

NORTEAK NICARAGUA, S.A

Financial Statements Report
As of December 31, 2024 and 2023

Auditoría ●

NORTEAK NICARAGUA, S.A.

(Company incorporated and domiciled in Nicaragua)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and to the Shareholders of
Norteak Nicaragua, S.A.

Opinion

We have audited the financial statements of Norteak Nicaragua, S.A. ("the Company"), which include the statements of financial position as of December 31, 2024, 2023 and 2022, the statements of profit or loss and other comprehensive income, of changes in equity and cash flows for the years ended as of December, 31, 2024 and 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Norteak Nicaragua, S.A. as of December 31, 2024, 2023 and 2022, and its financial performance and its cash flows for the years ended as of December 31, 2024 and 2023 in accordance with IFRS Accounting Standards, issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with the International Standards on Auditing (ISAs). 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 are independent from the Company in accordance with the Association of Certified Public Accountants of the Republic of Nicaragua and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Of Matter

Restatement of Financial Statements - Without modifying our audit opinion, as detailed in Note 4 to the financial statements, the Company's Management made corrections to the figures previously presented in its financial statements as of December 31, 2023, and 2022, and for the year ended December 31, 2023, to correct the effect of the revaluation surplus on the Company's land balance. These adjustments were made by the Company's Management, which we have audited and consider to be reasonable; therefore, the figures presented in the financial statements as of those dates differ from the figures previously presented in the audited financial statements as of December 31, 2023, issued on June 6, 2024.

Other Matter

English Language Translation - The Company's financial statements originally presented in Spanish in a report previously issued on June 04, 2025, were only translated into English.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

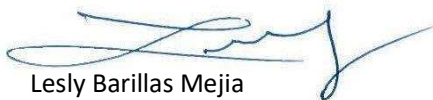
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE & TOUCHE NICARAGUA, S.A.



Lesly Barillas Mejia

C.P.A.

License N° 2512

Managua, Nicaragua

June 04, 2025



NORTEAK NICARAGUA, S.A.

(Company incorporated and domiciled in Nicaragua)

STATEMENTS OF FINANCIAL POSITION**AS OF DECEMBER 31, 2024, 2023 AND 2022**

(Amounts expressed in United States Dollars)

	Notes	2024	2023	Restated 2022
ASSETS				
CURRENT ASSET:				
Cash in banks	3b, 5	US\$ 65,243	US\$ 81,728	US\$ 41,721
Accounts receivable	3c, 6	329,732	387,907	380,815
Loan receivable	3c, 7	238,629	174,595	108,092
Inventories	3d	208,404	187,372	100,716
Expenses paid in advance		<u>116,948</u>	<u>149,461</u>	<u>82,496</u>
Total Current Asset		<u>958,956</u>	<u>981,063</u>	<u>713,840</u>
Loan receivable		-	-	400,000
Real estate, vehicles, furniture and equipment, net				6,099,211
Biological assets (forest plantations)	3f, 3p, 8	6,524,428	6,387,442	
Deferred income tax	3e,3g,3p, 9	12,877,592	12,006,297	10,633,270
Other assets	3m,3p,15	491,841		
Total Non-Current Asset		<u>99,808</u>	<u>71,863</u>	<u>55,665</u>
		<u>19,993,669</u>	<u>18,465,602</u>	<u>17,188,146</u>
TOTAL		<u>US\$ 20,952,625</u>	<u>US\$ 19,446,665</u>	<u>US\$ 17,901,986</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITY:				
Other Accounts payable	3h	US\$ 36,780	US\$ 32,943	US\$ 15,151
Advances received		504	205	1,661
Value Added Tax and Withholdings payable		13,462	43,514	6,067
Bank loan current portion	3i, 11	14,716	14,716	
Accrued expenses payable	3j,3l	<u>56,373</u>	<u>62,049</u>	<u>55,937</u>
Total current liabilities		<u>121,835</u>	<u>153,427</u>	<u>78,816</u>
Post-employment benefit	3k	114,550	111,886	128,135
Accounts payable to shareholder	3c, 10	757,208	955,080	-
Loans payable to shareholder	3c, 10	9,299,989	11,732,547	11,390,823
Non-current portion of bank loan	3i	16,747	27,446	-
Deferred income tax	3m, 3p, 15	-	5,702	6,284
Total Non-Current Liability		<u>10,188,494</u>	<u>12,832,661</u>	<u>11,525,242</u>
Total Liability		<u>10,310,329</u>	<u>12,986,088</u>	<u>11,604,058</u>
EQUITY:				
Subscribed and paid share capital	9	1,042	1,042	1,042
Additional capital contributions	10	16,061,446	11,973,786	11,973,786
Accumulated losses	11	<u>(5,420,192)</u>	<u>(5,514,251)</u>	<u>(5,676,900)</u>
Total equity		<u>10,642,296</u>	<u>6,460,577</u>	<u>6,297,928</u>
TOTAL LIABILITY AND EQUITY		<u>US\$ 20,952,625</u>	<u>US\$ 19,446,665</u>	<u>US\$ 17,901,986</u>

The attached notes are an integral part of these financial statements.



NORTEAK NICARAGUA, S.A.

(Company incorporated and domiciled in Nicaragua)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

(Amounts expressed in United States Dollars)

	Notes	2024	Restated 2023
REVENUE:			
Sales of coal, native wood and nursery products	3n	US\$ 448,810	US\$ 383,034
Pasture leases	3n	19,803	17,276
Other income	3n	<u>1,323</u>	<u>40,513</u>
Total Income		469,936	440,823
COST OF SALE	3o, 13	<u>(621,344)</u>	<u>(225,511)</u>
(LOSS) GROSS PROFIT		(151,408)	215,312
GAIN ON MEASUREMENT OF BIOLOGICAL ASSETS AT FAIR VALUE	3e, 9	72,741	261,259
LOSS DUE TO INVENTORY IMPAIRMENT		(57,172)	-
ADMINISTRATIVE EXPENSES	3o, 14	(238,498)	(339,917)
FINANCIAL (EXPENSE) INCOME, NET	1	<u>(29,147)</u>	<u>25,413</u>
(LOSS) PROFIT BEFORE INCOME TAX		(403,484)	162,067
DEFERRED INCOME TAX	3m, 15	<u>497,543</u>	<u>582</u>
PROFIT NET OF THE YEAR		<u>US\$ 94,059</u>	<u>US\$ 162,649</u>

The attached notes are an integral part of these financial statements.



NORTEAK NICARAGUA, S.A.

(Company incorporated and domiciled in Nicaragua)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
(Amounts expressed in United States Dollars)

	Note	Subscribed and paid share capital	Additional Capital Contributions	Accumulated Losses	Total Equity
BALANCES AS OF DECEMBER 31, 2022					
(RESTATED)					
Profit Net of the year		US\$ 1,042	US\$ 11,973,786	US\$ (5,676,900)	US\$ 6,297,928
		-	-	162,649	162,649
BALANCE AS OF DECEMBER 31, 2023					
(RESTATED)					
Profit Net of the year	12	US\$ 1,042	US\$ 11,973,786	US\$ (5,514,251)	US\$ 6,460,577
Additional capital contribution	10, 13		1,996,826	94,059	94,059
Fair value measurement adjustment of loan payable to shareholder	3c, 10		2,090,834	-	1,996,826
		-	-	-	2,090,834
BALANCE AS OF DECEMBER 31, 2024	12	US\$ 1,042	US\$ 16,061,446	US\$ (5,420,192)	US\$ 10,642,296

The attached notes are an integral part of these financial statements.



