and its related activities. Except for BioCarbono and Silvotecnia, the cashflows of all the other projects are generated mainly through the sales of biological assets (eucalyptus and pine) and through the sale of land. Silvotecnia is a Colombian forestry and agricultural consulting company and BioCarbono produces charcoal.

Accordingly, upon initial recognition, the investments are classified by the Company as "held at fair value through profit or loss". The initial fair value is taken to be their acquisition cost excluding expenses incidental to purchase. In accordance with the accounting standards adopted by the Company, the investment at fair value through profit or loss is stated at fair value as at the reporting date. Fair value is defined as the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company uses multiple techniques to determine the fair value of its investments, maximising the use of relevant observable inputs. Each component of the projects' net assets is valued to determine the fair value of the projects. The balance sheet of the projects is comprised of biological assets, land assets and other net assets. The Fair value of the projects results from the sum of the fair value of all the components.

The Company engages independent valuers to evaluate the fair value of the forest assets (land and biological assets), representing more than 90% of the projects' net assets, charcoal kilns and Silvotecnia's enterprise value.

Critical accounting estimates and judgements on valuation of financial assets

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. More details have been disclosed in Note 3(b).

d) Expenses

All expenses are accounted for on an accrual basis and include fees and other expenses paid to the Administrator, the investment manager and the Directors.

e) Functional and presentation currency

The primary activity of the Company is to invest in a portfolio of forestry projects in Brazil and Colombia. The performance of the Company is measured and reported to the investors in USD. The Board considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is also the Company's functional currency.

f) Foreign currency translation

Transactions in foreign currencies are translated into USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the foreign exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation of realised gains and losses on the disposal or settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into USD at the foreign currency exchange rates ruling at the date that the values were determined. Foreign currency exchange differences relating to monetary items are recognised in the statement of comprehensive income. The exchange rates used in these financial statements relative to the USD are as follow:

2. Accounting policies (continued)
f) Foreign currency translation (continued)

	2023		2022	
Currency	***Closing rate***	***Average rate***	***Closing rate***	***Average rate***
Brazilian reais (BRL)	4.8562	4.9927	5.2870	5.1642
Sterling (GBP)	0.7850	0.8039	0.8265	0.8180
Colombian pesos (COP)	3,852.4	4,320.2	4,848.7	4,260.0

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

g) Financial instruments

Financial assets

Fair value measurement and hierarchy
The Company has met the criteria within IFRS 10 to qualify as an investment entity. The Company has not prepared financial statements on a consolidated basis; rather, it accounts for its investment in the subsidiaries, as required under IFRS 10, at fair value through profit or loss in accordance with IFRS 9.

i. Classification

As noted above, the Company's investments in the equity of the underlying subsidiary companies are classified as financial assets rather than being consolidated, as the Company has met the IFRS 10 investment entity criteria. The investments are designated as financial assets at fair value through profit or loss on initial recognition as this is the way in which the Company manages and evaluates the performance of these assets. The Company has invested its funds into each underlying subsidiary with the principal objective of benefiting from gains arising from the subsidiary's activities.

ii. Recognition/derecognition

Purchases and sales of Investments were initially recognised on the trade date, the date on which the Company commits to purchase or sell the investment. Since the Company meets the IFRS 10 investment entity criteria, the Company was qualified as an investment entity and where changes in the investment value are recognised in the statement of comprehensive income as 'net loss on financial assets at fair value through profit or loss'.

iii. Measurement

All investments are classified as held at fair value through profit or loss, because they are held in a portfolio of assets managed on a fair value basis and no contractual cashflows are applicable as the Company is an investment entity. Investment transactions are accounted for on a trade date basis. Assets are derecognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments in the statement of financial position is based on their quoted bid price at the statement of financial position date, without deduction of the estimated future selling costs. Unquoted investments are valued by the Directors using primary valuation techniques such as earnings multiples, recent transactions and net assets.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the statement of comprehensive income as 'net loss on financial assets at fair value through profit or loss'.

Fair value estimation

The value of the Company's investments is based on the net asset value (NAV) of the subsidiaries. NAV is a reasonable approximation of the fair value as the significant assets of the investee are independently valued using fair valuation techniques.

2. Accounting policies (continued)

g) Financial instruments (continued)
Financial assets (continued)
Financial assets at amortised cost

Financial assets arise principally from assets when the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and they are subsequently carried at amortised cost using the effective interest rate method, less provisions for impairment.

Trade receivables are measured upon initial recognition at the transaction price. Trade receivables and other receivables are subsequently measured at amortised cost using the effective interest rate method. For the year ended 31 December, 2023, there were no trade and other receivables.

