



PROTEAK
WE MAKE FORESTRY MATTER

2024 Annual Report



PROTEAK
WE MAKE FORESTRY MATTER



Annual Report presented in accordance with the General Provisions Applicable to Securities Issuers and Other Securities Market Participants, issued by the National Banking and Securities Commission, for the fiscal year ended December 31, 2024.

Name of Issuer: Proteak Uno S.A.B. de C.V.

Address: Montes Urales 424 floor 1B Office 01B-142, Col. Lomas de Chapultepec V sección, C.P. 11000, Mexico City, Mexico.

Outstanding share certificates: The certificates representing the capital stock of Proteak Uno S.A.B. de C.V. are non-par value Ordinary Share Certificates (CPOs).

Ticker symbol: The ticker symbol in the Bolsa Mexicana de Valores, S.A. de C.V. (Mexican Securities Exchange, BMV), for the negotiable instruments of Proteak Uno S.A.B. de C.V. is "TEAK CPO".

The **1,352,985,021** fully subscribed and paid CPOs (made up of 450,995,007 series T share 901,990,014 series K shares) representing the capital stock of Proteak Uno S.A.B. de C.V. that are outstanding are registered in the National Securities Registry (RNV) under the National Banking and Securities Commission and are listed on the Bolsa Mexicana de Valores, S.A. de C.V.

The registration in the National Securities Registry does not imply certification regarding the quality of the security or the solvency of the issuer, or the accuracy or truthfulness of the information contained in the Annual Report, nor does it validate any acts that may have been carried out in contravention of the law.



Mexico City. May 29th, 2025.



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General Information

1.1 Glossary of terms and definitions

The terms used in this report and related below will have the following meanings, which will equally apply to the singular or plural forms of said terms:

Management	Means the management of Proteak Uno S.A.B. de C.V., including the Board of Directors, Chief Executive Officer, executive and managerial team of the Company, as appropriate.
Company, Business, Corporation	Interchangeably refers to Proteak Uno S.A.B. de C.V. and its subsidiaries.
CPO	Acronym in Spanish for (Certificado de Participación Ordinaria) Ordinary Share Certificate. In this Annual Report, also referred to as “Share”.
Dollars / USD	Refers to the legal currency of the United States of America.
Issuer	Refers to Proteak Uno S.A.B. de C.V.
Financial statements	Refers to Consolidated Financial Statements reported on December 31, 2024.
U.S.A.	Refers to United States of America.
IFRS	International Financial Reporting Standards.
ISR	Acronym in Spanish for (Impuesto Sobre la Renta) Income Tax.
IVA	Acronym in Spanish for (Impuesto al Valor Agregado) Value Added Tax.
LMV	Acronym in Spanish for (Ley del Mercado de Valores) Securities Exchange Act.
MBA	Refers to a Master’s Degree in Business Administration.
México	Refers to the United Mexican States.
MM	Refers to millions.
MXN / pesos	Refers to the legal currency of Mexico.



Public Offering	Refers to the public offering(s) of Share Certificates under the responsibility of the relevant Issuer, through one or more issues under the terms of this Program, with a revolving nature.
PTU	Acronym in Spanish for (Participación de los Trabajadores en las Utilidades) Worker profit sharing.
Subsidiaries	Refers to the subsidiary companies of Proteak Uno S.A.B. de C.V.
TEAK	Refers to the Ticker Symbol of the Ordinary Share Certificates of Proteak Uno S.A.B. de C.V.
Holder	Refers to the Person who may at any time hold one or more CPOs, as recorded in the registry of the Indeval or the Underwriters, as the case may be.
TIR	Acronym in Spanish for (Tasa Interna de Retorno) Internal Rate of Return
Trading	Commercialization.
WACC	Refers to the weighted average cost of capital or discount rate.

Companies and institutions mentioned in the report

AFAMJAL	Acronym in Spanish for (Asociación de Fabricantes de Muebles de Jalisco) Association of Furniture Manufacturers of Jalisco.
AKA	Ausfuhrkredit-Gesellschaft mbH (AKA). Specialized bank in export financing, headquartered in Frankfurt. It offers long-term financing, refinancing, services related to medium and long-term export financing, among other international business.
Arauco	Forest company with a product portfolio including melamine boards, MDF (medium-density fiberboard), PBO (oriented strand board), MDP (particleboard), plywood, wood, and pallets.
BMV	Mexican Securities Exchange (Bolsa Mexicana de Valores).
CAMCORE	Cooperativa de Recursos de Coníferas de Centroamérica y México (Central America and Mexico Coniferous Resources Cooperative), non-profit organization of the University of North Carolina focused on providing the best genetic material available for the development of forest plantations.
CNBV	National Banking and Securities Commission. (Comisión Nacional Bancaria y de Valores).
COFEMER	National Commission for Regulatory Improvement. (Comisión nacional de mejora regulatoria).



Commerzbank	Commerzbank AG is the second largest bank in Germany after Deutsche Bank. Commerzbank specializes in commercial banking, corporate banking, and investment banking. It is listed on the Frankfurt Stock Exchange and is part of the DAX index.
COILLTE	Forest and Land solutions. (Soluciones forestales y territoriales).
CONACYT	National Council of Science and Technology. (Consejo Nacional de Ciencia y Tecnología).
CONAFOR	National Forestry Commission. (Comisión Nacional Forestal).
CONAGUA	National Water Commission. (Comisión Nacional del Agua).
Duraplay	Company producing wood panels available in various substrates and coatings.
Ecodirecta	Group of Costa Rican forestry companies, consisting of the companies Ecodirecta, S.A., Casa Corazón Verde Ecológico, S.A. and Eco-Transmisión – EcoTrans –, S.A., The companies that Proteak acquired biological assets from.
Emman	Company that produces and markets MDF (Medium Density Fiberboard) and Particleboard panels.
Dieffenbacher	German company that is part of an international group of leading companies in the production of machinery and installation of panel plants worldwide.
FAO	Food and Agriculture Organization of the United Nations.
Finnfund	Finnish Fund of Industrial Cooperation Ltd. (Finnfund).
FINSA	Financiera Maderera S.A., Spanish company dedicated to the production and sale of panels, resins, laminates, and veneers, among others.
FSC®	Forest Stewardship Council®. The FSC was founded as a non-governmental organization in 1993 to combat global deforestation. It has consolidated its role as the most rigorous and credible effort toward responsible and sustainable forest management. The FSC seal is the link between responsible forest production and consumption, helping consumers make better purchasing decisions to the benefit of both people and the environment. The FSC provides organizations and companies interested in responsible forestry with a certification system in accordance with international standards. The FSC is present in over 50 countries across the globe.
IFC	International Finance Corporation: the IFC is a member of the World Bank Group that supports the development of the private sector.



IMSS	Mexican Social Security Institute. (Instituto Mexicano del Seguro Social).
Indeval	Institution for the Deposit of Securities. (S.D. Indeval, S.A. de C.V.).
ITTO	International Tropical Timber Organization.
IVSC	The Independent Global Standard Setter For Evaluation.
Kronospan	Company producing particleboard (PB) and medium-density fiberboard (MDF) panels.
Macosa	Company belonging to the industrial-forestry sector dedicated to the manufacturing and distribution of particleboard panels.
Masisa	Company that produces and markets wood panels for furniture and interior architecture
MEM	Magna Expo Mueblera is a trade fair or exhibition related to the furniture industry.
PEFC	Program for Forest Certification Recognition.
PROPARCO	Agency for Promoting and Participating in Economic Cooperation. It is a subsidiary of the French Development Agency that provides funding to key sectors for sustainable development in Africa, Asia, Latin America, and the Middle East.
RNV	National Securities Registry. (Registro Nacional de Valores).
SEMARNAT	Refers to the Mexican Ministry of the Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales).
TSCA	Toxic Substances Control Act. (Ley de Control de Sustancias Químicas).
GT	Salles, Sainz – Grant Thornton, S.C.
GBM	Acronym in Spanish for Grupo Bursatil Mexicano.
USPAP	Uniform Standards of Professional Appraisal Practice. Normas Uniformes de Práctica de Valoración Profesional.



Subsidiary Companies of Proteak UNO S.A.B. de C.V.

Comefor	Comefor S.A. de C.V.
Comefor International	Comefor Internacional S.A. de C.V. (Subsidiary in Mexico).
FOMEX	Forestaciones Operativas de México, S.A. de C.V. (Forestaciones Operativas de México, S.A. de C.V.).
Pro Eucalipto Holding	Pro Eucalipto Holding S.A.P.I. de C.V. (Holding company for the MDF Project).
Pro MDF	Pro MDF S.A.P.I. de C.V.
Proteak Panamá	Proteak Panamá S.A. (Subsidiary in Panama).
Proteak Forestal	Proteak Forestal S.A. (Forestry and Operating Subsidiary in Costa Rica).
Proteak Vehicular	Proteak Vehicular S.A. (Subsidiary for vehicles in Costa Rica).
Proteak Comercial	Proteak Comercial S.A. (Subsidiary for services in Costa Rica).
Proteak Dos	Proteak Dos S.A. de C.V (Subsidiary in Mexico).
Proteak Tres	Proteak Tres S.A. de C.V. (Subsidiary in Mexico, Parent of Proteak Tres Sucursal).
Proteak Tres Sucursal	Proteak Tres S.A. de C.V. (Subsidiary in Mexico, Parent of Proteak Tres Sucursal).
Proucalipto	Proucalipto S.A.P.I. de C.V. (formerly KUOSOL).
SCT	Servicios Comefor Tres S.A de C.V.
Tecnotabla	Tecnotabla LLC (MDF marketing company in the USA).

Terms related to the forestry industry

Acacia	Timber species with the scientific name <i>Acacia mangium</i> , flowering tree of the family in the order Fabales.
Thinning	Thinning action of trees from a plantation.



Biological Asset	It refers to standing trees or forest mass. In this document, it always refers to usable volume or its corresponding economic value.
Albura	The young part of the wood that corresponds to the last growth rings of the tree, produced by the vascular change in the plant stem, which corresponds to the only functional xylem. Sapwood is usually of a lighter color.
BAVC	Forests of outstanding and critical importance due to their high environmental or socioeconomic value, biodiversity, or landscape value.
Bordero	Forestry Equipment.
Cogeneration	It means obtaining electrical energy and useful thermal energy (steam and hot water) simultaneously during the MDF production process.
DAP	It refers to the diameter of a tree measured at a height of 1.30 meters (approximately 4.3 feet) above the ground. This measurement is commonly used in forestry and tree inventory assessments.
Heartwood	It means, the part of the wood located in the central zone of the trunk. It represents the oldest part of the tree, tends to be dark in color, and has greater hardness and natural durability.
Eucalyptus	Refers to the timber species whose scientific name is <i>Eucalyptus</i> .
HDF	High Density Fiberboard.
Hectares or “ha”.	Refers to the measurement of a surface area equivalent to 10,000 m ² or 2.471 acres.
MAI	Mean Annual Increment, is measured in cubic meters per hectare a year, and indicates the productivity of the production unit.
Lumber	Sawn logs" in English means "sawn timber", which is wood cut in sawmills from logs, resulting in boards or planks typically ranging between 2.0 and 2.4 meters in length and less than 2 inches in thickness.
Roundwood	Refers to wood in its natural state after being harvested, without branches or roots, with or without bark, without crowns, including all the wood that is extracted from the commercial forestry plantation and from which Roundlogs are obtained.
MDF	Medium Density Fiberboard.
MDP	Medium Density Particleboard.



EIS	Environmental Impact Statement.
Mulcher	Forestry Machinery.
OEE	Overall Equipment Effectiveness.
Organological	Cultivation technique over open spaces, established on substrates prepared by mixing organic materials with vegetative layers.
<u>Ponderosa Pine</u>	It is a species of conifers, native to the western United States. In English, it is also called Bull Pine and Blackjack Pine, as well as Western Yellow Pine.
Teak	Refers to a timber-yielding species with the scientific name <i>Tectona grandis</i> .
Plywood	Wood panels formed by different layers of glued and pressed wood.
UF	Urea formaldehyde.
<u>Terms and institutions associated with obtaining Carbon Credit</u>	
tCO2	Tonnes of Carbon dioxide equivalent (CO2).
VCS	Verified Carbon Standard.

For ease of reading, data is often rounded and may differ from unrounded figures.



1.2 Executive Summary

Proteak Uno, S.A.B. de C.V. (hereinafter simply Proteak or the Company) is a Mexican company that is dedicated to the planting, harvesting, transformation, industrialization and commercialization of commercial forest plantations. The Company operates in three segments: Teak production and trading, Eucalyptus production and trading, and MDF board production and marketing using Eucalyptus biological assets as raw material¹.

Company Results during the 2024 Fiscal year.

2024 was a year full of great challenges for Proteak. We closed with total revenues of MXN \$1,275MM, with 4 key factors that we can pinpoint as the most important:

1. Sales volume in 2024 by 184k m3.
2. Constant production of MDF, with a total of 176k m3.
3. Participation in the national MDF market at 19% and in value-added products 22%
4. Fair value adjustment of the Teak biological asset to MXN \$88MM.

Throughout this fiscal year, our commercial actions focused on maintaining and strengthening strategic alliances with our base of over 80 clients.

Relevant events related to the Insolvency Proceedings

On August 20, 2024, Proteak Uno, S.A.B. de C.V. ("Proteak" or the "Company"; BMV:TEAK) issued a Relevant Event, by which it made known that on August 19, 2024, the Company and its subsidiary Pro MDF, S.A.P.I. de C.V. ("Pro MDF"), the First District Court for Insolvency Matters with Residence in Mexico City and with Jurisdiction throughout the Mexican Republic, admitted the claims for declaration of Insolvency filed against Proteak and Pro MDF, ordering certain precautionary measures to preserve the companies and protect them as a going concern, including the suspension of enforcement proceedings and seizures against the assets and rights of Proteak and Pro MDF, as well as the prohibition of making payments on overdue obligations, decreed as of August 16, 2024.

On November 8, 2024, Proteak reported that on November 7, 2024, the First District Court for Insolvency Matters summoned Proteak and Pro MDF to the insolvency with file numbers 59/2024 and 57/2024, respectively, which derive from the lawsuits filed by Comercial En Fletes México, Sociedad Anónima De Capital Variable.

On November 29, 2024, the First District Court for Insolvency Matters issued an order deeming the Insolvency complaint filed against the Company and its subsidiary Pro MDF, the proceedings of which are currently pending, to be timely answered. Additionally, the Court issued precautionary measures intended to protect the assets and operations of Proteak and Pro MDF, including the suspension of enforcement proceedings and seizures against their assets and rights.

¹ This summary is not intended to contain all information that may be relevant to making investment decisions about the securities mentioned herein. Therefore, the investing public should read the entire Annual Report, including the financial information and related notes, before making an investment decision. The following summary is prepared in accordance with, and is subject to, the detailed information and financial statements contained in this Annual Report. It is recommended to pay special attention to the "Risk Factors" section of this Annual Report, to determine the convenience of making an investment in the securities issued by the Issuer.



On January 23, 2025, Proteak reported that the First District Court for Insolvency Matters issued the Insolvency ruling in the conciliation stage of Proteak and its subsidiary, Pro MDF, whose proceedings are currently underway. This resolution represents a key step in the restructuring process of both Proteak and Pro MDF, the implementation of which will be supervised by the conciliator appointed by the Federal Institute of Insolvency Specialists.

On March 3, 2025, Proteak reported that on February 28, 2025, the rulings of January 22, 2025, by which Proteak and its subsidiary Pro MDF were declared insolvency, were published in the Official Gazette of the Federation.

Following the publication of the Insolvency declaration rulings in the Official Gazette of the Federation, the period granted to our creditors to submit their applications for credit recognition to the conciliator, C.P. Gerardo Sierra Arrazola, began, and the 185-day period began for the negotiation and eventual signing of a Insolvency agreement between Proteak, Pro MDF and their creditors.

On March 31, 2025, Proteak reports that on March 27, 2025, the First District Court for Insolvency Matters with Residence in Mexico City and with Jurisdiction throughout the Mexican Republic, admitted the request for a declaration of Insolvency filed by its subsidiary, Forestaciones Operativas de México, S.A. DE C.V. ("FOMEX"), ordering certain precautionary measures to preserve the company and protect it as a going concern, including the suspension of enforcement proceedings and seizures against its assets and rights, as well as the prohibition of making payments on overdue obligations.

Relevant event regarding changes in the Company's Management.

On September 27, 2024, a change in the Administration and Finance Department of Proteak Uno S.A.B de C.V. was announced, announcing the departure of Mariana Rojo Granados. Manuel Rivera Paura, a Certified Public Accountant by profession, with postgraduate studies in Finance, a Master's Degree in Finance from the Autonomous University of Durango, and a Specialization in Finance from the Juárez University of the State of Durango, will assume this role effective October 2. He previously served as Corporate Controller.

Additionally, and to strengthen the area, María Eugenia Milmo Carrillo was appointed Director of Financial Management and Investor Relations. María Eugenia has worked at Proteak for more than five years and has extensive knowledge of the company and the markets we serve.

Relevant event regarding the appointment of the external auditor.

Proteak, informed the investing public on December 27, 2024 that through the Session of the Board of Directors of the Company dated December 12, 2024, it was agreed to appoint the Salles, Sainz – Grant Thornton, S.C. Firm to conduct the audit of Proteak's basic financial statements for the fiscal year from January 1 to December 31, 2024.

Board Business Unit

In 2024, Tecnotabla maintains a 19% market share in the total MDF market, positioning itself in second place, while Arauco continues to lead the sector. In the value-added boards segment, the market share was 22%.

It is estimated that in Mexico, MDF demand in 2024 was close to 1,006k m³, representing a 4% increase compared to the previous year. It was anticipated that for the 2024 fiscal year, the share of imports would remain at 38%; however, the share was 40%.



In November 2024, the complete collection was launched in collaboration with MÖBLUM. Currently, the collection is on display at the Polanco branch and is sold both at points of sale and through e-commerce.

Vértice 2024 by MÖBLUM is a networking program where industry and design converge, providing the market with inspiration, trends, and a space for experimentation using sustainable, 100% Mexican raw materials.

We know that new technologies bring us closer to a greater number of users, so we had media coverage in our process, from the eucalyptus plant to the MDF board manufacturing process.

Tecnotabla began production in 2016, a period in which annual consumption reached approximately 625k m3. This means that, between 2016 and 2024, the market has experienced growth of more than 60%.

This notable increase irrefutably demonstrates that the MDF category, both in its natural and coated versions, is undergoing a cycle of sustained expansion. This performance validates the hypothesis that increased domestic production not only boosts consumption but also stimulates key sectors such as furniture manufacturing, design, and interior decoration.

This year, production stood at 176K m3, 9% lower than in 2023, mainly due to cash flow restrictions. The MDF plant maintains optimal operating levels with the desired quality. The boards produced were of different thicknesses and densities, corresponding to all marketed varieties, mainly in Mexico, Central America, and those required for operations in the U.S. market.

There was a 6p.p. reduction on average in the OEE indicator, compared to the previous year, mainly impacted by the reduction in the performance factor, derived from planned and unplanned shutdowns that occurred in the production line facilities.

Throughout this year, production costs increased compared to the previous year, due to the effect of the exchange rate of the dollar and euro, in addition to issues related to supply and provisioning.

Forestry Platform

To ensure the plant's future supply of wood, the forestry platform continued to focus efforts and resources on eucalyptus plantations, as well as on harvesting them for the panel plant's consumption. In 2024, more than 358k m3 of own and third-party wood were harvested, generating inventory for normal operating processes.

By the end of 2024, Proteak had more than 12,500 hectares planted between Teak and Eucalyptus, maintaining us as the largest commercial forestry platform in the country.

During 2024, we harvested and released around 1,300 hectares, from which we selected the most strategic area for the start of the second rotation, on these same lands, with the Proteak standard.

During this Teak exercise, a total of 6,101 hectares were planted.

Maintenance was carried out on more than 5,900 hectares of both teak and eucalyptus. All plantations are in adequate production conditions and are commensurate with their maturity, with no material losses or deterioration in productivity.

The 2024 forestry campaign was carried out, focusing on land preparation and planting harvested hectares. Throughout the year, 494 hectares of eucalyptus were planted to ensure a future supply of fiber for our MDF board business unit.



Proteak has a genetic improvement program focused on the selection of new clones, generating hybrids through controlled pollination to increase plant phenology and streamline operating costs such as weed control and waste reduction.

Currently, for Eucalyptus, there are 98 clones in research trials and 10 operational clones with an average IMA between 40 and 55 m³/ha per year. We have 7 hybrids of E. Urophylla and E. Pellita that guarantee the fiber quality provided by these two species. Throughout 2023, a trial was established with 6 operational clones selected at the end of 2022. The Eucalyptus clones incorporated into the operation have the characteristics and wood quality necessary for the MDF industrialization process. Over the coming years, we will continue to incorporate clones to improve and expand our genetic base.

In 2024, the presence of pests was reported in 243 hectares, of which 45 hectares were controlled by the release of biological control organisms produced in the Proteak laboratory and 198 hectares with chemical control, without reporting total loss of damage.

There were a total of 55 confirmed fires affecting 448 hectares of commercial area and presenting a total loss of 77 hectares.

A total of 280 km of firebreaks were made, 265 km with mechanical work and 15 km with manual work.

Teak Business Unit

To ensure optimal plantation management and maximize their value prior to commercial exploitation, we continue to intensively stratify our plantations, also establishing operational plots in each one. This work system allows us to make timely management decisions and validate the value of our teak forest assets at all times.

Plantations continue to grow uninterruptedly and their estimated value increases as they mature and approach harvest age.

In Teak, an operational clonal trial was established, with the selection of 11 clones, from own plantations with ages between 10 and 11 years and from CAMCORE trials.

Social and Environmental Responsibility

During 2024, Proteak demonstrated its commitment to sustainability and good forest management through various actions. We designed our first sustainability and social responsibility strategy based on three pillars:

1. Environmental: Preserve Forest resources for future generations by implementing the best sustainable silvicultural and forestry practices.
2. Social: Improve the quality of life in local communities through various education and entrepreneurship programs.
3. Governance: Operate under the highest national and international standards, maintaining FSC® certifications and incorporating other international certifications and accessions into our portfolio.

Similarly, the annual FSC® audits for forest management and chain of custody for the Eucalyptus and Teak plantations were successfully completed. Both certifications were obtained without any complaints at the close of the audit, demonstrating Proteak's commitment to good forest management and sustainability. Regarding conservation areas, there are more than 2,800 hectares and more than 180 hectares of High Conservation Value Forests (HCVF).

Proteak has voluntarily participated in a carbon credit certification process called the "Fresh Breeze Afforestation Project." This project, developed under the "Verified Carbon Standard" (VCS), was the first of its kind in Mexico, accumulating a reduction of 1,213,275 tons of carbon dioxide equivalent (tCO₂e) in the 2019-2020 period. For the 2021-2022 period, a



total of 55,301 tons (tCO₂e) were captured. Regarding these last tons of CO₂e, the verification process continued during 2024, which has not yet concluded.

During 2024, a social satisfaction survey was conducted in the communities surrounding our operations, which will be repeated annually. It is important to highlight that, in the five communities and 101 individuals surveyed, the results indicate broad support for the company's activities and general satisfaction with its performance, especially with regard to job creation and promotion in the region, pollutant management, and the protection of water sources. It was found that 90% of respondents believe that Proteak generates some positive change in their communities, and 92% believed that Proteak generates employment in the area. Additionally, 86% of respondents answered that Proteak takes responsibility for the impacts it generates. Also, 83% of respondents considered that Proteak's operations do not affect their communities with noise or dust.

To demonstrate compliance with the principles of human rights, labor standards, environment and anti-corruption in the Company's operations and the annual report to the International Finance Corporation (IFC) and FINNFUND, the annual reports were submitted to the United Nations Global Compact, where the application of the environmental and social sustainability performance standards is monitored.

Income from Revaluation of Biological Assets

Biological assets are recognized at fair value, in accordance with the following considerations; it is important to mention that the Company's fair value determination methodology has been consistent and in accordance with IFRS; specifically, for 2024 purposes, the methodology used is consistent with that of the previous year and has only been strengthened by the Company's Management in conjunction with its valuation specialists, so there are no modifications to the classification, measurement and valuation of the biological asset presented in the consolidated statements of financial position as of December 31, 2024 and 2023.

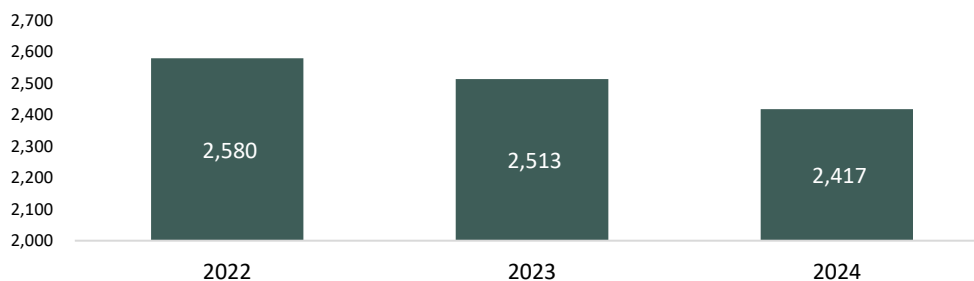
Statement of Financial Position and Results of the Company

Assets	dec-24	dec-23	dec-22
Cash and cash equivalents	18,827	86,703	273,348
Customers	43,173	88,433	193,691
Recoverable taxes	214,502	200,239	208,210
Accounts receivable from related parties	16,889	10,874	8,359
Sundry debtors	70	117	51
Inventory of wood and processed wood	288,986	384,285	482,205
Consumable mature biological assets	123,343	123,343	150,767
Advance payments	64,178	47,077	115,646
Long-term assets held for sale	13,277	13,277	-
Restricted cash	3,258	90,741	161,537
Right-of-use assets	150,081	203,537	192,974
Mature and immature consumable biological assets	1,938,232	1,562,213	1,628,897
Property, plant, and equipment	2,417,344	2,513,350	2,579,528
Deferred income tax	125,973	183,436	138,302
Joint venture investment	331,639	292,672	267,178
Advance payments	3,796	6,151	3,161
Guarantee deposits	920	1,113	590
Total Assets	5,754,488	5,807,561	6,404,444

Table 1 Assets (MXN '000)
Source: Audited Financial Statements

As of December 2024, the Company's total assets totaled MXN \$5,754MM, 1% below the closing price of 2023 and 10% below that of 2022. This variation corresponds mainly to the decrease in cash and cash equivalents, customers and inventories.

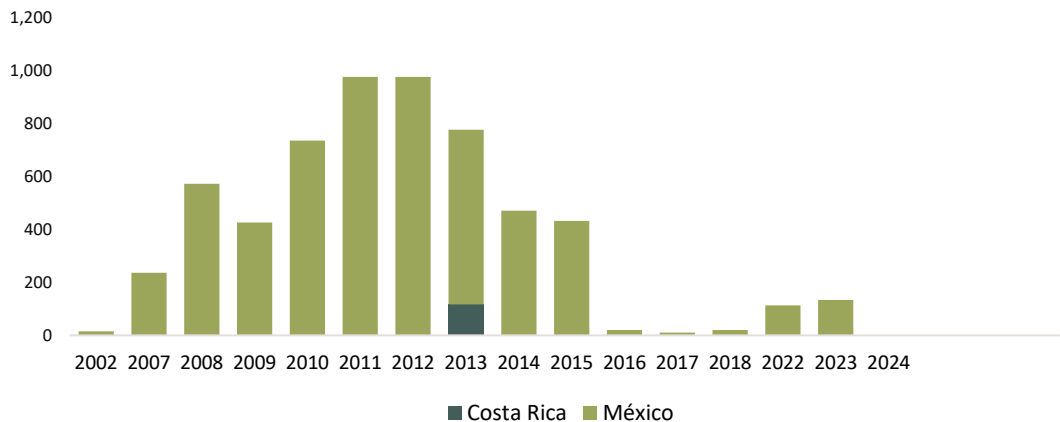
Property, plant, and equipment reflect a slight decrease primarily due to the exchange rate effect and the depreciation of the MDF plant.



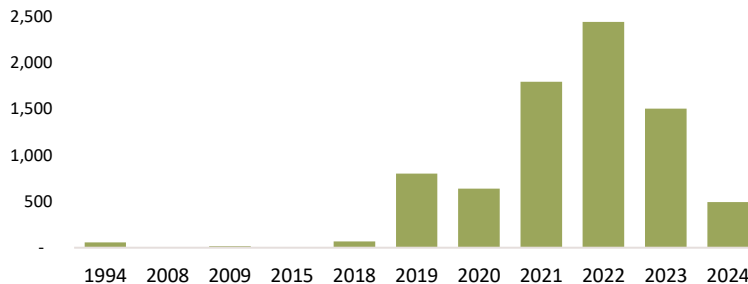
Graph 1 Fixed Net Assets (MXN MM)
Source: Audited Financial Statements



Proteak's Biological Assets are distributed according to the year in which the plantation was carried out, as shown in the following graphs:



Graph 2 Proteak's Teak hectares by year planted
Source: Proteak Uno, S.A.B. de C.V.



Graph 3 Proteak's Eucalyptus hectares by year planted
Source: Proteak Uno, S.A.B. de C.V.

Biological assets (current and non-current) reflect several combined effects, which can be broadly classified as: i) new additions, ii) natural growth of assets, iii) capitalizable planting and maintenance costs, iv) harvest decline, and v) exchange rate impact. The combination of the above factors resulted in a net increase of MXN \$376MM.

Current liabilities increased by MXN \$1,773MM due to the reclassification of bank loans from long-term to short-term. There was also an increase of MXN \$67MM in the contract liabilities account, due to the increase in customer advances.

The following table shows the analysis of Proteak's financial liabilities, the amounts presented correspond to undiscounted cash flows, including interest.

As of December 31, 2024	Less than 1 year	More than 1 less than 3 years	3 to 5 years	More than 5 years
Suppliers	235,051	-	-	-
Short-term credits	2,039,680	-	-	-
Short-term interest	144,923	-	-	-
Long-term credits	-	-	-	-
Sundry creditors	99,747	-	-	-
Leases	64,118	37,137	16,297	-

As of December 31, 2023	Less than 1 year	More than 1 less than 3 years	3 to 5 years	More than 5 years
Suppliers	258,650	-	-	-
Short-term credits	444,005	-	-	-
Short-term interest	32,206	-	-	-
Long-term credits	-	381,128	762,818	200,990
Sundry creditors	67,318	-	-	-
Leases	70,762	75,878	13,274	4,398

As of December 31, 2022	Less than 1 year	More than 1 less than 3 years	3 to 5 years	More than 5 years
Suppliers	210,492	-	-	-
Short-term credits	415,297	-	-	-
Short-term interest	34,499	-	-	-
Long-term credits	-	274,769	682,371	679,145
Sundry creditors	130,976	-	-	-
Leases	54,682	84,436	13,800	-

Table 2 Liabilities (MXN '000)
Source: Audited Financial Statements

The total Equity of the Company at the year-end stands at MXN \$2,377MM, marking a 15% decline compared to the previous year's closing. This primarily reflects the outcome of the 2024 fiscal year, as well as the effects of foreign currency translation on the Teca forest assets. The company's solvency concludes with a Debt-to-Equity ratio of 0.7 to 1.0.