NORTEAK NICARAGUA, S.A.

(Company incorporated and domiciled in Nicaragua)

STATEMENTS OF CASH FLOWS**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

(Amounts expressed in United States Dollars)

	Notes	2024	Restated 2023
OPERATING ACTIVITIES:			
Net Profit of the year		US\$ 94,059	US\$ 162,649
Adjustments to reconcile the net profit with net cash (used in) operation activities:			
Provisions for social benefits		14,736	23,621
Depreciation expense charged on results	6	124,207	85,607
Gain of the year by measurement of biological assets to Fair Value	7	(72,741)	(261,259)
Loss due to inventory impairment		57,172	
Loss per derecognition of property, vehicles, furniture and equipment	6	3,940	6,480
Deferred income tax	13	(497,543)	(582)
Change in Operating Assets and Liabilities:			
Accounts receivable and other accounts receivable		(5,859)	(73,595)
Inventories		(78,182)	(86,656)
Expenses paid in advance		32,513	(66,965)
Advance payments		3,837	17,792
Other Accounts payable		(5,676)	6,112
Accrued expenses payable		299	(1,456)
Taxes and withholding payable		<u>(30,052)</u>	<u>37,447</u>
Net cash used in operating activities		(359,290)	(150,805)
Workers' compensation payments		<u>(12,072)</u>	<u>(39,870)</u>
Net cash used in operating activities		<u>(371,362)</u>	<u>(190,675)</u>
INVESTMENT ACTIVITIES:			
Additions in property, vehicle, furniture and equipment	8	(265,133)	(380,321)
Additions to biological assets	9	(684,646)	(770,043)
Loans granted			400,000
Variation of other assets		<u>(27,945)</u>	<u>(16,198)</u>
Cash used in investment activities		<u>(977,724)</u>	<u>(766,560)</u>

(Continued)



NORTEAK NICARAGUA, S.A.

(Company incorporated and domiciled in Nicaragua)

STATEMENTS OF CASH FLOWS**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

(Amounts expressed in United States Dollars)

	Notes	2024	Restated 2023
FINANCING ACTIVITIES:			
Contributions received from shareholders	10	US\$ 1,343,300	US\$ 955,080
Loan received from shareholder	8	<u>(10,699)</u>	<u>42,162</u>
Net cash provided by financing activities		<u>1,332,601</u>	<u>997,242</u>
NET CASH VARIANCE		(16,485)	40,007
CASH IN BANKS AT THE BEGINNING OF THE YEAR		<u>81,728</u>	<u>41,721</u>
CASH IN BANKS AT THE END OF THE YEAR		<u>US\$ 65,243</u>	<u>US\$ 81,728</u>

(Concludes)

NON-MONETARY TRANSACTIONS

1. As of December 31, 2024, the Company includes as part of the capital contributions a total of US\$1,296,826 corresponding to capitalization of interest generated by the loan and accounts payable with its shareholder Norteak A.S. that did not use cash (Note 10).

The attached notes are an integral part of these financial statements.



NORTEAK NICARAGUA, S.A.

(Company incorporated and domiciled in Nicaragua)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Amounts expressed in United States Dollars)

1. NATURE OF THE BUSINESS AND BASIS OF PRESENTATION

Nature of Business – The Company was established on April 25, 2008, in accordance with the laws of the Republic of Nicaragua. The main activity of the Company is the acquisition of property anywhere in the national territory for the development and operation of forest plants, whose maturation period is 20 to 25 years and any other activity related to rural property. It is a 99.85%-owned subsidiary of Norteak AS, a Norwegian-based company, a member of a group of jointly managed companies and common shareholders, who have an important influence on the administrative and operational decisions of all related companies.

The Company is located in the municipality of Camoapa, department of Boaco, Republic of Nicaragua.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and Amended International Financial Reporting Standards ("IFRS" or "IAS") Mandatory for the Current Year - During the year, the Company has applied amendments to the IFRS issued by the International Accounting Standards Board (IASB) that are mandatory for accounting periods beginning on or after January 1, 2024. Their adoption has not had a material impact on the disclosures or amounts reported in these financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements - The Company has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled *Supplier Finance Arrangements* for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments. Under the transitional provisions an entity is not required to disclose:

- Comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments.
- The information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.



In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current - The Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on existing rights at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of “settlement” to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants - The Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period, affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity’s financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity shall disclose information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback - The Company has adopted the amendments to IFRS 16 for the first time in the current year.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or “revised lease payments” such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.



The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The adoption of this standard has no impact on the Company's financial statements.

New and revised IFRS accounting standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- a. **Amendments to IAS 21** - Lack of Exchangeability.
- b. **IFRS 18** - Presentation and Disclosures in Financial Statements.
- c. **IFRS 19** - Subsidiaries without Public Accountability: Disclosures.
- d. **IFRS S1** - General Requirements for Sustainability-Related Financial Disclosure.
- e. **IFRS S2** - Climate-Related Disclosures.

Management does not expect the adoption of the aforementioned standards may have a material impact on the financial statements of the Company in future periods and that are detailed below.

- a. ***Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability*** - The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.



The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- A spot exchange rate for a purpose other than that for which an entity assesses exchangeability.
- The first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate- including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations- and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The Company's management does not anticipate that the adoption of these amendments may have an impact on the Company's financial statements in future periods if such transactions arise.



- b. **IFRS 18 - Presentation and Disclosures in Financial Statements** - IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 *Earnings per Share*.

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss.
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.
- Improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Company's management does not anticipate that the adoption of these amendments may have an impact on the Company's financial statements in future years if such transactions arise.

- c. **IFRS 19 - Subsidiaries without Public Accountability: Disclosures** - IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- It is a subsidiary (this includes an intermediate parent)
- It does not have public accountability, and
- Its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.



A subsidiary has public accountability if:

- Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange, or an over-the-counter market, including local and regional markets), or.
- It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting years beginning on or after 1 January 2027 with earlier application permitted.

If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to *Lack of Exchangeability*.

The Company's management does not anticipate that the adoption of these amendments may have an impact on the Company's financial statements in future years if such transactions arise.

- d. ***Sustainability-Related Financial Disclosure (IFRS S1)*** - IFRS S1 requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports (referred to as "primary users") when making decisions about providing resources to the entity.
- e. ***Climate-Related Disclosures (IFRS S2)*** - IFRS S2 builds on the general principles of IFRS S1 and focuses on climate-related disclosures. [IFRS S2, paragraph BC5]. An entity is required to identify climate-related risks and opportunities that could affect the entity's prospects in the short, medium, and long term. [IFRS S2, paragraph 2]

As of December 31, 2024 and 2023, Management does not consider that there are significant impacts from the aforementioned modifications.

3. MATERIAL ACCOUNTING POLICIES

Statement of Compliance - The Company's financial statements have been prepared in accordance with IFRS issued by the IASB.



Basis of Preparation - The Company's financial statements have been prepared on the historical cost basis (except for biological assets, which are measured at fair value at the end of each year), as explained in the accounting policies included below.

- i. **Historical Cost** - Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
- ii. **Fair Value** - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined as such, except for leasing transactions that are within the scope of IFRS 16 Leases, and valuations that have some similarities to fair value but are not fair value, such as net realizable value under IAS 2 Inventories or value in use under IAS 36 Impairment of Assets.