The entity does not purchase or originate financial assets with a significant financing component or financial assets with significant credit impairment at recognition. Any changes in the loss allowance are recognised against the relevant income category in the statement of comprehensive income.

Cash and cash equivalents
Cash and cash equivalents are carried at cost. They comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets
A financial asset (in whole or in part) is derecognised when the entity has substantially transferred all the risks and rewards of ownership, when it no longer has control over the asset or a portion of the asset or when the contractual right to receive cash flow from the asset has expired.

Financial liabilities
Financial liabilities at amortised cost
Trade payables and other short-term monetary liabilities are initially recognised at fair value.

Financial liabilities at amortised cost are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

h) Taxation

The entity has filed for and received tax-exempted status from the tax authorities in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinances, 1989 as amended, and is charged an annual exemption fee of GBP 1,600.

i) Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and the size of the transfer can be reasonably estimated.

j) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's investments which have been classified at fair value through profit or loss are based in different geographical regions. More details have been disclosed in Note 5.

3. Critical accounting estimates and judgements made in applying the entity's accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Classification of entity

The Board considered that the entity meets the definition of an investment entity under IFRS 10 as a result of the implementation of a new investment policy, including limited life. In accordance with IFRS 10, an investment entity is required to apply the exception to consolidation and instead account for its investment in a subsidiary at fair value through profit or loss. With effect from 1 January 2020, the Company classifies its investments in subsidiaries as financial assets at fair value through profit or loss.

b) Valuation of investment

In accordance with the accounting standards adopted by the Company, the investment at fair value through profit or loss is stated at fair value as at the reporting date. Fair value is defined as the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company uses multiple techniques to determine the total fair value of its investments, maximising the use of relevant observable inputs. Each component of the projects' net assets is valued to determine the total fair value of the projects. The balance sheet of the projects is composed of biological assets, land assets, working capital and net debt. The fair value of the projects results from the sum of the fair value of all the components.

As there is not an active market for the investments, the Directors have assessed fair value using the adjusted net asset value per investment. NAV is a reasonable approximation of the fair value as the significant assets of the investees, investment property, are independently valued using a fair valuation approach as per IFRS 13.

When assessing the fair value of the investments, the fair value of the investment's assets and liabilities are considered. The fair values of the investment property, planted land, forest assets and carbonisation assets for the investments are based on their current market valuations provided by the independent valuer engaged by the Company. The valuations were made based on the assumption that the owner sells the assets in the open market without a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement that could affect the value of the assets. The valuations are also based on certain estimates of the investees concerning discount rates, rotations/production cycles, growth rates, prices, forecast wood flow, the market and its capacity to absorb the wood flow, costs and future eligibility for the current tax regimes and rates of the Company, and they are sensitive to changes in these assumptions. When preparing their valuations, the valuers are required to consider other recent transactions in the market to ensure that these assumptions are reasonable and that potential purchasers of the Company's investments would make comparable assumptions.

4. Investment income

As a result of the adoption of the investment entity accounting treatment, the Company no longer recognises revenue for the year beginning 1 January, 2020. The source of income for the Company for the year beginning 1 January, 2020 was derived from investment income.

Investment income consists of dividends received for the year as follows:

	31 Dec 2023 USD '000	31 Dec 2022 USD '000
Frondosa Participações Ltda	-	1,107
MS Timberland Holdings Limited	160	638
TFC do Brasil Participações Ltda	10,355	5,473
Antioquia Wood Holdings	9	-
	10,524	7,219

5. Financial assets at fair value through profit or loss

The movement in financial assets held at fair value through profit or loss can be analysed as follows:

Description	**2023 Total USD’000**	**2022 Total USD’000**
Opening balance	**164,991**	**159,631**
Fair value movement	649	8,892
Exchange differences	22,472	(2,489)
Net gain on financial assets at fair value through profit or loss	**23,121**	**6,403**
Additional capital paid in	97	112
Return of capital	(2,252)	(2,856)
Intercompany loan movements	-	1,701
Net deductions	**(2,155)**	**(1,043)**
Closing balance	**185,956**	**164,991**

Cerejeira is being treated as an investment in associate as the Company does not have a controlling stake in Cerejeira.