Equity

	2024	2023	2022
Suscribed and exhibited capital stock Share	2,656,820	2,656,820	2,656,070
Share Issuance and Placement Premium	152,851	152,851	153,957
Other Reserves	-	-	18,709
Accumulated Deficit	(598,085)	(318,520)	(12,753)
Profit (Loss) for the Year	(626,511)	(279,565)	(305,767)
Accumulated Translation Adjustment	411,155	148,187	347,770
Revaluation Surplus	335,759	325,957	312,525
Other Equity Items (Non-controlling participation)	44,765	99,073	124,012
Equity	2,376,754	2,784,803	3,294,523

Table 3 Equity (MXN '000)

Source: Audited Financial Statements

Income Statement

	2024	2023	2022
Net Income	1,154,045	1,395,810	1,919,690
Loss from Change in Fair Value of Biological Assets	87,610	(57,261)	(473,536)
Received Subsidies	-	2,877	-
Cost of Sales	(1,169,243)	(1,339,808)	(1,448,973)
Selling and Administrative Expenses	(251,451)	(278,281)	(296,275)
Other Income - Net	32,886	18,683	30,777
OPERATING PROFIT (LOSS)	(146,153)	(257,980)	(268,317)
Share of Profit in Joint Venture	(20,721)	63,556	(68)
Comprehensive Financing Result	(537,094)	8,851	(78,301)
PROFIT (LOSS) BEFORE INCOME TAXES	(703,968)	(185,573)	(346,686)
Income Tax	21,768	(115,144)	50,146
CONSOLIDATED NET PROFIT (LOSS)	(682,200)	(300,717)	(296,540)

Table 4 Income Statement (MXN '000)

Source: Audited Financial Statements

Net revenue was MXN \$1,154MM, 17% lower than in 2023, mainly due to price pressure and the influx of imported products from Asian countries. We continue to rank second in the domestic market.

On the other hand, sales of the Teak business unit were MXN \$11MM, coming from the wood obtained from the final harvest and thinning activities carried out.

The revaluation of the biological asset of our plantations in 2024 totaled MXN \$88MM, including plantations held in joint ventures.

General and logistics expenses totaled MXN \$251MM, representing a 10% decrease compared to 2023. This includes distribution expenses for boards of MXN \$108MM, reflecting a 12% decrease from 2023 due to lower sales volume. Meanwhile, general administrative expenses closed at MXN \$143MM, reflecting a 8% decrease from 2023.

Income of MXN \$33MM was received and is presented in the consolidated statement of income under the heading “Other income, net”.

As a result, the operating result before participation in joint venture closed with an operating loss of MXN -\$146MM.

Regarding financial results, during 2024, the company reported net financial expenses of MXN -\$537MM, derived from the payment of interest and bank fees of MXN -\$200MM and an effect of exchange rate variations of MXN -\$337MM. The combination of the above effects results in a net loss before taxes of MXN -\$704MM.

Stock Performance

In the last year, the closing value of the Issuer's shares (represented by its CPOs) fluctuated between MXN \$0.26 (December 2024) and MXN \$2.26 (January and February 2024), closing at MXN \$0.53 on March 31, 2025. The trading volume was 56% higher than in 2023.

The closing price of the stock, over the last 3 years, fluctuated between MXN \$0.26 (December 2024) and MXN \$19.00 (February and March 2018), closing at MXN \$0.53 in March 2025, with low trading volume of the stock, at the end of 2024, due to its long-term investment nature. In 2024, 2023 and 2022 totaled a share trading volume of 13.3MM, 17.7MM, 11.3MM, respectively.

It is important to highlight that the capital increase carried out in 2015 was MXN \$15.00 per CPO, in 2019 it was MXN \$10.00 per CPO, in 2020 it was MXN \$6.00 per CPO and in 2023 it was MXN \$3.67 per CPO. The Issuer considers that none of the transactions carried out in the year could be linked to the existence of privileged information not disclosed to the general investing public.

In September 2018, “Signum Research”, an independent financial and stock market analysis company, published its comments on the second quarter 2018 report with a buy recommendation.

In October 2021, GBM Casa de Bolsa coverage was initiated, and said organization issued a buy recommendation based on the following: “We are convinced that Proteak is breaking into a high cash flow generation business that is reaching a turning point in both segments in which it operates (MDF and TEAK)”.



Below is a graph of the stock's performance from March 2019 to March 2025:



Graph 4 TEAK CPO Performance (MXN)

Source: Yahoo Finance

1.3 Risk factors

Proteak considers the following risk factors² that should be taken into account by any holder of the Company's securities, as well as any future holder, given that they could have a significant impact on the operations, financial situation, and operating results, as well such as its liquidity and price per share:

² The investing public should carefully consider the risk factors described below before making any investment decision. The risks and uncertainties described below are not the only ones facing the Company. Risks and uncertainties that the Company is unaware of, as well as those that the Company currently considers to be insignificant, could also affect its operations and activities.

The realization of any of the risks described below could have a material adverse effect on the operations, financial condition or results of operations of the Company.

The risks described below are intended to highlight those that are specific to the Company, but in no way should be considered as the only risks that the investing public may face. Said additional risks and uncertainties, including those that generally affect the industry in which the Company operates, the geographical areas in which it has a presence or those risks that they consider not to be important, may also affect their business and the investment value.

The information other than historical information included in this report reflects the operating and financial perspective in relation to future events, and may contain information about financial results, economic situations, trends and uncertain facts. The expressions "believes", "expects", "estimates", "considers", "anticipates", "plans" and other similar expressions, identify such estimates.

In evaluating such estimates, the potential investor should take into account the factors described in this section and other caveats contained in this report. Risk Factors describe non-financial circumstances that could cause actual results to differ materially from those expected based on forward-looking estimates.

Company Liquidity Risk

Cash flow projections are prepared for each operating company in the Group, and this information is subsequently consolidated by the Finance Department. The Company's Finance Department continuously monitors cash flow projections and liquidity requirements, ensuring that it maintains sufficient cash and investments with immediate availability to meet operating needs. The Company regularly monitors and makes its decisions based on the risk of violating the limits or obligations established in the debt agreements. The projections consider the Company's financing plans, compliance with obligations and non-obligations, compliance with minimum internal liquidity ratios, and legal or regulatory requirements.

Excess cash from operating companies is transferred to the Company's treasury. The Company's treasury invests these funds in time deposits and marketable securities, the maturities or liquidity of which allow flexibility to meet the Company's cash needs. As of December 31, 2024 and 2023, the Company held cash and bank balances of \$18,612 and \$85,746, respectively, and equally liquid cash equivalents of \$215 and \$957, respectively.

Capital risk

The Company's objectives in relation to capital risk management are: i) to safeguard its ability to continue as a going concern; ii) to provide adequate returns to shareholders and benefits to other stakeholders; and iii) to maintain an optimal capital structure.

To maintain or adjust the capital structure, the Company may vary the amount of dividends to be paid to shareholders, carry out a capital reduction, issue new shares or sell assets and reduce its debt.

Like other entities in the industry, the Company monitors its capital structure based on the financial leverage ratio. This ratio is calculated by dividing net debt by total capital. Net debt includes total current and non-current borrowings recognized in the consolidated statement of financial position less cash and cash equivalents. Total capital includes stockholders' equity as reported in the consolidated statement of financial position.

As of December 31, 2024, the leverage ratio was 0.45.

Fair value measurements

This section explains the judgments and estimates made in determining the fair values of the financial instruments recognized and measured at fair value in the financial statements. To demonstrate the reliability of the data used in determining fair value, the Company classified its financial assets and liabilities into the three levels indicated by accounting standards. Details for each level are shown in Notes 11 and 13 of the Audited Financial Statements.

The fair value of an asset or liability is calculated using the assumptions that market participants would use when making a bid for that asset or liability, assuming that those market participants act in their own economic interest.

The calculation of the fair value of a non-financial asset takes into account the ability of market participants to generate economic benefits from the highest and best use of said asset or through its sale to another market participant that could make the highest and best use of said asset.

The Company uses valuation techniques appropriate in the circumstances and with sufficient information available to calculate fair value, maximizing the use of relevant observable variables and minimizing the use of unobservable variables.



All assets and liabilities for which fair value determinations or disclosures are made in the financial statements are categorized within the fair value hierarchy described below, based on the lowest input that is significant to the overall fair value determination:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting period. The market price used for financial assets held by the Company is the current purchase price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximize the use of observable information and place the least possible reliance on Company-specific estimates. If all relevant inputs to establishing the fair value of a financial instrument are observable, the instrument is included in Level 2.

Level 3: If one or more relevant variables are not based on observable market information, the instrument is included in Level 3. This is related to unlisted equity financial instruments.

Specific techniques for valuing financial instruments include:

- The use of market quoted prices or quotes from dealers of similar instruments for other financial instruments, discounted cash flow analysis.
- As of December 31, 2024 and 2023, the fair values of financial assets and liabilities recognized at amortized cost approximate their carrying amounts as they are short-term. The fair values and hierarchies of biological assets and credits can be seen in Notes 11 and 13 of the Audited Financial Statements, respectively.

External appraisers are used for the valuation of significant assets and liabilities, such as investment properties, unlisted financial assets, teak biological assets, and contingent consideration. The involvement of external appraisers is determined annually by Management, after discussion and approval with the Audit Committee.

At each closing date, Management analyses movements in the values of assets and liabilities for which continuous monitoring of their valuation is required according to the Company's accounting policies.

Significant management judgment in applying accounting policies and uncertainty in estimates

Estimates and assumptions are reviewed continuously and are based on historical experience and other factors, including expectations about future events that are considered reasonable under the circumstances.

Critical accounting estimates and judgments

The Company's management makes estimates and judgments regarding the future. The resulting accounting estimates, by definition, will rarely equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the following year are presented below.

Valuation and classification of Biological Assets

The valuation and classification of the Company's biological assets is determined as described in LIP4.15 of the Audited Financial Statements.

The result of the valuation can be seen in the following summary, which includes 50% of Tacotalpa's biological assets (joint venture).

Fair value of components under IFRS	2024	2023
Tree cultivation value	1,596	1,576
Value of plantation land	470	457

Table 5 Fair value of the components according to IFRS (MXN MM)

Source: Audited Financial Statements

Similarly, for the purposes of 2024 and 2023, the Company carried out a sensitivity exercise, as follows.

Sensitivity of the value of the biological asset to the discount rate:

Discount rate before taxes (%) 2024	Value of the biological asset	Variation vs. base (%)
8.00	1,751	9.7
8.50	1,670	4.6
9.00 (base)	1,596	0.0
9.50	1,529	-4.2
10.00	1,468	-8.0

Discount rate before taxes (%) 2023	Value of the biological asset	Variation vs. base (%)
8.25	1,737	10.2
8.75	1,653	4.8
9.25 (base)	1,576	0.0
9.75	1,507	-4.4
10.25	1,443	-8.5

Table 6 Sensitivity of the value of the biological asset to the discount rate (MXN MM)

Source: Audited Financial Statements

Sensitivity of biological asset value to harvesting and transportation costs:

Value of the biological asset			
Harvest costs 2024	Price Variation		
	-5%	Base	+5%
5%	1,414	1,580	1,746
base	1,430	1,596	1,762
-5%	1,445	1,610	1,778

Value of the biological asset			
Harvest costs 2023	Price Variation		
	-5%	Base	+5%
5%	1,401	1,562	1,724
base	1,415	1,576	1,738
-5%	1,429	1,590	1,752

Table 7 Sensitivity of the value of the biological asset to harvesting and transportation costs (MXN MM)
Source: Audited Financial Statements

Sensitivity of biological asset value to forestry costs:

Forestry costs 2024	Value of the biological asset	Variation vs. Base (%)
5%	1,585	-0.70%
Base	1,596	0.00%
-5%	1,608	0.70%

Forestry costs 2023	Value of the biological asset	Variation vs. Base (%)
5%	1,566	-0.70%
Base	1,576	0.00%
-5%	1,587	0.70%

Table 8 Sensitivity of biological asset value to forestry costs (MXN MM)
Source: Audited Financial Statements

Sensitivity of biological asset value to indirect costs:

Indirect costs 2024	Value of the biological asset	Variation vs. Base (%)
5%	1,586	-0.60%
Base	1,596	0.00%
-5%	1,606	0.60%

Indirect costs 2023	Value of the biological asset	Variation vs. Base (%)
5%	1,567	-0.60%
Base	1,576	0.00%
-5%	1,586	0.60%

Table 9 Sensitivity of the value of the biological asset to indirect costs (MXN MM)
Source: Audited Financial Statements

Determination of fair values for land revaluation

Land is stated at fair value, based on periodic appraisals. To determine the fair value of the land, the Company engages an independent appraiser who uses estimates to determine the value of comparable assets on the market. These valuations must be revised if there are elements that suggest significant changes in the asset values; any change in asset values could affect the amount recognized in revaluation surplus, or in results if there is no longer an amount in the revaluation surplus line item.

Deferred tax asset

The Company recognizes deferred tax assets up to the amount at which their realization is probable. If the Company determines that it is unable to realize all or part of the deferred tax asset in the future, it makes an adjustment to the deferred tax asset, decreasing the results in the period in which such determination is made. Conversely, if the Company determines that it is able to realize its deferred tax assets in the future, for a value greater than the recorded amount, the corresponding adjustment is made to the deferred tax asset, increasing the results in the period in which such determination is made. As of December 31, 2024 and 2023, only the amounts that the Company has estimated to be reversed with future taxable profits have been recognized as deferred income tax assets. See Note 11 of the Audited Financial Statements.

Going Concern

The Company made significant judgments relevant to its conclusion as to whether it will continue operating as a going concern (see Notes 2.2 and 2.3 of the Audited Financial Statements), concluding that its operations are under the going concern premise for at least the 12 months following the closing of these financial statements; additionally, it recognizes that there is a risk of uncertainty that the objectives it pursues are subject to the achievement and success of the plans described in said Note.



Administration's judgment in determining functional currency

Each Proteak company defines the functional currency as the currency of the primary economic environment in which they operate.

Useful lives of property, machinery and equipment

The Company reviews the estimated useful lives of property, machinery, and equipment at the end of each annual period. During the period, it was not determined that the useful lives should be modified, since, in accordance with management's assessment, the useful lives reflect the economic conditions of the Company's operating environment.

1.4 Other Securities

As of the date of this report, the Company does not have any other securities registered in the National Securities Registry (RNV) other than the Ordinary Participation Certificates mentioned above. Each Ordinary Participation Certificate consists of one "T" Series share and two "K" Series shares. Nacional Financiera (Nafin) is the fiduciary agent responsible for safeguarding the Company's shares and exchanging them for the corresponding Ordinary Participation Certificates.

As a publicly traded company listed on the Mexican Stock Exchange, there is an obligation to disclose financial information on a quarterly and annual basis in a timely manner. The financial statements presented include the income statement, which compares figures for the current quarter to the same quarter of the previous year, and the balance sheet, which compares the results of the current quarter to those of the immediate previous year.

1.5 Significant Changes to the rights over the securities registered in the registry

There have been no modifications to the rights of any of the TEAK securities registered in the National Securities Registry (RNV).

1.6 Allocation of funds, if any

The funds obtained were applied according to the Consolidated Cash Flow Statement (Audited Financial Statements).

The funds obtained from the capital raising in 2015 were used for the MDF Project.

The funds obtained from the capital raising in 2017 were used to support the growth plan of the plantations and to provide liquidity to face the challenges posed by the year as the board operation was consolidated.

The funds obtained from the capital raising in 2018 were used as working capital to consolidate the MDF operation.

The funds obtained from the capital raising in 2020 were used as working capital and to service debt for the MDF operation.

The funds obtained from the capital raising in 2023 were used as working capital.

1.7 Documents of a Public Nature

Proteak submits the following documents to the Mexican Stock Exchange (BMV): quarterly reports for the year 2024 and previous years, relevant events, and annual reports for previous fiscal years, all of which have been delivered in a timely manner. These documents can be accessed at the BMV information center, through their website www.bmv.com.mx, or at Montes Urales 424, Floor 1B, Office 01B-142, Lomas de Chapultepec V Sección, Postal Code 11000, Mexico City, Mexico.

Additionally, investors can obtain copies of these documents by requesting them in writing to:

María Eugenia Milmo Carrillo

Director of Financial Management and Investor Relations

Email: eugenia.milmo@proteak.com

The Issuer's website is: www.proteak.com



The Issuer

2.1 History and development of the issuer

Name of issuer: Proteak Uno S.A.B. de C.V. (TEAK or the issuer).

Address: Montes Urales 424 Floor 1B Office 01B-142, Lomas de Chapultepec V sección, C.P. 11000, Mexico, D.F.

Proteak's evolution may be observed in five stages:

Phase Zero, Feasibility Analysis (1999 – 2000)

In this phase a strategic-financial study was conducted during which the first forestry engineers and consultants were hired and the foundations for the initial stage of the project were determined. Once the type of wood that made the most sense from an economic perspective was defined, the internal rates of return (IRRs) for several types of wood were analyzed, finding IRRs below 16% for soft or industrial woods, while the return was over 20% for hard or fine woods, especially those of rapid or medium growth. The company ultimately opted for Teak (*Tectona Grandis*).

Nayarit was identified as an interesting and viable state to establish the pilot plantation. This phase was funded by Hector Bonilla, founder, and a couple of partners.

Phase One, Scalability of the Project (2000 - 2006)

Proteak was incorporated on September 11, 2001, by means of public deed number 1,003, issued by Mr. Alfredo Bauza Witte, Esq., Notary Public number 230 in and for Mexico City, and registered in the Public Registry of Commerce of the Federal District under commercial entry number 281217.

Once the feasibility of the project had been analyzed, funds were sourced with the objective to plant between 150 and 200 hectares a year. The initial capital was obtained from small individual investors close to the founder. Other investors interested in the project were added. Funds were obtained year after year based on the needs of the business, with the capital coming from among the investors. During this stage, 580 hectares of Teak were planted on different ranches in Nayarit, creating a small operations team.

In addition, the FSC® certificate (Forestry Stewardship Council) was obtained, the highest governing body on international sustainable forestry practices. It is worth noting that Proteak was the first forest plantation in Mexico to receive this certification. Each year, FSC® personnel visit both new and old plantations to ensure their compliance with the standards set forth by the FSC® as well as federal and local government regulations.

Phase Two, Scaling Up (2007 - 2009)

In this phase, the operating procedures were determined, as reflected in the operation manuals, in order to scale up the project within an adequate cost scheme. The goal was to plant more than 800 hectares per year until reaching a target planting goal of over 2,700 hectares in 4 years and demonstrating the capabilities of the company in Plantation operations. To this end, additional capital was raised and land purchase options in Jalisco, Tabasco and Veracruz were enhanced. The decision to open different hubs increased the complexity of the operation. However, it was necessary to demonstrate that



the Company is capable of handling distant operations efficiently. Besides capitalizing on diversification at the time of purchasing land, which is one of the most important barriers to a successful forestry business.

At the end of this phase Proteak had 2,281 hectares of Teak in 23 different plantations (Jabalinas is considered 4 different ranches as well as Tintal, although at this point it did not have a plantation) in the states of Nayarit, Jalisco, and Tabasco. The Company met the objectives of this phase in terms of execution, costs, and tree growth within the expected parameters. The land where the plantations are located are as follows: 90% of the land are small landholdings and the remaining 10% are *ejidos* (community-owned land) in the process of being changed over to full ownership in order to be transformed into small landholdings estimated time of 24 months.

Phase Three, IPO, Institutional Growth (2010-2011)

In this phase the company began implementing the business plan proposed for the initial public offering, consisting of the purchase of 1,400 hectares of mature plantations, as well as 8,000 hectares of Teak plantation. The process of institutionalizing company business processes also began during this phase, as well as the process for determining the business rules and policies which enabled us to move toward the future as a world-class company. This includes, among other initiatives, the implementation of a computer system for Enterprise Resource Planning (ERP), which as of the date of this report has been implemented in all of the Company subsidiaries.

In addition, we decided to open Proteak subsidiaries in Costa Rica and Colombia, in order to diversify the age profiles of our plantations and guarantee the continued supply of timber to our wood processing plants and our customers. We began processing mature wood from Colombia in a third-party plant to increase the production capacity and thus ensure the supply of Teak products. At this stage, a better understanding of the forestry business was achieved, as well as of the factors that affect the tree's growth, thus increasing the expected return on investment.

These key factors are as follows:

- Purchasing better land: Priority is being given to purchasing higher quality land, even if this is at a higher price, but with much richer soils where Teak is expected to growth better.
- Preparation of the soil: Proteak enhanced its preparation practices, seeking to improve the properties of the soil in terms of hydrological features, including the construction of canals and/or levees, and correcting the pH to facilitate the exchange of nutrients and the enrichment of the soil.
- Fertilization: It has been proven through numerous tests in the Company's plantations that fertilization in the initial years results in increased Teak growth.
- Planting with select genetic material (commonly known as 'clones'), rather than seeds, allows the rapid adaptation of the plant to a characteristic ecosystem, resulting in faster growth and a tree with better properties and lower variability, which leads to higher quality wood and more consistent volumes.

Lastly, at this stage we begin with the acquisition of mature plantations begins in order to bring future cash flows into the present. In 2010, 119 hectares of 16-year-old Teak were acquired in Tabasco, Mexico, as well as 950 hectares of Teak and 1,450 hectares of Acacia in Costa Rica, and 890 hectares of Teak in Colombia, including 560 hectares over 20 years old (plus a purchase option on 410 hectares of plantations aged 6 to 8 years old) thus greatly improving the Company's plantation profile.



Phase Four, Stabilization of the Company (2012 -2013)

Once the acquisitions of mature plantations are completed, Proteak begins to exploit the resources acquired in recent years. A trading area is initiated, aiming to commercialize the round timber extracted from the plantations without any original value-added processing, achieving a greater presence in the global Teak market, particularly in Asia. The company also seeks to gain a significant role and greater knowledge in the distribution channel through increased intermediary activity.

In addition, Proteak has been able to consolidate its manufacturing operations, making processes more efficient, optimizing margins, and improving the distribution of products in the global market.

Another notable development during 2012 was the creation of the first hydroponic nursery in Mexico, which will allow us to continue with research and the genetic improvement of our trees, as well as ensuring the production of sufficient clones to plant our entire production target. During this phase, Proteak's intention was to start generating positive cash flows, ensuring the implementation of the Business Plan and future growth.

In 2013, the Eucalyptus nursery was acquired through the purchase of FOMEX, where all the genetic material for the Eucalyptus plantations is produced. With Proteak's two nurseries, the availability of clones is guaranteed.

Phase Five, Diversification of the Company (2013 – Present)

Throughout these 11 years, Proteak has managed to capitalize on its forestry experience, achieving a solid platform to expand its species portfolio and thus increase the current value of the Company and improve the return of its shareholders. This growth platform is based on the following competitive advantages that the issuer has developed:

1. Mastery of the forestry business and leading position in the market.
2. Unique and proven comprehensive business platform
3. Industry with high growth potential and low correlation to economic and market impacts.
4. World-class capabilities in research, development, and application of forestry techniques.
5. Geographical diversification in strategic markets with natural entry barriers.
6. Strong corporate governance with a proven management team.

In 2014, the Company entered the industrial sector with the beginning of the MDF plant construction. In only three years Proteak designed and developed the most important industrial forestry project in Mexico. In May 2016, the MDF plant started commercial operations and after twenty months of sales the Tecnotabla board, the Good Wood MDF, was recognized for its quality as it is the only MDF manufactured in Mexico that uses 100% sustainable certified wood from the Company's own commercial forest plantations. At the close of 2016, only seven months after having started operations, it was estimated that the Company had achieved a 20% market share, positioning its Tecnotabla brand as the second most important player in the Mexican market. In 2017, Tecnotabla maintained this estimated market share with a portfolio that remains diversified with MDF boards and value-added boards. In 2018, the company achieved market leadership with a 22% market share. In 2019, we maintained a solid second-place position with 21%, following the integration of Arauco with Masisa, which combined to achieve market leadership. In 2020, we reached a record market share of 24%. By the end of 2021, we closed with 24%, maintaining the share achieved in the previous year. In 2022, we continued to strengthen our position in the market with 23%. Currently, as of the end of 2023, we closed with a market share of 21%, retaining the second position in the local market.

Diversification to other business units

In 2013, Proteak took advantage of its experience in the forestry sector and diversified its business portfolio with shorter cycle plantations than Teak by developing the most important forestry-industrial project in the country: an MDF board plant in Tabasco in order to meet more than 20% of the national demand. To this end, it carried out a capital increase with resources used initially for the FOMEX acquisition, the largest private forestry company in the country with more than 6,500 hectares of certified eucalyptus trees, to which Proteak added 3,000 hectares, guaranteeing wood supply.

This business unit is a natural expansion of Proteak's core capabilities and the perfect complement to its cash flow structure, given that Teak is a long-term investment, where 85% of cash flows occur from the 18th to the 25th year. The combination of a Eucalyptus plantation with an MDF plant provides short-term cash flows, decreasing the WACC and thus increasing the value of the Company. Proteak's main differentiators will be distribution costs as well as our forestry experience regarding improved plantations, which will enable Proteak to generate a profitable business in the medium- and long-term.

In 2024, Proteak faced numerous challenges and opportunities. We closed the year with total revenues of MXN \$1,275MM. There were four key factors that significantly impacted our performance

1. We successfully maintained our marketing base above 190k m3.
2. Consistent production of MDF totaling 176k m3.
3. Market share in the national natural MDF market at 19% and in value-added products at 22%.
4. Adjustment for fair value of the Teak biological asset of MXN (\$88) MM, due to a change in the revaluation methodology used.

Throughout this fiscal year, our commercial efforts focused on maintaining and strengthening strategic alliances with our base of over 80 clients. This year, we launched the fifth version of our Vértice program, in collaboration with MÖBLUM, additionally, we aimed to professionalize the design, architecture, and carpentry sectors through various theoretical and practical workshops.

Main investments

During the last 5 years (2024, 2023, 2022, 2021, and 2020), Proteak has made investments in commercial forest plantations totaling MXN \$158MM, MXN \$208MM, MXN \$219MM, MXN \$137MM, and MXN \$70MM, respectively.



2.2 Description of the business

2.2.1 Main activity

Proteak operates in two different stages of the forest-industrial business, which do not have a cyclical behavior:

I. Forestry

Proteak's main activity relates to commercial forest plantations of Teak (*Tectona grandis*) and Eucalyptus (*Eucalyptus Urophylla*). As of the date of this report, Proteak has more than 6,100 hectares of *Tectona grandis* and more than 6,600 hectares of *Eucalyptus urophylla*.

The forestry business consists of 5 main stages:

1) Site Selection

Proteak has gained the necessary expertise to identify, select, and acquire suitable land for its business development. The company has carefully analyzed the relationship between soil quality and the expected return on investment, establishing strict selection criteria. Currently, Proteak is acquiring land for plantation that, combined with appropriate preparation techniques and the use of selected genetic material, can generate an Average Annual Increment (AAI) in teak plantations of more than 18 m³/ha/year and an expected AAI of up to 48 m³/ha/year in eucalyptus plantations.

2) Soil preparation and planting

This stage is extremely important for tree growth, as a plant sown in well-prepared soil will grow much faster than one sown in the same unprepared soil. In addition, proper soil preparation allows for maximizing the effective planting area and obtaining more uniform growth. Proteak carries out an intensive mechanical preparation of the soils to adapt the physical and chemical conditions in order to obtain provide optimal conditions for growth. In most cases, the weeds and grass found in the land is cleared. The main preparation activities include harrowing (semi-heavy and heavy), subsoiling and trimming. In second rotation lands (i.e., those that were previously planted and harvested), mechanical stump removal is carried out using mulchers or grinders).

In parallel, teak seedlings are propagated in a hydroponic nursery and greenhouse using genetically selected material. It's worth noting that Proteak does not alter the genetic code of its trees in any way. Once they reach the correct size and optimal moisture levels, the seedlings are transferred to the field and planted.

To produce teak seedlings, Proteak currently uses improved genetic material derived from selected and evaluated clones in trials. At the Las Choapas nursery, eucalyptus clones are produced and tested on-site, allowing for optimal growth. In 2024, Proteak planted 494 hectares of eucalyptus.

Proteak does not use irrigation in its plantations; instead, the required moisture for tree development is obtained through precipitation and hydraulic structures such as channels and berms for water management.



3) Maintenance

Teak

In its first years of life the plant competes for nutrients with weeds and grasses, so it is vitally important that the area around the trees be cleared to ensure their proper development and survival. During these initial years, maintenance costs are higher, and could increase in the event of severe weather conditions that favor the growth of weeds and grasses (such as prolonged rains). Maintenance costs for the following years relate to the pruning of branches to avoid unwanted regrowth. Intensive weed and grass clearing is not necessary as the tree is taller and its shade prevents vegetation that would compete for the nutrients from the soil from growing. Pruning is carried out to ensure that the trees have a good shape and better quality.

Eucalyptus

Unlike Teak plantations, Eucalyptus plantations have a shorter cycle and require less intensive maintenance. So, in the first two years of life, the area is cleaned of weeds and grasses to ensure plant survival and nutrient absorption. Since Eucalyptus does not need pruning, maintenance is focused solely on weed control.

4) Thinning

Teak

In a given area, a predetermined number of trees per hectare is planned for planting. Proteak maintains a policy of planting between 850 and 1,100 trees on average per hectare, with sufficient space between them to facilitate mechanized maintenance, thus reducing costs.

When the tree canopies begin to touch each other, tree growth is reduced, signaling the need to reduce the tree density per hectare, a process commonly known as thinning or clearing. These thinning operations depend on the growth of each plot. Proteak considers the product obtained from the initial thinning to have no commercial value, as the trees to be cut do not meet the dimensional or qualitative characteristics for sawing or selling in logs. Thinning programs are tailored for each plantation based on its particular characteristics.

Trees with less promising growth potential, such as smaller, deformed, or bifurcated trees, are always cut during thinning, leaving the best trees for the final harvest, from which up to 70% of the income from a plantation is derived. Therefore, the costs associated with thinning are considered part of the effort required to bring the remaining trees to maturity and are not attributed to the trees that are cut down.

Eucalyptus

Thinning is not carried out in Eucalyptus plantations since the final product is MDF board production. Unlike Teak plantations, the aim is not to achieve the best quality of wood, but the greatest amount of volume since 100% of the tree can be used for the industrial process.



5) Final Harvest

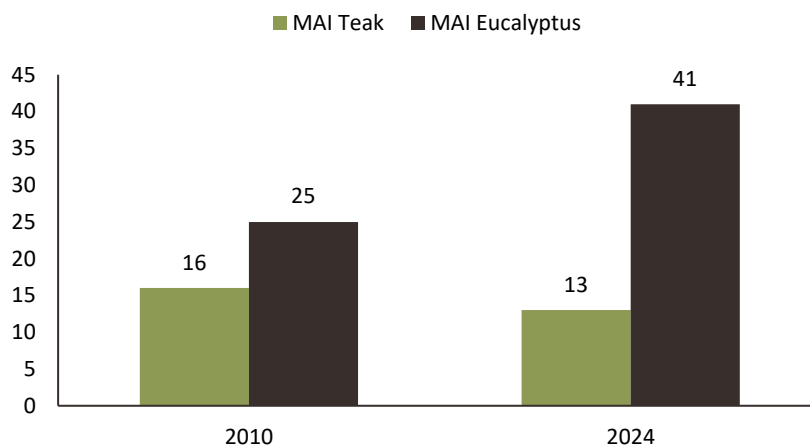
Teak

Once the necessary thinning has been carried out, the remaining trees can remain planted for a longer interval than the time between two conventional necessary thinnings. Proteak's projections consider roundwood prices (cut logs with bark).