Going Concern - The Management has a reasonable expectation when approving the financial statements that the Company has adequate resources to continue in operation for the foreseeable future. Therefore, it will continue to consider a going concern accounting basis when preparing its financial statements.

Significant Accounting Policies - The main accounting policies used in the preparation of the financial statements are summarized as follows:

The Company's financial statements are prepared according to International Financial Reporting Standards. The main accounting policies used in the preparation of the financial statements are summarized as follows:

- a. **Currency** - The Company's accounting records are maintained in Nicaraguan Cordobas (C\$), legal tender currency in the Republic of Nicaragua; however, the functional currency is the United States Dollar. Foreign currency transactions are recorded at the exchange rate in effect on the date of the transaction. Foreign currency assets and liabilities at the end of each accounting period are adjusted at the exchange rate in effect at that date. Exchange differences arising from the liquidation of foreign currency denominated assets and liabilities and from the adjustment balances at the closing date are recognized in the results of the period in which they occurred. As of December 31, 2024, and 2023, Cordoba's exchange rates against the United States Dollar were US\$36.6243 and US\$36.6243 for US\$1, respectively. At the date of this report the exchange rate of the dollar in relation to Cordoba is C\$36.6243 By US\$1.
- b. **Cash in Banks** - The Company considers cash in banks and all its short-term (highly liquid) investments with an original maturity of less than three months as cash equivalents.



c. **Financial Instruments -**

- *Initial Recognition and Measurement* - Trade receivables are initially recognized when they originate. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, in the case of an item not measured at fair value through profit or loss, transaction costs directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

- *Classification and Subsequent Measurement* -

Financial Assets - At initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income - debt investment, at fair value through other comprehensive income - equity investment, or at fair value through profit or loss.

Financial assets are not reclassified after their initial recognition, except if the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset shall be measured at amortized cost if it meets the following two conditions and is not measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

A debt investment shall be measured at fair value through other comprehensive income if it meets the following two conditions and is not measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an equity investment that is not held for trading, the Company may make an irrevocable election to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.



All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (if any). At initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment - The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and how information is provided to management. Information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest yield profile, or matching the duration of the financial assets to the duration of the liabilities that those assets are funding or expected cash outflows, or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How business managers are compensated (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales, and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the continuing recognition of the Company's assets.

Financial assets that are held for trading (if any) or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Financial Assets - Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest - For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as a profit margin.



In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the timing or amount of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (for example, non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents the unpaid amounts of principal and interest on the principal amount, which may include a reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include a reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets - Subsequent Measurement and Gains and Losses -

Financial Assets at Fair Value Through Profit or Loss - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial Assets at Amortized Cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt Investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, accumulated gains and losses in other comprehensive income are reclassified to profit or loss.

Equity Investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the investment cost. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.



Financial Liabilities - Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading, is a derivative, or is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

- *Credit-Impaired Financial Assets* - A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of that financial asset. Evidence that a financial asset is credit-impaired includes observable data about the following events:
 - (a) Significant financial difficulty of the issuer or borrower;
 - (b) A breach of contract, such as a default or past-due event;
 - (c) The lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lenders would not otherwise consider;
 - (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
 - (e) The disappearance of an active market for the financial asset because of financial difficulties.
- *Write-off Policy* - The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged, canceled, or expire. The Company also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized based on the new terms at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.



- *Measurement and Recognition of Expected Credit Losses* - The measurement of expected credit losses is a function of the probability of default, the loss given default (i.e., the magnitude of the loss if there is a default), and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted for forward-looking information as described above. As for the exposure to default, for financial assets, it is represented by the gross carrying amount of the assets at the reporting date; for financial guarantee contracts, the exposure includes the amount set at the reporting date, along with any additional amount expected to be drawn down in the future, determined based on historical trend, the Company's understanding of the specific financing needs of its debtors, and other relevant forward-looking information.

For financial assets, expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used to determine the expected credit losses are consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, where the Company is required to make payments only if the debtor defaults, the expected loss provision is the expected payment to reimburse the holder for a credit loss it incurs less any amounts that the Company expects to receive from the holder, the borrower, or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the lifetime expected credit losses criteria are no longer met, it measures the loss allowance at an amount equal to the 12-month expected credit losses at the current reporting date, except for assets for which the simplified approach was used.

The Company recognizes a loss or impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and accumulated in the revaluation reserve of investments, and does not reduce the carrying amount of the financial asset in the statement of financial position.

- *Offsetting* - A financial asset and a financial liability are offset, and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
- *Non-Derivative Financial Instruments* - The Company does not hold derivative financial instruments for hedging its foreign currency and interest rate risk exposures.



- d. **Inventories** – Agricultural inputs, materials, and supplies inventories are recorded at average cost and are valued at the lower of cost and net realizable value. The cost comprises direct materials and, where applicable, direct labor costs and overheads incurred to bring the inventories to their present location and condition. The cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and the costs incurred in marketing, selling, and distribution.

The Company does not consider it necessary to record an estimate for valuation of obsolete or damaged inventory. This is due to studies on obsolescence and stocking.

- e. **Biological Assets (forest plantations)** - The Inventory of biological assets include teak and native forest plantations such as Coyote, guanacaste, jobo and Chocuabo, which are valued at Fair Value less estimated costs at the point of sale. This investment is currently under development, waiting to reach full maturity for exploitation when the plantation is 20 years old. The other species are valued at establishment cost as they are not expected to yield direct profitability, but rather hold value for their importance in maintaining the collection.

The calculation of the fair value of the plantations is prepared by the management of Norteak Nicaragua, S.A. and is reviewed and approved by independent valuers. These valuers verify the methodology and assumptions applied regarding the prices used, as well as verify the forest inventory statement and the growth estimates of the plantations by applying sampling techniques.

Discounted Net Flows at Present Value: This method is based on the projection of the growth of Teak plantations and on the determination of the cash flows they will generate when they reach their commercial maturity, considering the following:

- Areas are stratified according to biological production capacity, and expected production is estimated. Independent valuers validated the actual planted areas and expected growth projections, which Management used in calculating the expected production estimate.
- The costs needed to bring these plantations to their maturity horizon are estimated. Initial investment in land, infrastructure and means of transport is not contemplated, as it is made before the time of calculation, but maintenance and replacement costs (depreciation of equipment) are included in the projections.

Variable costs directly linked to a task, such as forestry treatments and wood extraction, are included using current rates.

- The purchase - sale market prices are investigated and the necessary costs of bringing the wood to the intended point of sale in that price market are deducted.
- Expected future revenues less the costs needed for the sale are discounted at a cost-of-capital rate determined by investors since there is no observable data or information on the active market as a reference to the discount rate applicable for investments under identical or comparable conditions.



- f. **Real Estate, Vehicles, Furniture and Equipment** – These assets are initially recorded at the cost of acquisition or construction, as appropriate, less the accumulated Depreciation or impairment of these assets.

Any gain or loss resulting from the sale or withdrawal of these assets is credited or debited to the results.

Major additions and replacements to buildings, vehicles, furniture and equipment are capitalized, while disbursements for minor maintenance, repairs and renewals that do not improve the asset or increase its useful life are charged to operating expenses as incurred.

Land is not depreciated.