The following projects/investments are those which have been classified at fair value through profit or loss:

Name	**Place of incorporation and operation**	**Ownership interest %**	**Voting power held %**
TFC II Limited*	Guernsey	100	100
TFC do Brasil Participações Ltda	Brazil	100	100
Aimara Project			
Aimara Empreendimentos Imobiliários e Participações Ltda#	Brazil	100	100
Kaa Project	Brazil	100	100
Kaa Emp. Imobiliários e Part. Ltda	Brazil	100	100

5. Financial assets at fair value through profit or loss (continued)

Name	Place of incorporation and operation	Ownership interest %	Voting power held %
Cerejeira Project			
Cerejeira Reflorestadora, S.A.***	Brazil	50	50
Ibiracu Project			
Ibiraçú Emp. Imobiliários, Atividades Florestais e Part. Ltda#	Brazil	100	100
BioCarbono Project			
Rio Verde Participações Ltda	Brazil	100	100
Biocarbono Produção e Comércio de Carvão Ltda#	Brazil	100	100
Frondosa Siderurgica Ltda	Brazil	100	100
AB Florestal Project			
SP Timberland Holdings*	BVI		
SP Timberland Holdings LLC*	Delaware	100	100
SP Timberland LLC*	Delaware	100	100
Frondosa Empreendimentos Imobiliários, Atividades, Florestais e Participações Ltda	Brazil	100	100
Surubim Emp. Imobiliários, Atividades Florestais e Part. Ltda#	Brazil	100	100
AB Florestal Participações Ltda	Brazil	100	100
Hadoque Propriedades Rurais e Participações Ltda#	Brazil	100	100
Piava Florestal Participações Ltda	Brazil	100	100
Antioquia Project			
Antioquia Wood Holdings Limited	BVI	100	100
Silvotecnia S.A.**	Colombia	58.4	81.2
Vichada Project			
Timberland Holdings Limited	BVI	100	100
La Esperenza Timberland Holdings Limited	BVI	100	100
Potosi Timberland Holdings Limited	BVI	100	100
La Diana Timberland Holdings Limited	BVI	100	100
Las Ventas Timberland Holdings Limited	BVI	100	100
Santa Ana Florestal Limited	BVI	100	100
Canaguay Wood Holdings Limited	BVI	100	100
La Esperenza Wood Holdings Limited	BVI	100	100
La Libertad Wood Holdings Limited	BVI	100	100
La Paz Wood Holdings Limited	BVI	100	100
Paraiso Wood Holdings Limited	BVI	100	100
El Amparo Wood Holdings Limited	BVI	100	100
El Gavan Wood Holdings Limited	BVI	100	100
El Morichal Wood Holdings Limited	BVI	100	100

5. Financial assets at fair value through profit or loss (continued)

Name	Place of incorporation and operation	Ownership interest %	Voting power held %
MS Timberland			
MS Timberland Holdings Limited	BVI	90	90
MS Timberland Holdings (Colombian Company Branch)	Colombia	90	90
Reforestadora el Guasimo SA	Colombia	90	90

*Entities were liquidated during the year 2022
** Voting rights of 81.2% with nominal ownership of 58.4%
*** Partnership with Klabin which owns 50% + 2 shares

Other than the investment in Cerejeira the comparatives 2022 ownership interest were the same as per financial year end 2023.

There are no restrictions on the transfer of funds between the Company and subsidiaries. There are no other commitments, support arrangements, or contractual arrangements between the Company and subsidiaries.

Investee company Ibiraçu has been involved in a lawsuit as a claimant against E. S Reflorestamento. In 2009, Ibiraçu engaged with E. S. Reflorestamento to perform certain silviculture services, including soil preparation and plantation of some areas. In Ibiraçu's view, these services were not rendered to a satisfactory standard, causing the company to incur significant losses as the rate of survival of the newly planted trees was very low. The company had to engage another service supplier to replant the area. Ibiraçu, therefore, claimed for the recovery of payments made to E. S. Reflorestamento for the silviculture services, plus interest and legal costs, totalling BRL 16.95 million (USD 3.12 million).

During 2018, the court of first instance ruled against E. S. Reflorestamento, which appealed that decision. At the beginning of 2019, the court rejected the appeal from E. S. Reflorestamento. Ibiraçu has already identified an asset belonging to E.S. Reflorestamento and which can be pledged to guarantee its right to receive the above-mentioned indemnification as per the judicial decision. However, other third parties also have a pledge on that same asset with priority over Ibiraçu, which will have to wait for them to release it so as to proceed with execution of the pledge. Collection of the indemnity is not certain in time or value as of the date of release of this report and, therefore, no impact of this lawsuit was taken into consideration for the Company's assessment of this investee's fair valuation.