Eucalyptus

Eucalyptus fiber is usable from the third year; however, based on the harvesting plan, the planting cycle will be 5 or 6 years when the trees already have the proper amount of fiber to be harvested. After this period, the trees will be cut down and sold to the Proteak subsidiary that operates the MDF plant. It should be noted that, in the case of Eucalyptus, a tree can be harvested up to three times because the tree is cut down and new buds sprout from the stump.

Over time, Proteak's forestry experience has been reflected in the constant increase of the MAI in its plantations. In the following graph, this growth in both Teak and Eucalyptus plantations can be seen.

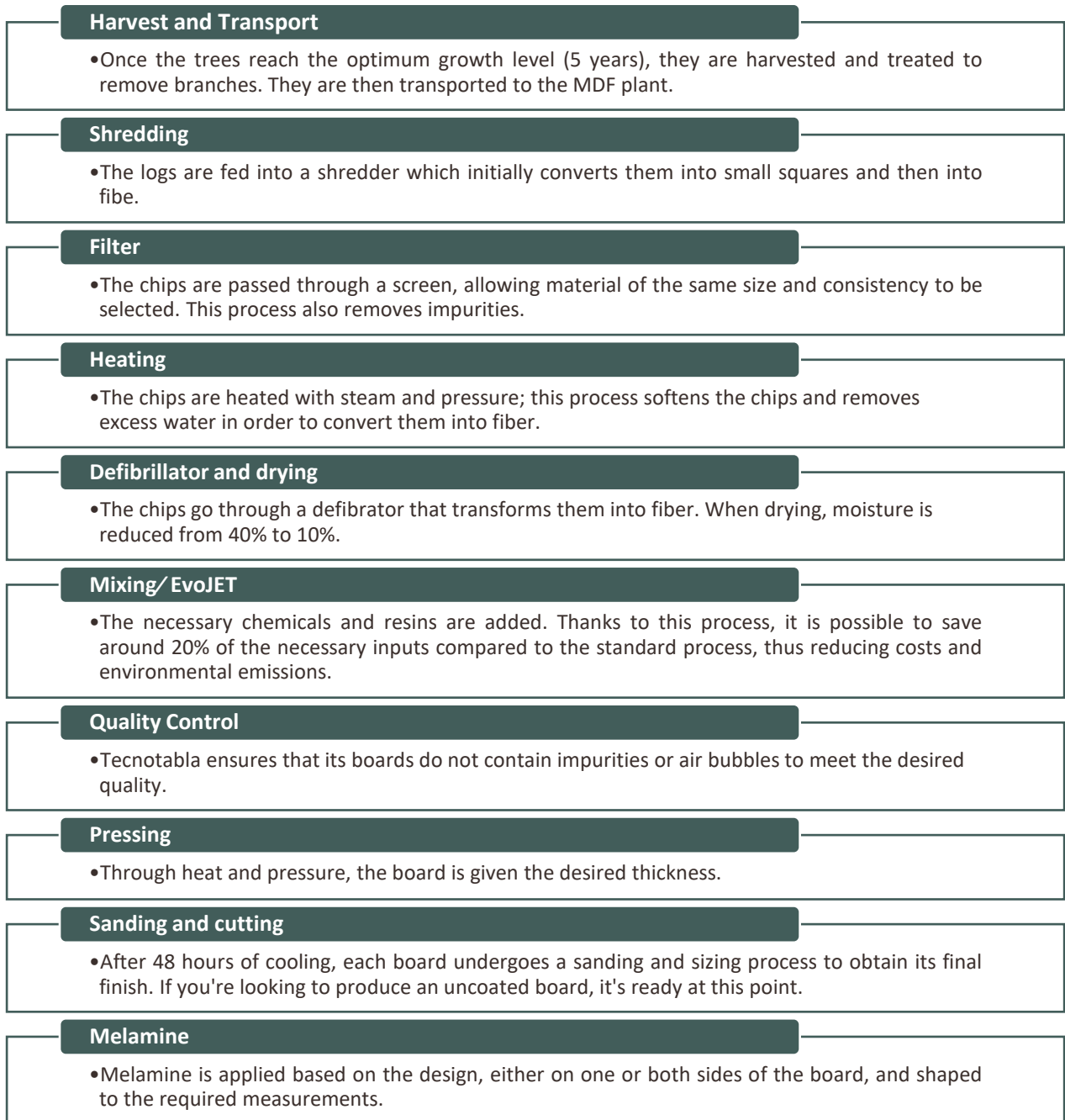


Graph 5: MAI by Year of Plantation
Source: Proteak Uno, S.A.B. de C.V.



II) Industrialization

The MDF production process is as follows:



Tecnotabla uses the waste to generate biomass, thus guaranteeing 100% use of the raw material.

Income by product is detailed in section 3.2 Financial information by line of business.

The main climate risks are detailed in the section on risk - in the extreme weather event section (1.3.2).



2.2.2 Distribution Channels.

Business Unit – MDF

Proteak entered the industrial segment of the wood value chain in 2014 with the construction of the MDF plant in Huimanguillo, Tabasco, under the brand Tecnotabla. The plant has an annual total production capacity of 280,000 m³, supplying both the domestic and export markets. Operations commenced in February 2016, with commercial activities starting in April 2016. Since then, the plant has maintained a solid presence in the market.

In 2017, approximately 56% of the MDF boards consumed in the country were imported, mainly from Chile, Brazil, and the United States. By 2024, the situation had changed, with 40% of the market value represented by imported boards, primarily from China, Brazil, and Chile, while 60% of the consumption was from domestic production. This shift has led large distributors (wholesalers and retailers) with national presence to have a wide product portfolio, ranging from bare MDF boards to value-added products (melamine), with different characteristics and types of coatings covering various market segments.

At the regional level, the distribution of the MDF market in Mexico has represented a constant challenge due to the heterogeneity of consumer segments. While the northern region has increased its market share thanks to its proximity to the United States border, the western region accounts for the largest percentage of imported products. On the other hand, the central and southern regions of the country have experienced significant growth, driven by the development of the construction industry, while in the south, economic dynamism has been driven mainly due to tourism and hotel business growth. Furthermore, the arrival of new brands in the Mexican market continues to generate growth opportunities, particularly in the melamine segment.

As part of its growth strategy, Tecnotabla has developed specialized value-added products, expanding its offering in the Mexican market and strengthening its relationships with customers. This has helped consolidate its position among the most preferred brands among end consumers. Tecnotabla has distinguished itself as a brand synonymous with trends and design, positioning itself as a benchmark in the industry. Over the years, it has managed to penetrate different levels of the value chain, including distributors, manufacturers, carpenters, designers, architects, and interior designers, among others.

By 2024, the structure of distribution channels in the MDF industry in Mexico has remained in line with previous years, highlighting the following key aspects:

- **Expansion of large wholesalers:** Their regional growth has been consolidated, increasing their participation in different links of the value chain and strengthening their market penetration.
- **Professionalization of retail outlets:** The customer experience has been improved through the addition of additional services, such as cutting and sizing, as well as the expansion of the portfolio with complementary products that meet consumer needs. Distributors are increasingly committed to improving the customer experience by offering better after-sales services.
- **Construction sector growth:** The construction sector led industrial growth at the beginning of 2024, with an annual increase of 17.9% compared to January 2023, according to the National Institute of Statistics and Geography (INEGI). In the second quarter of 2024, construction recorded a GDP of MXN 2.39 billion pesos, an increase of 10.9% compared to the previous quarter and 11.5% compared to the same period last year.
- **Strengthening the furniture industry:** In 2024, FDI in furniture manufacturing reached \$89.1 million USD, 47% more than in 2023. In 2025, the industry is expected to continue growing, driven by domestic demand, design, and investment attraction. Training and market diversification will be key.



- **Evolving consumer habits:** Consumers are showing growing concern about the environmental impact of their purchases, driving demand for sustainable and responsibly produced furniture. Personalization and custom design are gaining importance, while the reduction in living space in urban areas has increased the preference for multifunctional furniture. Furthermore, buyers value product quality and durability, as well as a positive and personalized shopping experience.
- **Greater professionalization of small carpenters:** The carpentry sector in Mexico has experienced significant professionalization, especially among small carpenters, thanks to access to diverse training sources. In-person workshops, online tutorials, and the use of social media have allowed them to expand their knowledge in handling materials other than the traditional use of solid wood or plywood, thus optimizing their production and marketing techniques. Furthermore, digitalization and access to new tools have facilitated the adoption of innovative trends, boosting the competitiveness of this segment in the market.
- **Limited participation of home centers:** Despite their market presence, home centers have not yet achieved a significant share in the MDF board market. Factors such as high prices and a limited range of brands and designs have led consumers to prefer national distributors and sub-distributors, who offer a wider variety of products and more competitive options in terms of cost and availability, remaining the backbone of the MDF board market in Mexico.

2.2.3 Source and availability of raw material.

For the Company's forestry segment, the only strategic and significant raw material is the seed or clone with which the trees are generated. Previously, all plantations used seedlings generated through seeds; however, today, all of Proteak's land is being planted with clones, which translates into a significant improvement in the yield of the plantations. Therefore, the Company must ensure the source of both the seeds and the clones.

In the case of Teak seeds, Proteak has the supplier Semillas y Bosques Mejorados S.A. from Guanacaste Costa Rica, however, there are various suppliers in other countries such as Panama, Ecuador, Venezuela and several Asian countries. On the other hand, Proteak obtains seeds from its own garden, thereby reducing its dependence on third-party sources.

For Teak clones, Proteak made an investment in 2011 to develop a clonal garden, in order to ensure the reproduction and growth of seedlings with the same genetic material. From 2012 to 2014, the majority of the genetic material used was acquired from a Brazilian company, Proteca Forestal LTDA, and was also its own; as part of the acquisition of Ecodirecta (on the latter, Proteak does not pay royalties for their use). Although there are several suppliers of Teak clones in the world, the investment made in the clonal garden has allowed Proteak to select and reproduce its own genetic material, applying cutting-edge techniques and guaranteeing the supply of seedlings. It should be noted that the clones that Proteak selects and reproduces are not genetically altered (GMO).

In the case of Eucalyptus, FOMEX was a pioneer of plantations in Mexico and developed expertise and top quality genetic material. In the purchase of FOMEX, a nursery was acquired along with clonal gardens, therefore, Proteak is the owner of the genetic material developed and produced in the area, significantly reducing its dependence on third parties. To continue improving the genetic material and the IMA of the plantations, in 2015 clones of Eucalyptus Eurograndis were purchased from Brazil.

Proteak is constantly innovating, so in 2015 the capacity of the nursery was increased to produce up to 7 million plants annually, enough to plant 3,000 hectares, through the rehabilitation of a third hydroponic module with the capacity to produce 40 thousand mother plants each, 9 new rooting modules of 100 thousand plants each and two organoponic modules of 30 thousand mother plants each.



In both cases, Proteak also has access to one of the largest bases of Teak and Eucalyptus genetic material known through its membership of CAMCORE (Central America and Mexico Coniferous Resources Cooperative), a non-profit organization of the University of North Carolina aimed at providing the best genetic material available for the development of forest plantations.

Regarding land, Proteak has secured almost all of the land necessary to fulfill its business plan, both for Teak and Eucalyptus.

2.2.4 Patents, Licenses, Trademarks, and other Contracts.

Proteak does not have patents or registered technologies related to processes applied within the Company as of December 31, 2024. As for trademarks and trade names, the following are registered:

Mexico:

Designation	Date of Submission
TRUNK PANEL BOARDS MADE OF GOOD WOOD (AND DESIGN)	21-oct-14
TECHNOTABLA (AND DESIGN)	18-feb-15
TABLATEC (AND DESIGN)	18-feb-15
TECHNOBOARD	24-apr-15
TECHBOARD	24-apr-15
TECHNOTABLA ADVANCED PANEL TECHNOLOGY BY PROTEAK	03-dec-18
TECHNOTABLA MDF MADE OF GOOD WOOD BY PROTEAK	03-dec-18
TECHNOTABLA BY PROTEAK	03-dec-18
(DESIGN)	03-dec-18
TECHNOTABLA	03-dec-18
VÉRTICE BY TECHNOTABLA (AND DESIGN)	27-feb-20
VÉRTICE BY TECHNOTABLA	27-feb-20

Table 10 Trademarks and commercial advertisements registered in Mexico

Source: Proteak Uno, S.A.B. de C.V.

Guatemala:

Designation	Date of Submission
TECHNOTABLA BY PROTEAK (AND DESIGN)	02-may-19
TECHNOTABLA: MDF MADE OF GOOD WOOD (AND DESIGN)	02-may-19
TECHNOTABLA ADVANCED PANEL TECHNOLOGY BY PROTEAK (AND DESIGN)	02-may-19

Table 11 Trademarks and commercial notices registered in Guatemala

Source: Proteak Uno, S.A.B. de C.V.



Unite States:

Designation	Date of Submission
TECNOTABLA	18-may-15
ADVANCED PANEL TECHNOLOGY	29-feb-16
PROTEAK RENEWABLE FORESTRY	21-jun-11

Table 12 Trademarks and trademarks registered in the United States of America

Source: Proteak Uno, S.A.B. de C.V.

Costa Rica:

Designation	Date of Submission
PROTEAK RENEWABLE FORESTRY	09-may-11
PROTEAK RENEWABLE FORESTRY	09-may-11
PROTEAK RENEWABLE FORESTRY	10-may-11

Table 13 Trademarks and commercial registered in Costa Rica

Source: Proteak Uno, S.A.B. de C.V.

The trademarks registered in Costa Rica have the same name; however, they refer to different activities (commercialization of logs and sawn logs, manufacturing, and establishment of plantations). These trademarks are in the process of renewal.

Registered trademarks and commercial signs are valid for 10 years from the date of issuance. The "PROTEAK and design" trademark is valid until July 2030.

Trademarks granted after March 2018, and those renewed after this date, are subject to a declaration of use within three months of the third anniversary of their grant or renewal.

Proteak's Teak plantations (older than 5 years) and Eucalyptus plantations are currently FSC® certified for both Chain of Custody and Forest Management. This certificate demonstrates that our wood comes from sustainable sources and that we follow the correct practices throughout the process, which allows us to achieve better prices in the marketing of all products and access to more sophisticated markets.

2.2.5 Key Customers.

When FOMEX was acquired, the company continued selling the Eucalyptus located in marginal areas (far from the MDF plant) to third parties. However, from 2016 to 2021, PRO MDF represented 90% of the sale of sawn logs, and from 2022 to 2024, it represented 100%. This ensured the supply of raw materials needed for our manufacturing process.

In 2016, Proteak started operations through PRO MDF and found that the strategy of advance sales of boards from third parties was successful. By the end of 2024, Tecnotabla has a diversified client portfolio, with over 80 clients. The main clients with whom it has traded are:



Main Clients Tecnotabla 2024	
AGLOMERADOS Y TRIPLAY VIC SA DE CV	16.01%
TRIPLAY Y LAMINADOS GUADALAJARA SA DE CV	15.50%
MADERAS Y PUERTAS GAVILAN SA DE CV	8.71%
MADERAS Y ALGO MAS DE JALISCO SA DE CV	5.09%
MJB TABLEROS Y MADERAS S DE RL DE CV	4.72%
Others (82)	49.97%

Table 14 Main Clients Tecnotabla
Source: Proteak Uno, S.A.B. de C.V.

Within the other category, there is no client with a share of 10% or more.

2.2.6 Applicable Legislation and Tax Regime.

The forestry legislation is regulated by the General Law of Sustainable Forest Development and the regulations derived from it. In October 2013, the Senate and Chamber of Deputies approved the issuance of a new Income Tax Law (LISR), which came into effect on January 1, 2014. With this, the simplified regime was eliminated, and all forestry activities are taxed at 30%.

Proteak's activities are also governed by the General Law of Ecological Balance and Environmental Protection, the General Law for the Prevention and Comprehensive Management of Waste, the Agrarian Law, the Regulation of the Agrarian Law on Rural Property Planning, the applicable Official Mexican Standards, as well as other laws and regulations applicable in environmental and/or forestry matters.

Likewise, due to the land tenure that the Company holds in Costa Rica, transactions occurring within these countries are subject to local regulations and legislation.

AUDITING LAW (Single Circular of External Auditors).

Proteak is subject to the various provisions that regulate the operation of the securities market in Mexico and other foreign regulations related to the Company's securities registered in markets outside of the country.

In this last respect, it is necessary to mention that on April 26, 2018, the CNBV, through COFEMER, published the General Provisions Applicable to Entities and Issuers supervised by the CNBV that contract external audit services of basic financial statements (Auditors Law), in order to improve the quality of external audit services and persons subject to the supervision of the Commission.

Among the main requirements is to have qualified personnel who meet certain requirements to be part of the Audit Committee. This law was published in the Official Gazette of the Federation (DOF) on April 26, 2018, and updated with the reform, published in the DOF on November 15, 2018.

In accordance with the provisions of Annex N of the Issuers Sole Circular (CUE - for its acronym in Spanish), no relevant, current or potential impact of the regulations on climate change is considered due to the current regulatory compliance in our facilities in relation to the emissions of gases and compounds of effect greenhouse. It is important to mention that, due to the high standards of our creditors in terms of environmental and social impact, Proteak is subject to the Guidelines on the Environment, Health and Safety of Boards and Products and Particulate Wood issued by the International Finance Corporation of the World Bank., which has been met to date in accordance with the evaluation criteria of said institutions.

The Company has received a series of subsidies from the National Forestry Commission (CONAFOR), through its National Forestry Program, for its reforestation activities. These subsidies are obtained through a competitive process and awarded in phases. These subsidies are not conditioned on any subsequent performance nor are they subject to repayment in the future.

In the year ending December 31, 2024, no subsidies were received.

2.2.7 Human Resources.

Proteak employees are employed by five of its subsidiaries: Comefor, FOMEX, Pro MDF, Proucalipto, and Comefor Tres Services. At the end of December 2024, Proteak had 121 confidential employees, of which 10 are directors and the rest work in the administrative, forestry, operational, or plant areas. In 2023, the Company had 145 confidential employees. All employees receive legal and social security benefits, and other benefits apply to certain workers depending on the location where they work.

Proteak hires a significant number of temporary or contingent workers to carry out the preparation, establishment, and maintenance of forest plantations. The average number in 2024 was 343 temporary workers. Temporary workers enter into fixed-term contracts with the Company; they are registered with the Social Security Institute (IMSS) and receive legal benefits, in addition to transportation services.

Currently, Proteak employees, with the exception of those in confidential positions, are affiliated with local unions (Tabasco and Veracruz) related to their work, which the Company recognizes as legitimate and sole representatives of their interests, as established in the corresponding Collective Bargaining Agreements. The relationship with the union is cordial, based on understanding, agreements, and mutual support regarding productivity and employee well-being.

In 2024, the average number of permanent employees rose to 267, all located in Mexico, Tabasco, and some in Veracruz. As of December 2024, Proteak had a total of 606 employees, 20% of whom were permanent and 80% unionized. In 2023, the total number of employees was 810, of whom 18% were permanent and 82% unionized. The variation in the total number of employees is due to the possibility of certain forestry activities.

2.2.8 Environment Compliance.

During 2024, Proteak continued to demonstrate its commitment to compliance with environmental regulations through various actions. First, the annual FSC® Forest Management and Chain of Custody audits for the Eucalyptus and Teak plantations were successfully completed. Additionally, the annual reports were submitted to the United Nations Global Compact to demonstrate compliance with human rights, labor standards, environmental, and anti-corruption principles in the Company's operations. The annual report was also submitted to the IFC and FINNFUND, which monitors the application of environmental and social sustainability performance standards. The Health, Hygiene, and Environmental Policy was also implemented, which addressed several aspects, including legal compliance, incorporation of sustainable development into operations, responsibility for safety, and responsible operation in communities. Likewise, the Safety, Health, and Environmental Week was held in all Proteak locations.

2.2.9 Market Information.

In 1990, the world had 4,128 million of hectares of forest; by 2020 that area had decreased to 3,714 million of hectares, and about 31% (1,151 million of hectares) of the world's forests were designated primarily as production forests, which in the forestry world can be divided into two types of timber from a strategic and economic perspective:³

³ FAO, Global Forest Resources Assessment 2015, How are the world's forests changing?, Second Edition, 2016.



Industrial Woods:

These woods are used for the manufacture of paper, cardboard and the construction industry. Some industrial species have a very fast growth rate or IMA, over 30m³/hectare/year, therefore, they have short planting cycles (between 5 and 15 years). While others may have fairly low increases, just 0.9 m³/ha/year, such as the ponderosa pine. At the same time, these woods have a relatively low market value (less than USD 100 per m³).⁴

Within this type of wood, we find softwood species such as Pines (Taeda, Ellioti, Patula and Radiata), and hardwoods such as Eucalyptus (Eucalyptus Grandis, Eucalyptus Urophylla, Eucalyptus Dunni), poplar and oak, among many others.

Fine or High-Value Woods:

Hardwoods of high value refer to those woods primarily used for shipbuilding, manufacturing furniture for both indoor and outdoor use, interior decoration, panels, and terrace construction. The species in this category are known as luxury woods or specialty woods.

This type of wood generally has a slow growth rate (less than 15m³/ha/year) and therefore has longer plantation rotations (20 years) but has a relatively high market value (more than USD \$500 per m³).⁵ Among this type of wood are some tropical hardwoods such as Mahogany, Red Cedar and Teak, temperate woods such as Maple, Walnut and Cherry; and softwoods such as Cypress and Cedar.

Fine Woods: Teak

“In terms of wood, Teak is like a diamond among precious stones”.⁶

Teak is native to India and Southeast Asia (Myanmar, Thailand, Laos) and is the most cultivated quality tropical wood in the world. It is known for having excellent properties, being one of the most valuable in the world. It is characterized by its strength and low weight, its durability, dimensional stability, non-corrosive nature, ease of carving and drying, resistance to termites, fungi and weather, and its beauty. The purposes for which Teak is used are many, such as the construction of bridges and docks, furniture, railway cars and sleepers, and carpentry, in general. It is highly valued in shipyards, where it is used for ship decks; in addition, it is used for carving, and is durable as flooring.⁷

Industrial Woods: Eucalyptus

Eucalyptus is considered to be a precious wood among industrial woods and is also the most profitable due to its rapid growth, growing up to 75 m high with a 2 m diameter. After year 5, its properties are optimal for structural uses. Eucalyptus is remarkably diverse but 83% is used as cellulose in paper. The other 17% is used to manufacture posts, boards, furniture, veneer, among other uses.

Tropical Wood Market in the World:

Papua New Guinea and Malaysia lead the list of the largest exporters of tropical roundwood, while China and India position themselves as the largest importers of this product. Countries previously on the export list, such as Myanmar, significantly

⁴ Evans Julian, Turnbull John W.: Plantation Forestry In The Tropics The Role, Silviculture And Use Of Planted Forests For Industrial, Social, Environmental And Agroforestry Purposes 3 Rev Ed Oxford University Press (United Kingdom), 2004.

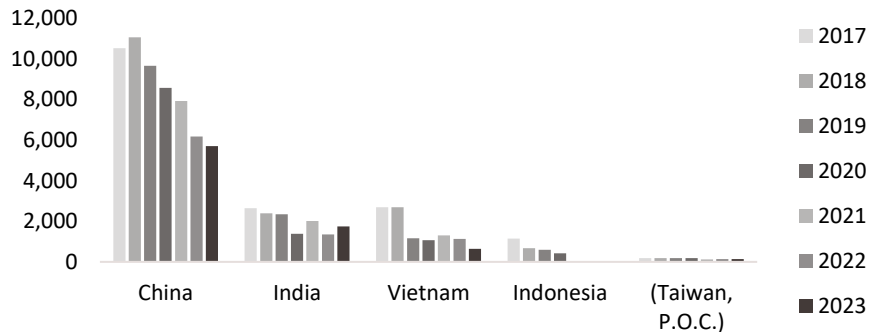
⁵ Ibidem.

⁶ ITTO Tropical Forest Update Volume 12 Number 1, OTTI, 2004, Page 3.

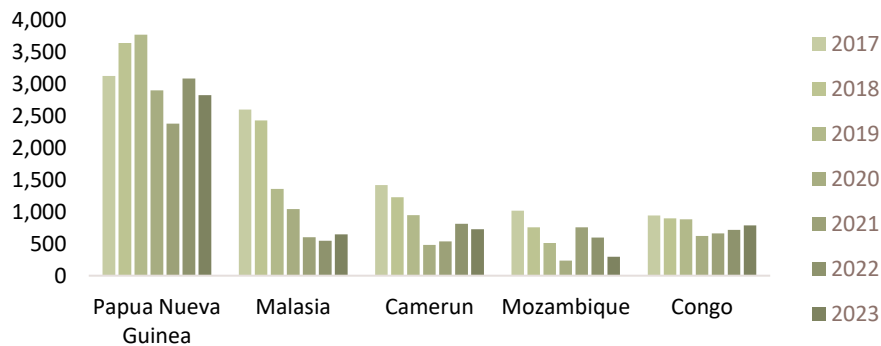
⁷ Ibidem. Pág. 3. El futuro de la Teca en la América Tropical <http://www.fao.org/docrep/n6845s/n6845s02.htm>.



reduced their exports as a result of government bans. In general, a decrease in imports is observed, mainly due to the slowdown in the economy



Graph 6: Importers of Tropical Wood
Source: ITTO Biennial Review



Graph 7 Exporters of Tropical Wood
Source: ITTO Biennial Review

The most recent studies indicate that the growth rate in wood consumption is in line with population growth. Currently, most of the world's production comes from unsustainable sources (natural forests). Plantations will play a much more important role in meeting this demand as natural forests are exhausted or will be protected. Satisfying this demand in the future will require more than 9 million of hectares of forest plantations, above the 4.3 million of hectares of Teak currently planted, which are mainly composed of sub-optimal quality and growth plantations.

The clearest trend in the supply of Teak wood in the market is that as deforestation, or protection, of natural forests progresses, the dimensions of natural trees will get closer and closer to the dimensions of plantation trees, erasing thus the difference that exists today in the perception of quality of one wood and another. Another very important trend that will gain more and more strength is the consumption of certified wood. It is important to clarify that not all forest plantations are likely to be certified because a good part of them did not follow the high sustainability standards required from their origins.



According to the ITTO (International Tropical Timber Organization) in May 2014, the major global certification bodies (FSC and PEFC) reported a total gross area of 438 million of hectares under their individual (approved) certification standards, of which only 182,000 hectares of Teak are certified.⁸

World Teak Market

Teak is one of the tropical woods with the greatest added value and one of the most difficult to obtain from natural forests. Teak is primarily obtained in Southeast Asia, as it originates from the tropical forests of Asia. Trends in Teak trade are mainly determined by the behavior and performance of the Asian market. It is estimated that the natural Teak forests expand 29 million of hectares, mainly in India, Laos, Myanmar and Thailand, half of this figure is found in Myanmar. The estimated area of Teak plantations worldwide is 4.3 million of hectares, of which 83% is in Asia, 11% in Africa, about 6% in the Americas and less than 1% in Oceania.⁹

On a global scale, 2 to 2.5 million of cubic meters of Teak are harvested annually, including from natural forests and forest plantations, with forest plantations being the main source of harvest, accounting for 1 to 1.5 million of cubic meters. It is estimated that this level of production will increase, particularly from forest plantations in Central and South America. Myanmar is the only country producing high-quality Teak from natural forests, while India, Laos, and Thailand have logging bans in their forests (illegal logging has been detected). Although there is no exact information on Myanmar's production, it is estimated that the maximum sustainable Teak production in this country is 50,000 cubic meters per year.¹⁰

Due to the fact that natural Teak production has reached its sustainable extraction limit, it is highly likely that the supply from natural forests is decreasing. According to estimates from the ITTO, prices for high-quality Teak logs exceed USD \$1,800 per cubic meter in Myanmar, while lower-quality Teak sawn timber can be sold for up to USD \$1,000 per cubic meter.

The only known substitute for natural Teak is that produced in commercial plantations. Although it is cheaper than naturally extracted Teak, plantation Teak has been well accepted in the market.

Since the first Teak plantation was established at Nilambur, in the state of Kerala (India) in 1842, the production of high-quality wood has been carried out with relatively long rotation cycles of 50–70 years. However, shorter rotations of 20–30 years are now being used in many countries for veneer and sawlog production in order to achieve relatively faster returns. A new wave of innovation promises to reduce rotations to cycles of 15 to 20 years, which will allow even greater availability of Teak in world markets.

Only 1.1% of the world's commercial plantations are made of Teak.¹¹

The introduction of Teak beyond its natural environment is a relatively recent phenomenon. The 83% of the world's teak plantations are found in the tropics of Asia (India and Indonesia being the most prominent), with 11% being planted in the tropical region of Africa (mainly Ghana and Nigeria). 5% has been planted in tropical regions of the Americas, with Panama, Costa Rica, Ecuador, and Brazil being the most prominent.¹² It is estimated that about 225,000 hectares have been planted

⁸ Biennial Review and Assessment of the World Timber Situation 2013-2014, World Tropical Timber Organization, 2015.

⁹ Kollert, W. and Cherubini, L. 2012. Teak resources and market assessment 2010. FAO Planted Forests and Trees Working Paper FP/47/E, Rome. Available at: <http://www.fao.org/forestry/plantedforests/67508@170537/en/>

¹⁰ Ibidem, pp. 7.

¹¹ Camino, Ronnie de, Teak Plantations in Latin America: Myths and Realities, FAOCATIE, 2013, pp.4.

¹² The global Teak Study, Analysis, Evaluation and Future Potential of Teak Resources, Kollert W. Kleine M., 2017.



in Latin America, and in Central America, there is the potential to plant at least another 100,000 hectares. This, within 20 years the potential production of Teak for Latin America would be around 1,300,000m³.¹³

As the trend for teak from commercial plantations with 20-30-year rotations continues to grow, the teakwood products industry is expected to develop new technologies for the harvesting of young wood.

Domestic Teak Production

Mexico presents optimal ecological niches for the proper development and high yield of Teak in states with a tropical climate such as Chiapas, Campeche, Tabasco, Veracruz and Oaxaca. In addition, commercial Teak plantations have been carried out in Michoacán, Puebla, Jalisco, Colima, Nayarit and Tamaulipas, which also contemplate the planting of other precious woods, such as red cedar, mahogany, primavera, etc.¹⁴

Teak was first introduced to Mexico in 1950 by the now-defunct Papaloapan Commission, with the establishment of some plantations in Tabasco, Veracruz, Chiapas, and Campeche. According to the National Forestry Commission, Mexico has two main groups of Teak plantations: mixed plantations and exclusive Teak plantations. With the implementation of the Program for the Development of Commercial Forest Plantations (PRODEPLAN), the planted area of Teak along with other species from 2000 to 2014 was 177,216 hectares; while Teak-only plantations during the same period were 25,324 hectares. The most recent information shows that Campeche accounts for 34.8% of the established Teak area, followed by Tabasco with 28.7%, Chiapas with 11.6%, Veracruz with 9.0%, Nayarit with 7.7%, and the other states collectively account for 8.2%.¹⁵

Determination of Teak Prices

Proteak's biological assets (specifically Teak), and mature Teak in particular, are a commodity, and therefore their value is usually denominated in US dollars.

Teak prices depend, in addition to the supply/demand balance, on the diameter and length of the log, which in turn depends on age, soil, climate, irrigation, fertilization, quality (percentage of heartwood, knots, pith, certification, and defects), and the distance between the origin and consumption markets.

Forestry treatments such as thinning and pruning, if carried out rationally, can also improve wood quality, producing wood with minimal knots and curvature, less taper, and more heartwood.

¹³ Ibidem, pp.14.

¹⁴ Main Timber Species Established in PFC by Federal Entity, CONAFOR, 2015.

¹⁵ Ibid.