Depreciation is determined using the straight-line method with b in the estimated useful life of assets and distributed to the results, as shown below:

Description	Impairment Rates
Building	10%
Furniture and equipment	20% - 33%
Paths and trails	20% - 33%
Rolling Equipment	20%
Agro-industrial machinery and equipment	20%

The estimated useful life, residual value, and depreciation method are reviewed at the end of each reporting year, and the effect of any change in the estimate is recognized on a prospective basis.

An item of Property, Vehicles, Furniture, and Equipment is derecognized when it is sold or when no future economic benefits are expected from its continued use. The gain or loss arising from the sale or disposal of an item of Property, Vehicles, Furniture, and Equipment is calculated as the difference between the proceeds received from the sale and the carrying amount of the asset, and it is recognized in profit or loss.

- g. **Impairment of Non-Financial Assets** - At the end of each year, the Company reviews the carrying amounts of its tangible and intangible assets to determine if there are any indications that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is calculated to determine the extent of the impairment loss (if any).
- h. **Accounts Payable** - Accounts payable to suppliers are obligations based on normal credit terms and have no interest. Accounts payable have a period of 30 to 60 days, determined as current. There is no documentation of liabilities that imply the right to defer the payment of Accounts payable for more than 12 months.
- i. **Loans payable** - Loans payable are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.



Interest expenses generated from loans payable are recognized using the effective interest method and are capitalized while the plantation is under development in accordance with IAS 23, as the standard requires that once the asset enters its operational and production phase, the interest expense should be recognized as an expense in the income statement.

Fees paid for loan disbursements are recognized as transaction costs of the loan when it is probable that part or all of the loan will be disbursed by the Company.

As of December 31, 2024, the parent company's shareholders defined new conditions for the payment of non-current loan liabilities. As a result of this decision, this liability is measured at its amortized cost using the effective interest method. The difference or benefit arising from measuring this liability at amortized cost at the end of each year compared to the book fair value of the debt is recognized in equity specifically as "additional capital contributions." As the loan approaches its maturity date, the amortized cost measurement requires restitution to reflect the total amount to be settled.

- j. **Provisions** - Provisions are recognized when the Company acquires a legal or implied obligation as a result of a past event, it is likely that an economic disbursement will be required to cancel such obligation and a reliable estimate of the amount of the obligation may be made.

Provisions made are close to their cancellation value but may differ from the final amount. The estimated value of these provisions is adjusted to the date of the financial statement directly affecting the results of the period.

- k. **Post-Employment Benefits** - The obligation is recognized through an actuarial study carried out by an external and independent actuary of the Company using the projected unit of credit method, this includes staff turnover and the expectation of annual flows to cover 100% of the obligation for workers' compensation in favor of employees as of the closing date of the year.

The indemnity determined as of the closing date, according to the actuarial study, is discounted using a discount rate of 10.60% for all personnel. The maximum exposure of this obligation entitles the employee to receive one month of salary for each of the first three years of work and twenty days of salary for each year of work starting from the fourth year, limited to a maximum payment of five months, payable upon death, retirement, resignation, or separation of the employee without just cause. The labor indemnity does not apply when an employee is dismissed with justified cause.

Changes in the actuarial assumptions on which Fair Value calculations of the obligations are based are recorded in another comprehensive result.

As of December 31, 2024 and 2023, the labor allowance is provided by US\$114,550 and US\$111,886, respectively, which represents the present value of the obligation at those dates.

- l. **Employee Benefit Costs** – Payments to government defined contribution plans (social insurance) are recorded directly in the results of the year in which they are incurred.



- m. **Income Tax** - The provision for income tax is determined on the basis of accounting profits, adjusted for non-taxable income and non-deductible expenses on the basis of the Income Tax Law. In accordance with the reform of the Tax Conciliation Act 822 and its reform Law 891, if the resulting income tax is less than 1% and 3% on gross income, the latter must be paid as a final minimum tax, it will be paid by advances of 1% and 3% on monthly income.

However, since this is a forestry project, it benefits from a 50% exemption on gains derived from the exploitation of plantations registered until the year 2023 with the regulatory entity, in accordance with Article 283, numeral 1 of the Tax Concertation Law 822 and its amendment Law 891. The entity will calculate the income tax based on a 50% reduction of the prevailing rate at that date (equivalent to 15%).

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the corresponding tax bases used to determine taxable profit. A deferred tax liability is generally recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that the entity will have future taxable profits against which to utilize those deductible temporary differences.

Deferred tax assets and liabilities should be measured using the tax rates expected to apply in the year in which the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred taxes should be recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case the current or deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

The carrying amount of a deferred tax asset should be reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset to be fully or partially recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

- n. **Revenue Recognition** – The Company applies the provisions of IFRS 15 Revenue from ordinary business contracts from customer contracts.

The Company recognizes revenue from ordinary activities from sales to its customers when (or as) it satisfies performance obligations by transferring control of the goods or services committed. At the start date of each contract, the Company determines whether it satisfies performance obligations over time or satisfies performance obligations at any given time.

Revenue is measured on the basis of the consideration that the Company expects to be entitled in exchange to transfer goods or services committed to the customer, excluding amounts collected on behalf of third parties.



The Company's revenue from ordinary activities is obtained mainly from the following source:

Revenue from sale of roundwood and biomass - Revenue is recognized when control of goods or products is transferred to customers, i.e., when the goods are delivered to the customer at the agreed point and under agreed sales conditions.

- o. **Recognition of costs and expenses** - Costs and expenses are recognized on a cumulative accounting basis as purchased goods and services are received or amortizations and accounting estimates, such as Amortization commodity and provisions, are recorded.
- p. **Use of Accounting Estimates** - The Company's financial statements are prepared according to International Financial Reporting Standards, and therefore include amounts that are based on Management's best estimate and judgment. Actual results may differ from such estimates. Estimates include the estimates of Fair Value of biological assets, roads and trails, provision for labor compensation and estimate of useful lives of fixed assets.

4. RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS

Subsequent to the issuance date of the Company's financial statements, the Company's Management made certain adjustments to land and shareholders' equity figures presented in its financial statements as of December 31, 2023 and 2022, and for the year ended December 31, 2023, due to the identification of errors from prior years related to the application of the land measurement policy.

As a result of the aforementioned adjustments, the statements of financial position as of December 31, 2023 and 2022, and the statement of profit or loss for the year ended December 31, 2023 have been restated. The previously reported and audited figures as of December 31, 2023 and 2022 that have been restated in the financial statements are detailed below:"

Statement of Financial Position -

	2023	2022
Properties and Equipment Previously Reported	US\$ 6,521,855	US\$ 6,212,047
Adjustment	<u>(134,413)</u>	<u>(112,836)</u>
Restated Balance	<u>US\$ 6,387,442</u>	<u>US\$ 6,099,211</u>
Deferred Income Tax, Previously Reported	US\$ 25,864	US\$ 25,158
Adjustment	<u>(20,162)</u>	<u>(18,874)</u>
Restated Balance	<u>US\$ 5,702</u>	<u>US\$ 6,284</u>
Revaluation Surplus, Previously Reported	US\$ 931,435	932,883
Adjustment	<u>(931,435)</u>	<u>(932,883)</u>
Restated Balance	<u>US\$ -</u>	<u>US\$ -</u>
Accumulated Losses, Previously Reported	US\$ (6,331,434)	US\$ (6,515,821)
Adjustment	<u>817,183</u>	<u>838,921</u>
Restated Balance	<u>US\$ (5,514,251)</u>	<u>US\$ (5,676,900)</u>