6. Administrative expenses

	31 Dec 2023 USD '000	31 Dec 2022 USD '000
Investment management fees*	2,653	2,538
Directors' fees and expenses	419	427
Administration fees	407	336
Legal and professional fees	406	599
Audit fees	228	247
Valuation fees	143	150
Other administrative expenses	99	106
Consultancy fees	70	82
Travel expenses	64	51
Marketing and investors relation expenses	17	16
Performance bonus**	-	107
	4,506	**4,659**

*More disclosures on investment management fees in Note 8.
**More disclosures on performance bonus in Note 16

Overall, administrative expenses decreased by 3% in comparison to previous year, driven by a decrease in legal and professional fees and performance fees which was partly mitigated by an increase in travel and administration expenses.

6. Administrative expenses (continued)

The remuneration due to Directors for the year was USD 401,000 (2022: USD 401,000) directors fees and USD 17,500 (2022: USD 17,250) share based payment (see note 17). No bonus was paid to the Directors for the year (2022: nil).

Other administrative expenses include bank charges, regulatory fees and insurance costs.

7. Taxation

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance as amended, 1989, and an annual exemption fee of GBP 1,600 is charged by the States of Guernsey in respect of this exemption.

It is the intention of the Directors to conduct the affairs of the Company to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

8. Investment management fee and performance fee

Investment management fee

Pursuant to the entity's revised investment management agreement, which was amended on 19 November, 2019, the investment manager is paid an annual management fee, payable quarterly in advance, equal to (i) one quarter of 1.5% of the adjusted net asset value or (ii) one quarter of 1.0% of the capital raised since inception, whichever is lower for the relevant quarter. Prior to the amendment of the agreement, the manager was paid an annual management fee, payable quarterly in advance, equal to (i) one quarter of 1.5% of the adjusted net asset value.

For the financial year ended 31 December, 2023, the Company incurred investment management fees of USD 2.65 million (2022: USD 2.54 million), with an outstanding balance of USD 202,214 at the end of the year (2022: USD 205,214).

Performance fee share

Under the terms of the amended investment manager's agreement, dated 19 November, 2019, 90% of distributable amounts in excess of the hurdle amount (if any) shall be paid to the investment manager until the cumulative amounts paid and payable to the investment manager up to and including the relevant date equal 10% of the sum of (i) all distributable amounts allocated for distribution to shareholders up to the relevant date and (ii) cumulative payments made to the manager. Once the 10% level is reached, the manager performance fee share reduces to 10% of the distributable amounts in excess of the hurdle amount. The hurdle rate is zero from 31 December, 2018, until the trigger date — the date on which the adjusted NAV per share first equals or exceeds USD 10.50 per share. Once this is met, the hurdle shall then be an annual compounding amount of 8% per annum.

For the financial year ended 31 December, 2023, the Company has not accrued any performance fees (2022: Nil).

9. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the entity and short-term bank deposits available on demand. The carrying amounts of these assets approximate to their fair value. The table below provides a breakdown of cash and cash equivalents that are considered to be restricted and unrestricted as of 31 December, 2022.

	31 Dec 2023 USD '000	31 Dec 2022 USD '000
Restricted		
Amounts held in escrow	16	17
	16	17
Unrestricted	324	2,409
	340	2,426

10. Trade and other receivables

	31 Dec 2023 USD '000	31 Dec 2022 USD '000
Prepayments	33	33
	33	33

Prepayments relates to insurance fees for the period 1st January, 2024 to 15th May, 2024.

11. Interest-bearing borrowings

In 2020, the MetLife loan in SP Timberland LLC was restructured and the borrower obligations were transferred to the Company amounting to USD 11,625,000 with a fixed interest rate of 8.59% and maturity on 1 October 2023. During the year a capital repayment of USD 9,500,706 was made and the maturity date has been extended to 31 March 2024. As at 31 December 2023, the Company has a balance payable of USD 2,124,294.

	2023 Total USD'000	2022 Total USD'000
Opening balance	**11,625**	**-**
Loan obligations transferred to the Company		11,625
Repayment during the year	(9,501)	-
Closing balance	**2,124**	**11,625**

The Company recognised interest of USD 815,803 during the year (2022: USD 1,011,083) in relation to this loan in the statement of comprehensive income of which USD nil (2022: USD nil) was outstanding at the year end.

12. Trade and other payables

	31 Dec 2023 USD '000	31 Dec 2022 USD '000
Trade payables	377	265
Accruals	489	350
Other payables	60	267
	926	882

Trade payables as at 31 December, 2023, include an outstanding balance of USD 202,214 payable to the investment manager (2022: USD 205,214).

Accruals include administrative fees, audit fees, valuation fees and service fees.