The following table illustrates the variables that affect Teak prices:

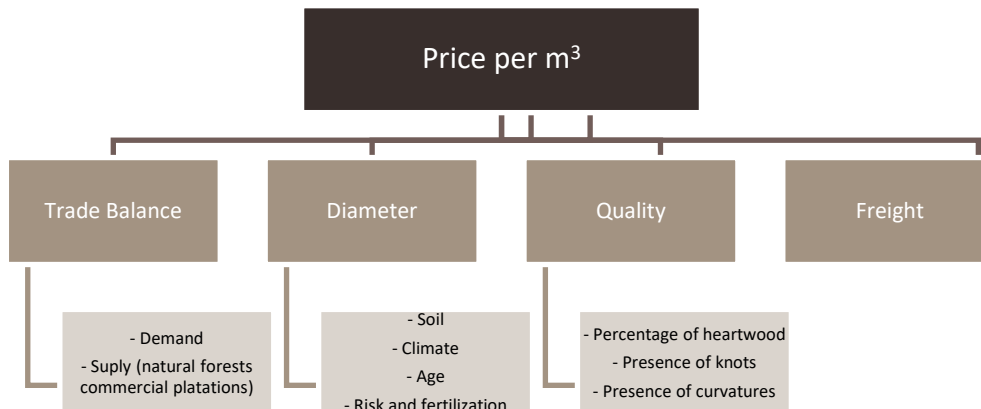


Figure 1 Factors that determine the price of Teak
Source: SAI with ITTO data and SAGARPA (FUMIAF) report.

Although there is no international system for classifying the quality of Teak wood, the best-known system is the one used by Myanmar for classifying the wood that is auctioned in the markets of the Burmese capital. This system classifies the wood according to the quality, as well as the diameter of the trunk (the larger the diameter, the greater the amount of wood to be sawn). The system has 8 levels, of which the first 3 indicate the highest quality wood and age for veneer (veneer quality). These 3 types of quality occur only in natural plantations, and the remaining 5 classify quality wood for sawmills (sawing quality). High quality lumber is very scarce and fetches prices in the thousands of dollars per m³, while sawmill grade lumber is the most common and similar to lumber produced on commercial plantations.

Myanmar's classification system has the following categories:

- Third Quality (4 Q)
- Sawing grade I (SG-1)
- Sawing Grade II (SG-2)
- Sawing Grade III (SG-3)
- Sawing Grade IV (SG-4)
- Sawing Grade IV (SG-5)
- Sawing Grade IV (SG-6)
- Sawing Grade IV (SG-7)

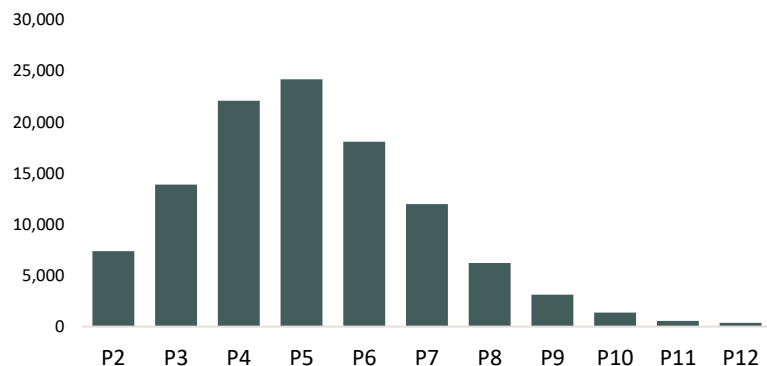
As for future forecasts, given the distribution of the age ranges and the long rotations no significant increase in the supply is expected in the next 20 years. The overexploitation of natural forests and their consequent reduction will be replaced by production in commercial plantations. Although in the short term the price of Teak has been affected due to factors such as the economic slowdown in India and the weakness of the Rupee (INR), according to Coillte Consult, it can be expected that in the long term the price of wood grows at or above inflation, considering a 1% potential real growth per year as a conservative estimate.

Market Trends

As mentioned, Teak is the only economically viable plantation-based tropical hardwood and will therefore significantly increase its share of the tropical plantation wood market in the coming years.



Our market presence continues through our exports of roundwood and sawn timber to Asia.



Graph 8 Volume by size category for roundwood
Source: Proteak Analysis

Competition

Because the teak market in Mexico is very small and still developing, there are not many major competitors in the market. Among the most significant competitors is Santa Genoveva, an agricultural company that started planting in 2002 and which plans to grow 19,560 hectares over 20 years. In 2008, the company raised funds through a structured instrument for the development of this growth plan.

Derived from the fact that our main sales are for export, our main competitors are large global players, but it is worth noting that the Teak market has such high levels of demand that currently all producers/marketers cannot satisfy it.

Carbon Capture

The Company firmly believes that carbon capture will make a significant contribution to mitigating climate change. It also seeks to demonstrate that forest plantations are an ideal instrument to encourage private investment in the sector, in addition to promoting afforestation projects in local communities. Additionally, the project will contribute to sustainability in Mexico, by i) increasing the supply and quality of work; ii) decentralized rural development; iii) increase net production value, iv) improvements in the fiscal balance; v) preservation of biodiversity, and vi) preservation and improvement of soil quality.

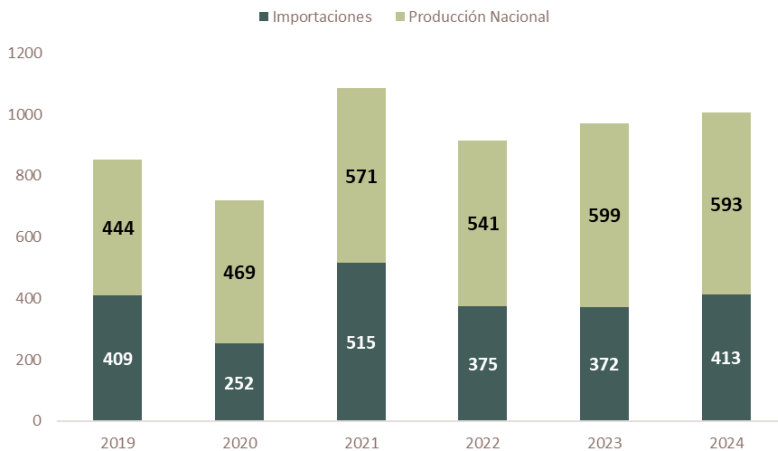
MDF Mexican Market

By the end of 2024, the Mexican MDF board market surpassed a volume of 1,006,000 m³, representing a 4% increase compared to the previous year. During this period, a significant increase in the share of imports was observed, especially those from Asia. In particular, coated boards experienced notable growth, reaching 31% of the total market at year-end, compared to 10% in 2019. This segment has experienced steady growth thanks to the incorporation of some new brands, however, perhaps even more so due to a board leaning more toward a generic and economical market.

In the area of domestic production, the main players maintain their consolidation in the Mexican market. Among the most notable brands are Tecnotabla, Arauco, and Duraplay. The latter announced in 2023 the acquisition of the particle board plant located in Chihuahua, formerly owned by Masisa. Additionally, Arauco's new medium-density fiberboard (MDF) production line in Zitácuaro, Michoacán, Mexico, is expected to begin operating by early 2026. This initiative represents an



estimated investment of \$235 million USD and will have an annual production capacity of 300,000 m³ of boards, as well as a melamine coating capacity of 150,000 m³. Arauco's expansion reaffirms confidence in the Mexican market and generates positive expectations regarding foreign direct investment. It is estimated that the supply from domestic producers, once the new line is operational, will contribute to reducing Asian MDF imports.



Graph 9: National MDF Market (m³)
Source: Proteak Uno, S.A.B de C.V.

MDF Prices in Mexico

During 2024, a general downward price trend was recorded in the natural MDF board market. This trend, observed since the second half of 2022 and continuing throughout 2023 and 2024, is attributed to the market stabilization process following an extraordinary year of activity in 2021. The price decline was influenced by imports of value-added products from Asia, which exerted pressure in some regions of the country.

Despite this downward trend, growing demand in the Mexican market helped prevent a further decline. The average price of 6,608 MXN/m³ at the end of 2024, reflecting a -7% decrease compared to 2023, natural MDF in our domestic sales of \$5,741 MXN/m³ in 2024, and \$10,853 MXN/m³ for value-added MDF. Although there was a slight rebound at the beginning of the year, the price trajectory continued to decline.

However, towards the end of 2024, a rebound in prices was observed, which could indicate a stabilization of supply and demand in the market for the year 2025.

Market Trends

The Mexican panel market has shown sustained growth and constant evolution. In 2024, greater dynamism is expected, driven by the entry of new competitors and an increase in the supply of products with diverse characteristics and designs. The availability of products differentiated by their variety of colors, styles, and combinations has had a significant impact on the melamine market, consolidating it as a highly competitive option compared to other materials in the furniture industry's productivity. In this context, MDF is positioned as an attractive alternative in terms of cost, quality, and productivity.



The strengthening of domestic producers, the professionalization of distributors, and the increased awareness of manufacturers of various sizes have contributed to the sector's growth. Likewise, the participation of strategic partners, such as architects, designers, universities, and social media content creators, has increased the presence and impact of MDF among end consumers, consolidating its use in various sectors across the country.

Despite challenges such as the contraction in demand following the pandemic, the downward trend in MDF prices, and the increase in imports, the market remains dynamic. Key factors driving this trend include:

- **Greater penetration of MDF:** Natural wood, plywood, and other materials have been progressively replaced by MDF, thanks to increased awareness of its attributes and advantages, as well as its correct use. Furthermore, design, innovative combinations, and improved properties (greater strength, better printing, and better textures) have favored the acceptance of melamine among consumers.
- **Change in consumer habits:** The evolution of end consumer preferences has influenced all links in the value chain, driving the supply of products that respond to this demand and reducing purchase turnover times and trend or fashion cycles in spaces/environments.

Although MDF board consumption in Mexico has increased in recent years, it is still below the per capita levels of other countries. The arrival of new competitors, the growth in the supply of value-added products, the incorporation of technology in manufacturing, and the participation of sectors such as construction and design present key opportunities for industry development. Additionally, the display of materials at fairs, expositions, and design events contributes to market expansion, opening up new growth opportunities for MDF in Mexico.

Competition

In Mexico, the MDF market has several national producers, including Tecnotabla, Arauco, Emman, Macosa, and Duraplay. Furthermore, the offering of value-added products has diversified with the presence of brands from both national manufacturers and importers and distributors with their own brands. Among the most relevant are Tecnotabla, Duraplay, Cúbica, Melanove, Mademel, Navetta, Lobus, Pelikano, Vesto, Arauco Melamina, and Kronospan, among others. These brands have gained ground in recent years and are seeking to consolidate their position as consumer favorites by 2025.

At year-end, domestic production reached a 60% market share, benefiting local manufacturers due to the dynamism of the sector and certain logistical challenges associated with importing boards, such as freight costs, exchange rate fluctuations, and bottlenecks at some of the country's ports. However, global trends present new growth opportunities for the industry in Mexico. A clear example is the entry of foreign brands, which have increased their market share in various regions of the country. This reflects the continued expansion of the MDF segment, positioning Mexico as an attractive market for foreign investment.

2.2.10 Corporate Structure.

Proteak was established on September 11, 2001, by public deed number 1,003, granted before Notary Public Alfredo Bauza Witte, Notary Public number 230 of Mexico City and registered in the Public Registry of Commerce of the Federal District under commercial folio 281217.

Pro MDF S.A.P.I de C.V. is a subsidiary of Proteak, whose main objective is the construction, equipment, and operation of a medium-density fiberboard (MDF) plant. The company was incorporated on April 22, 2013, and began operations in June 2016.



Comefor began operations in 2007, with the objective of marketing wood from Proteak's first thinnings. It was incorporated on April 19, 2007, through public deed number 28,245, granted before Notary Public José Eugenio Castañeda Escobedo, Notary Public number 211 of Mexico City, and registered in the Public Registry of Commerce of the Federal District under commercial folio 365817 on June 16, 2007. On October 27, 2009, the shareholders' meeting was held, at which Comefor was consolidated as a subsidiary of Proteak.

Since 2011, Proteak, in order to expand its operations in Central America, created new companies: Proteak Panama, Proteak Forestry, Proteak Vehicle, Proteak Commercial, Proteak Dos, Proteak Tres, Proteak Tres Branch, Proteak Colombia International Marketing Company and Comefor International.

Currently, three companies in the group: Proteak Uno and FOMEX in Mexico, as well as Proteak Forestal in Costa Rica, maintain forestry assets, with FOMEX dedicated to eucalyptus and the other two to teak. Pro MDF maintains the assets necessary for industrial production. FOMEX and Pro MDF have employees since Mexico's subcontracting reform.

A diagram describing the composition of Proteak is shown below:

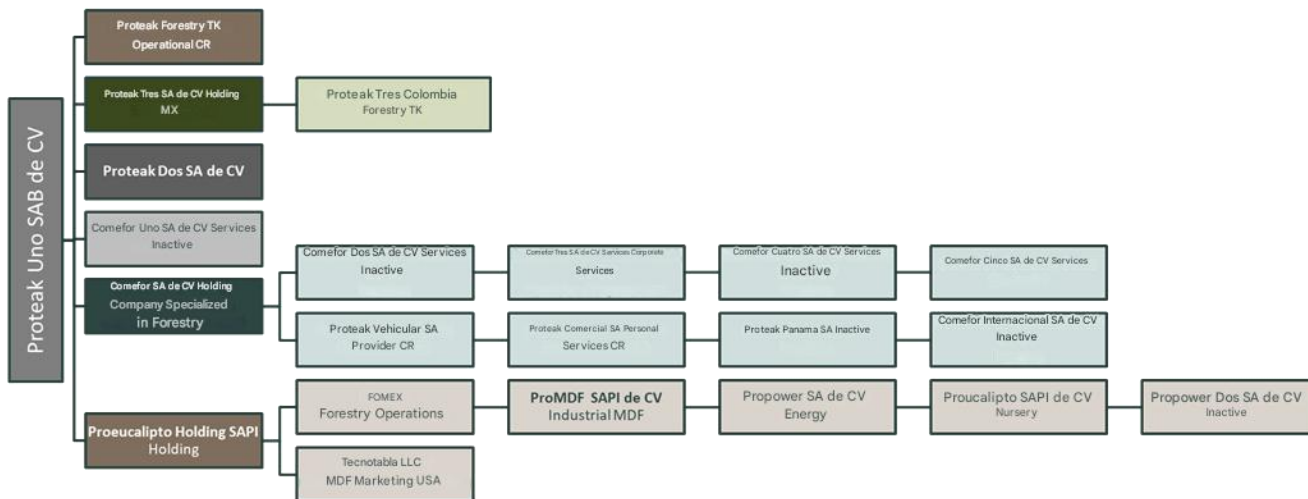


Diagram 1 Corporate Structure
Source: Proteak Uno, S.A.B. de C.V.

2.2.10.1 Control of the Issuer.

Proteak does not have any person or group of persons exerting control over it, nor does it have any special class of shares granting any special rights to its holders.

2.2.11 Description of its main assets.

Proteak's main assets are the lands where the plantations are located and the Biological Asset (trees) that are growing on these lands, together they make up what are called Forest Assets.

The asset owned by Pro MDF is described below:

Ranch	Country	State	Area / Has
Los Naranjos	Mexico	Tabasco	31
TOTAL			31

Table 15 Pro MDF Properties
Source: Proteak Uno, S.A.B. de C.V

Pro MDF's asset list includes the MDF plant, built on the Los Naranjos site and with a useful life of up to 25 years. This plant has a net installed capacity of 260,000 m3 of MDF board. Two years after starting operations, production reached more than 190,000 m3. During 2022, production exceeded 210,000 m3. To date, there are no plans to build, expand, or improve the facilities.

Below is the list of properties owned by FOMEX, the effective area level of the land is on average 80%:

Ranch	Country	State	Surface (ha). Deed
Plots 12, 13, 23, 24, José María Pino Suárez	Mexico	Tabasco	400
75 Bis, Manuel Sánchez Marmol	Mexico	Tabasco	49
Plot 3, Laguna del Rosario	Mexico	Tabasco	79
Plots 60 y 64, Agrícola Gregorio Méndez	Mexico	Tabasco	52
Plot 14, José María Pino Suárez	Mexico	Tabasco	100
Plot 10, Ranchería Tierra Colorada	Mexico	Tabasco	50
Plot 87, Manuel Sánchez Marmol	Mexico	Tabasco	100
Plots 50-A, 59, A, 59B, 55, 58, Agrícola Venutiano Carranza	Mexico	Tabasco	179
Plot 16, Laguna del Rosario	Mexico	Tabasco	100
Plot 27, Laguna del Rosario	Mexico	Tabasco	100
Plot 40, Laguna del Rosario	Mexico	Tabasco	100
Plot 19, Fracc. 1, Laguna del Rosario	Mexico	Tabasco	100
Plot 33, 109, 109A, Cuitlahuac, Chiapas	Mexico	Veracruz (Choapas)	239
Rustic Property Ranchería Tancochapa	Mexico	Tabasco	100
Plots 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15, 16, 26, 27, Col Pedro C. Colorado	Mexico	Tabasco	711
Rustic Property Ranchería Tierra Colorada	Mexico	Tabasco	25
Rustic Property Ranchería Tancochapa	Mexico	Tabasco	2,246
Section of Rustic Property	Mexico	Veracruz (Choapas)	10
Plot 88, Manuel Sánchez Marmol	Mexico	Tabasco	100
El Ausente	Mexico	Tabasco	196
Los Panchos	Mexico	Tabasco	490
Valle Verde	Mexico	Tabasco	316
Piñas Primavera	Mexico	Tabasco	280
Santa Elena	Mexico	Tabasco	100
El Trebol (Promesa de compra venta)	Mexico	Tabasco	553
Eucaliptos Maravilla	Mexico	Tabasco	275
TOTAL			7,051

Table 16 FOMEX Properties
Source: Proteak Uno, S.A.B. de C.V.



These assets are the properties owned by Proteak. Similar to FOMEX, the effective land area averages 80%:

Ranch	Country	State	Surface (ha). Deed	Ranch	Country	State	Surface (ha). Deed
AJENGIBRE	Mexico	Jalisco	676	LA LAGUNA	Mexico	Tabasco	400
ARDILLAS	Mexico	Nayarit	131	LAS AMAPAS	Mexico	Tabasco	360
ASTERISCO	Mexico	Chiapas	98	LAS CAOBAS	Mexico	Tabasco	317
CAPITAN	Mexico	Nayarit	253	LOS BRASILES	Mexico	Tabasco	360
CAPRI	Mexico	Chiapas	14	LOS CEDROS	Mexico	Tabasco	100
CUVADONGA	Mexico	Tabasco	196	MARIACHI	Mexico	Nayarit	114
DESENREDO	Mexico	Nayarit	86	NUEVA PEZUNA	Mexico	Chiapas	20
DIAMANTE	Mexico	Tabasco	62	PASIONES	Mexico	Nayarit	179
DON JUSTI	Mexico	Tabasco	77	PEDIATRA	Mexico	Nayarit	229
EL ABUELO	Mexico	Tabasco	494	PIEDRASANTA	Mexico	Tabasco	356
EL AZTECA	Mexico	Tabasco	378	POCITO	Mexico	Tabasco	600
EL ESTABLO	Mexico	Chiapas	35	SAN AGUSTIN	Mexico	Chiapas	70
EL MILAGRO	Mexico	Chiapas	105	SAN JUAN	Mexico	Chiapas	102
EL PORVENIR	Mexico	Tabasco	67	SAN PABLO	Mexico	Tabasco	180
EL RINCON	Mexico	Chiapas	138	SANTA ROSA	Mexico	Tabasco	95
EMPENO I y II	Mexico	Nayarit	314	TINTAL	Mexico	Tabasco	385
ENREDO	Mexico	Nayarit	103	VICTORIA 2	Mexico	Nayarit	108
ESPERANZA	Mexico	Nayarit	64	VICTORIA 7	Mexico	Nayarit	89
INSOMNIO	Mexico	Nayarit	138	ZOMBIE	Mexico	Chiapas	157
LA ESTRELLA	Mexico	Chiapas	214	TOTAL			7,864

Table 17 Proteak Properties
Source: Proteak Uno, S.A.B. de C.V.

Proteak preserves and protects natural areas. In Costa Rica, environmental law states that if a piece of land remains untouched for more than 3 years and native vegetation from the area invades it, it automatically becomes a protected area.

The loan granted by the IFC and PROPARCO has collateral guarantees on some rural and/or urban properties as well as biological assets.

Another important asset of Proteak is the biological asset, which is made up of the usable forest mass or flight.

Additionally, Proteak has its own machinery and equipment to carry out forestry operations, which includes agricultural machinery and implements (tractors, harvesters, loaders, rakes, borderers, etc.). On the other hand, Pro MDF, the subsidiary dedicated to the manufacture of MDF boards from eucalyptus, has the civil works and buildings corresponding to the plant located in the municipality of Huimanguillo, Tabasco, as well as all the machinery and equipment involved in the production process.

In compliance with the terms of the loan agreement entered into between Pro MDF and AKA, dated January 14, 2014, a guarantee is required, which is controlled by the Irrevocable Guarantee Trust agreement identified under number F/2137. As of December 31, 2024 and 2023, the assets that make up MDF's industrial plant are contributed to said trust.

The details of the credits are described in section 3.3 Relevant credit information of this report.

2.2.12 Judicial, Administrative or Arbitration Processes.

There are no pending judicial, administrative, or arbitration proceedings against Comefor or the Trustee that are relevant to the holders. We are also not aware of any proceedings against Proteak, Comefor, or the Trustee that could be brought by government authorities that would represent a material contingency for the Company's financial situation.

As of the date of this Annual Report, Proteak and Pro MDF report that the assumption established in Article 9, Section II, and Article 10, Section I of the Insolvency Law has been met. Furthermore, the Insolvency authority is currently validating the request for Insolvency declaration filed by FOMEX.

2.2.13 Representative Shares of the Social Capital.

As of December 31, 2024, and December 31, 2023, there are 244,736,886 shares outstanding, respectively.

During 2023, 249,957 Ordinary Participation Certificates (CPOs) with a par value of \$3.00 were subscribed, for an amount of \$750. Additionally, a premium was decreed for the subscription of said CPOs for a net amount of \$1,106.

Similarly, during 2023, the Company's Management agreed to cancel the reserve for its established employee stock plan, which canceled other reserves for MXN \$18,709.

The Company's share capital as of December 31, 2024, is comprised as follows:

	Number of shares	Amount
Series "T" shares representing the minimum fixed share capital, without withdrawal rights	450,995,007	2,656,820
Series "K" shares representing the minimum fixed share capital, without withdrawal rights	901,990,014	
Subtotal	1,352,985,021	
Series "T" treasury shares	(81,412,324)	
Series "K" treasury shares	(163,324,562)	
Total of series "T" and series "K" shares	1,108,248,135	2,656,820

Table 18 Series "T" and Series "K" Shares"

Source: Audited Financial Statements

In the event of the Company's liquidation, Series "T" shares will have the right to receive land in payment for their corresponding shareholders' equity, in accordance with the current Agrarian Law.

Dividends paid in cash or in kind by Mexican companies are subject to income tax if the dividends are paid from profits not taxed under the Income Tax Law (LISR). In this case, the dividends will be taxed by multiplying them by a factor of 1.4286 and applying the income tax rate of 30% to the result. This income tax must be paid by the Company distributing the dividends.

Additionally, it is established that entities that distribute dividends to their shareholders, whether individuals or residents abroad, must withhold the corresponding 10% income tax, which will be paid in Mexico. The foregoing will not apply when the distributed dividends come from the "net taxable profit" account.

In the event of a capital reduction, the procedures established by the Income Tax Law (LISR) stipulate that any surplus balance in the contributed capital account be given the same tax treatment as that applicable to dividends.

As of December 31, 2024 and 2023, the Company has no balance in its Net Taxable Income Account (CUFIN).

Share-based Payments

As of December 31, 2023, the Company's Management decided to cancel the CPO plan it had established. As a result, the CPOs designated for this plan were canceled as follows:

	Number of CPOs
As of January 1, 2023	3,365,000
Cancelled 2023	(3,365,000)
As of December 31, 2023	-

Table 19 Cancellation of CPO
Source: Audited Financial Statements

See Note 17.2 of the Audited Financial Statements.

2.2.14 Dividends.

During 2024, Proteak did not pay dividends.

Loss per share and dividends

In 2024 and 2023, basic earnings (loss) per share and diluted earnings (loss) per share were determined as follows:

	2024	2023
Net (loss) attributable to controlling interest	(626,511)	(279,565)
Weighted average common shares outstanding	1,018,019	1,018,019
(Loss) per basic share	(0.565)	(0.252)
Net (loss) attributable to controlling interest	(626,511)	(279,565)
Weighted average common shares outstanding and average dilutive common shares	1,018,019	1,018,019
(Loss) per diluted share	(0.565)	(0.252)

Table 20 Loss per share and dividends
Source: Audited Financial Statements

There are no transactions that could potentially dilute the profit attributable to the controlling interest.

Financial Information

3.1 Selected financial information

Selected financial information is presented below. To facilitate comparability of data, see Note 4 of the Audited Financial Statements, Summary of Accounting Policies.

	2024	2023	2022
Net Income	1,154,045	1,395,810	1,919,690
Gain from Change in Fair Value of Biological Assets	87,610	(57,261)	(473,536)
Subsidies Received	-	2,877	-
Cost of Sales	(1,169,243)	(1,339,808)	(1,448,973)
Administrative and Selling Expenses	(251,451)	(278,281)	(296,275)
Other Income - Net	32,886	18,683	30,777
OPERATING INCOME (LOSS)	(146,153)	(257,980)	(268,317)
Income Taxes	21,768	(115,144)	50,146
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(682,200)	(300,717)	(296,540)
Results from Discontinued Operations	-	-	-
CONSOLIDATED NET INCOME (LOSS)	(682,200)	(300,717)	(296,540)

Table 21 Consolidated Income Statement (MXN '000)

Source: Audited Financial Statements

Assets	dec-24	dec-23	dec-22
Cash and cash equivalents	18,827	86,703	273,348
Customers	43,173	88,433	193,691
Recoverable taxes	214,502	200,239	208,210
Accounts receivable from related parties	16,889	10,874	8,359
Sundry debtors	70	117	51
Inventory of wood and processed wood	288,986	384,285	482,205
Mature consumable biological assets	123,343	123,343	150,767
Advance payments	64,178	47,077	115,646
Long-lived assets held for sale	13,277	13,277	-
Restricted cash	3,258	90,741	161,537
Right-of-use assets	150,081	203,537	192,974
Biological assets, mature and immature consumables	1,938,232	1,562,213	1,628,897
Real estate, machinery, and equipment	2,417,344	2,513,350	2,579,528
Deferred income tax	125,973	183,436	138,302
Joint venture investment	331,639	292,672	267,178
Advance payments	3,796	6,151	3,161
Security deposits	920	1,113	590
Total Assets	5,754,488	5,807,561	6,404,444

Table 22 Proteak Assets Distribution (MXN '000)

Source: Audited Financial Statements

	2024	2023	2022
Profit (loss) per share MXN	(0.565)	(0.252)	(0.274)
Depreciation and amortization for the fiscal year	182,040	164,987	128,662
Accounts receivable turnover (times)	26.73	15.78	9.91
Accounts payable turnover (times)	(4.97)	(5.18)	(6.88)
Inventory turnover (times)	(4.05)	(3.49)	(3.00)

Table 23 Financial Indicators

Source: Audited Financial Statements

Statement of Financial Position

Assets	2024	2023	2022	Variations 2024-2023	Δ 2024-2023
Cash and cash equivalents	18,827	86,703	273,348	(67,876)	(78.3%)
Customers	43,173	88,433	193,691	(45,260)	(51.2%)
Recoverable taxes	214,502	200,239	208,210	14,263	7.1%
Accounts receivable from related parties	16,889	10,874	8,359	6,015	55.3%
Sundry debtors	70	117	51	(47)	(40.2%)
Inventories	288,986	384,285	482,205	(95,299)	(24.8%)
Mature consumable biological assets	123,343	123,343	150,767	-	0.0%
Advance payments	64,178	47,077	115,646	17,101	36.3%
Long-term assets held for sale	13,277	13,277	-	-	0.0%
Current Assets	783,245	954,348	1,432,277	(171,103)	(17.9%)
Restricted cash	3,258	90,741	161,537	(87,483)	(96.4%)
Right-of-use assets	150,081	203,537	192,974	(53,456)	(26.3%)
Biological assets, mature and immature consumables	1,938,232	1,562,213	1,628,897	376,019	24.1%
Property, plant, and equipment	2,417,344	2,513,350	2,579,528	(96,006)	(3.8%)
Deferred income taxes	125,973	183,436	138,302	(57,463)	(31.3%)
Joint venture investment	331,639	292,672	267,178	38,967	13.3%
Advance payments	3,796	6,151	3,161	(2,355)	(38.3%)
Security deposits	920	1,113	590	(193)	(17.3%)
Non-Current Assets	4,971,243	4,853,213	4,972,167	118,030	2.4%
Total Assets	5,754,488	5,807,561	6,404,444	(53,073)	(0.9%)
Suppliers	235,051	258,650	210,492	(23,599)	(9.1%)
Sundry creditors	99,747	67,318	130,976	32,429	48.2%
Finance leases	64,118	70,762	54,682	(6,644)	(9.4%)
Accounts payable to related parties	2,815	794	1,563	2,021	254.5%
Provisions	10,127	15,997	16,497	(5,870)	(36.7%)
Contract liabilities	157,252	90,092	49,929	67,160	74.5%
Income tax payable	47,730	49,057	15,326	(1,327)	(2.7%)
Short-term credits	2,184,603	476,211	449,796	1,708,392	358.7%
Short-Term Liabilities	2,801,443	1,028,881	929,261	1,772,562	172.3%
Labor obligations	16,019	15,385	9,134	634	4.1%
Long-term finance leases	53,434	93,550	98,236	(40,116)	(42.9%)
Long-term credits	-	1,344,936	1,636,285	(1,344,936)	(100.0%)
Deferred income tax	506,838	540,006	437,005	(33,168)	(6.1%)
Long-term Liabilities	576,291	1,993,877	2,180,660	(1,417,586)	(71.1%)
Total Liabilities	3,377,734	3,022,758	3,109,921	354,976	11.7%
Subscribed and paid-in capital	2,656,820	2,656,820	2,656,070	-	0.0%
Share premium	152,851	152,851	153,957	-	0.0%
Other reserves	-	-	18,709	-	0.0%
Accumulated deficit	(598,085)	(318,520)	(12,753)	(279,565)	87.8%
Profit (loss) for the year	(626,511)	(279,565)	(305,767)	(346,946)	124.1%
Accumulated translation adjustment	411,155	148,187	347,770	262,968	177.5%
Revaluation surplus	335,759	325,957	312,525	9,802	3.0%
Other equity items (non-controlling interest)	44,765	99,073	124,012	(54,308)	(54.8%)
Shareholders' equity	2,376,754	2,784,803	3,294,523	(408,049)	(14.7%)
Total liabilities and stockholders' equity	5,754,488	5,807,561	6,404,444	(53,073)	(0.9%)

Table 24 Consolidated Balance Sheet (MXN '000)

Source: Audited Financial Statements

Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

Funds held in banks and investments, as well as excess cash, are invested through banks with high credit quality and in highly liquid instruments. Cash and cash equivalents at the end of the period are comprised as follows:

	2024	2023
Cash and bank balances	18,612	85,746
Cash equivalents	215	957
Total cash and cash equivalents	18,827	86,703

Table 25 Cash and cash equivalents (MXN '000)

Source: Audited Financial Statements

Restricted cash

As of December 31, 2024 and 2023, the restricted cash balance is comprised as follows:

	2024	2023
Sabadell ⁽¹⁾	2,343	90,000
Invex Bank ⁽²⁾	915	741
Total Restricted Cash	3,258	90,741

Table 26 Restricted Cash (MXN '000)

Source: Audited Financial Statements

Among the main movements of restricted cash are:

- (1) Pro MDF is obliged to establish an Administration Trust and Alternative Source of Payment with the fiduciary institution of its choice, for the amount equivalent to 10% (ten percent) of the total amount of the loan. In addition, Pro MDF is obliged to contract a liquid guarantee from FONAFOR (National Forestry Fund), for 20% (Twenty percent) of the total amount of the loan. During the 2024 fiscal year, 90 million of this guarantee was available for the payment of Sabadell's capital.
- (2) The Company established a deposit as collateral in Trust No. 3205. This trust establishes that a minimum amount of \$2.4 million USD must be maintained as collateral for the payment of the Company's obligations under the IFC and Proparco credit agreements. During fiscal year 2023, part of this collateral was used to fulfill its obligations with IFC and Proparco.