Statement of Comprehensive Income -

	2023
Gain from measurement of biological asset at fair value, previously reported	US\$ 283,552
Adjustment	<u>(22,293)</u>
Restated balance	<u>US\$ 261,259</u>
Administrative expenses, previously reported	US\$ (340,471)
Adjustment	<u>554</u>
Restated balance	<u>US\$ (339,917)</u>
Other comprehensive income, previously reported	US\$ (1,448)
Adjustment	<u>1,448</u>
Restated balance	<u>US\$ -</u>

5. CASH IN BANKS

	2024	2023
Bank Reporting Currency	US\$ 62,696	US\$ 79,730
Bank Foreign Currency	<u>2,547</u>	<u>1,998</u>
	<u>US\$ 65,243</u>	<u>US\$ 81,728</u>

6. ACCOUNTS RECEIVABLE

As of December 31, accounts receivable balance is integrated by:

	2024	2023
Customers	US\$ 280,222	US\$ 355,879
Other accounts receivable	9,451	3,405
Loans officers and employees	16,169	23,622
Advance to suppliers	<u>23,890</u>	<u>5,001</u>
Other accounts receivable short term	<u>US\$ 329,732</u>	<u>US\$ 387,907</u>

The aging analysis of accounts receivable is presented below:

	2024	2023
Not expired	US\$ 39,511	US\$ 262,498
31 to 90 days	4,732	
91 to more days	<u>235,979</u>	<u>93,291</u>
	<u>US\$ 280,222</u>	<u>US\$ 355,879</u>



Generally, credit is not granted to customers. For customers of special commercial interest, currently there is one, a credit model of up to eight months after delivery has been negotiated. This credit is non-interest-bearing and is recoverable in the functional currency of the financial statements.

The Company measures losses on accounts receivable at an amount equal to the expected credit losses over the life of the asset.

Expected credit losses on customer accounts receivable are estimated using a matrix referencing the Company’s historical loss experience and analysis of the current debtor's financial situation, adjusted for risk factors relevant to the economic environment and industry conditions projected at the financial report date.

An agreement was signed regarding the sale and payment of wood for 2024 with Maderas Sostenibles, S.A. The debt is payable in 8 months. Amounts not settled on the agreed dates incur default interest, and a rate of 1% per month commenced is applied as stipulated in the agreement. The basis for calculating default interest will be the outstanding amount between the principal on the 3rd day of each month. As of December 31, 2024, and 2023, the balance receivable from Maderas Sostenibles, S.A. amounts to US\$279,605 and US\$355,879, respectively.

7. LOAN RECEIVABLE

	2024	2023
(a) Ekoteak	<u>US\$ 238,629</u>	<u>US\$ 174,595</u>
(a) This pertains to a contract signed on October 7, 2022. The loan carries an annual interest rate of 12%, which will be paid from the proceeds of wood sales as soon as these funds become available. In the event that the Company does not have the funds available for payment, the interest will be added to the principal of the debt under the same conditions.		



8. REAL ESTATE, VEHICLES, FURNITURE AND EQUIPMENT, NETO

Below is a detail of the movement of real estate, vehicles, furniture and equipment, net as of December 31:

	Balance as of December 31, 2023	Additions	Low	Transfers	Balances as of December 31, 2024
At Cost:					
Buildings	US\$ 320,999			US\$ 55,615	US\$ 376,614
Furniture and equipment	40,126	US\$ 1,029	US\$ (463)		40,692
Rolling equipment	242,143	39,130			281,273
Agro-industrial machinery and equipment	392,020	23,085	(17,947)		397,158
Computer equipment	27,359	5,723	(889)		32,194
Nursery equipment	8,755				8,755
Equine cattle	16,848	150			16,998
Construction in process	78,577	186,569		(131,440)	133,707
Other assets	<u>56,152</u>	<u>9,447</u>	-	<u>1,677</u>	<u>67,277</u>
Sub-total	<u>1,182,979</u>	<u>265,133</u>	<u>(19,299)</u>	<u>(74,147)</u>	<u>US\$ 1,354,666</u>
Depreciation:					
Buildings	(228,783)	(23,723)			(252,506)
Furniture and equipment	(29,668)	(2,632)	463		(31,837)
Rolling equipment	(206,088)	(16,437)			(222,525)
Agro-industrial machinery and equipment	(150,396)	(50,770)	13,781		(187,385)
Computer equipment	(19,081)	(7,590)	630		(26,041)
Nursery equipment	(8,694)	(40)			(8,735)
Equine cattle	(10,804)	(2,304)			(13,108)
Other assets	<u>(42,216)</u>	<u>(5,470)</u>	<u>484</u>	-	<u>(47,203)</u>
Sub-total	<u>(695,730)</u>	<u>(108,966)</u>	<u>15,359</u>	-	<u>(789,337)</u>
Land	6,372,521			74,147	6,446,668
Accumulated impairment	<u>(472,328)</u>	<u>(15,241)</u>	-	-	<u>(487,569)</u>
Sub-total	<u>5,900,193</u>	<u>(15,241)</u>	-	<u>74,147</u>	<u>5,959,099</u>
	<u>US\$ 6,387,442</u>	<u>US\$ 140,926</u>	<u>US\$ (3,940)</u>	<u>US\$ -</u>	<u>US\$ 6,524,428</u>



Below is a detail of the movement of real estate, vehicles, furniture and equipment, net as of December 31:

	Balance as of December 31, 2022	Additions	Disposals	Others	Transfers	Advances	Balance as of December 31, 2023
At Cost:							
Buildings	US\$ 271,699				US\$ 49,300		US\$ 320,999
Furniture and equipment	31,689	US\$ 5,577	US\$ (3,292)		6,152		40,126
Rolling equipment	238,552	8,174	(4,583)				242,143
Agro-industrial machinery and equipment	191,953	61,467			113,892	US\$ 24,708	392,020
Computer equipment	25,535	7,743	(5,918)				27,359
Nursery equipment	8,755						8,755
Equine cattle	11,525	6,308	(985)				16,848
Construction in process	19,865	255,408		US\$ 57	(196,753)		78,577
Other assets	<u>48,407</u>	<u>8,235</u>	<u>(585)</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>56,152</u>
Sub-total	<u>847,979</u>	<u>352,912</u>	<u>(15,363)</u>	<u>152</u>	<u>(27,409)</u>	<u>24,708</u>	<u>US\$ 1,182,979</u>
Depreciation:							
Buildings	(208,349)	(20,486)		52			(228,783)
Furniture and equipment	(30,505)	(2,458)	3,292	3			(29,668)
Rolling equipment	(195,050)	(12,327)	1,289				(206,088)
Agro-industrial machinery and equipment	(132,184)	(18,212)					(150,396)
Computer equipment	(20,006)	(4,993)	5,918				(19,081)
Nursery equipment	(8,654)	(40)					(8,694)
Equine cattle	(10,499)	(633)	328				(10,804)
Other assets	<u>(38,596)</u>	<u>(4,166)</u>	<u>546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,216)</u>
Sub-total	<u>(643,843)</u>	<u>(63,315)</u>	<u>11,373</u>	<u>55</u>	<u>(27,409)</u>	<u>24,708</u>	<u>(695,730)</u>
Land	204,136	289,597	(3,990)	207			487,249
Accumulated impairment	6,345,112	27,409					6,372,521
	<u>(450,037)</u>	<u>(22,292)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(472,328)</u>
	<u>5,895,075</u>	<u>5,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,900,123</u>
	<u>US\$ 6,099,211</u>	<u>US\$ 294,715</u>	<u>US\$ (3,990)</u>	<u>US\$ 207</u>	<u>US\$ (27,409)</u>	<u>US\$ 24,708</u>	<u>US\$ 6,387,442</u>

(a) As disclosed in Note 9, company-owned land guarantees debt to the related company Nortek AS, up to the amount of US\$5,849,265.