Other payables mainly include MetLife loan interest payable amounting to USD 45,619 (2022: USD 249,647) and corresponding to the period from latest interest charged until the year-end, i.e., from October 1st to December 31st, 2023.

13. Financial instruments and associated risks

Financial risk management objectives
The Company is exposed to various types of risk associated with the financial instruments in which it invests. The most important types of financial risk to which the Company is exposed are market risk, liquidity risk and credit risk. Market risk includes price risk, foreign currency risk and interest rate risk. The nature and extent of the financial instruments outstanding at the year-end date and the risk management policies employed by the Company are discussed below.

13. Financial instruments and associated risks (continued)

Categories of financial instruments
At the year-end date, the Company's financial instruments could be categorised as follows. The comparative figures have been categorised in accordance with IFRS 9.

	31 Dec 2023 USD '000	31 Dec 2022 USD '000
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	185,956	164,991
Financial assets at amortised cost		
Cash and cash equivalents	340	2,426
Trade and other receivables	33	33
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	926	882
Interest-bearing borrowings	2,124	11,625

At the reporting date, the investments were designated at fair value through profit or loss, while cash and cash equivalents and trade and other payables were measured at amortised cost. The amounts reflected above represent the Company's maximum exposure to credit risk for financial assets.

The investment manager and the Administrator provide advice to the Company, respectively, which allows the Board to monitor and manage financial risks related to the Company's operations through internal risk reports that analyse exposure by degree and magnitude of risk. The investment manager and Administrator report to the Board on a quarterly basis.

Market risk

Price risk
Price risk arises from uncertainty about the future market prices of financial instruments. It represents the potential gains or losses to which the Company might be exposed by holding financial instruments whose market prices fluctuate. As at 31 December, 2023, the Company's financial assets at fair value through profit or loss were based on the net asset fair value assessment of the investees since they are all unlisted companies Therefore, net asset value of the Company may change subject to fluctuations of the net assets of the investments held.

An increase of 10% in the net assets of the company's investment in investees, with all other variables held constant at the reporting date, would result in an increase of USD 16 million (2021: USD 16 million) in the net asset value of the Company. A decrease of 10% in the net assets of the investment in subsidiaries at the reporting date would result in an equivalent decrease in the net asset value of the Company.

Foreign currency risk
The Company holds assets denominated in currencies other than USD, the reporting currency of the Company. The Company is, therefore, exposed to currency risk, as the value of assets denominated in other currencies will fluctuate due to changes in exchange rates. As of 31 December, 2023, the Company's assets denominated in other currencies were principally held in BRL and COP, with other balances in GBP.

The closing financial asset and liability positions denominated in currencies other than USD as of 31 December, 2023, were as follow.

2023	**COP USD '000**	**BRL USD '000**	**GBP USD '000**	**EUR USD '000**	**SEK USD '000**	**Total USD '000**
Financial assets at fair value through profit or loss	62,818	123,138	-	-	-	185,956
Trade and other payables	-	-	(401)	-	-	(401)
Net exposure	62,818	123,138	(401)	-	-	185,555

13. Financial instruments and associated risks (continued)

Market risk (continued)

Foreign currency risk (continued)

2022	COP USD '000	BRL USD '000	GBP USD '000	EUR USD '000	SEK USD '000	Total USD '000
Financial assets at fair value through profit or loss	49,481	115,497	-	-	-	164,978
Trade and other payables	-	-	(49)	-	-	(49)
Net exposure	49,481	115,497	(49)	-	-	164,929

The bulk of the currency risk to which the Company's financial instruments are exposed relates to the underlying financial instruments in Colombia, and exposure to other currencies is minimal.
For BRL-denominated financial assets and liabilities, the analysis was prepared on the assumption that the amount of assets outstanding at the reporting date would be outstanding for the whole year. Management assesses that a 20% increase or decrease in foreign exchange rates is reasonably possible, although previous years' average is below 10%.

If the USD strengthened by 10% against the above currencies and all other variables held constant, the Company's net asset value would have decreased by USD 19 million (2022: USD 16 million). A 10% weakening of the USD against the above currencies would have had an equal but opposite effect on the Company's net asset value.

As the Company's investments are held in Brazil and Colombia, any currency movements between the underlying currencies and the reporting currency will have an impact on the Company's results. Although management has not directly mitigated the foreign exchange risk by hedging exposure, they expect that, in the long term, foreign exchange exposure may be offset by appreciation in the value of the investments at the level of the Company.