Accounts receivable

Customer balances and other receivables are as follows:

	2024	2023
Accounts receivable from customers	87,007	132,876
Allowance for expected credit losses	(43,834)	(44,443)
Short-term accounts receivable from customers	43,173	88,433

Table 27 Accounts receivable (MXN '000)

Source: Audited Financial Statements

The portfolio's age is composed as follows:

	2024	2023
0 days	23,174	67,124
1 to 30 days	2,286	19,428
31 to 60 days	2,800	0
61 to 90 days	3,444	1,709
91 to 120 days	1,347	1,999
Greater than 120 days	53,956	42,616
Total accounts receivable from customers	87,007	132,876

Table 28 Portfolio age (MXN '000)

Source: Audited Financial Statements

Among the accounts receivable with a maturity greater than 120 days, there is a sales contract for machinery and equipment for which the Company has filed a commercial claim; this account is fully reserved.

The maximum exposure to credit risk as of December 31, 2024, and 2023, is the carrying amount of each type of account receivable mentioned.

The movements in the allowance for expected credit losses as of December 31, 2024, and 2023, for accounts receivable are presented below:

	2024	2023
Balance at the beginning of the year	44,443	45,109
Increase in the provision for credit losses recognized in income during the year	393	621
Accounts receivable written off during the year as uncollectible	(1,002)	(1,287)
Balance at the end of the year	43,834	44,443

Table 29 Provision for credit losses (MXN '000)

Source: Audited Financial Statements

Inventories

Inventories are organized as follows:

	2024	2023
Finished goods	48,537	63,603
Semi-finished goods	41,031	73,722
Raw materials	29,547	51,379
Spare parts	177,983	198,077
Allowance for impairment	(8,112)	(2,496)
Total inventories	288,986	384,285

Table 30 Inventory integration (MXN '000)

Source: Audited Financial Statements

For the years ended December 31, 2024, and 2023, impairment losses were recognized due to a decrease in the value of inventories that were applied to income for the year. The impairment allowance as of December 31, 2024, and 2023, amounted to MXN \$8,112 and MXN \$2,496, respectively.

In 2024 and 2023, inventory carried at cost of sales amounted to MXN \$992,650 and MXN \$1,154,286, respectively.

Consumable, mature, and immature biological assets

Consumable, mature, and immature biological assets as of December 31, 2024, and 2023, are comprised as follows:

	2024	2023
Opening balance as of January 1	1,685,556	1,779,664
Planting and maintenance costs	158,259	208,008
Gain (loss) from changes in fair value	87,610	(57,261)
Disposal of biological assets due to agricultural product production	(109,733)	(87,149)
Translation effect	239,883	(157,706)
Balance as of December 31	2,061,575	1,685,556
Mature consumable biological assets	(123,343)	(123,343)
Non-current mature and immature consumable biological assets	1,938,232	1,562,213

Table 31 Consumable biological assets, mature and immature (MXN '000)

Source: Audited Financial Statements

The Company discloses its fair value policy for its biological assets in Note 4.15 of the Audited Financial Statements.

As of December 31, 2024 and 2023, and as of the date of the consolidated financial statements, the Company and its subsidiaries maintained their policy of not insuring against damage to their plantations. As of the date of the consolidated financial statements, the Company did not report any losses due to this risk.

Property, machinery, and equipment

Property, machinery, and equipment are comprised as follows:

Cost	Land	Real estate and improvements to premises	Industrial equipment and agricultural machinery	Computer, office and transportation equipment	Total
Cost as of January 1, 2024	1,137,195	487,849	1,827,809	41,599	3,494,452
Additions	-	-	30,677	78	30,755
Disposals	-	-	(7,098)	(1,122)	(8,220)
Conversion Effect	4,041	33	203	123	4,400
Revaluation of Real Estate	14,003	-	-	-	14,003
Transfers	-	-	(29,262)	-	(29,262)
Cost as of December 31, 2024	1,155,239	487,882	1,822,329	40,678	3,506,128

Cost	Land	Real estate and improvements to leased premises	Industrial equipment and agricultural machinery	Computer, office and transportation equipment	Total
Cost as of January 1, 2023	1,134,573	487,876	1,764,988	42,676	3,430,113
Additions	-	-	67,106	1,535	68,641
Disposals	-	-	(5,825)	(154)	(5,979)
Conversion effect	(3,290)	(27)	(144)	(774)	(4,235)
Revaluation of real estate	19,189	-	-	-	19,189
Transfers	-	-	1,684	(1,684)	-
Assets held for sale	(13,277)	-	-	-	(13,277)
Cost as of December 31, 2023	1,137,195	487,849	1,827,809	41,599	3,494,452

Table 32 Costs of real estate, machinery and equipment (MXN '000)

Source: Audited Financial Statements

Accumulated Depreciation	Land	Real estate and improvements to leased premises	Industrial equipment and agricultural machinery	Computer, office and transportation equipment	Total
Accumulated depreciation as of January 1, 2024	-	(108,584)	833,881	38,637	981,102
Additions	-	(15,094)	(123,278)	(2,020)	(140,392)
Disposals	-	-	4,392	1,085	5,477
Conversion effect	-	(33)	(142)	342	167
Transfers	-	-	27,066	-	27,066
Accumulated depreciation as of December 31, 2024	-	(123,711)	(925,843)	(39,230)	(1,088,784)

Accumulated Depreciation	Land ¹⁶	Real estate and improvements to leased premises ¹⁷	Industrial equipment and agricultural machinery	Computer, office and transportation equipment	Total
Accumulated depreciation as of January 1, 2023	-	(93,143)	(720,262)	(37,179)	(850,584)
Additions	-	(15,468)	(113,877)	(2,186)	(131,531)
Disposals	-	-	186	-	186
Conversion effect	-	27	72	728	827
Accumulated depreciation as of December 31, 2023	-	(108,584)	(833,881)	(38,637)	(981,102)

Table 33 Accumulated depreciation of property, machinery and equipment (MXN '000)

Source: Audited Financial Statements

Book value	Land	Real estate and improvements to leased premises	Industrial equipment and agricultural machinery	Computer, office and transportation equipment	Total
As of December 31, 2024	1,155,239	364,171	896,486	1,448	2,417,344
As of December 31, 2023	1,137,195	379,265	993,928	2,962	2,513,350

Table 34 Book value of property, machinery and equipment (MXN '000)

Source: Audited Financial Statements

Depreciation for property, machinery, and equipment for the 2024 period amounted to MXN \$140,392; together with depreciation for the 2024 period on right-of-use and lease assets, the depreciation was recorded in cost of sales, MXN \$176,588; in operating expenses, MXN \$5,452, and as part of biological assets.

Depreciation for property, machinery, and equipment for the 2023 period amounted to MXN \$131,531; together with depreciation for the 2023 period on right-of-use and lease assets, the depreciation was recorded in cost of sales, MXN \$159,796; in operating expenses, MXN \$5,191, and as part of biological assets.

¹⁶ Certain owned lands were granted as collateral for loans and contributed to a trust.

¹⁷ Improvements to leased premises are amortized over the term of the lease contracts.

The balance of land as of December 31, 2024 and 2023 is made up as shown below:

	2024	2023
Acquisition value	499,810	499,810
Revaluation and conversion effects	655,429	637,385
Land balances	1,155,239	1,137,195

Table 35 Land balances (MXN '000)
Source: Audited Financial Statements

The Company appraises the land at the date of acquisition and subsequently reappraises it with sufficient regularity to ensure that the carrying amount, at all times, does not differ significantly from that which could be determined using the fair value at the end of the reporting period.

The appraisals are performed by independent experts using the market approach, which uses comparable land prices and is adjusted according to the characteristics by an equalization factor.

Suppliers and other accounts payable

Suppliers and other accounts payable are comprised of the following:

	Short term	2024	2023
Accounts payable		235,051	258,650

Table 36 Accounts payable (MXN '000)
Source: Audited Financial Statements

As of December 31, 2024, there was a delinquency of MXN \$190,637 on supplier liabilities, representing 81% of the total debt for this item.

The Insolvency judge's rulings established two liability cut-off dates: August 16, 2024, and January 22, 2025, which establish non-payment of the accrued liabilities as of that date. As of the date of the ruling, the Insolvency proceedings are in the reconciliation phase of balances with creditors, and will subsequently move on to the Insolvency settlement phase.

Leases

- Right-of-use assets

	Land	Agricultural machinery and equipment	Computer and transportation equipment	Total
Gross Book Value				
Balance as of January 1, 2024	75,399	203,515	28,048	306,962
Additions	31,303	-	-	31,303
Disposals	(20,859)	-	(4,392)	(25,251)
Transfers	-	28,726	536	29,262
Balance as of December 31, 2024	85,843	232,241	24,192	342,276
Depreciation				
Balance as of January 1, 2024	(40,745)	(52,507)	(10,173)	(103,425)
Depreciation	(9,319)	(65,661)	(6,728)	(81,708)
Disposals	16,348	-	3,657	20,005
Transfers	-	(26,845)	(222)	(27,067)
Balance as of December 31, 2024	(33,716)	(145,013)	(13,466)	(192,195)
Book Value as of December 31, 2024	52,127	87,228	10,726	150,081

	Land	Agricultural machinery and equipment	Computer and transportation equipment	Total
Gross Book Value				
Balance as of January 1, 2023	87,841	146,141	23,416	257,398
Additions	16,098	57,374	11,276	84,748
Disposals	(28,540)	-	(6,644)	(35,184)
Balance as of December 31, 2023	75,399	203,515	28,048	306,962
Depreciation				
Balance as of January 1, 2023	(40,950)	(12,803)	(10,672)	(64,425)
Depreciation	(18,226)	(39,704)	(5,981)	(63,911)
Disposals	18,431	-	6,480	24,911
Balance as of December 31, 2023	(40,745)	(52,507)	(10,173)	(103,425)
Book Value as of December 31, 2023	34,654	151,008	17,875	203,537

Table 37 Book value of assets for rights of use (MXN '000)

Source: Audited Financial Statements

- Lease liability

Lease liabilities are presented in the statement of financial position as follows:

	2024	2023
Short-term	64,118	70,762
Long-term	53,434	93,550
Total lease liabilities	117,552	164,312

Table 38 Lease liabilities (MXN '000)

Source: Audited Financial Statements



Total cash flows from leases for the years ended December 31, 2024 and 2023 were MXN \$104,147 and MXN \$90,794, respectively.

Contractual Liabilities and Other Liabilities

Other liabilities are comprised as follows:

Contract liabilities correspond to consideration received from customers. These are recognized when consideration is received from the customer to satisfy a future performance obligation. The reconciliation of contract liabilities is shown on the following page:

	2024	2023
Contract liabilities at the beginning of the year	90,092	49,929
Customer advances received	156,682	89,537
Performance obligations satisfied	(89,522)	(49,374)
Contract liabilities at the end of the year	157,252	90,092

Table 39 Contract liabilities (MXN '000)

Source: Audited Financial Statements

Contingent Liabilities

- a) As of December 31, 2024, the Company and certain subsidiaries have been sued before the Conciliation and Arbitration Boards. According to the opinions of the Company's attorneys, the contingency related to this matter is estimated to amount to MXN \$11,937; the Company believes that for the amount of MXN \$1,268, there is a possibility of obtaining an unfavorable resolution; and for the remaining MXN \$10,669, positive results are estimated.
- b) The geographic dispersion of the Company's plantations allows for a high degree of mitigation against adverse weather conditions such as droughts, floods, and fires. The Company and its subsidiaries maintain their policy of not insuring against damage to their plantations. As of the date of the issuance of the consolidated financial statements, the Company does not report any losses due to this risk.
- c) The Company maintains reserves for potential contingencies related to claims or disputes related to operations on third-party lands within its forestry business. The Company has created a provision amounting to MXN \$2,891.

Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are as follows:

	January 1, 2024	Recognized in other comprehensive income items	Recognized in business combination	Recognized in results	December 31, 2024
Assets					
- Property, plant, and equipment	(637,623)	(156,756)	-	214,514	(579,865)
- Biological assets	(228,607)	-	-	(67,081)	(295,688)
- Other assets	(56,339)	-	-	(12,262)	(68,601)
	(922,569)	(156,756)	-	135,171	(944,154)
Liabilities					
- Provisions	71,977	-	-	62,733	134,710
- Financial Leases	49,128	-	-	7,611	56,739
- Contract liabilities	29,980	-	-	27,252	57,232
- Outstanding interest	16,443	-	-	1,362	17,805
- Tax loss carryforwards	398,471	-	-	(101,668)	296,803
	565,999	-	-	(2,710)	563,289
Deferred tax asset	183,436	-	-	-	125,973
Deferred tax liability	(540,006)	-	-	-	(506,838)
Net deferred tax liability	(356,570)	-	-	-	(380,865)

	January 1, 2023	Recognized in other comprehensive income items	Recognized in business combination	Recognized in results	December 31, 2023
Assets					
- Property, plant, and equipment	(640,048)	(5,756)	-	8,181	(637,623)
- Biological assets	(322,302)	24,719	-	68,976	(228,607)
- Other assets	(49,697)	-	-	(6,642)	(56,339)
	(1,012,047)	18,963	-	70,515	(922,569)
Liabilities					
- Provisions	45,466	-	-	26,511	71,977
- Accounts payable	49,114	-	-	(49,114)	-
- Financial Leases	23,702	-	-	25,426	49,128
- Contract liabilities	14,979	-	-	15,001	29,980
- Outstanding interest	8,520	-	-	7,923	16,443
- Tax loss carryforwards	621,469	-	-	(222,998)	398,471
	714,136	-	-	(197,251)	565,999
Deferred tax asset	138,302	-	-	-	183,436
Deferred tax liability	(437,005)	-	-	77,622	(540,006)
Net deferred tax liability	(298,703)	-	-	-	(356,570)

Table 40 Deferred tax assets and liabilities (MXN '000)

Source: Audited Financial Statements

Company	2024	2023
Proteak Uno, S.A.B. de C.V.	72,144	133,742
Comefor, S.A. de C.V.	50,192	46,033
Proucalipto, S.A.P.I. de C.V.	1,916	740
Comefor Tres Services, S.A. de C.V.	1,721	2,921
Deferred tax asset	125,973	183,436

Table 41 Deferred tax assets (MXN '000)

Source: Audited Financial Statements

Company	2024	2023
Pro MDF, S.A.P.I. de C.V.	238,413	272,344
Forestaciones Operativas de México, S.A. de C.V.	209,619	215,914
Proteak Uno, S.A.B. de C.V.	58,806	51,748
Deferred tax liability	506,838	540,006

Table 42 Deferred tax liabilities (MXN '000)

Source: Audited Financial Statements

The amounts recognized in other comprehensive income are related to the revaluation of land and the valuation of biological assets. See Note 11 of the Audited Financial Statements for the amounts of tax related to these other comprehensive income items; they are MXN \$156,756 and MXN \$5,756 for land in 2024 and 2023, and MXN \$0 and MXN \$24,719 for 2024 and 2023, respectively.

Related party transactions

The Group's related parties include its associates and joint ventures.

Unless otherwise stated, no transactions incorporate special terms and conditions, and no guarantee is given or received. Balances payable are normally settled in cash.

Balances with joint ventures

	2024	2023
Specialized forestry services	13,989	10,790
Harvest costs	2,816	-
Loans	84	84
Accounts receivable	16,889	10,874

Table 43 Balances with joint ventures (MXN '000)

Source: Audited Financial Statements

	2024	2023
Logs	2,815	794

Table 44 Logs (MXN '000)

Source: Audited Financial Statements

Transactions with joint ventures

Income	2024	2023
Specialized forestry services	2,758	5,208
Harvesting costs	2,427	4,078
Administrative services	231	-

Expenses	2024	2023
Lumber	3,557	1,714

Table 45 Income and expenses from transactions with joint ventures (MXN '000)

Source: Audited Financial Statements

3.2 Financial information by line of business, geographic area and export sales

In 2024, revenue from sales of MDF products exceeded MXN \$1,100MM, -17% compared to 2023 revenue, mainly due to by price reductions, maintaining our position in the domestic market with a solid second place.

The Company's chief operating officer is the Company's chief operating officer, who periodically reviews the financial information.

The Company has aggregated operating segments into the following reporting segments for the purposes of its consolidated financial statements: (i) Teak, (ii) Eucalyptus, and (iii) MDF.

The Company determined that the quantitative and qualitative aspects of the aggregated operating segments are similar in nature for all periods presented. In evaluating the appropriateness of aggregating operating segments, key indicators considered included, among others: (i) similarities in product base, production processes, and distribution processes; and (ii) historical and projected financial and operating statistics, historically, and according to the Company's estimates, the financial trends of the countries aggregated into an operating segment have behaved similarly and are expected to continue to do so.

Intersegment revenues are eliminated upon consolidation. Each reported operating segment reflects net intersegment revenue figures.

Detailed segment information for the Company's consolidated operations is shown on the following page:

	2024				2023				2022			
	Teak	Eucalyptus	MDF	Total	Teak	Eucalyptus	MDF	Total	Teak	Eucalyptus	MDF	Total
Revenue	11	-	1,143	1,154	27	-	1,369	1,396	18	-	1,902	1,920
Losses from changes in fair value	88	-	-	88	(57)	-	-	(57)	(474)	-	-	(474)
Subsidies received	-	-	-	-	-	3	-	3	-	-	-	-
Historical lumber cost	(8)	-	-	(8)	(16)	-	-	(16)	(14)	-	-	(14)
Depreciation	(24)	-	(152)	(177)	(18)	-	(141)	(160)	(5)	-	(119)	(124)
MDF board costs	-	-	(985)	(985)	-	-	(1,139)	(1,139)	-	-	(1,309)	(1,309)
Logistics costs	(0)	-	-	(0)	(26)	-	-	(26)	(1)	-	-	(1)
Total costs	(32)	-	(1,138)	(1,169)	(60)	-	(1,280)	(1,340)	(20)	-	(1,429)	(1,449)
Wages and salaries	(14)	(29)	(37)	(80)	(16)	(28)	(39)	(83)	(21)	(17)	(25)	(63)
Professional services	(12)	(2)	(22)	(37)	(17)	(3)	(8)	(28)	(36)	(4)	(4)	(43)
Depreciation	(5)	-	(1)	(5)	(5)	-	(0)	(5)	(4)	-	-	(4)
Travel expenses	(3)	(0)	(1)	(5)	(6)	(0)	(2)	(9)	(6)	(0)	(2)	(7)
Office services	(11)	(2)	(4)	(17)	(12)	(3)	(6)	(21)	(12)	(4)	(7)	(23)
Other	5	(1)	(4)	1	(6)	(2)	(2)	(9)	7	(22)	(1)	(16)
Freight	-	-	(108)	(108)	-	-	(123)	(123)	-	-	(124)	(124)
Allowance for doubtful accounts	(1)	(2)	3	(0)	0	-	(1)	(1)	(6)	-	(4)	(9)
Employee stock plan	-	-	-	-	-	-	-	-	(7)	-	-	(7)
Total expenses	(41)	(36)	(174)	(251)	(63)	(35)	(181)	(278)	(83)	(47)	(166)	(296)
Other net income	(4)	5	32	33	15	6	(2)	19	29	1	0	31
Loss from operating profit	22	(31)	(137)	(146)	(138)	(26)	(94)	(258)	(530)	(46)	308	(268)

Table 46 Operating Income by Segment (MXN MM)

Source: Audited Financial Statements

The assets by business unit, as of December 31, 2024, 2023 and 2022, are presented below:

	2024	2023	2022
Teak	1,960,587	1,925,150	2,496,555
Eucalyptus	1,303,227	1,258,454	1,111,561
PRO MDF	2,490,674	2,623,957	2,796,328
Total	5,754,488	5,807,561	6,404,444

Table 47 Assets by Segment (MXN '000)

Source: Audited Financial Statements

Segment liabilities, as of December 31, 2024, 2023 and 2022, are presented below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Teak	461,151	532,584	293,023
Eucalyptus	457,935	358,998	744,074
PRO MDF	2,458,648	2,131,176	2,072,824
Total	3,377,734	3,022,758	3,109,921

Table 48 Segment liabilities (MXN '000)

Source: Audited Financial Statements

Revenues by geographic area, as of December 31, 2024, 2023 and 2022, are presented below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Mexico	1,147,512	1,356,790	1,824,159
United States of America	6,533	39,020	95,531
Total	1,154,045	1,395,810	1,919,690

Table 49 Revenue by geographic area (MXN '000)

Source: Audited Financial Statements

Non-current assets, excluding deferred taxes, by geographic region, as of December 31, 2024, 2023, and 2022, are presented below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Mexico	4,798,716	4,642,495	4,800,737
United States of America	-	467	533
Costa Rica	46,554	26,815	32,595
Total	4,845,270	4,669,777	4,833,865

Table 50 Non-current assets without considering deferred taxes by geographical area (MXN '000)

Source: Audited Financial Statements

3.3 Relevant Credit Information

The following table shows an analysis of Proteak's financial liabilities presented based on the period between the date of the consolidated statement of financial position and their maturity date. The amounts presented in this table correspond to undiscounted cash flows, including interest.

As of December 31st, 2024, 2023, and 2022, the Company holds loans of MXN \$2,184MM, MXN \$1,821MM, and MXN \$2,086MM respectively, for long-term loans, which are analyzed below:

Institution	2024		2023		2022	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
AKA-Commerzbanck Aktiengesellschaft (1)	1,372,192	-	56,068	1,004,320	40,425	1,173,311
Proparco (2)	261,520	-	52,432	144,268	50,995	205,721
International Finance Corporation (IFC) (3)	329,910	-	67,711	196,348	58,543	257,253
Sabadell (4)	220,981	-	300,000	-	299,833	-
Total	2,184,603	-	476,211	1,344,936	449,796	1,636,285

Table 51 Proteak Credits (MXN '000)

Source: Audited Financial Statements

It is noted that, as of the publication date of the Company's consolidated financial statements for June 30, 2024, the Company was negotiating the granting of certain waivers from its financial creditors, given that certain payment dates were close to expiring or had already expired at that date.

Since the Company has not received the corresponding waivers from said Financial Creditors under the credit agreements entered into with each of them, the principal amount of the loans, interest, and accessories agreed upon therein automatically matured early, without the need for a judicial declaration or prior notification of default.

The Company's consolidated financial statements were adjusted as of the third quarter of 2024 to reclassify the amount of MXN 1,392,025 thousand pesos, recorded as a long-term liability, as a short-term liability.

As mentioned in Note 2.3 of the Audited Financial Statements, on January 22, 2025, the judgment declaring the companies Proteak Uno, S.A.B. de C.V. and Pro MDF, S.A.P.I. de C.V. into insolvency proceedings with the opening of the conciliation stage was issued. Within this insolvency proceedings process, the Company seeks to negotiate restructuring agreements on the credits with these creditors.

The debt reconciliation as of December 31, 2024 is as follows:

Concepts	AKA	Proparco	IFC	Sabadell	Total
Balances as of January 1, 2024	1,060,388	196,700	264,059	300,000	1,821,147
Interest	46,342	18,144	37,250	40,532	142,268
Other financial expenses	24,062	3,627	4,869	1,000	33,558
Disbursements	-	-	-	191,000	191,000
Principal payments	-	-	-	(281,000)	(281,000)
Interest payments	-	-	-	(29,551)	(29,551)
Commission payments	-	-	-	(1,000)	(1,000)
Exchange rate effects	241,400	43,049	23,732	-	308,181
Balances as of December 31, 2024	1,372,192	261,520	329,910	220,981	2,184,603

Table 52 Proteak 2024 Credit Reconciliation (MXN '000)

Source: Audited Financial Statements

The debt reconciliation as of December 31, 2023, is as follows:

Concepts	AKA	Proparco	IFC	Sabadell	Total
Balances as of January 1, 2023	1,213,736	256,718	315,794	299,833	2,086,081
Interest	41,948	17,446	39,101	46,237	144,732
Other financial expenses	24,895	4,324	5,924	1,622	36,765
Disbursements	-	-	-	700,000	700,000
Principal payments	(7,696)	(28,806)	(41,590)	(700,000)	(778,092)
Interest payments	(44,953)	(19,279)	(36,555)	(46,237)	(147,024)
Commission payments	(862)	(513)	(1,238)	(1,455)	(4,068)
Exchange rate effects	(166,680)	(33,190)	(17,377)	-	(217,247)
Balances as of December 31, 2023	1,060,388	196,700	264,059	300,000	1,821,147

Table 53 Proteak 2023 Credit Reconciliation (MXN '000)

Source: Audited Financial Statements

As of December 31, 2024, and 2023, the fair value of the loans amounted to MXN \$2,471,400 and MXN \$2,219,411, respectively. The fair value of long-term debt is based on the present value of the cash flows discounted to their present value, using interest rates obtained from readily observable markets.

The Company is obligated to comply with certain obligations and obligations based on the loans it has contracted at the end of fiscal years 2024 and 2023 with the financial institutions detailed in the table shown in Note 20 of the Audited Financial Statements. These obligations are governed by market conditions and practices and do not constitute onerous liabilities or burdens for Proteak.

As of December 31, 2024 and 2023, the obligations and obligations were not fully met. The main obligations to do and not to do for credit are shown below:

Restructuring Agreement 2021 (October and November 2021):

Obligations AKA:

Unless otherwise agreed in advance by AKA in writing, the Guarantor shall ensure that, on a consolidated basis and after the effective date, the following:

- (i) the Liquidity Ratio, calculated on a trailing twelve-month basis, will be:
 - at least 2.0 on December 31, 2021, December 31, 2022, December 31, 2023, December 31, 2024, December 31, 2028, and December 31, 2029;
 - at least 1.5 on December 31, 2025;
 - at least 1.25 on December 31, 2026;
 - at least 1.4 on December 31, 2027.

- (ii) the debt service coverage ratio, calculated on the basis of the last twelve months, shall be at least 1.05.

(iii) the Leverage Ratio, calculated on the basis of the last twelve months, will not exceed 1.0.

- Deliver consolidated financial statements no later than six months after the end of the fiscal year.
- Deliver internal financial statements on a semi-annual basis no later than 45 days after the end of the fiscal year, as well as consolidated figures and the updated financial model.
- Comply with the financial ratios, which will be measured on the last day of each fiscal year starting December 31, 2021, and must be confirmed in writing by the independent external auditors within 30 days of the publication of Proteak's consolidated financial statements.

Financial income and costs

Financial costs are integrated as shown below:

	2024	2023
Accrued interest expense on loans	142,268	144,732
Interest expense on loans at amortized cost	33,558	36,765
Total interest expense	175,826	181,497
Interest expense on finance leases	26,696	24,822
Total interest expense on financial liabilities	202,522	206,319
Other financial expenses	1,492	5,272
Total financial expenses	204,014	211,591

Table 54 Financial costs (MXN '000)
Source: Audited Financial Statements

Financial income is integrated as shown below:

	2024	2023
Interest income from cash and cash equivalents	3,660	12,737
Total financial income	3,660	12,737

Table 55 Financial income (MXN '000)
Source: Audited Financial Statements

Income tax expenses

The main items of tax expense and the reconciliation between the expected tax expense based on Proteak's domestic effective tax rate at 30% for 2024 and 2023 and the tax expense reported in the income statement are shown below:

	2024	2023
Loss before taxes	(703,969)	(185,573)
Tax rate	30%	30%
Expected tax expense	(211,191)	55,672)
Adjustment for tax-exempt earnings:		
Related to equity method investments	6,216	(19,067)
Annual adjustment for inflation	33,943	10,517
Adjustments for non-deductible expenses:		
Other non-deductible expenses	25,049	10,447
Biological assets	34,181	(24,719)
Prior year tax expense	-	1,042
Other	(11,634)	18,760
Tax loss carryforwards	101,668	173,836
(Income) tax expense	(21,768)	115,144

Table 56 Income tax expenses (MXN '000)

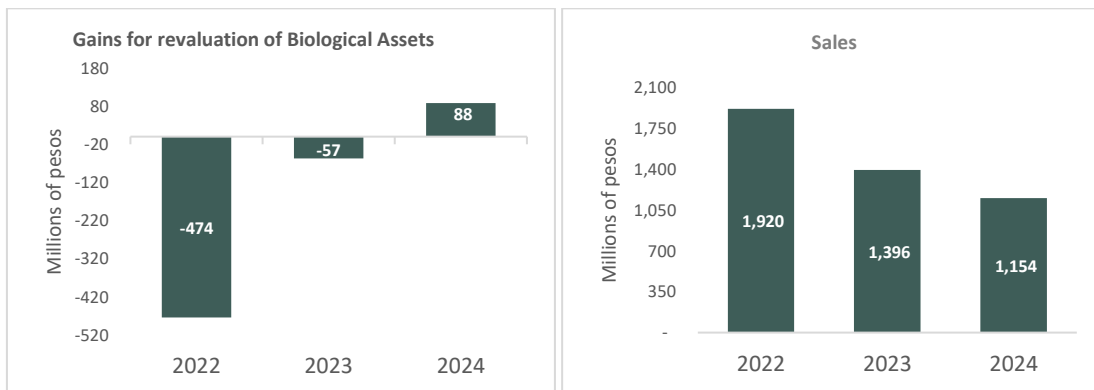
Source: Audited Financial Statements

Note 11 of the Audited Financial Statements provides information about deferred tax assets and liabilities; this Note includes information about deferred taxes recognized directly in each of the components of other comprehensive income.



3.4 Management's Comments and Analysis on Operating Results and Financial Position

3.4.1 Operating Results.



Graph 10 Income from changes in the fair value of Biological Assets, Sale of Goods
 Source: Audited Financial Statements

In 2024, we managed to maintain sales volumes above 180k m3, a volume down 3% year-over-year. This was due to price adjustments, which had been trending downward since mid-2023, primarily due to the influx of products from Asian countries. We closed sales revenues of MXN \$1,154MM. The commercial actions carried out to maintain our alliances with clients and ensure volume placement comprise three main aspects: i) program (Vértice 2024 by MÖBLUM), ii) advertising and promotion (media coverage, influencers, and special sales), and iii) workshops and training for the carpentry sector.

The revaluation adjustment for the biological asset has a positive effect compared to the previous year. The amount recorded in 2023 was MXN \$145MM (the revaluation effect was MXN \$88MM in 2024 and MXN -\$57MM in 2023), determined in accordance with the fair value calculation methodology applied.