9. BIOLOGICAL ASSETS (FOREST PLANTATIONS)

The schedule of movements of biological assets is presented below:

	2024	Restated 2023
Amount in books at the beginning of the year	US\$ 12,006,297	US\$ 10,633,270
(a) Increase due to capitalizable costs to the biological asset	684,646	770,043
Interest recognition increase the debt associated		
(b) with the investment of roads	113,908	341,725
Gain for the year due to changes in the measurement of		
(c) fair value	<u>72,741</u>	<u>261,259</u>
Amount in books at the end of the year	<u>US\$ 12,877,592</u>	<u>US\$ 12,006,297</u>

- (a) During the years 2024, 2023, and 2022, the Company's Management capitalized agricultural and financial costs totaling US\$684,646, US\$770,043, and US\$758,559, respectively.

These costs mainly consist of agricultural activities related to the development of the biological asset, such as labor, forestry activities like weed control, planting, and transplanting, pruning and other care, chainsaws, land preparation, etc.

- (b) This corresponds to the capitalization of interest on the debt recorded in favor of the shareholder Norteak AS (Note 10).
- (c) As of December 31, 2024 and 2023, the Company owns 2,814 hectares of land as the basis for its forestry business.

According to topographical surveys, 1,976 hectares (1,981 in 2023) are allocated to active timber production. Of these, 1,961 hectares (1,969 in 2023) have plantations (the reduction is due to removal for replanting), of which 1,840 hectares are teak. According to the topographical survey, the effective teak coverage reaches 1,670 hectares, including other species in the net area totaling 1,769 hectares.

The appraisal carried out as of December 31, 2024, was conducted by ECOWOOD Panamá Services S.A., as was the case in 2023. ECOWOOD developed the appraisal using an internal methodology based on generally recognized principles for valuing forest inventories at the international level.

For teak plantations and scattered trees nearing maturity, the "Immature Stand Value" and "Discounted Net Cash Flows" methods are used. The remaining plantation area, whose value is mainly intangible and represents less than 2% of the total value, is valued based on the expenses incurred.

Immature forest stands are valued by projecting their growth and calculating the net cash flows they will generate upon reaching full commercial maturity.

Tables of future net income and costs are discounted at an appropriate cost of capital rate for the case. The appraisal is based solely on existing plantations and does not include the potential value of future production cycles, as these are considered represented through the value of the land, which is recorded separately.



Future costs include an estimate of income tax payable, based on a long-term projection of the company's forestry business, the effective income tax rate, and anticipated deductions. As part of future cash flows, the main item is income from timber sales, and therefore the projections of timber production and selling prices receive special attention within the appraisal process.

Production volume and quality projections are based on a forest inventory from a systematic sample of 3% of the planted area. Stratification is done by year of planting, and based on the diameter reached, measurement plots are classified into growth classes according to their biological production capacity.

Classification is based on a growth table that projects the growth of trees under the agro-climatic conditions where the plantations are located and provides a prediction of achievable volumes and qualities. The preparation and validation of the growth table are integral parts of the appraisal. The projected product portfolio is valued according to current market conditions using teak wood price quotes sold in different modalities and locations as a reference.

Expected costs and expenses are similarly based on current costs in Nicaragua and present-day technology. No adjustments for inflation are made, under the assumption that it will equally affect both income and expenses.

For the determination of the discount rate, the firm BDO was engaged.

To determine the discount rate, references were taken from Debt to Capital indices, "Total Capital and Unlevered Beta," from various wood industries comparable to the Company, which were adjusted with the following factors:

	As of December 31, 2024	As of December 31, 2023
Risk-free rate	4.55%	4.28%
Equity risk premium	11.4%	8.1%
Country risk (Determined by Damodaran)	5.45%	9.51%
Size premium	3.25%	3.25%
Liquidity premium (LP)	6%	6%

With the elements described above, it has been determined that the weighted average cost of capital is 15.5% for 2024 and 15% for 2023.

10. BALANCES AND TRANSACTION WITH RELATED PARTIES

Loans Payable to Shareholder - As of December 31, 2024, and 2023, this corresponds to a loan payable to its shareholder Norteak AS, for cash transfers received, which were mainly used for the development of forestry investments and asset purchases. The terms of the loan were renegotiated at the end of 2024, and the decision was ratified through a contract signed in January 2025. The new loan accrues a fixed interest rate of 1% per annum on the balance while the company does not generate revenue.



Starting in 2030, the debt repayment begins, and the interest rate changes to a market rate, valued at 9%. Accrued interest will be either paid or converted into additional capital contribution.

Prior to the renegotiation of the current loan conditions with Norteak AS, this loan accrued a fixed interest rate of 3% per annum on the balance. Unaccrued and unpaid interest was capitalizable and added to the amount owed to calculate the corresponding interest. This debt was payable at maturity over a period of 20 years starting from January 1, 2018.

This obligation was secure with a mortgage on the properties La Argentina, La Gallina, La Embajada, San Antonio, Camboya, Hawaii, Thailand, and Burma, and with a pledge on 100% of the teak forestry plantations (Note 9).

As of December 31, 2024, and 2023, the movements of the aforementioned loan are as follows:

	2024	2023
Balance at the beginning of the year	US\$ 11,732,547	US\$ 11,390,822
Extraordinary Contribution (Interest Capitalization 2023)	(341,746)	
Interest generated		341,725
Other adjustments	<u>22</u>	<u>-</u>
Debt balance before fair value adjustment	11,390,823	11,732,547
Fair Value Adjustment – Amortized Cost	<u>(2,090,834)</u>	<u>-</u>
Financial Balance at the end of 2024	<u>US\$ 9,299,989</u>	<u>US\$ 11,732,547</u>

The table below details the changes in the loan payable to the shareholder and the non-cash transactions for the year 2024. The cash flows received are classify in the statement of cash flows under financing activities:

	Note	Opening Balance	Financing Activities	Non-Cash Transactions	Closing Balance
Opening balance		US\$ 11,732,547			US\$ 11,732,547
Debt capitalized as additional capital contribution				US\$ (341,746)	(341,746)
Fair Value Adjustment – Amortized Cost		<u>-</u>	<u>-</u>	<u>(2,090,834)</u>	<u>2,090,834</u>
Closing balance		<u>US\$ 11,732,547</u>	<u>US\$ -</u>	<u>US\$ 2,432,580</u>	<u>US\$ 9,299,989</u>

The table below details the changes in the loan payable to the shareholder and the non-cash transactions for the year 2023. The cash flows received are classify in the statement of cash flows under financing activities:

	Note	Opening Balance	Financing Activities	Non-Cash Transactions	Closing Balance
Opening balance		US\$ 11,390,822			US\$ 11,390,822
Accrued interest Capitalized		<u>-</u>	<u>-</u>	<u>US\$ 341,725</u>	<u>341,725</u>
Closing balance		<u>US\$ 11,390,822</u>	<u>US\$ -</u>	<u>US\$ 341,725</u>	<u>US\$ 11,732,547</u>



Accounts payable to shareholder -

As of December 31, 2024 and 2023, the movement in the account payable to the shareholder is as follows:

	2024	2023
Accounts payable to shareholder:		
Norteak, A.S.		
Balance payable to Norteak A.S as of 2023	US\$ 955,080	
Extraordinary Contribution (Capitalization of Transfers received in 2023)	(955,080)	
Transfers received in 2024	1,343,300	
Extraordinary Contribution (Capitalization of Transfers received in 2024)	(700,000)	
Interest at the end of 2023 on shareholder loans	<u>113,908</u>	<u>-</u>
Balance payable to Norteak AS as of 2024	<u>US\$ 757,208</u>	<u>US\$ 955,080</u>

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) or equivalent governing body of the Company.