Interest rate risk

The majority of the Company's financial assets and liabilities are held in financial assets at fair value through profit or loss and cash and cash equivalents. As a result, the Company is subject to risk due to fluctuations in the prevailing market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The Company's exposures to interest rates for financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

As at 31 December, 2022, the Company was charged with interest on the MetLife loan at a fixed interest rate of 8.59%. The Company is not subject to any floating rate financial assets and liabilities.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company prepares budgets and cash flow forecasts under various scenarios to assess the liquidity risk and ensure that it maintains sufficient cash reserves to meet its obligations. The Company also maintains sufficient cash reserves to meet its current investment commitments. Financial liabilities consist of trade and other payables, all of which are due within one year.

13. Financial instruments and associated risks (continued)

Liquidity risk (continued)

The following table details a maturity analysis that shows remaining contractual maturities for both derivative and non-derivative financial liabilities.

2023	**Gross contractual cash flows USD '000**	**Less than 1 year USD '000**	**1-5 years USD '000**	**5+ years USD '000**
Trade and other payables	3,052	3,052	-	-
Interest-bearing borrowings	2,170	2,170	-	-
	5,222	5,222	-	-

2022	**Gross contractual cash flows USD '000**	**Less than 1 year USD '000**	**1-5 years USD '000**	**5+ years USD '000**
Trade and other payables	-	-	-	-
Interest-bearing borrowings	(12,385)	(12,385)	-	-
	(12,385)	(12,385)	-	-

Fair value

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. As at 31 December, 2023, cash and cash equivalents, interest-bearing borrowings and trade and other payables were measured at amortised cost, which approximates their fair values.

The Company uses multiple techniques to determine the total fair value of the projects in which it has investments, maximising the use of relevant observable inputs. Each component of the projects' net assets is valued to determine the total fair value of the projects. The balance sheet of the projects is composed of biological assets, land assets and other net assets. The fair value of the projects results from the sum of the fair value of all the components.

Fair value hierarchy

The fair value measurement hierarchy categories are as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Where there is not an active market for the investment, the Directors have assessed fair value using the net asset value per investment. NAV is a reasonable approximation of the fair value as the significant assets of the investees, investment property, are independently valued using a fair valuation approach as per IFRS 13. This falls under Level 3 for fair value measurement in accordance with the standard.

13. Financial instruments and associated risks (continued)

Fair value (continued)

Fair value hierarchy analysis

The table below analyses financial instruments measured at fair value at the reporting date into which the fair value measurement is categorised.

31 December, 2023	**USD '000 Level 1**	**USD '000 Level 2**	**USD '000 Level 3**	**USD '000 Total**
Financial assets at fair value through profit or loss	-	-	185,956	185,956
31 December, 2022	**USD '000 Level 1**	**USD '000 Level 2**	**USD '000 Level 3**	**USD '000 Total**
Financial assets at fair value through profit or loss	-	-	164,991	164,991

The table below analyses the sensitivity of the fair value of the financial assets.

Variable	**Unobservable inputs impact USD '000**	**Financial Assets at FV through profit or loss USD '000**	**Financial Assets at FV through profit or loss sensitivity %**
As at 31 December, 2023		185,956	
FX			
Depreciation of local currency relative to USD by 10%	(18,596)	167,360	-10.00%
Appreciation of local currency relative to USD by 10%	18,596	204,552	10.00%
Discount rate			
100 bp decrease in discount rate	5,614	191,270	3.02%
100 bp increase in discount rate	(5,050)	180,906	-2.72%
Wood prices			
10% decrease	(11,857)	174,099	-6.38%
10% increase	11,857	197,812	6.38%
Charcoal prices			
10% decrease	(1,544)	184,412	-0.83%
10% increase	1,544	187,499	0.83%

13. Financial instruments and associated risks (continued)

Variable	Unobservable inputs impact USD '000	Financial Assets at FV through profit or loss USD '000	Financial Assets at FV through profit or loss sensitivity %
As at 31 December, 2022		164,991	
FX			
Depreciation of local currency relative to USD by 10%	(16,498)	148,493	-10.00%
Appreciation of local currency relative to USD by 10%	16,498	181,489	10.00%
Discount rate			
100 bp decrease in discount rate	4,853	169,844	2.94%
100 bp increase in discount rate	(4,352)	160,639	-2.64%
Wood prices			
10% decrease	(9,335)	155,656	-5.66%
10% increase	9,335	174,326	5.66%
Charcoal prices			
10% decrease	(1,881)	163,110	-1.14%
10% increase	1,881	166,872	1.14%

14. Capital management

The entity manages its capital to ensure that it can continue as a going concern while maximising the return to shareholders through investment in the equity of its subsidiaries. The capital structure of the entity consists of equity attributable to the equity holders of the Company, which comprises issued share capital and accumulated profit or loss, as disclosed in the statement of financial position. The entity seeks to maintain a suitably diversified portfolio of investments in order to manage the entity's economic exposure to any counterparty, single project or separate legal entity.