It is also important to mention that, unlike in the agricultural sector, where a cycle determines the success or failure of the crop, in the forestry sector, a rainy year does not determine the growth of the plantation; rather, it is the sum of all the years that complete the cycle. Thus, both the growth for the year and the accumulated growth are in line with expectations.

Revaluations do not include the exchange rate effect, as this is directly reflected in comprehensive income, resulting from the depreciation of the dollar, the Company's functional currency.

The Company's fair value determination methodology has been consistent and in accordance with IFRS.

External appraisers are used to value significant assets and liabilities, such as biological assets. The involvement of external appraisers is determined annually by Management, after discussion and approval by the Audit Committee.

For Teak Wood

Proteak's methodology calculates the present value of projected future cash flows (income less all expenses associated with the sale of timber) derived from the commercialization of timber currently on the land managed by the Company. This



present value constitutes a reference parameter to reflect the fair value of the asset in the financial statements, which is understood as the price that a potential buyer would be willing to pay. The Company's valuation adheres to the guidelines of the Uniform Standards of Professional Valuation Practice (USPAP) and the international valuation standards defined by the International Valuation Standards Council (IVSC), in particular IVS 2017, focused on the valuation of agricultural properties and biological assets. These standards incorporate IFRS into their practice, specifically IFRS 13, Fair Value Measurement; IAS 41; and IAS 16, Property, Plant and Equipment, among others.

The Company's valuation method is based on accepted practices and principles (mentioned above) and determines the value of the biological asset as a fair market value or sales value at the date of the Company's financial statements (fair value). Therefore, the Company's methodology is aligned with international practices and standards.

As part of the Company's methodology, growth curves are used for volume projections. This generally locates the volume value of the yield curves at a certain age and determines the maximum present value of cash flows.

Likewise, current prices and long-term projections in the markets of interest are considered to validate that the prices used are aligned with market conditions and expectations.

Furthermore, costs for cash flow projections are determined based on industry best practices.

The costs contemplated in the flow projection are:

- Harvesting: felling trees, removing them to yards or stacking areas (skidding, loading, and unloading), cutting and sizing stems, and loading them onto trucks for transport to the port.
- Road construction to facilitate the entry of machinery and transport of stems within the properties.
- Land freight to transport timber from the property to the port of origin.
- Port administrative costs, as well as cargo movement to the vessel.
- Ocean freight from the port of origin to the port of destination.
- Forestry costs: forest establishment, maintenance, and protection activities to achieve the net planted area (technology package).
- Indirect forest operation costs, such as machinery and vehicle leasing and maintenance, forest inventories, planning, procedures and permits, research and development, sustainability and compliance costs, and general administrative expenses.
- Joint venture cost: profit sharing on the joint venture interest for applicable plantations.
- Land leases, where applicable.
- Land cost, understood as a virtual item that reflects the opportunity cost of earning a low-risk income, such as renting land instead of owning a plantation. Applicable only to land owned by Proteak.
- Following the rationale associated with fair market value, an implicit discount rate is determined by the appraiser; they use a variety of information sources when considering the appropriate discount rate to apply in a forestry valuation. The sources of information reviewed to derive the discount rate fall into two categories:
 - Evidence-based information
 - Calculated theoretical cost of capital.

For Eucalyptus Wood

The Company believes there is an active and efficient market for eucalyptus wood with a bark-free diameter greater than 8 cm and a maximum of 55 cm. The time at which a plantation reaches the required commercial characteristics will depend on its development and growth. For eucalyptus plantations, this normally occurs after the second year of planting.



The Company estimates the market value at the valuation date, considering the volume, measured in cubic meters (m³) estimated for the plantation, and the unit prices observed or obtained by the Company in said market, less the costs and expenses of the point of sale (such as harvesting, transportation, measurement, identification, rent, etc.).

To determine volume, the Company obtains data on tree diameter, height, and density through a systematic inventory of its mature plantations, which is used to determine the usable commercial volume. During 2024 and 2023, the unit cost of eucalyptus amounted to MXN \$484 and MXN \$437 per m³, respectively. Regardless of the diameter or circumference of the log and its quality.

For assets that have not yet reached the point of maturity (the Company considers that the initial planting risks are not overcome until year 2, a period in which the biological asset is most vulnerable to factors that may affect its survival) and for which there is no observable active market, the asset is recognized at its accumulated historical cost.

The Company classifies its biological assets as current assets, those that will be harvested and sold within a period of less than one year, and the remainder as non-current assets.

The value of eucalyptus is determined at year-end based on incurred costs.

The cost of sales of products is divided by company segment. There was a decrease in the cost of sales of the MDF segment compared to 2023 of -11%, primarily due to lower sales volume. Cost of sales vary according to the needs of the business units. This cost is primarily represented by the MDF business unit, which accounts for 97% of Proteak's total cost.

Within the MDF business, two types of costs are included: the production cost of MDF boards (substrate) and the depreciation cost of fixed assets. Regarding asset depreciation, the cost has decreased due to its accounting nature, representing only 13%, 11%, and 8% of total costs in 2024, 2023, and 2022, respectively.

The cost of sales for the Teak business is divided into three items: historical wood cost, depreciation, and logistics costs. The sum of these costs totaled MXN -\$32MM, MXN -\$60MM, and MXN -\$20MM in 2024, 2023, and 2022, respectively, in addition to the operations carried out in each of these periods.

Gross profit, including other income, was MXN \$105MM compared to MXN \$20MM in 2023, primarily impacted by the revaluation adjustment for biological assets.

Administrative and selling expenses decreased by 10% compared to 2023. This amount includes MXN \$108MM corresponding to logistics and distribution expenses for MDF boards. The Company has managed to dilute these expenses, which for the years 2024, 2023, and 2022 were as follows: MXN \$251MM, MXN \$278MM, and MXN \$296MM, respectively.

The annual operating loss was MXN -\$146MM, compared to the loss of MXN -\$258MM recorded in 2023. It is worth mentioning that these results reflect the consolidation of the board plant, as well as the operation of the Teak business.

Regarding the comprehensive financing cost, MXN \$4MM and MXN \$13MM were generated in 2024 and 2023 in interest on investments in term deposits; Interest payments amounted to MXN \$169MM and MXN \$170MM, and bank fees and expenses amounted to MXN \$36MM and MXN \$42MM, respectively.

The exchange rate fluctuation affects liabilities due to the concentration of debt in USD. In the 2024 and 2023 periods, exchange rate fluctuations of MXN \$-337MM and MXN \$208MM were generated, respectively. The net result was a



financial expense of MXN \$-537MM compared to MXN \$9MM reported in 2023. This difference stems primarily from the exchange rate fluctuation charged and interest payments.

Additionally, during the fiscal year, the company generated income tax (current and deferred) of MXN \$22MM in 2024 and MXN \$-115MM in 2023. The tax result differs from the accounting result, mainly due to items that accumulate over time and are deducted differently for each purpose. due to the recognition of the effects of inflation for tax purposes, as well as those items that only affect the accounting or tax result.

Total income taxes are divided between accrued income tax and deferred income tax, where accrued income tax in 2024 and 2023 totaled MXN -\$1MM and MXN -\$38MM, respectively, and deferred income tax ended at MXN \$23MM and MXN -\$77MM.

As a result of all the above, the Company closed fiscal year 2024 with a consolidated net loss of MXN -\$682MM, compared to a consolidated net loss of MXN -\$301MM reported in 2023.

3.4.2 Financial Position, Liquidity, and Capital Resources.

Assets

As of December 2024, the Company's total assets totaled MXN \$5,754MM, 1% lower than at the end of 2023.

The Company's liquidity during the period was primarily derived from the operation of the MDF board business and its working capital management, as well as treasury actions on the cash position.

The cash position at the end of 2024 was MXN \$19MM, MXN \$68MM lower than at the end of 2023. Cash surpluses from operating entities are transferred to the Company's treasury.

The customer balance at the end of 2024 remained at MXN \$43MM compared to MXN \$88MM in 2023, reflecting the downward trend in sales and the improvement in days sales outstanding.

For its part, the inventory item closed at MXN \$289MM, which translates into a decrease of MXN \$95MM vs. the balance as of December 2023, with a decrease mainly in the item of raw materials and finished products.

Property, machinery, and industrial equipment totaled MXN \$2,417MM, a decrease of MXN \$96MM compared to the end of 2023, mainly due to asset depreciation.

As of the reporting date, Proteak has more than 6,000 hectares of teak plantations and more than 7,300 hectares of eucalyptus plantations. The breakdown of mature and immature biological assets is shown below:

	2024	2023	2022
Opening balance	1,685,556	1,779,664	2,199,009
Plantation and maintenance costs	158,259	208,008	218,806
(Loss) Gain generated by changes in the fair value of biological assets, less estimated selling costs	87,610	(57,261)	(473,536)
Disposal of biological asset due to agricultural product production	(109,733)	(87,149)	(74,793)
Conversion effect	239,883	(157,706)	(89,822)
Ending balance	2,061,575	1,685,556	1,779,664
Current mature biological assets	(123,343)	(123,343)	(150,767)
Non-current mature and immature consumable biological assets	1,938,232	1,562,213	1,628,897

Table 57 Summary of movements in the biological asset (MXN '000)

Fuente: Estados Financieros Dictaminados

Liabilities

Current liabilities increased by MXN \$1,773MM compared to the balance as of December 2023, mainly due to the following factors: the sundry creditors account closed MXN \$32MM higher than the 2023 result, due to the increase in payment terms; on the other hand, the short-term loans account increased by MXN \$1,708MM due to the reclassification of long-term loans to short-term loans.

The following table shows an analysis of Proteak's financial liabilities, presented based on the period between the date of the consolidated statement of financial position and their maturity date. These amounts correspond to undiscounted cash flows, including interest:

As of December 31, 2024	Less than 1 year	More than 1 less than 3 years	3 to 5 years	More than 5 years
Suppliers	235,051	-	-	-
Short-term credits	2,039,680	-	-	-
Short-term interest	144,923	-	-	-
Long-term credits	-	-	-	-
Other creditors	99,747	-	-	-
Financial Leases	64,118	37,137	16,297	-

As of December 31, 2023	Less than 1 year	More than 1 less than 3 years	3 to 5 years	More than 5 years
Suppliers	258,650	-	-	-
Short-term credits	444,005	-	-	-
Short-term interest	32,206	-	-	-
Long-term credits	-	381,128	762,818	200,990
Other creditors	67,318	-	-	-
Financial Leases	70,762	75,878	13,274	4,398

As of December 31, 2022	Less than 1 year	More than 1 less than 3 years	3 to 5 years	More than 5 years
Suppliers	210,492	-	-	-
Short-term credits	415,297	-	-	-
Short-term interest	34,499	-	-	-
Long-term credits	-	274,769	682,371	679,145
Other creditors	130,976	-	-	-
Financial Leases	54,682	84,436	13,800	-

Table 58 Proteak Financial Liabilities (MXN '000)

Source: Audited Financial Statements

The description and details of the credits are in section 3.3 Relevant Credit Information.

Capital

The Company's total equity at year-end amounts to MXN \$2,377MM, a 15% decrease compared to the previous fiscal year. This decrease is the result of accumulated results from prior fiscal years, as well as the foreign currency translation effect of Teak's USD-denominated forestry assets. The Company maintains a liability-to-equity ratio of 0.7 to 1.0, compared to a ratio of 0.9 to 1.0 in 2023 and 1.1 to 1.0 in 2022.

As of December 31, 2024, there are 244,236,972 shares outstanding.

The company's share capital as of December 31, 2024, consists of 1,352,985,021 shares, of which 450,995,007 are series "T" shares and 901,990,014 are series "K" shares. Upon liquidation of the company, the series "T" shares will have the right to receive land in payment for their shareholders' equity, in accordance with the current Agrarian Law. See Note 17.1 of the Audited Financial Statements.

3.5 Estimates, Provisions, and Critical Accounting Reserves

Critical Accounting Judgments and Key Sources of Estimation Uncertainty.

Estimates and assumptions are reviewed continuously and are based on historical experience and other factors, including expectations about future events that are deemed reasonable within the circumstances.

Critical Accounting Estimates and Judgments

The Company's management makes estimates and judgments regarding the future. The resulting accounting estimates, by definition, will rarely equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the following year are presented below.

Valuation and Classification of Biological Assets

The valuation and classification of the Company's biological assets is determined as described in Note 4.15 of the Audited Financial Statements.

The results of the valuation can be seen in the following summary, which includes 50% of Tacotalpa's biological assets (joint venture).

Fair value of components according to IFRS	2024	2023
Tree growing value	1,596	1,576
Plantation land value	470	457

Table 59 Fair value of components according to IFRS (MXN MM)
Source: Audited Financial Statements

Similarly, for the purposes of 2024 and 2023, the Company carried out a sensitivity exercise, as follows.

Sensitivity of the value of the biological asset to the discount rate:

Discount rate before taxes (%) 2024	Value of the biological asset	Variation vs. base (%)
8.00	1,751	9.7
8.50	1,670	4.6
9.00 (base)	1,596	0.0
9.50	1,529	-4.2
10.00	1,468	-8.0

Discount rate before taxes (%) 2023	Value of the biological asset	Variation vs. base (%)
8.25	1,737	10.2
8.75	1,653	4.8
9.25 (base)	1,576	0.0
9.75	1,507	-4.4
10.25	1,443	-8.5

Table 60 Sensitivity of the value of the biological asset to the discount rate (MXN MM)
Source: Audited Financial Statements



Sensitivity of biological asset value to harvesting and transportation costs:

Biological asset value			
Harvesting costs 2024	Price variation		
	-5%	Base	-5%
5%	1,414	1,580	1,746
base	1,430	1,596	1,762
-5%	1,445	1,610	1,778

Biological asset value			
Harvesting costs 2023	Price variation		
	-5%	Base	+5%
5%	1,401	1,562	1,724
base	1,415	1,576	1,738
-5%	1,429	1,590	1,752

Table 61 Sensitivity of the value of the biological asset to harvesting and transportation costs (MXN MM)
Source: Audited Financial Statements

Sensitivity of biological asset value to forestry costs:

Forestry costs 2024	Biological asset value	Variation vs. Base (%)
5%	1,585	-0.70%
Base	1,596	0.00%
-5%	1,608	0.70%

Forestry costs 2023	Biological asset value	Variation vs. Base (%)
5%	1,566	-0.70%
Base	1,576	0.00%
-5%	1,587	0.70%

Table 62 Sensitivity of biological asset value to forestry costs (MXN MM)
Source: Audited Financial Statements

Sensitivity of biological asset value to indirect costs:

Indirect costs 2024	Biological asset value	Variation vs. Base (%)
5%	1,586	-0.60%
Base	1,596	0.00%
-5%	1,606	0.60%

Indirect costs 2023	Biological asset value	Variation vs. Base (%)
5%	1,567	-0.60%
Base	1,576	0.00%
-5%	1,586	0.60%

Table 63 Sensitivity of the value of the biological asset to indirect costs (MXN MM)
Source: Audited Financial Statements

Determination of Fair Values for Land Revaluations

Land is shown at fair value, based on periodic appraisals. To determine the fair value of the land, the Company engages an independent appraiser who uses estimates to determine the value of comparable assets on the market. These valuations must be revised if there are elements that suggest significant changes in asset values; any change in asset values could affect the amount recognized in revaluation surplus, or in income if there is no longer an amount in the revaluation surplus line item.

Deferred Tax Assets

The Company recognizes deferred tax assets up to the amount at which their realization is probable. If the Company determines that it is unable to realize all or part of the deferred tax asset in the future, it makes an adjustment to the deferred tax asset, decreasing earnings in the period in which such determination is made. Conversely, if the Company determines that it is able to realize its deferred tax assets in the future for a value greater than the recorded amount, the corresponding adjustment is made to the deferred tax asset, increasing earnings in the period in which such determination is made. As of December 31, 2024 and 2023, only the amounts that the Company has estimated to be reversed with future taxable profits have been recognized as deferred income tax assets. See Note 11 of the Audited Financial Statements.

Going Concern

The Company made significant judgments relevant to its conclusion as to whether it will continue operating as a going concern (see Notes 2.2 and 2.3 of the Audited Financial Statements), concluding that its operations are operating under the going concern premise for at least the 12 months following the closing of these financial statements. Additionally, it recognizes that there is a risk of uncertainty as the objectives it pursues are subject to the achievement and success of the plans described in said note.



Management's Judgment in Determining Functional Currency

Each Proteak company defines its functional currency as the currency of the primary economic environment in which it operates.

Useful lives of property, machinery, and equipment

The Company reviews the estimated useful lives of property, machinery, and equipment at the end of each annual period. During the period, it was not determined that the useful lives should be modified since, in accordance with management's assessment, the useful lives reflect the economic conditions of the Company's operating environment.

Summary of the main accounting policies:

(i) Preparation bases

The consolidated financial statements have been prepared on a historical cost basis, except for the following items:

- Land measured at fair value, and
- Biological assets, mature and immature consumables measured at fair value in accordance with International Accounting Standard (IAS) 41.

Going Concern

The consolidated financial statements have been prepared by management assuming that the Company will continue to operate as a going concern.

However, there is uncertainty regarding the Company's ability to continue as a going concern for the following reasons:

As mentioned in Note 28 of the Audited Financial Statements under Subsequent Events, which provides further details, during the period from January to the date of issuance of this financial statement, a series of resolutions were approved through shareholder meetings or meetings of the board of directors seeking to provide the company with resources to maintain its operations, as well as to establish the basis for the company's general restructuring plan during the Insolvency period. Regarding this General Restructuring Plan and the contemplated financing, management maintains a reasonable expectation of finalizing them starting in June 2025 and during the second half of 2025.

The general restructuring and financing plan includes:

- Temporary shutdown and operational reorganization of the industrial division.
- Debtor-in-possession (DIP) financing.
- Negotiation bases with its main secured creditors and unsecured creditors.
- Manufacturing and supply agreements for MDF boards with clients.
- Adjustments to its production and administrative operations.

As mentioned in Note 2.3 of the Audited Financial Statements, the Company is currently undergoing Insolvency proceedings, the outcome of which will be decisive for its continued operation as a going concern. Likewise, there is uncertainty regarding the outcome of the negotiations or agreements reached within the Insolvency proceedings with the creditors holding the Company's bank loans. On January 22, 2025, a judgment declaring the Company Proteak Uno, S.A.B. de C.V. and Pro MDF, S.A.P.I. de C.V., in Insolvency proceedings, with the opening of the conciliation stage, was issued.

As of December 31, 2024, the Company held loans with financial institutions totaling MXN \$2,184,603, as mentioned in Note 20 of the Audited Financial Statements. The last agreements or waivers with its financial creditors expired during 2024. The loan agreements, as well as the agreed interest and accessories, automatically matured early beginning in the third quarter of 2024.

The Company is in the negotiation stage with its bank creditors. During these negotiations, the parties are analyzing various debt restructuring, payment, or refinancing schemes. The Company maintains its expectation of reaching agreements with its bank creditors within the Insolvency proceedings.

The Company has incurred operating losses of MXN -\$146,153MM and MXN -\$257,980MM for 2024 and 2023, respectively, and consolidated net losses of MXN -\$682,200MM and MXN -\$300,717MM, respectively.

Furthermore, cash and cash equivalents at the end of 2024 amounted to MXN \$18,827MM and at the end of 2023, MXN \$86,703MM; a decrease of MXN \$67,876MM was recorded in this line item during the year. During 2024 and 2023, the Company applied cash flows primarily to cover financing activities, amounting to MXN \$137,215MM and MXN \$249,538MM, respectively.

As part of the measures taken during the Insolvency proceedings, the Company is finalizing debtor-in-possession (DIP) financing options to carry out its operations during said process.

The Company's future financial and operating performance is subject to various risks and uncertainties, primarily the successful completion of the Insolvency proceedings and the negotiation with its main creditors and the securing of DIP financing, as well as other financing and commercial agreements referred to in Note 28 of the Audited Financial Statements for Events After the Reporting Date. Management recognizes that there is a risk of not being able to meet its obligations in the future; however, it maintains a reasonable expectation that it can continue operating for a period of at least 12 months and meet its obligations in accordance with the going concern principle for the purposes of the financial statements as of December 31, 2024.

The main factors that lead management to consider the Company as a going concern are presented below:

- 1.- Negotiations and agreements with third-party companies to finance the MDF industrial operation. Cash inflows are expected to begin in June 2025, as well as the granting of a loan under the "DIP Financing" scheme. Cash inflows for this financing are forecast to begin in July 2025.
- 2.- Alternative sources of cash inflows, such as: eucalyptus sales, tax refunds, and land sales, are advanced in their processes, and cash inflows are estimated to begin in July 2025.
- 3.- Projected cash flows from the teak division. Recurring cash flows are estimated to begin in 2026 and subsequent years, until intensive harvesting is reached.

- 4.- The company maintains its expectations of reaching favorable agreements within the Insolvency proceedings with its banking and commercial creditors.
- 5.- The administration will be implementing, in the second half of 2025, an operational reorganization plan that will allow it to maintain its operation, reducing operating costs.

The company maintains other funding options that management could consider in the event of delays in obtaining DIP financing. These alternatives are related to the acceleration of the sale of teak and eucalyptus timber (ordinary operations) and the sale of properties that have not previously been granted as collateral to creditors. Any alternative will require the approval of the board of directors and the conciliator prior to the closing date.

Insolvency proceedings

- 1.- On August 14th, 2024, the supplier Comercial en Fletes México, S.A. de C.V. (“CFM”) filed a Insolvency petition against Proteak Uno, S.A.B. de C.V. (“Proteak Uno”) and its subsidiary Pro MDF, S.A.P.I de C.V. (“Pro MDF”) (“Companies”) with the Common Correspondence Office of the District Courts for Insolvency proceedings, located in Mexico City. The petition was then referred to the First District Court for Insolvency proceedings, located in Mexico City and with jurisdiction throughout the Republic of Mexico (the “First District Court for Insolvency proceedings” and/or the “Insolvency Judge”), registering it under file number 57/2024-IV.
- 2.- By order of August 16th, 2024, the First District Court of Insolvency proceedings admitted the petition for declaration of insolvency proceedings filed by CFM and, among other things, ordered the Companies to file their response within 9 days.
- 3.- Likewise, in the ruling of August 16, 2024, the Insolvency Judge decreed the following precautionary measures:
 - i. The prohibition on companies from making payments on obligations due prior to the admission of the Insolvency claim.
 - ii. The suspension of all enforcement proceedings or seizures against the assets and rights of the Companies, which arise from obligations due prior to the admission of the Insolvency petition.
 - iii. The prohibition on companies from carrying out operations involving the sale or encumbrance of the main assets of their company.
 - iv. The prohibition of securing assets owned by the Companies that are essential for their ordinary operation.
 - v. The prohibition on Companies from transferring resources or securities to third parties.
 - vi. The prohibition on the merchant's creditors from terminating early any contract entered into with the Companies, due to the mere filing of the Insolvency petition.
- 4.- By means of letter IFECOM/DG/2143/2024 of August 27, 2024, the Federal Institute of Insolvency Specialists (the “IFECOM”) appointed Mr. José Gerardo Badín Cherit as inspector.
- 5.- On November 11, 2024, the Insolvency Judge had Mr. José Gerardo Badín Cherit accept and protest his position as inspector.
- 6.- In a written statement dated November 22, 2024, the Companies responded to the lawsuit filed against them, agreeing to the benefits and facts claimed, requesting precautionary measures, and offering the evidence they deemed relevant.
- 7.- Through the ruling of November 27, 2024, the Insolvency Judge received the Companies' responses to the lawsuits and, among other things, decreed various precautionary measures directed at the Merchant's financial creditors. These measures prohibited them, among other things, from terminating the contracts entered into with the Companies and from initiating enforcement proceedings related to them. Likewise, the Insolvency Judge decreed precautionary measures directed at various banking institutions to prohibit them from transferring, disposing of, seizing, blocking,

retaining, preventing the transfer or movement of existing funds, offsetting and/or using the resources that are managed in the accounts in the name of the Companies.

- 8.- On January 22, 2025, the Insolvency Judge issued the judgment declaring the Companies in Insolvency with the opening of the conciliation stage (the "Insolvency Judgment"), in which:
 - i. Ordered the consolidation of the Pro MDF proceeding with that of Proteak Uno, S.A.B. de C.V., without consolidation of the proceedings and with separate processing.
 - ii. Requested IFECOM to appoint a conciliator.
 - iii. Set April 27, 2024, as the retroactive date.
 - iv. Ordered the Companies to suspend payments on debts incurred prior to the effective date of the Insolvency judgment.
 - v. Ordered the suspension of all seizure or execution orders against the Companies' assets and rights.
 - vi. Ordered the publication of the judgment in question in the Official Gazette of the Federation (the "DOF") and in the newspaper of major circulation, as well as its registration in the corresponding Public Registries.
 - vii. Retained the precautionary measures decreed in the orders of August 16 and November 27, 2024.
9. By official letter IFECOM/DG/0224/2025 dated January 27, 2025, IFECOM appointed Mr. Gerardo Sierra Arrazola (the "Conciliator") as conciliator.
10. On January 31, 2025, the Conciliator accepted and protested his position.
11. By order of February 6, 2025, the Insolvency Judge had the Conciliator accept and protest his position.
12. By letter dated February 13, 2025, the Conciliator reported the amounts corresponding to the quotes for publication of the extract of the Insolvency Judgment in the DOF and the Sol de México, as well as its registration in the Public Registry of Mexico City.
13. On February 24, 2025, the Companies made the corresponding resources available to the Conciliator. Therefore, the publication of the extract of the Insolvency Judgment in the DOF and the Sol de México is pending for the credit recognition period to begin.
14. On February 28, 2025, the extract of the Insolvency Judgment was published in the DOF and the Sol de Mexico.

As of the date of issuance of the consolidated financial statements, the company is in the Conciliation stage of the Insolvency Judgment, a stage that lasts 180 calendar days from the publication of the judgment. This stage may be extended up to two times in 90-calendar-day periods.

On March 26, 2025, the Secretary assigned to the First District Court for Insolvency Matters, based in Mexico City and with jurisdiction throughout the Mexican Republic, certified that the Insolvency petition filed by the subsidiary Forestaciones Operativas de Mexico, S.A. de C.V., with folio 3195/2025, was admitted. This petition was assigned to processing table IV in order to formulate the respective draft agreement.



Changes in accounting policies

New Standards Adopted as of January 1, 2024

Some accounting pronouncements that came into effect as of January 1, 2024, and therefore have been adopted, do not have a significant impact on the Group's results or financial position.

Standards, Amendments, and Interpretations to Existing Standards that are not yet effective and that have not been Early Adopted by the Group

As of the date of authorization of these consolidated financial statements, various new standards and amendments to existing standards and interpretations have been published by the IASB. None of these have been Early Adopted by the Group.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the pronouncement's effective date. New standards, amendments, and interpretations that have not been adopted or listed below have not been disclosed because they are not expected to have a material impact on the Group's consolidated financial statements.

Material Accounting Policies.

1. Bases of consolidation

Proteak's subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its stake in the entity and has the ability to affect returns through its power over such entities. Subsidiaries are fully consolidated from the date control is transferred to the Company until the date control is lost.

Intercompany transactions and balances, as well as unrealized gains on transactions between Proteak companies, are eliminated in the preparation of the consolidated financial statements

Non-controlling interests in subsidiaries are presented separately in the consolidated statement of financial position, the consolidated statement of income, and the consolidated statement of changes in stockholders' equity, respectively.

The Company reassesses whether or not it controls subsidiaries if facts and circumstances indicate changes to one or more of the elements that determine control. The consolidation of a subsidiary begins when the Company obtains control over it and ends when control over it is lost. The assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Company obtains control until the date control is lost.

When the Group loses control of a subsidiary, it derecognizes the related assets (including goodwill), related liabilities, non-controlling interests, and other components of equity, recording any gain or loss in profit or loss for the period. Any investment held in the former subsidiary is recorded at fair value.

2. Sustainability and Climate-Related Matters – IFRS S1 and IFRS S2

On June 26, 2023, the International Sustainability Standards Board (ISSB) published its first two International Sustainability Disclosure Standards (IFRS SDS or ISSB Standards), which will be effective for periods beginning on or after January 1, 2024. Together, they mark the beginning of a new era in which entities will be required to disclose sustainability-related information.

IFRS S1 provides the core requirements for sustainability disclosures, which should be used with IFRS S2, as well as with future standards published by the ISSB. The standard:

- requires disclosure of material information about sustainability-related risks and opportunities alongside financial statements to meet investors' information needs
- requires industry-specific disclosures and refers to SASB industry standards for guidance to identify disclosures about sustainability-related risks and opportunities
- refers to sources to help entities identify sustainability-related risks and opportunities and other information (that is not within the scope of IFRS S2)
- requires disclosures that enable investors to understand the connections between sustainability-related risks and opportunities, financial disclosures, and sustainability-related financial statements
- is independent of accounting standards.

Overview of IFRS S2 – Climate-related Disclosures

The two standards are designed to be applied together. However, IFRS S2 was developed to compile climate-specific requirements, which include:

- Strategic disclosures that distinguish between physical risks (associated with long-term events or changes in behavior, for example, damage to assets in the event of floods or wildfires) and transitory risks (associated with the transition to a lower-carbon economy, for example, financial risks from introducing disruptive technology)
- Disclosure of their plans to respond to climate-related risks and opportunities, including how climate-related targets are set and any targets they are required to meet by law or regulation
- Entities should conduct scenario analyses to explain how various climate-related events may impact the future
- Disclosures about climate-related metrics and targets should include: – Multi-sector metrics that are relevant to all entities, for example, greenhouse gas emissions – Sector metrics relevant to entities within the industry in which the entity operates – Entity-specific criteria considered by the board or management when measuring progress toward set targets.

In accordance with the general provisions applicable to issuers of securities and other participants in the securities market, the start of validity from 2026 was published in the Official Gazette of the Federation, with respect to the financial statements of 2025.

3. Investments in associates and joint ventures

Under IFRS 11, Joint Arrangements, investments in joint arrangements are classified as either a joint operation or a joint venture depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

A joint venture is a contractual arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractual arrangement to share control in a business, which exists



when decisions regarding the relevant activities require the unanimous approval of the parties that share control. The Company only has an investment in a joint venture.

The interest in a joint venture is accounted for using the equity method, after being initially recognized at cost in the consolidated statement of financial position.

The considerations taken into account in determining the existence of significant influence or joint control are similar to those used to determine the existence of control over a subsidiary. The Company's investment in the joint venture is recognized using the equity method.

The Company's share of the results of the joint venture is shown directly in the consolidated statements of income, before the loss before taxes is added to consolidated income, under the heading "Share of results of equity investments."

Under the equity method, an investment in an associate or joint venture is initially recognized at its acquisition cost. From the acquisition date, the carrying amount of the investment is adjusted to recognize changes in the Company's share of the net assets of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same period as those of the Company, and any necessary adjustments are made to account for any differences that may exist with respect to the Company's accounting policies.

4. Foreign currency conversion

(i) Functional and presentation currency

The Company has identified its functional currency as the US dollar (USD) because Proteak's biological assets are a commodity and therefore their value is usually denominated in dollars. Therefore, the Company has recognized this situation by adopting the dollar as its functional currency and the Mexican peso as its presentation currency. Likewise, the functional currency of all Group Companies is the dollar, except for the service providers, Proeucalipto Holding, S.A.P.I. de C.V. and its subsidiaries, whose functional currency is the Mexican peso.

The Company's presentation currency is the Mexican peso.

(ii) Transactions and balances

Initially, the Company's companies record foreign currency transactions at the spot exchange rate in effect on the transaction date for their respective functional currency, as applicable. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate in effect on the closing date.