As of December 31, 2024 and 2023, the compensation paid to key personnel in terms of salaries and additional benefits amounts to US\$164,433 and US\$189,389, respectively.

11. SUBSCRIBED AND PAID-IN CAPITAL STOCK

As of December 31, 2024 and 2023, the common stock capital amounts to C\$20,000 (equivalent to US\$1,042), divided into 2,000 authorized common shares with a nominal value of C\$10 each.

The shares are register and non-convertible to bearer, and they are fully subscribed and paid.

The Commercial Code of the Republic of Nicaragua establishes that corporations must allocate an amount not less than one-twentieth of the company's net profits for the constitution of a reserve fund, until such fund represents at least one-tenth of the capital stock.

As of December 31, 2024 and 2023, the Company's Management has not established such a fund because no taxable net profits have been generated.

12. ADDITIONAL CAPITAL CONTRIBUTIONS

During the year 2024, the General Shareholders' Meeting approved an increase in additional capital contributions amounting to US\$1,996,826 through the capitalization of debt with the shareholder Norteak, AS. (Note 10). As of December 31, 2024 and 2023, the additional capital contributions amount to US\$16,061,446 and US\$11,973,786, respectively.



13. COST OF SALES

The cost incurred as of December 31:

	2024	2023
Log and Processed Wood	US\$ 378,384	US\$ 173,544
Wood Transportation		8,197
Machinery Services	150,484	15,503
Forestry Services		4,091
Pasture Rental	8,218	6,765
Operating Costs	<u>84,259</u>	<u>17,411</u>
	<u>US\$ 621,344</u>	<u>US\$ 225,511</u>

14. ADMINISTRATIVE EXPENSES

The administrative expenses incurred as of December 31:

	2024	2023
Wages and salaries	US\$ 93,017	US\$ 187,556
Legal expenses and consultants	85,452	54,240
Office Expenses	16,744	17,216
Attention board of directors	5,512	15,496
Depreciation	3,862	3,347
Transportation of personnel	5,791	15,034
Communications	3,406	3,660
Direct taxes	7,147	1,292
Travel expenses	1,863	7,308
Non-commercial advertising		346
Non-deductible expenses	15,622	6,854
Others	<u>81</u>	<u>29,008</u>
	<u>US\$ 238,498</u>	<u>US\$ 341,357</u>

15. DEFERRED INCOME TAX

As of December 31, deferred income tax, net, arises from the following temporary differences:

Account Balance	Tax Value	Carrying Amount	Difference Temporary	Rate %	Deferred Income Tax Asset
With effect on the results:					
Temporary Differences					
Active:					
Biological asset	US\$ 16,161,623	US\$ 12,877,592	US\$ 3,284,031	15%	US\$ 492,605
Temporary Differences					
Liability:					
Severance	<u>(119,646)</u>	<u>(114,550)</u>	<u>(5,096)</u>	15%	<u>(764)</u>
Total	<u>US\$ 16,041,977</u>	<u>US\$ 12,763,042</u>	<u>US\$ 5,096</u>		<u>US\$ 491,841</u>



As of December 31, 2024, the Company decides to recognize the deferred tax asset associated with the biological asset. Based on its financial projections, it expects to generate the necessary future taxable profits to utilize the balance recognized as a deferred tax asset for this concept.

As of December 31, 2023 (Restated)					
Account Balance	Tax Value	Book Value – Restructured Note 4	Variation	Rate %	Deferred Tax Liability
With effect on the results					
Temporary Differences					
Liability:					
Severance	<u>(149,897)</u>	<u>(111,886)</u>	<u>(38,011)</u>	15%	<u>(5,702)</u>
Total	<u>US\$ (149,897)</u>	<u>US\$ (111,886)</u>	<u>US\$ (38,011)</u>		<u>US\$ (5,702)</u>

As of December 31, 2023, the deferred income tax asset is not recognized in relation to the following asset item, as there was greater uncertainty about generating future taxable profits that would be available against which the Company could utilize the benefits of said asset.

As of December 31, 2023					
Account Balance	Tax Value	Book Value	Temporary Difference	Rate %	Deferred Tax Asset
With effect on the results:					
Biological Asset	<u>US\$ 15,300,515</u>	<u>US\$ 12,006,297</u>	<u>US\$ (3,294,218)</u>	15%	<u>US\$ 494,133</u>

The movement of deferred income tax during the years ended December 31, 2024, and 2023 is as follows:

	Temporary Differences
Beginning balance liability for the year 2022	US\$ (6,284)
Credit to the income statement	<u>582</u>
Ending net liability balance for the year 2023	(5,702)
Credit to the income statement	<u>497,543</u>
Ending net asset balance for the year 2024	<u>US\$ 491,841</u>

16. FINANCIAL INSTRUMENTS

A summary of the main disclosures regarding the Company's financial instruments is as follows:

16.1. MATERIAL ACCOUNTING POLICIES

Details of significant accounting policies and methods, including recognition criteria, the basis of measurement, and the basis on which income and expenditure are recognized, for each class of financial asset, financial liabilities and equity instrument, are disclosed in Note 1.



16.2 CATEGORIES OF FINANCIAL INSTRUMENTS

As of December 31, the Company's financial instruments are composed of:

	2024	2023
Financial Assets:		
Cash in banks	US\$ 65,243	US\$ 81,728
At amortized cost:		
Accounts and Loan Receivable	<u>568,361</u>	<u>562,502</u>
	<u>US\$ 633,604</u>	<u>US\$ 644,230</u>
Financial Liabilities		
At amortized cost:		
Accounts payable	US\$ 36,780	US\$ 32,943
Current Portion of Bank Loan	14,716	14,716
Non-current Portion of Bank Loan	16,747	27,446
Accounts Payable to Shareholder	757,208	955,080
Long-term Loan Payable to Shareholder	<u>9,299,989</u>	<u>11,732,547</u>
	<u>US\$ 10,125,440</u>	<u>US\$ 12,762,732</u>

Fair Value of Financial Instruments - The Company Directors consider the amounts of financial assets and liabilities recorded at the amortized cost in the financial statements to be close to their fair value.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Other short term accounts receivable were determined on the basis of approximate carrying values due to the short maturity times of those instruments.
- The fair value of the loan receivable to date is similar to its carrying value which is its amortized cost determined by the effective interest rate method.
- The amount of the estimated financial liabilities is similar to their carrying value, which in turn is the cost amortized by applying the effective interest rate. The interest rate on these liability instruments is fixed and no reference loan data are available in the market for such loans.
- The fair value of financial liabilities with a related party is measured at the end of the year and compared against the carrying amount of the debt. The benefit arising from the payment terms of this loan, when measured at amortized cost and compared to the carrying amount, is recognized in equity as an additional capital contribution item.