The investment objective of the entity is to seek long-term capital appreciation, and pursuant to its dividend policy, the Company aims to pay an aggregate annual dividend of 3–5% of the adjusted NAV at the previous year end. The Company currently meets its day-to-day operating capital requirements through the receipt of dividend income. The Company's policy is to maintain an appropriate cash balance to meet future cash demands and has strict cost controls in place to maximise distributions to investors. The decision made by the Board of the Company regarding the dividend to be paid will be made with a view to optimising long-term total returns to shareholders and will take into account forecasts of the future results of the investee companies.

With effect from 1 January, 2020, the Company has been considered as an investment entity, following the decision in November 2019 to adopt a limited life structure and changes in the Company's investment policy. Those investments in subsidiaries are measured as financial assets at fair value through profit or loss in accordance with IFRS 9. Projects will be managed taking into consideration the Company's divestment phase starting at the end of 2027.

15. Share capital account

Externally imposed capital requirements

There are no external capital requirements imposed on the entity.

As at 31 December, 2023, the authorised share capital of the Company was USD 20,000,002 (2022: USD 20,000,002), divided into 100,000,000 (2022: 100,000,000) redeemable ordinary shares of USD 0.10 each, 100,000,000 (2022: 100,000,000) redeemable Class A ordinary shares of USD 0.10 each and two (2021: USD 2) non-redeemable management shares of USD 1.00 each. Redemption is at the sole discretion of the Directors.

The management shares do not carry any rights to dividends and, in a winding up, rank only for a return of the amount of paid capital on such shares after a return of capital on all other shares in the Company.

The holders of ordinary shares and Class A ordinary shares, which are both classified as equity, shall have the following rights:

i) Dividends
Holders of ordinary shares and Class A ordinary shares are entitled on a *pari passu* basis to receive, and participate in, any dividends or other distributions resolved for any accounting period or other income or right to participate therein.

ii) Winding up
In a winding up, the holders of ordinary shares and Class A ordinary shares shall be entitled, on a *pari passu* basis, to the surplus assets remaining after payment of (i) all the creditors of the Company and (ii) the holders of management shares, in accordance with the Company's Articles of Association.

iii) Voting
The holders of ordinary shares and Class A ordinary shares shall have the right to receive notice of and to attend and vote at general meetings of the Company. At these meetings, each holder of an ordinary share or Class A ordinary share who is present in person, by proxy or by a duly authorised representative (if a corporation) shall, upon a show of hands, have one vote. Upon a poll, each such holder present in person, by proxy or by a duly authorised representative (if a corporation) shall have one vote for each ordinary share or Class A ordinary share (as the case may be) held by him.

The Class A ordinary shares rank *pari passu* in all respects (particularly in relation to redemption, entitlement to dividends and the return of capital upon a winding up of the Company) with ordinary shares and are subject to the same rights, obligations and entitlements, but neither class is listed or traded on any share exchange.

During the year ended 31 December, 2023, the Company issued 47,772 shares to the Directors (2022: nil) – see Note 17.

16. Related party transactions and Directors' remuneration

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party when making financial or operational decisions.

Mr Rainer Häggblom, a Director of the Company, held 99,383 (2022: 83,459) redeemable ordinary shares in the Company, as of 31 December, 2023.

Mr Field Griffith, a Director of the Company, held 28,996 (2022: 28,996) redeemable ordinary shares in the Company, as of 31 December, 2023.

Mr Howard Myles, a Director of the Company, held 15,924 (2022: nil) redeemable ordinary shares in the Company, as of 31 December, 2023.

16. Related party transactions and Directors' remuneration (continued)

Mr Jukka Reijonen, a Director of the Company, held 11,979 (2022: nil) redeemable ordinary shares in the Company, as of 31 December, 2023.

Mr Johan Larsson, CEO of TCL, held 11,979 (2022: 2,242) redeemable ordinary shares in the Company as of 31 December, 2023.

During the financial year ended 2022, a performance bonus of $107,000 was paid to Mr Johan Larsson, CEO of TCL, by the company on successful completion of the Klabin transaction.