All differences arising from the settlement or translation of monetary items are recorded in the consolidated statements of operations. These differences are recorded in other comprehensive income until the net investment is disposed of, at which time they are reclassified to the statement of operations. Tax adjustments attributable to exchange differences on these monetary items are also recognized in other comprehensive income.

Non-monetary items recognized at historical cost in foreign currencies are translated using the exchange rate on the transaction date. Non-monetary items recorded at fair value, denominated in foreign currencies, are translated at the exchange rates in effect on the date the fair value was determined. Gains or losses arising from the translation of non-monetary items measured at fair value are recorded in accordance with the recognition of gains or losses arising from the



change in the fair value of the corresponding item (i.e., exchange differences arising from items whose fair value gains or losses are recognized in other profit or loss are also recognized in other profit or loss, respectively).

(iii) Proteak companies

The results and financial position of all the Company's subsidiaries (none of which operate in a hyperinflationary economy) are translated into the presentation currency as follows:

Monetary assets and liabilities recognized in the consolidated statement of financial position are translated at the exchange rate prevailing on the financial statement closing date.

Revenue and expenses recognized in the consolidated statement of income are translated at the average exchange rate for each year (except when this average is not a reasonable approximation of the effect of translating results at the exchange rates prevailing at the dates of the transactions; in which case, those exchange rates were used).

Stockholders' equity accounts recognized in the consolidated statement of financial position are translated at the historical exchange rate.

The resulting exchange differences are recognized as other comprehensive income.

5. Segment information

An operating segment is a component of the Company that engages in business activities in which it may earn revenue and incur expenses, including revenue and expenses related to transactions with other components of the Company. The operating results of a segment are regularly reviewed by the Steering Committee to make decisions regarding the resources to be allocated to the segment and evaluate its performance, and for which financial information is available. The Company has identified three operating segments, divided into teak production and marketing, eucalyptus production and marketing, and MDF production, using eucalyptus biological assets as raw materials.

The financial information for operating segments is presented in a manner consistent with the information included in internal reports provided to the Company's highest operating decision-making authority. This highest authority is responsible for allocating resources and evaluating the performance of the Company's operating segments and is exercised by the Board of Directors.

6. Revenue

Revenue is primarily derived from the sale of roundwood and MDF.

Revenue is recognized when control of the products is transferred, which is when the products are delivered to the customer, the customer has full discretion over the sales channel and price of the products, and there are no unsatisfied obligations that could affect the customer's acceptance of the products. Delivery is effective when the products are shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the acceptance provisions have expired, or the Company has objective evidence that all acceptance criteria have been met.

The Company does not stipulate volume discounts with its customers, and prompt payment discounts are granted only in specific situations, generally ranging from 1% to 8% of the sales value for those customers who pay within the first month after delivery of the goods, and only on occasions determined by the Company. Revenue from these sales is recognized based on the contract price, net of discounts. Revenue is recognized only to the extent that it is probable that a significant



change will not occur. No financing element is considered present because sales are made with a credit term of between 60 and 120 days, which is consistent with market practice. The Company has no obligation to replace defective products once the product is delivered to and accepted by the customer.

The Company has only identified one performance obligation (delivery of the product).

The Company recognizes its revenue at a point in time, which is when the product is delivered. The Company has not identified costs to fulfill contracts for the delivery of its products.

Contract liabilities correspond to consideration received from customers. These are recognized when consideration is received from the customer to satisfy a future performance obligation.

7. Operating expenses

Operating expenses are recognized in earnings when the service is used or as incurred. Warranty expenses are recognized when the Company incurs the obligation, which typically occurs when the goods are sold.

8. Loans costs

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized over the period necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognized in profit or loss in the period in which they are incurred and reported under "finance costs" (see Note 20 to the Audited Financial Statements).

No borrowing costs were capitalized as of December 31, 2024, and 2023. Biological assets are not considered qualifying assets; in accordance with the scope of IAS 23, Borrowing Costs, the application of that standard to borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset measured at fair value, such as a biological asset, is not required.

9. Real estate, machinery and equipment

Land is stated at fair value, based on appraisals prepared by independent external experts. Appraisals are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ significantly from its carrying amount.

The fair value determined for land is at level 2 of the fair value hierarchy.

Other property, plant, and equipment items are recorded at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenses directly attributable to the acquisition of these assets and all expenses related to placing the asset in the location and condition necessary for it to operate as intended by management. For qualifying assets, cost includes borrowing costs capitalized in accordance with the Company's policies.

Costs related to an item incurred subsequent to initial recognition are capitalized, as part of that item or as a separate item, as appropriate, only when it is probable that they will generate future economic benefits for the Company and the cost can be measured reliably. The carrying amount of the replaced components is written off. Maintenance and repair expenses are charged to the income statement in the period in which they are incurred.

The effects of land revaluation are recorded as part of the revaluation surplus net of deferred Income Tax (ISR). Decreases offsetting the previous increases in the same asset are charged to other comprehensive income; all other decreases are charged to the consolidated statement of income.



Land is not depreciated. Depreciation of the remaining items of the Company's property, plant, and equipment is calculated based on the straight-line method, which is applied to the cost of the asset excluding its residual value and considering its estimated useful life, as follows:

	<u>Shelf life</u>
Computer equipment	3 years
Transportation equipment	4 years
Agricultural equipment and machinery	10 years
Office equipment	10 years
Real estate	33 years
Industrial equipment and machinery	5-25 years
Leasehold improvements	Term of the lease

The Company allocates the amount initially recognized for an item of property, plant, and equipment into its various significant components and depreciates each of these components separately.

Residual values and useful lives of assets are reviewed and adjusted, if necessary, at year-end.

When the carrying amount of an asset exceeds its estimated salvage value, an impairment loss is recognized to reduce the carrying amount to its salvage value.

The gain on the sale of property, plant, and equipment is determined by comparing the fair value of the consideration received and the net carrying value of the asset sold and is presented in the consolidated statement of income under "Other income, net."

When revalued assets are sold, the amounts recognized in the revaluation surplus are transferred to retained earnings.

Leased assets are presented as a separate line item in the statement of financial position (Right-of-use assets); see Notes 10 and 4.11 of the Audited Financial Statements.

10. Leased assets

Leases are recognized as a right-of-use asset and a corresponding liability as of the date the leased asset is available for use by the Company.

Assets and liabilities arising from a lease agreement are initially measured at present value. Lease liabilities include the present value of the following payments:

- Fixed payments (including if they are substantially fixed), less lease incentives receivable;
- Variable lease payments based on an index or rate; initially measured using the index or rate at the lease commencement date;
- Amounts expected to be payable by the Company as a residual value guarantee;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Penalty payments upon termination of the lease, if the lease terms reflect that the Company will exercise that option.

Lease payments to be made under renewal options, with reasonable certainty of being exercised, are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease agreement. If that rate cannot be readily determined, as is typically the case with the Company's leases, the lessee's incremental financing rate is used, which is the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, guarantees, and conditions.

To determine the incremental financing rate, the Company:

- When possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing terms since the third-party financing was received.
- Uses other approaches that start with a credit-risk-adjusted risk-free interest rate for maintained leases that do not have recent third-party financing.
- Apply lease-specific adjustments, for example, term, country, currency, and guarantees. The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they become effective. When adjustments to lease payments based on an index or rate become effective, the lease liability is revalued and adjusted to the right-of-use asset. Lease payments are allocated between principal and finance cost. Finance cost is charged to income over the lease term to produce a constant periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, including the following:

- the initial measurement amount of the lease liability;
- any lease payments made on or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized under the straight-line method as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include information technology equipment and small items of office furniture.

As of December 31, 2024 and 2023, there are no residual value guarantees.

As part of its activities, the Company leases land, offices, warehouses, equipment, and vehicles. Lease agreements are typically for fixed periods of 6 months to 4 years, but may have term extension options. The agreements may contain lease and non-lease components. The Group allocates the consideration in the agreement to the lease and non-lease components based on their relative standalone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any commitments other than the security interest in the leased assets, which are maintained by the lessor. Leased assets cannot be used as collateral for lending purposes.

11. Impairment test for property, machinery and equipment

Except as described in the independent auditor's report, for purposes of assessing impairment, assets are grouped at the lowest level for which there is a clearly independent cash inflow (cash-generating units). As a result, assets are tested individually for impairment, and some are tested at the cash-generating unit level.

The remaining individual assets or cash-generating units are tested for impairment whenever an event or change in circumstances indicates that the recorded amount may not be recoverable.

An impairment loss is recognized at the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable value, which is the higher of fair value less costs to sell and value in use. To determine value in use, management estimates the expected future cash flows from each cash-generating unit and determines an appropriate interest rate to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's most recently approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset improvements. Discount factors are determined individually for each cash-generating unit and reflect the current assessment of market conditions regarding the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units first reduce the carrying amount of any goodwill allocated to that cash-generating unit. The remaining impairment loss is charged pro rata to the other long-lived assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently evaluated to identify factors that indicate that any previously recognized impairment loss no longer exists. An impairment charge is reversed if the recoverable amount of the cash-generating unit exceeds the carrying amount.

12. Financial instruments

The Company classifies its financial assets at amortized cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the cash flows.

Regular purchases and sales of financial assets are recognized on the trade date, which is the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Upon initial recognition, financial assets are measured at fair value plus, in the case of a financial asset other than at fair value through profit or loss (FV), transaction costs directly attributable to the acquisition of the financial asset.

Subsequent measurement depends on the Company's business model for managing the asset and the asset's cash flow characteristics.

The Company applies the simplified approach in IFRS 9 to measure expected credit losses using an estimate of expected losses over the life of the instrument for all receivables.

The Company initially recognizes all of its financial liabilities net of directly attributable transaction costs. The Company has no liabilities at fair value or liabilities arising from asset transfers, nor does it have financial guarantee contracts or commitments to provide a loan at a rate below market.

The subsequent measurement of financial liabilities is at amortized cost using the effective interest rate method.

13. Inventories

Lumber and MDF inventories are recorded at the lower of cost and net realizable value. Costs include the cost of the product plus import, freight, handling, shipping, customs warehousing, and distribution center costs. The costs of purchased inventory are determined after deducting discounts and rebates. Net realizable value is the estimated selling price in the



ordinary course of business less estimated completion costs and estimated costs necessary to complete the sale. Biological assets transferred to inventories are transferred at their final biological asset value, in accordance with their valuation.

Inventories are tested for impairment each accounting period to identify obsolescence, damage to items, or declines in their market value.

If the amount of the future economic benefits of inventories, i.e., their estimated net realizable value, is less than their net carrying value, an impairment loss is recognized and recorded in cost of sales for the period in which it is presented. As of December 31, 2024 and 2023, the Company has recognized the corresponding impairment estimates.

14. Mature and immature consumable biological assets

The Company's consumable biological assets consist of Teak and Eucalyptus forest plantations.

IAS 41, Agriculture, establishes that biological assets should be measured at fair value less estimated point-of-sale costs. This value is determined based on an active market price.

When the fair value of a biological asset cannot be established, IAS 41 permits its measurement at its accumulated historical cost.

Classification, Measurement, and Valuation of Biological Assets

Biological assets are recognized at fair value, based on the following considerations. It is important to note that the Company's fair value determination methodology has been consistent with and in accordance with IFRS. Specifically, for 2024, the methodology used is consistent with that of previous years and has only been strengthened by Company Management in conjunction with its valuation specialists. Therefore, there are no changes to the classification, measurement, and valuation of biological assets presented in the consolidated statements of financial position as of December 31, 2024, and 2023.

For Teak

Proteak's methodology calculates the present value of projected future cash flows (income less all expenses associated with timber sales) derived from the commercialization of timber currently on the land managed by the Company. This present value constitutes a reference parameter for reflecting the asset's fair value in the financial statements, which is understood as the price a potential buyer would be willing to pay. The Company's valuation adheres to the guidelines of the Uniform Standards of Professional Valuation Practice (USPAP) and the international valuation standards defined by the International Valuation Standards Council (IVSC), specifically IVS 2017, which focuses on the valuation of agricultural properties and biological assets. These standards incorporate IFRS into its practice, specifically IFRS 13, Fair Value Measurement; IAS 41; and IAS 16, Property, Plant, and Equipment, among others.

The Company's valuation method is based on accepted practices and principles (mentioned above) and determines the value of the biological asset as a fair market value or sales value at the date of the Company's financial statements (fair value). Therefore, the Company's methodology is aligned with international practices and standards.

As part of the Company's methodology, growth curves are used for volume projections. This generally locates the volume value of the yield curves at a certain age and determines the maximum present value of cash flows.

Likewise, current prices and long-term projections in the markets of interest are considered to validate that the prices used are aligned with market conditions and expectations.

Furthermore, costs for cash flow projections are determined based on industry best practices.

The costs considered in cash flow projections are:

- Harvesting: felling trees, removing them to yards or stacking areas (skidding, loading, and unloading), cutting and sizing stems, and loading them onto trucks for transport to the port.
- Road construction to facilitate the entry of machinery and transport of stems within the properties.
- Land freight to transport timber from the property to the port of origin.
- Port administrative costs, as well as cargo movement to the vessel.
- Ocean freight from the port of origin to the port of destination.
- Forestry costs: forest establishment, maintenance, and protection activities to achieve the net planted area (technology package).
- Indirect forest operation costs, such as machinery and vehicle leasing and maintenance, forest inventories, planning, procedures and permits, research and development, sustainability and compliance costs, and general administrative expenses.
- Joint venture cost: profit sharing on the joint venture interest for applicable plantations.
- Land leases, where applicable.
- Land cost, understood as a virtual item that reflects the opportunity cost of having a low-risk income such as renting land instead of owning a plantation. Applicable only to land owned by Proteak.
- Following the rationale associated with fair market value, an implicit discount rate is determined by the appraiser; they use a variety of information sources when considering the appropriate discount rate to apply in a forest valuation. The sources of information reviewed to derive the discount rate fall into two categories:
 - Evidence-based information
 - Calculated theoretical cost of capital.

For Eucalyptus

The Company believes there is an active and efficient market for eucalyptus timber with a bark-free diameter greater than 8 cm and a maximum of 55 cm. The time at which a plantation reaches the required commercial characteristics will depend on its development and growth. For eucalyptus plantations, this typically occurs after the second year of planting.

The Company estimates the market value at the valuation date, considering the estimated volume of the plantation, measured in cubic meters (m³), and the unit prices observed or obtained by the Company in that market, less point-of-sale costs and expenses (such as harvesting, transport, measurement, identification, rent, etc.).

To determine volume, the Company obtains data on tree diameter, height, and density through a systematic inventory of its mature plantations, which is used to determine the harvestable commercial volume. During 2024 and 2023, the unit cost of eucalyptus was \$484 and \$437 per m³, respectively, regardless of the log diameter or circumference and its quality.

For assets that have not yet reached maturity (the Company believes that initial planting risks are not overcome until year 2, a period in which the biological asset is most vulnerable to factors that may affect its survival) and for which there is no observable active market, the asset is recognized at its accumulated historical cost.

The Company classifies its biological assets as current assets, those that will be harvested and sold within less than one year, and the rest as non-current assets.

The value of eucalyptus is determined at year-end based on incurred costs.



15. Income taxes

The income tax expense for the period includes current and deferred income tax. The tax is recognized in the consolidated statement of income, except when it relates to items recognized directly in other comprehensive income or in stockholders' equity. In this case, the tax is also recognized in other comprehensive income or directly in stockholders' equity, respectively.

The income tax charge is calculated based on the tax laws enacted or substantially enacted as of the statement of financial position date in the countries in which the Company and its subsidiaries operate and generate a tax base. Management periodically evaluates its position regarding taxes declared in situations where tax laws are subject to interpretation. The Company, when applicable, records provisions for the additional amounts it estimates it will pay to the tax authorities.

Deferred income tax (ISR) is recognized on temporary differences that arise between the tax bases of assets and liabilities and their respective carrying amounts shown in the consolidated statements of financial position. However, deferred income tax arising from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not affect accounting or taxable profit or loss is not recorded. Deferred income tax is determined using the tax rates and laws enacted as of the date of the consolidated statement of financial position and expected to be applicable when the deferred income tax asset is realized or the income tax liability is paid.

Deferred income tax assets are recognized only to the extent that it is probable that future tax benefits will be realized against which the temporary differences can be utilized.

Deferred tax liabilities arise, among other things, from temporary tax differences arising from property, plant and equipment, biological assets, and other assets. Regarding deferred taxes of subsidiaries and joint ventures, the Company has concluded that it is able to control the reversal of the associated temporary differences.

Deferred tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates, and joint ventures only if it is probable that the temporary differences will reverse in the future and there is sufficient taxable income against which the temporary differences can be utilized.

Deferred income tax asset and liability balances are offset when there is an enforceable legal right to offset current tax assets with current tax liabilities and when the deferred income tax assets and liabilities relate to the same tax authority, the same tax entity, or different tax entities, and there is an intention to settle the balances on a net basis.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that sufficient tax benefits are available to allow some or all of the deferred tax assets to be utilized. Unrecognized deferred tax assets are revalued at each reporting date and recognized to the extent that it is probable that future tax benefits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same assumptions used in the projected information included elsewhere in the financial statements and in other management reports to determine such recoverability.

16. Cash and cash equivalents

Cash and cash equivalents include cash and other highly liquid short-term investments with maturities of less than three months. These items are recorded at historical cost, which does not differ significantly from their fair value.

17. Non-current assets and liabilities classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use, and once a sale is considered highly probable. Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent reduction of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increase in the fair value less costs to sell of an asset (or disposal group), without exceeding any previously recognized accumulated impairment loss. A gain or loss not previously recognized at the date of sale of the non-current asset (or disposal group) is recognized at the derecognition date.

Non-current assets (including those that are part of a disposal group) are not amortized or depreciated while classified as held for sale; however, interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position.

18. Shareholders' equity, reserves, dividend payments and other capital components

Common stock is classified as equity; there is no preferred stock. Additional paid-in capital is net of share issuance costs. Incremental costs directly attributable to the issuance of new shares or options are shown in stockholders' equity as a deduction from the amount received, net of taxes.

The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

The revaluation surplus represents the increase in the value of the land owned by the Company. The existence of this surplus indicates that the market value exceeds the book value. The surplus is held in equity until the asset is sold or becomes impaired, at which time it may be reclassified to retained earnings.

The conversion effect arises mainly from converting the value of the teak biological asset, whose fair value is determined in dollars, to the presentation currency (Mexican pesos), as well as from the conversion of the financial statements of the foreign subsidiaries.

19. Short-term employment benefits.

1. Short-Term Benefits

Proteak provides short-term employee benefits, which may include salaries, wages, annual compensation, and bonuses payable within the next 12 months. Proteak recognizes a provision when it is contractually obligated to pay such benefits to employees.

In accordance with the Labor Reform on vacations that came into effect on January 1, 2023, in Mexico, employees are entitled to 12 vacation days beginning in the first year of service, which will increase by two business days annually until reaching 20. Beginning in the sixth year, the vacation period will increase by two days for every five years of service. For the purposes of the financial statements as of December 31, 2023, the Company calculated the amount of vacation time and vacation bonus related to the Labor Reform and recorded the corresponding amount.

2. Employee Profit Sharing

The Company recognizes a liability and expense for Employee Profit Sharing (PTU) based on a calculation that takes into account taxable income after certain adjustments. The Company recognizes a provision when it is legally required to make the payment.

Due to the labor outsourcing reform approved in Mexico, the method for calculating PTU payments was modified in 2021. Limitations were established, which stipulate that the amount of PTU assigned to each employee may not exceed the equivalent of three months of their current salary, or the average amount of PTU received by the employee in the previous three years (assigned PTU), whichever is greater.

If the accrued PTU determined by applying the 10% rate to the base taxable income is greater than the sum of the PTU assigned to each employee, the latter must be considered the accrued PTU for the period. Based on the Federal Labor Law (LFT), the difference between the two amounts is considered not to generate current or future payment obligations.

If the employee profit sharing (PTU) determined by applying a 10% rate to the base taxable income is less than or equal to the sum of the employee profit sharing (PTU) allocated to each employee, the PTU accrued will be determined by applying 10% to the base taxable income.

3. Seniority Bonus

The Group companies have established a plan in accordance with the requirements of the LFT (Law on Employment Law). Group companies with employees are required to pay their employees, and they are entitled to receive, a seniority bonus upon termination of employment after 15 years of service. This obligation is considered a post-employment obligation.

The liability or asset recognized in the statement of financial position for the seniority bonus is classified as defined benefit and is the present value of the Defined Benefit Obligation (DBO) as of the consolidated statement of financial position date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of DBOs is determined by discounting the estimated cash flows using the interest rate of government bonds denominated in the same currency in which the benefits will be paid and that have the terms of the pension obligation.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are charged or credited to stockholders' equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in earnings, unless changes to the pension plan are contingent on the employee continuing in service for a specified period (the vesting period). In this case, past service costs are amortized using the straight-line method over the vesting period.

4. Termination Benefits

Termination benefits are paid when the employment relationship is terminated before the normal retirement date or when an employee voluntarily accepts termination in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: a) it is committed to terminating the employees' employment in accordance with a detailed formal plan without being able to avoid its obligation, b) when the Company recognizes restructuring costs in accordance with IAS 37 and they involve payments of termination benefits. In the case of an offer that promotes voluntary termination, termination benefits are valued based on the expected number of employees who will accept the offer. Benefits that expire 12 months after the reporting date are discounted to their present value.

20. Share-based payments to employees

The Company participates in share-based payment plans, through which it receives services from employees and delivers equity instruments (shares) in the Company as consideration. The value of the services received from employees is recognized as an expense, using the fair value of the shares granted as a reference for its estimation, considering:

- Any vesting conditions related to market performance (for example, the Company's share price).
- The impact of any service and vesting conditions other than market performance are excluded from this estimate (for example, profitability, sales growth targets, and employee tenure for a specified period), and any conditions that do not affect the granting of the benefit (for example, employees' need to save).

At the end of each year, the Company reviews its estimates regarding the number of shares expected to be granted, taking into account changes in vesting conditions other than market performance. The impact of this estimate revision, if any, is recognized in the consolidated statement of income, with a corresponding entry in shareholders' equity.

When the shares are exercised, the share capital (par value) and share premium accounts are credited. The fair value of these shares is determined on the grant date.

During fiscal year 2023, management decided to cancel the executive stock plan. Therefore, as of 2023, there are no share-based payment plans.

21. Provisions, Contingent Liabilities, and Contingent Assets

Provisions for product warranties, legal disputes, onerous contracts, and other claims are recognized when the Group has a present or assumed obligation as a result of a past event that is likely to lead to an outflow of economic resources by the Group, and the amounts can be reliably estimated. The timing or amount of that outflow may still be uncertain.

Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, and management has announced at least the main features of the plan to those affected or has initiated implementation. No provisions are recognized for future operating losses.

Provisions are measured based on the estimated expenditure required to settle the present obligation, in light of the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the current obligation. In cases where a similar number of obligations exist, the likelihood that an outlay will be required for settlement is determined by considering that class of obligations as a whole. Provisions are discounted to their present values in cases where the time value of money is material.

Any reimbursement that the Group believes will be collected from a third party with respect to an obligation is recognized as a separate asset. However, this asset cannot exceed the amount of the relevant provision.

No liability is recognized in cases where a potential outflow of economic resources as a result of a present obligation is considered unlikely. These situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Management

4.1 External Auditors

The selection process for the external auditors consists of ratification in the Audit Committee Chair's Report and ratification in the Audit Committee Minutes.

For the 2024 financial year, the external auditor issued a Qualified Opinion, and the audit report includes a separate section subtitled "Material Uncertainty Related to Going Concern." This is primarily due to the fact that the Company's future financial and operating performance is subject to various risks and uncertainties, primarily related to the successful completion of the Insolvency proceedings, the negotiation with its main creditors, and the securing of financing (DIP Financing). These situations give rise to material uncertainty that may cast significant doubt on the Company's ability to continue operating as a going concern.

4.2 Related party transactions and conflicts of interest

As of December 31, 2023, the Company's management decided to cancel its established CPO plan, and the CPOs designated for that plan were canceled.

In 2022, 835,000 CPOs were allocated and delivered at a price of \$5.49 per CPO. The total expenses recognized for the employee stock plan for the year ended December 31, 2022.

4.3 Administrators and shareholders

Proteak's management is overseen by a Board of Directors, which, through 2024, consisted of seven independent directors. This board meets at least four times a year. From the outset, the Board of Directors has been professional, composed primarily of independent members.

None of the directors has absolute decision-making power; most members are renowned businesspeople or senior executives at high-performing companies. It should be noted that none of the shareholders control the Board, as the largest shareholder group controls less than 20% of the capital.

There is no blood, marriage, or civil relationship between directors and/or managers.

There is a code of conduct applicable to the Company's executives, which includes the main guidelines:

General guidelines of the code of conduct.

1. Human rights (prohibition of slavery, employment of minors, discrimination, sexual and workplace harassment).
2. Gift policy.
3. Anti-bribery policy.
4. Specific guidelines for leadership conduct.



5. Adherence to and awareness of the ethics policy.
6. Declaration of conflicts of interest.

The compensation received by the board of directors is determined by the Nominations and Compensation Committee. There are no special agreements or programs for the board of directors, other than the distributed emoluments, as determined at the shareholders' meeting.

In order to ensure an impartial view of strategic planning, Proteak has incorporated the position of Independent Director, who currently represents 100% of the total number of directors, a percentage that exceeds the 25% required by the Securities Market Law.

The Board of Directors shall have the broadest powers recognized by law to a general agent to enter into all types of contracts, and to perform all kinds of acts and operations that by law or by provision of these statutes are not reserved to a Shareholders' Meeting, as well as to administer and direct the business of the Company, to carry out each and every one of its corporate purposes and to represent it before all kinds of judicial authorities (civil and criminal), labor or administrative, whether federal, state or municipal, with the broadest power for lawsuits and collections, acts of administration and domain, in the terms of the first three paragraphs of article 2554 of the Civil Code for the Federal District and the corresponding articles of the Federal Civil Code and the Civil Codes of all the States of the Republic, even enjoying those that require a special clause and to which articles 2574, 2582, 2587 and 2593 of the Civil Code for the Federal District and its articles refer. The corresponding provisions of the Federal Civil Code and the Civil Codes of all the States of the Republic, and Articles 9 and 10 of the General Law on Securities and Credit Transactions, including, but not limited to, the following:

- a. To file complaints and lawsuits and withdraw them, file charges, act as a co-defendant for the Public Prosecutor's Office, and grant pardons;
- b. To initiate amparo proceedings and their incidents and withdraw them;
- c. To grant general or special powers, without limitations, or with those that the Council deems pertinent, and to revoke all types of general and/or special powers, including powers for acts of administration, acts of ownership, and for litigation and collections;
- d. To delegate any of its powers to the person or persons, managers, officials, attorneys, or committees that the Council deems appropriate.

The aforementioned powers shall be exercised by the Board of Directors, provided that their exercise does not entail a violation of the provisions of the second paragraph of Clause Twenty-Second of these bylaws.

At the ordinary general shareholders' meeting held on April 30, 2024, Mr. Ricardo Elizondo Guajardo was appointed Chair of the Board of Directors. Mr. Diego Prieto Barbachano, Mr. Luis Eduardo Tejado Bárcena, Mr. Manuel Ruiz Gutiérrez Topete, Mr. Abraham Ernesto Hernández Pacheco, Mr. Jorge Silberstein Tenenbaum, and Ms. Ana Aragão Teixeira Aguiar de Matos de Lima Miranda were also ratified as full members of the Board of Directors of Proteak for the fiscal year 2024.



Therefore, the company's board of directors is composed as follows:

Proprietary Member
Ricardo Elizondo Guajardo**
Diego Prieto Barbachano*
Luis Eduardo Tejado Bárcena*
Manuel Ruiz Gutiérrez Topete*
Abraham Hernández Pacheco*
Jorge Silberstein Tenenbaum*
Ana Aragão Teixeira Aguiar de Matos de Lima Miranda*

** Chair of the Board

*Independent Director

Table 64 Board of Directors in force during the 2024 financial year

Source: Proteak Uno, S.A.B de C.V.

The companies where the members of the Board of Directors currently serve have no relationship with Proteak. The Company does not have any beneficial shareholders holding more than 10% of the Issuer's share capital.

Shareholders exercising significant influence

Proteak does not have any shareholders who exercise significant influence.

Shareholders who exercise control or command power

Proteak does not have any shareholder who exercises control or command power.

Control of the issuing company

The issuing company is autonomous, it is not controlled directly or indirectly by another company, nor by a foreign government, nor by any other natural or legal person.

Gender Inclusion

Proteak has implemented guidelines to foster a gender-inclusive organizational culture. Additionally, it seeks to hire and retain both male and female staff throughout its business structure, seeking to maintain a gender balance in its workforce. The Company will continue to promote opportunities related to ethical conduct, workplace inclusion, and diversity.

Female participation in Proteak's workforce has been approximately 19% of the Group's workforce in operational, managerial, and executive positions. The Company's Board of Directors is currently comprised of both male and female members.

Based on its social responsibility and sustainability, Proteak is analyzing various schemes, in addition to those already in place, for the creation and implementation of guidelines and best practices in this area.

Proteak's workforce is heterogeneous based on the different working and market conditions of its business areas. This condition has led the Group to establish, since its founding, policies, processes, and procedures, as well as practices regarding recruitment, selection, hiring, and training of personnel. Furthermore, the lack of equal opportunities and discrimination based on membership in a particular ethnic group or social class, belief, sex, age, social preference, or physical ability is strictly prohibited, as reflected in the Company's Environmental, Social, and Occupational Health and Safety Policy. Compliance with the Policy is monitored by the internal audit department.

4.4 Proteak's Committees

At least one member of all committees has a specialization in finance.

All directors are governed by the regulations applicable to governing bodies and underlying committees in accordance with the bylaws and other applicable regulations, designed to improve their efficiency.

Audit Committee

The Audit Committee shall be composed of at least three members, who must meet the independence requirement set forth in Article 26 of the LMV (Securities Market Act). The main functions of the Audit Committee are, among others, the following:

- a. To provide an opinion to the Board of Directors on matters within its jurisdiction in accordance with the LMV (Securities Market Act).
- b. To select the legal entity that will carry out the audit work.
- c. To establish the terms of engagement and the scope of the professional mandates of the external auditors, approve any additional audit services provided by the external auditors, and oversee compliance with the audit contracts and the independence requirements of the external auditors.
- d. To meet with the external auditor when deemed necessary or at least once a year to review matters within its jurisdiction.
- e. To discuss the Company's financial statements with the persons responsible for their preparation and review and, based on this, recommend whether or not to the Board of Directors approve them.
- f. Recommend to the Board of Directors the bases for preparing the financial information and assist it in its review and issuance, as well as provide an opinion on relevant changes to the accounting policies, criteria, and practices under which the financial statements are prepared.
- g. Verify compliance with Proteak's accounting and tax regulations.
- h. The members of the Audit Committee will be appointed by the Board of Directors at the Annual Meeting.
- i. The Committee will review, discuss, and evaluate its own performance at least annually. The Committee must also periodically review and evaluate the adequacy of its operating rules and recommend proposed changes to the Board of Directors for its consideration.

	Member	Position
1	Ana Aragão Teixeira Aguiar de Matos de Lima Miranda	President
2	Manuel Ruíz Gutiérrez Topete	Member
3	Abraham Hernández Pacheco	Member

Table 65 Audit Committee
Source: Proteak Uno, S.A.B de C.V.