16.3 CAPITAL RISK MANAGEMENT

During its pre-operational stage, the Company did not incur debts with third parties and was primarily financed with funds provided by its parent company. It has now begun operating with private banks through financing for the acquisition of forestry machinery and vehicles, with a balance as of the end of 2024 and 2023 of US\$31,463 and US\$42,162, respectively. In both cases, the financing arrangements have their respective guarantees.



16.4 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company obtains information and coordinates access to international and national financial markets, monitors and manages financial risks related to the Company's operations through market analysis by national and international companies responsible for assessing the global situation.

These risks include market risks (including currency risk, market value, interest rate and price risk), credit risk, liquidity risk and cash flow interest rate risk.

In addition, the Company has the financial support of the parent company, to the extent necessary, for the development of operations which allows it the continuity of the business.

16.5 MARKET RISKS

The financial activities of the Company expose it primarily to the financial risks of currency exchange fluctuations due to purchases of goods and services denominated in foreign currency.

Foreign Exchange Risk Management - The Company carries out certain transactions denominated in foreign currencies. Thus, exposures to exchange rate fluctuations arise.

Foreign Exchange Risk - Foreign Exchange Risk - According to studies conducted by the Company's Management, it is not anticipated that there will be significant fluctuations in the exchange rate of the Córdoba relative to the functional currency, as the monetary policies of the Central Bank of Nicaragua do not consider a change in the value of the dollar with reference to the Córdobas. Items denominated in a currency other than the functional currency included in the financial statements as of December 31, 2024 and 2023, are as follows (in Córdobas):

	2024	2023
Assets:		
Cash in bank	C\$ 93,301	C\$ 73,178
Other accounts receivable	<u>1,467,140</u>	<u>1,044,000</u>
Total assets	<u>1,560,440</u>	<u>1,117,178</u>
Liabilities:		
Accounts payable	<u>1,152,350</u>	<u>1,206,528</u>
Total liabilities	<u>1,152,350</u>	<u>1,206,528</u>
Net position	<u>C\$ 408,090</u>	<u>C\$ (89,350)</u>

Exchange Rate Sensitivity Analysis - The following details show the sensitivity to an increase or decrease in the foreign exchange rate. As of January 1, 2024, in Nicaragua, the devaluation rate of the Córdoba against the dollar has officially been set to 0%. Consequently, the Company's management estimates that under this monetary policy, the rate will remain stable for at least one year. Therefore, the best estimate for 2024 is that there will be no material impacts on the financial statements due to balances expressed in foreign currency.



Interest Rate Risk Management - The Company is not exposed to variable interest rate risk, as the debt contracted with its shareholder Norteak AS has been agreed at a fixed rate of 1% for the first 5 years and subsequently at 9%. The bank loan is at a fixed rate of 10.25%.

16.6 CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss.

Generally, the Company conducts its sales on a cash basis or with very short-term payments. Only one customer has a credit line for timber delivery. As of December 31, 2024, the receivable balance from this customer was US\$279,605, which is lower than the balance of US\$355,879 at the end of 2023. This account is considered low risk due to the flow of products to this customer. As of the date of issuance of this report, the debt originating in previous years has been reduced to US\$118,973.

Another significant credit has been extended to Ekoteak for operational expenses. As of December 31, 2024, this credit line had a balance of US\$238,629. This debt is well-backed by forestry assets, and there is a payment preference from the generated income.

16.7 LIQUIDITY RISK MANAGEMENT

The ultimate responsibility for liquidity risk management rests with the Company's Management, which has established a liquidity risk management framework for liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring actual and projected cash flows, and comparing the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables - The following tables detail the remaining contractual maturity for its non-derivative financial liabilities. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company may be required to pay:

As of December 2024				
Financial Liabilities	Average Interest Rate	From 1 Day to 1 Year	Over 1 Year	Total
Accounts payable to suppliers	0%	US\$ 36,780		US\$ 36,780
Bank loan	10.25%	14,716	US\$ 16,747	31,463
Accounts payable to shareholder			757,208	757,208
Loans payable to shareholder	1%	-	9,299,989	9,299,989
Total		US\$ 51,496	US\$ 10,073,944	US\$ 10,125,440



As of December 2023				
Financial Liabilities	Average Interest Rate	From 1 Day to 1 Year	Over 1 Year	Total
Accounts payable to suppliers	0%	US\$ 32,943		US\$ 32,943
Bank loan	10.25%	14,716	US\$ 27,446	42,162
Accounts payable to shareholder			955,080	955,080
Loans payable to shareholder	3%	-	<u>11,732,547</u>	<u>11,732,547</u>
Total		<u>US\$ 47,659</u>	<u>US\$ 12,715,073</u>	<u>US\$ 12,762,732</u>

As of December 31, 2024 and 2023, the contractual future interest generated by bank loans and loans payable to shareholders are US\$1,598,947 and US\$1,944,558, respectively.

17. CONTINGENCIES

- a. **Review by Tax Authorities** - In accordance with current tax legislation, income tax declarations for the last two tax periods are available for review by tax authorities.

Consequently, there may be an eventual obligation for the application of criteria on the part of the tax authorities, other than those used by the Company in settling its taxes, particularly on value-added tax returns.

The Company Management believes that it has properly applied and interpreted tax regulations. Additionally, the Company does not include in its returns the value added tax (VAT) generated during the period on the grounds that it is not recoverable. Management believes that this criterion will not generate problems in the recovery or reclamation of the balances in the future.

- b. **Social Security and INATEC** - The authorities of both government institutions are pending review of the Company's operations over the last four periods.

Consequently, there may be an eventual obligation for any withholding and/or declaration that may result from undeclared wages of its principal executives in monthly reports. The Company Management believes that it has properly applied and interpreted tax regulations.

- c. **Transfer Prices** – On January 1, 2013, Law 822 on Tax Arrangements entered into force, which, in Chapter V, Title I, establishes regulations relating to transfer prices, the provisions of which are effective from June 30, 2017, as provided for in article 303 of the act.



This law regulates the requirement that taxpayers who carry out transactions with related parties are obliged, for income tax purposes, to determine their income, costs and deductions considering for these operations the prices and amounts of compensation that would be agreed between persons or independent entities in comparable operations, in accordance with the principle of free competition.

In order to comply with this requirement, companies should prepare transfer price studies and make adjustments to their income tax returns when the conditions agreed with Related parties result in lower taxation in the country or a deferral in the payment of the tax.

They must also submit an information transfer price declaration on an annual basis and maintain sufficient information, documents and analysis to value their transactions with related parties.

The Company's accounting records are available for any review in compliance with the Law regarding transfer prices.

Consequently, discrepancies may arise from the application of concepts by tax authorities that differ from those applied by the Company.

Management considers that tax regulations have been properly applied and interpreted in respect of transfer prices, in accordance with the provisions set out in Art 8. 303 of Law 822 on Tax Concertation, and in the event of a future revision, they do not consider that there is an important effect.

18. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from December 31, 2024, to determine the need for potential records or disclosures in the financial statements. Such events were evaluated up to the date on which these financial statements are considered available to be issued. Based on this evaluation, no subsequent events are known to have occurred between the closing date of these financial statements and the issuance date that could significantly affect them.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors and have been authorized for issuance on June 04, 2025. The attached financial statements are subject to Shareholders' approval.

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