The two management shares were issued upon incorporation and are registered in the names of HG Nominees 1 Limited and HG Nominees 2 Limited. Both shares are held for and on behalf of the Lennox Trust, of which Mr John Harald Örneberg is a beneficiary. Mr John Harald Örneberg, Chairman of TCL, also held 1,109,043 (2022: 1,109,043) redeemable ordinary shares in the Company as at 31 December, 2023.

The Company is not considered to have an ultimate controlling party.

17. Share-based payments

Part of the Directors' compensation is structured as a multi-year retention package. The plan has an effective aggregate monetary value of USD 70,000 per annum for Mr Rainer Häggblom, Mr Howard Myles, Mr Field Griffith and Mr Jukka Reijonen and $17,500 per annum for Mr John Enlow.

This is to be paid in newly issued redeemable ordinary shares of the Company and based on division of the monetary value of the plan for the year by the adjusted NAV at the end of each financial year. The ordinary shares are held by an escrow agent and are not transferred to the Directors until the vesting conditions are met.

The vesting conditions require Directors to have been appointed continuously during the appointment period, which runs to 31 December, 2020 for Mr Field Griffith, 31 December 2021 for Mr Rainer Häggblom, Mr Howard Myles, and Mr Jukka Reijonen, and 31 December 2024 for Mr John Enlow. In certain circumstances, it is at the Company's discretion to provide the *pro rata* award earlier, such as when a director is forced to resign due to ill health. Should the vesting conditions not be met by the director, the shares will be cancelled for nil consideration.

This plan is accounted for as an equity-settled share-based payment plan, as the Company does not have the choice to pay cash unless the issuance of shares would be to the detriment of the Company or its shareholders, a circumstance that is not likely to arise. The fair value of the shares to be issued under the plan was estimated at the grant date to be equal to the total monetary value of the plan for the appointment period, as any share price fluctuations will be compensated for by changes in the number of shares awarded and the effect of discounting is not considered material. This fair value is recognised on a straight-line basis as a cost over the appointment period, adjusted for the estimated number of awards likely to vest.

The share-based payment plan for Mr. John Enlow is USD 17,500 per annum. The vesting conditions require Mr Enlow to have been appointed continuously during the appointment period, which runs to 31 December 2024.

The expense recognised in the year was USD 26,250 (2022: USD 61,250).

17. Share-based payments (continued)

	2023 Redeemable Ordinary Shares of USD 0.10 each	**2022 Redeemable Ordinary Shares of USD 0.10 each**
Shares held by escrow agent on 1 January	31,415	31,415
Shares issued at USD 3.30/share	27,129	-
Deduction of F. Grifith's shares issued	(47,772)	-
Shares held by escrow agent on 31 December	**10,772**	**31,415**

18. Contingent assets and liabilities

As of 31 December, 2023, no contingent assets and liabilities were identified for the Company.

19. Subsequent events

The Company's MetLife loan balance (approximately USD 2.1 million) was paid-out in March 2024 and no remaining obligations remain with MetLife.

In October 2024, the Company negotiated a debt facility between Itau Bank in Brazil and the Company's three Brazilian subsidiaries, Rio Verde Gusa Participac ltda, Ibiracu Emp Imob Atividades, and Biocarbono. The Company has withdrawn an approximate amount of USD 2.5 million (BRL 13.5 million).

During May of 2025, Biocarbono, a subsidiary of the Company, signed a loan agreement with Banco Rendimento, a Brazilian bank, for USD 1,3 million (BRL 10 million). The use of proceeds from the Rendimento loan helped pay down outstanding payables to third party service providers to the Company.

On May 8, 2025 the Company signed a Share Purchase Agreement (the "SPA") for the sale of its two BVI Holding Companies Vichada Timberland Holdings Ltd and Santa Ana Florestal Ltd. The two Holding companies own 12 BVI Subsidiaries which in turn owns 12 Colombia branch companies, each with land titles in Vichada, Colombia. The SPA is worth USD 3.7 million. The SPA is subject to buyer financing and has a long stop date of 31 December 2025.

On 30 September 2025, one of the Company's investees (BioCarbono) and Banco BTG Pactual ("BTG") a Brazilian investment bank, entered into a loan agreement for USD 25.1 million, of which USD 3.1 million represents structuring fees. The investee companies Rio Verde, Frondosa, AB Florestal, Surubim, Pargo, Piava, Hadoque, The Forest Company do Brasil, Ibiraçu, Quintino, and Kaa act as guarantors under the contract. The loan has a four-year term, bears interest rate at 11%, with annual interest payments and a bullet payment at maturity. At time of signing these financial statements the first tranche of USD 6.6 million has been disbursed.