Corporate practices committee

The Corporate Practices Committee will be composed of at least three members who must meet the independence requirement set forth in Article 26 of the LMV (Securities Market Law). The main functions of the Corporate Practices Committee are as follows:

- i. To provide an opinion to the Board of Directors on matters within its jurisdiction pursuant to the LMV (Securities Market Law).
- ii. To request the opinion of independent experts when it deems appropriate for the proper performance of its duties.
- iii. To call Shareholders' Meetings and arrange for the inclusion of items it deems relevant on the agendas of said meetings.
- iv. To support the Board of Directors in preparing the report containing the main accounting and reporting policies and criteria followed in the preparation of the financial information submitted annually to the Shareholders' Meeting in accordance with Section b) of Article 172 of the LGSM (Securities Market Law), as well as in preparing the report on the transactions and activities in which it has participated.
- v. The members of the Corporate Practices Committee shall be appointed by the Board of Directors at its annual meeting.
- vi. The Committee shall review, discuss, and evaluate its own performance at least annually. The Committee shall also periodically review and evaluate the adequacy of its operating rules and recommend proposed changes to the Board of Directors for consideration

The members of the Corporate Practices Committee, considered as financial experts, are:

	Member	Position
1	Ana Aragão Teixeira Aguiar de Matos de Lima Miranda	President
2	Abraham Hernández Pacheco	Member
3	Manuel Ruíz Gutiérrez Topete	Member

Table 66 Corporate Practices Committee
Source: Proteak Uno, S.A.B de C.V.

Compensation Committee

The Compensation Committee is composed of at least three members who must meet the independence requirement set forth in Article 26 of the Securities Market Act (LMV). The main functions of the Compensation Committee are, among others, the following:

- a. Support the Board of Directors in fulfilling its responsibilities regarding the compensation of the company's executives.
- b. Establish and oversee compensation programs, both short- and long-term, for the Company's first- and second-level executives.
- c. Prepare an annual report on the compensation of the organization's first- and second-level executives, as well as the Chair of the Board and the directors.
- d. If appropriate, propose changes to the company's compensation schemes to the Board of Directors.
- e. The Committee may propose to the Board of Directors the hiring of internal or external resources that the Committee deems necessary or appropriate to fulfill its responsibilities.
- f. The Committee will review, discuss, and evaluate its own performance at least annually. The Committee shall also periodically review and evaluate the adequacy of its operating rules and recommend proposed changes to the Board of Directors for consideration.

The members of the Compensation Committee are:

	Member	Position
1	Jorge Silberstein Tenenbaum	President
2	Luis Eduardo Tejado Bárcena	Member
3	Diego Prieto Barbachano	Member

Tabla 67 Compensation Committee
Source: Proteak Uno, S.A.B de C.V.

Forestry Committee

The Forestry Committee will be composed of one to two members who must meet the independence requirement set forth in Article 26 of the LMV. The main functions of the Forestry Committee are, among others, the following:

- a. To oversee all aspects of the Company's forestry activities on behalf of the Board of Directors and advise it on matters relating to the Company's forestry activities. The Committee is available to act as an advisor to the Company's Executive Management in this regard.
- b. To conduct an annual in-depth review of the performance of the established forestry asset.
- c. To oversee the plantation establishment process and ensure that technical parameters are met.
- d. To review the organizational structure, management capacity, capabilities, and resources available for forestry functions.
- e. The Chair and members will be appointed by the Board of Directors. The Board of Directors will have the authority to remove any member of the Committee at any time without cause.
- f. The Committee shall hold at least four meetings per year, but may meet more frequently if deemed necessary.
- g. The Committee may meet more frequently as necessary.



- h. The Committee Chair shall appoint a secretary who shall prepare minutes of the meeting, which shall be distributed to the remaining members of the Board of Directors.
- i. Minutes of Committee meetings shall be distributed to the Board of Directors, and the Committee Chair shall report its findings and recommendations directly to the Board.
- j. Any Committee member may participate in a Committee meeting, conducted in whole or in part by telephonic means, whereby all persons participating in the meeting can hear one another speak (participation in a meeting in this manner shall be considered in-person attendance).
- k. The Forestry Director, the President, and the Executive Director shall be entitled to attend all Committee meetings.
- l. The Committee may propose to the Board of Directors the hiring of internal or external resources deemed necessary or appropriate by the Committee to fulfill its responsibilities.
- m. The Committee shall review, discuss and evaluate its own performance at least annually.

The Committee shall also periodically review and evaluate the adequacy of its operating rules and recommend proposed changes to the Board of Directors for consideration.

Proteak's Executive Officers

Name	Position	Current and total experience
César Arturo Vélez Pongutá	Chief Executive Officer	César Vélez joined Proteak in 2019 as Chief Financial Officer and was appointed CEO of Proteak in September 2022. He has over 18 years of experience in the financial department of leading transnational companies in the forestry and consumer goods sectors, where he has performed financial management, business plan development, investment project evaluation, mergers and acquisitions, financial analysis, among others. Prior to Proteak, he was Director of Administration and Finance, and held various managerial and executive positions at Masisa. He also served at Rayovac as Head of Planning and Business Analyst. He holds a degree in Economics from the University of La Salle in Bogotá, Colombia, a Master's degree in Project Evaluation and Management from the Universidad Panamericana, and an MBA in Senior Business Management from IPADE.
Manuel Rivera Paura*	Chief Financial Officer	Manuel Rivera Paura, a Certified Public Accountant by profession, with postgraduate studies in Finance, a Master's degree in Finance from the Autonomous University of Durango, and a Specialization in Finance from the Juárez University of the State of Durango. He currently serves as Corporate Controller. He will assume the position effective October 2nd of this year. Under his leadership, Proteak has achieved significant improvements in its processes in key areas. Mr. Rivera has more than 25 years of experience in accounting, administration, comptrollership, corporate finance, tax, auditing, and strategic planning departments, with a specialization in the MDF board industry.
María Eugenia Milmo Carrillo*	Director of Financial Management and Investor Relations	María Eugenia Milmo holds a degree in Accounting and postgraduate studies in Project Management and a specialization in Finance from the Universidad Panamericana. She joined Proteak in 2019, giving her extensive knowledge of the company and the markets we serve. As of October 2, 2024, she will assume the position of Director of Financial Management and Investor Relations. She also has more than 20 years of professional experience in Mexican and transnational companies in the manufacturing, services, and financial consulting sectors, leading key areas such as investor relations, financial planning, treasury, accounts receivable, accounting, and business administration.
Cinthia Paulina Villaseñor Islas	General Counsel	Paulina Villaseñor joined Proteak in 2015. Prior to joining Proteak, she had nine years of experience in tier-one law firms focusing on corporate and business law, at Goodrich Riquelme y Asociados, Ríos Ferrer, Guillén-Llarena, Treviño y Rivera, S.C., and Olivares y Cía, S.C. She was also Director of Legal Affairs for the General Directorate of Road Development of the Ministry of Communications and Transportation. She holds a law degree from the National Autonomous University of Mexico (UNAM).
Ofelia Rendón Rodríguez	Director of Human Development	Ofelia Rendón joined Proteak in 2022. She holds a degree in Industrial Administration and Business Administration and Management from the National Polytechnic Institute and a Master of Business Administration (MBA) from the University of the Valley of Mexico. She has served as Human Resources Director at various high-impact companies in Mexico with an international presence, such as Great Panther Mining Limited; Grupo Kaltex, Bunge, Philips, and others.
Jürgen Bernhard	Forestry Director	Jürgen Stock joined Proteak as Research Manager in December 2007 and is currently the Director of Forestry. Prior to Proteak, he was Research Manager for the Forestry Division of Smurfit Carton in Venezuela. He worked on the



Stock Leyton		successful development of cloning propagation programs for forestry species, which increased the company's productivity by 40%. He holds a Bachelor's degree in Forestry Engineering and a Master's degree in Science from the Universidad de los Andes in Mérida, Venezuela.
Cesar Rodríguez Bejarano	Sales Director	He joined Proteak in 2014 as Industrial Commercial Director. He has over 15 years of experience in the steel and metalworking industry and over eight years in the panel industry. He has direct experience in customer service, sales, and purchasing, and is also an expert in establishing supply chains. He has worked at companies such as New Process Steel and Ryerson Inc. He holds a degree in International Trade from ITESM and an MBA from EGADE Business School.
Boris Ludovic Moghrani Cisneros	IT Director	He joined Proteak in April 2016 as Systems Director for Proteak and Bluedrop, Proteak's sister company. Boris has over 23 years of experience in systems, design, implementation, and execution of IT strategies, realignment of IT objectives with the business, business process reengineering through IT, and management of multidisciplinary teams. Prior to Proteak, he worked at internationally recognized companies such as Monsanto, MasNegocio.com, and Sports World. He holds a degree in Applied Mathematics for Computing from the National Autonomous University of Mexico (UNAM).
Rodrigo Méndez Pech	Plant Manager	He joined Proteak in November 2017 as Production Manager and has been Plant Director since December 2019. Rodrigo has over 23 years of experience in coordination, management, and control of production and maintenance. He has worked at various companies such as FEMSA, Embotelladora Bepensa, and Organización de Aguas de México. Rodrigo holds a degree in Mechanical and Electrical Engineering from the Universidad Juárez Autónoma de Tabasco and a Master's degree in Administrative Engineering from the Instituto de Estudios Universitarios.
German Steven Ortiz Murillo	Harvest Commercial Director	Steven Ortiz joined Proteak in 2011. His main role was to carry out area mapping and inventory surveys for plantation purchases. In 2012, he served as head of industrial teak production, and in 2013, Steven took over as teak harvest and export logistics manager. Since 2019, he has served as the eucalyptus and teak harvest manager, overseeing domestic and international teak marketing.

Table 68 Proteak's Executive Officers
Source: Proteak Uno, S.A.B. de C.V.



Proteak's Board of Directors

Name	Position	Current and total experience
Ricardo Elizondo Guajardo	Chair of the Proteak Board of Directors.	Founding partner and director of the Mexican fund Ideas y Capital. He has invested in 24 private companies since 2005. He is currently a member of the Board of Directors of Proteak and the following 11 companies: Fruitex, Econduce, Prolade, EnKontrol, Grupo Amigo, Boletia, Dvdendo LLC, Nimbler, Pro Organic Growers, CFE Internacional, LLC, and CFenergía, subsidiaries of the Federal Electricity Commission (CFE). None of these companies have any affiliation with Proteak. He was a director and president of the Venture Capital Committee of the Mexican Private Capital Association (AMEXCAP) from April 2015 to April 2018. He teaches Innovation and New Business Development in the Executive MBA program at ITAM and is a mentor at several incubators and accelerators in Mexico. Previously, Ricardo was the Deputy Editorial Director of the newspaper Reforma, where he worked for 16 years. Ricardo holds a Master of Business Administration (MBA) and a Master of Public Administration (MPA2), both from Harvard University.
Diego Prieto Barbachano	Member of the Proteak Board of Directors.	He was appointed to the board in April 2021 and served as Chair of the Board of Directors until 2023, appointed by the Ordinary General Assembly in December 2021. He holds a degree in Finance, a Master's in Business Administration (MBA), Director of Administration and Finance at the Banking and Commercial School, and is a Director, partner, and advisor to companies in the education, agro-industrial, and real estate sectors in Mexico.
Jorge Silberstein	Member of the Proteak Board of Directors.	He has been a member of the Board of Directors since April 2021. He was Head of Investment Banking at Barclays Investment Bank for 11 years, served until 1999 as Undersecretary of Communications at the Ministry of Communications and Transportation and was previously Deputy General Director of Financial Engineering at Banobras, S.N.C. From 1989 to 1993 he held important positions at the Ministry of Finance and Public Credit, both as Deputy Coordinator of the Disincorporation Unit and as General Director of Financial Engineering of the Disincorporation Unit.
Luis E. Tejado	Member of the Proteak Board of Directors.	He has been CEO of Bluedrop since 2012. Previously, he was CEO of Proteak from 2007 to 2012 and CFO of Grupo Editorial Expansión from 2004 to 2007. He was part of the Boston Consulting Group as a project leader and consultant. From 1993 to 1995, he was Manager of the Finance Department. He holds a degree in Industrial Engineering from the Universidad Panamericana and an MBA from Harvard Business School.
Manuel Ruiz Gutiérrez Topete	Member of the Proteak Board of Directors.	He is also the Chair of the Audit Committee and a board member for Vitamedica and Director of Administration and Finance for the Formula 1 Mexican Grand Prix Project. He is also Treasurer for FICSAC (Ibero-American University Trustees). Before joining these companies, he worked in the banking sector as Director of Administration and Finance for Banamex. He also served as Chief Financial Officer (CFO) for Banco Nacional de México and Citibank. Prior to this, he served as CFO for Seguros Banamex. He holds a degree in Economics from the Universidad Iberoamericana and an MBA from Cornell University with a specialization in Finance.
Ana Aragão Teixeira Aguiar de Matos de Lima Miranda	Member of the Proteak Board of Directors.	He has been a member of the Audit Committee since December 2021. He is currently CFO at Timber Capital Portugal, and was CFO at Investwood
Abraham Hernández Pacheco	Member of the Proteak Board of Directors.	He is currently a member of the Audit Committee of Proteak. He is the president and founding partner of VITALIS, a Mexican company specializing in private pensions, where he also chairs the Investment Committee. He is president of the Pensions, Benefits, and Social Security section of the International Actuarial Association, where he is also a member of the Nominations and Strategic Planning committees. He created and was the first head of the Business Intelligence Unit at ProMéxico. He serves on the boards of other public companies, FIBRAS (Reinforced Real Estate Investment Trusts), and private equity funds. He is actively involved in social causes focused on reducing poverty in old age, combating labor informality, and promoting responsible investment. Abraham is an actuary and is currently pursuing a doctorate in applied mathematics

Tabla 69 Proteak's Board of Directors.

Fuente: Proteak Uno, S.A.B. de C.V.

4.5 Articles of Association and other agreements

- a. The registered office will be Montes Urales 424, 1st floor, Office 01B-142, Lomas de Chapultepec V section, Zip Code 11000, Mexico City.
- b. The duration is 99 years.
- c. The main purpose of the Company is the cultivation, planting, production, sowing, harvesting, processing, buying and selling, industrialization, importing, exporting, marketing and the sale of flowers, plants, trees and seeds and other products derived from them.
- d. A clause for the admission of foreigners is provided for.
- e. The share capital is represented by ordinary, registered shares, without nominal value.
- f. The minimum fixed capital amounts to MXN [2,875,161,977] and the variable capital is unlimited.
- g. The shares may have other characteristics determined by the General Shareholders' Meeting that agrees to their issuance in accordance with applicable regulations.
- h. All shares representing fixed, minimum, or variable capital have equal rights and obligations and grant their holders equal rights and obligations in accordance with Article 112 of the LGSM.
- i. In the event that the Shareholders' Meeting resolves on the issuance of shares with restricted rights and/or obligations, said issuance will be subject to the provisions of Article 54 of the LMV.
- j. Each share, of any series and class, grants the right to vote in Ordinary or Extraordinary General Shareholders' Meetings.
- k. In accordance with article 123 of the Agrarian Law, the share capital must distinguish a special series of shares or social shares identified with the letter "T", which will be equivalent to the capital contributed in agricultural, livestock or forestry lands or that destined for the acquisition of these, according to the value of the lands at the time of their contribution.
- l. The Series "T" shares issued by the Company shall not enjoy special rights over land or corporate rights other than those corresponding to the shares in accordance with the LGSM, except that upon the liquidation of the Company, only the holders of said Series "T" Shares shall be entitled to receive land in payment of what corresponds to them in the company's assets.
- m. Foreign shareholders may not hold a stake exceeding 49% of the Series "T" Shares.
- n. The approval of the Board of Directors is required for any person or group of persons intending to acquire shares or the securities representing them, or rights over shares, by any means or title (i) the consequence of which is that their shareholdings individually and/or jointly with the related person(s) represent(s) a stake equal to or greater than a 30% stake; (ii) holding a stake of 30% or more of the total shares, the consequence of which is



that their shareholdings individually and/or jointly with the related person(s) represent(s) a stake equal to or greater than a 40% stake; and (iii) holding a stake of 40% or more of the total Shares, the consequence of which is that their shareholdings individually and/or jointly with the related person(s) represent(s) a stake equal to or greater than 50% (fifty percent) of the total Shares. Likewise, (i) any person who is a competitor of the Company or any subsidiary of the Company, who individually or jointly with one or more related persons, seeks to acquire shares, or the securities representing them, or rights over shares, by any means or title, the consequence of which is that their shareholding individually and/or jointly with the related person(s) represents(s) a percentage equal to or greater than 5% (five percent) of the total shares, or multiples thereof; (ii) any contract, agreement or legal act that seeks to limit or results in the transfer of any of the rights and powers that correspond to shareholders or holders of shares or the securities representing them of the Company, including derivative financial instruments or transactions, as well as acts that imply the loss or limitation of the voting rights granted by the shares representing the capital stock of this Company in a proportion equal to or greater than 5% of the total Shares into which the capital stock of the Company is divided; and (iii) The conclusion of Restricted Agreements.

- o. In accordance with article 108 of the LMV, in the event of cancellation of the registration of the shares representing the Company's share capital or the negotiable instruments representing such shares in the RNV, either at the request of the Company itself, by prior agreement of the extraordinary general meeting of Shareholders of the Company and with the favorable vote of the holders of shares, with or without voting rights, representing 95% or by resolution adopted by the CNBV, in terms of the LMV, the Company will be obliged, upon request from the National Banking and Securities Commission, to make a public acquisition offer within a maximum period of 180 calendar days, counted from the date on which such request takes effect or from the date on which the meeting has adopted the respective agreement, the provisions of articles 96, 97, 98, sections I and II, 101, first paragraph, of the aforementioned LMV being applicable. The offer must be addressed exclusively to Shareholders or holders of negotiable instruments representing the Company's shares who are not, at the time of the CNBV's request, part of the group of persons controlling the Company. The term "Control" used in the bylaws shall be as defined in Article 2, section iii) of the LMV (Mexican Stock Exchange); the offer must be made at least at the price that is the higher of the market value and the book value of the shares or negotiable instruments representing said shares, according to the latest quarterly report submitted to the CNBV and the Mexican Stock Exchange ("BMV") prior to the commencement of the offer, adjusted when said value has changed in accordance with criteria applicable to the determination of relevant information. In this case, the most recent financial information available to the Company must be considered, and a certification from the CEO and/or the Deputy CEO regarding the determination of the book value must be submitted. and the Company must affect in trust for a minimum period of 6 (six) months, counted from the date of the corresponding cancellation, the necessary resources to acquire at the same price of the offer the securities of the investors who have not attended the same.
- p. To consider an Ordinary Shareholders' Meeting held at the first or subsequent call legally established, at least the majority of the shares issued by the Company and entitled to vote must be represented, and to adopt resolutions at any Ordinary Shareholders' Meeting, held at the first or subsequent call, a simple majority of the shares represented at the Meeting will be required.
- q. To consider an Extraordinary Shareholders' Meeting held at the first call legally installed, at least 75% (seventy-five percent) of all the shares issued by the Company and with voting rights must be represented, in the case of

- a second or subsequent call, to consider the Extraordinary Shareholders' Meeting legally installed, at least 50% of all the shares issued by the Company must be represented.
- r. For the validity of the resolutions adopted at any Extraordinary Shareholders' Meeting held at the first or subsequent call, the affirmative vote of at least 50% (fifty percent) of the total shares representing the share capital will be required.
 - s. In terms of article 23 of the Securities Market Law ("LMV"), the administration of the Company is entrusted to a Board of Directors and a General Manager, in terms of the bylaws, as well as the provisions of the LMV.
 - t. The Board of Directors shall be composed of the number of regular members determined by the general shareholders' meeting, between a range of 3 (three) and 21 (twenty-one) directors, of which at least twenty-five percent (25%) must be independent in accordance with Article 26 of the LMV. For each regular director, their respective alternate may be designated, with the understanding that the alternate directors of independent directors must have the same status and that alternate directors may only replace Regular Directors of the same series of shares that elected them. Likewise, the Board of Directors shall have a Chair and their respective alternate, and shall appoint a Secretary who shall not be part of said body. The general shareholders' meeting that appoints or ratifies the members of the Board of Directors shall assess the independence of its directors. Notwithstanding the foregoing, under no circumstances may the persons indicated in Article 26 of the LMV be appointed or serve as independent directors.
 - u. At the corresponding Shareholders' Meeting, each shareholder or group of Shareholders who individually or jointly hold 10% (ten percent) of the voting shares representing the Company's share capital shall have the right to appoint one (1) Regular Director and his/her respective alternate.
 - v. Notwithstanding the foregoing, Shareholders who individually or jointly hold ten percent or more of the Company's share capital who intend to appoint a Director must notify the Company's Nominations Committee within a period not exceeding five (5) days after the publication of the call for an Ordinary Annual General Shareholders' Meeting.
 - w. The Company's Nominations Committee may propose to the Annual Ordinary General Shareholders' Meeting the ratification, in whole or in part, of the positions for the following fiscal year of the members of the Board of Directors previously designated by the shareholders.
 - x. At each Shareholders' Meeting that resolves on the appointment of the members of the Board of Directors, the members designated, where applicable, by the Shareholders or group of Shareholders who own 10% (ten percent) or more of the share capital will be appointed first.
 - y. The members and Secretary of the Board of Directors of the Company must maintain confidentiality regarding the information and matters that they become aware of by virtue of their position in the Company, when said information or matters are not of a public nature.
 - z. In performing its functions, the Board of Directors shall be assisted in overseeing the management, conduct and execution of the Company's business by a Corporate Practices Committee and an Audit Committee.
 - aa. The Board of Directors must meet at least four times during each fiscal year.

- bb. The functions of management, conduct and execution of the business of the Company and the legal entities it controls shall be the responsibility of the General Director, subject to the strategies, policies and guidelines approved by the Board of Directors.
- cc. The Company is not required to appoint auditors, as it has adopted the system for its administration and oversight relating to the integration, organization, and operation of public limited companies, entrusting its oversight to the legal entity that performs the external audit of the Company, as well as to the Audit Committee.
- dd. There are no statutory restrictions for the Board of Directors to establish compensation plans for the Issuer's executives and directors. With respect to decision-making on any matter in which the directors have a personal interest, the bylaws establish that members and, where applicable, the Secretary of the Board of Directors, who have a conflict of interest in any matter, must abstain from participating and be present during the deliberation and voting on said matter. Furthermore, the bylaws establish that an affirmative vote of at least 51% (fifty-one percent) of the formally appointed members of the Board of Directors or, where applicable, an affirmative vote of at least 51% (fifty-one percent) of the shares representing the Company's share capital is required, in the case of a resolution of the shareholders' meeting, whether at the first or subsequent call, to approve the execution of contracts with related parties.
- ee. As of the date of the Offer, there will be no agreement that would have the effect of delaying, preventing, deferring or making more onerous a change of control in Proteak.
- ff. As of the date of preparation of this Annual Report, there are no trusts or any other mechanism by virtue of which the corporate rights conferred by the Shares are limited.
- gg. To amend the bylaws, an extraordinary general meeting of shareholders must be held, at which at least 75% (seventy-five percent) of all voting shares must be represented, at the first call, and in the case of a second or subsequent call, at least 50% (fifty percent) of all voting shares issued by the Company must be represented. For the resolutions adopted at any extraordinary shareholders' meeting held at the first or subsequent call to be valid, an affirmative vote of at least 50% (fifty percent) of the total number of shares held will be required.
- hh. Clause Eight of the bylaws establishes a mechanism for the Board of Directors to approve any person or group of persons to acquire shares or rights over said Shares, including, but not limited to, the credit titles that represent them, in accordance with the percentages established in the previous paragraph.
- ii. The Board of Directors is empowered to determine the Compensation Committee, which is governed by Article 26 of the LMV (Securities Law) for the consideration of independence. This committee is made up of three board members, who determine the emoluments to be received. See section 4.4.

4.6 Other corporate governance practices

Proteak presents this section because it is considered relevant information for the investing public, and it sets forth strategic guidelines for the company and its framework for action.

Proteak is a Sociedad Anónima Bursátil de Capital Variable S.A.B. de C.V. (Stock Exchange Company with Variable Capital) that is governed by the provisions of its bylaws, the LGSM (Securities Market Law), the LMV (Mexican Securities Market Act), and the Single Circular, as applicable.

Some of Proteak's main corporate governance provisions are described below.

Management is overseen by a Board of Directors currently composed of 7 directors, all of whom are independent members under the terms of the LMV (Mexican Securities Market Act). This Board meets 3 to 4 times a year.

At the corresponding Shareholders' Meeting, each Shareholder or group of Shareholders, who individually or collectively hold 10% (ten percent) of the voting CPOs representing the Company's share capital, shall have the right to appoint one (1) Regular Director and their respective alternate.

The Board of Directors shall have the broadest powers of representation recognized by law to enter into all types of contracts and to carry out all types of acts and operations not reserved by law or by the bylaws for a Shareholders' Meeting, as well as to administer and direct the Company's business.

Proteak has three Committees that assist the Board of Directors in the performance of its functions, which are listed below:

- Audit Committee. It is composed of at least three members who must meet the independence requirement set forth in Article 26 of the LMV (Securities Market Act).
- Corporate Practices Committee. It is composed of at least 3 members who must meet the independence requirement set forth in Article 26 of the LMV (Securities Market Act).
- Nominations and Compensation Committee. It is composed of the number designated by the Shareholders' Meeting, but at least a majority of its members must also be members of the Company's Board of Directors or Company Secretaries. Proteak has contracted the services of Salles, Sainz – Grant Thornton, S.C., as its external auditor, to fulfill the functions established for this position in both the bylaws and applicable law.

Mr. César Arturo Vélez Pongutá is the Chief Executive Officer of Proteak and is responsible for the management, conduct, and execution of the businesses of Proteak and the legal entities it controls, in accordance with the strategies, policies, and guidelines approved by the Board of Directors or the Ordinary General Shareholders' Meeting, as applicable. The Ordinary General Shareholders' Meeting or the Board of Directors is responsible for appointing the Chief Executive Officer.

The liability of the members of the Board of Directors, under the terms and for the acts set forth in Clause Twenty of the bylaws, may be enforceable by Proteak and/or by the shareholders who, individually or jointly, hold shares with voting rights, including limited or restricted voting rights, representing at least 5% (five percent) of the total share capital, regardless of the corporate and/or property rights that such shares confer on their holders.

Events after the reporting date

1. On January 16, 2025, the Company's General Shareholders' Meeting authorized, among other matters, the contracting of financing from the estate ("DIP financing"), in accordance with the provisions of the applicable law on insolvency proceedings, in one or more credit transactions, up to a maximum amount of MXN \$250 million pesos.

Additionally, they also agreed to establish a pricing formula for the subscription of shares representing the company's capital stock, which were also issued at the aforementioned general shareholders' meeting. These shares would be used to enable creditors who will provide the aforementioned financing, if they so wished, to capitalize the balance in their favor and against the Company by subscribing to said shares. The Board of Directors is empowered to determine the final subscription and payment price for said shares. At the aforementioned meeting, the shareholders expressly waived their right of first refusal so that the shares issued at the time may be used for the capitalization process of the liabilities contracted in accordance with the aforementioned terms.

2.- The Board of Directors, at a meeting held on March 31, 2025, reviewed and approved the General Restructuring Plan in general terms, which is divided into the following essential points: I) Operational Restructuring of PRO MDF; II) DIP Financing; III) Negotiations with financial creditors; and IV) Negotiations for the release of debts in the Insolvency agreement with respect to unsecured creditors:

I.- PRO MDF's operational restructuring has led to the need to temporarily suspend MDF board production and prioritize the maintenance of the MDF plant and its assets. The current MDF inventory will be sold in its entirety, and only spare parts will be retained.

II.- DIP Financing has approved a loan against the Estate under the terms of the Insolvency proceedings Law, which Proteak Uno will request under the previously approved terms, including:

- i. The granting of guarantees on eucalyptus plantation land.
- ii. Acceptance of the term requested by the financing provider, however, establishing that repayment will not begin before the Insolvency agreement is approved.
- iii. The minimum financing amount will be MXN \$150,000,000.00.
- iv. Granting of the rate indicated by the financing provider.
- v. The possibility of capitalization is approved, provided that it is done under the terms indicated and approved by the Proteak Shareholders' Meeting.

The new credit against the Estate will be used for the following:

- i. Costs associated with staff reductions (for example, employee severance pay).
- ii. Payment of taxes incurred during the Insolvency proceedings.
- iii. Expenses associated with the Insolvency proceedings.



- iv. Maintenance of assets.
- v. Administrative expenses

The company will be seeking to obtain financing for another additional amount of MXN \$100,000,000.00 that the Board of Directors authorized in previous sessions to complete the processing and expenses inherent to the insolvency proceedings.

III.- Negotiations with financial creditors, the importance of negotiating with AKA and Banco Sabadell the payment of their credit under the alternatives presented by the investment bank "VACE Partners" was established.

Regarding IFC and Proparco, they will be offered the negotiation plans proposed by the investment bank "VACE Partners", in its most recent business model.

IV.- Negotiations in the Insolvency agreement regarding common creditors, the payment options proposed in order to carry out the General Restructuring Plan were proposed and approved.

3.- At the Ordinary and Extraordinary General Shareholders' Meeting held on April 30, the Company's shareholders validly agreed to authorize the Board of Directors to grant the discount it deemed appropriate to the value determined in accordance with the formula approved for the subscription of shares at the general shareholders' meeting held on January 16 of this year.

4.- At the board meeting held on May 16, 2025, the Board of Directors reviewed and approved the following:

I.- The Company is hereby authorized to formally begin negotiating the terms and conditions of a proposed financing structure, the purpose of which is to establish a financial and operational framework through which two of its MDF clients will provide financing to the Company under the "DIP Financing" modality for an amount of MXN \$100,000,000.00, as well as the provision of an MDF board supply service through the Company's subsidiary that manufactures said product."

The MDF board will be supplied to the borrowers, who will be obligated to pay for said supplies in advance. The terms of the transaction will be established in the respective contracts.

II.- It is hereby authorized that, should the borrowers exercise their capitalization right based on the proposals submitted, and based on the authority delegated by the Shareholders' Meeting to this Board of Directors, this governing body is empowered to set and/or approve said price.

III.- The authorization granted by the Board of Directors in terms of the foregoing will be conditioned upon this collegiate governing body approving the final terms and conditions set forth in the contracts entered into to establish the supply and manufacturing mechanism and the credit to be granted to the Company ("DIP Financing").

IV. The terms and conditions of the supply and credit transaction authorized under the terms of the preceding resolutions must also be submitted to the conciliator for consideration and comply with the formalities established for such purpose by the legislation on commercial insolvency proceedings.

Capital Markets

5.1 Share structure

As of December 31, 2024, TEAK's paid-in capital stock consists of 1,352,985,021 Ordinary Participation Certificates fully subscribed and paid, each consisting of one Series "T" registered share (450,995,007 shares) and two Series "K" registered shares (901,990,014 shares).

Foreigners may not have a share exceeding 49% (Forty-nine percent) of the Series "T" Shares".

The Agrarian Law and the Foreign Investment Law do not allow foreign participation to exceed 40% of the Series "T" Shares or Social Shares, directly, or through trusts, agreements, social or statutory pacts, pyramid schemes, or any other mechanism that grants control or a participation greater than that established, except as provided in Article 18 of the Foreign Investment Law. Therefore, the participation of investors in Proteak is carried out through neutral investment, which is made in Mexican companies or trusts authorized by the Ministry of Economy, in this case through a Trust creating an investment instrument in which CPOs (Ordinary Participation Certificates) are issued to the Foreign Investor. In the event that the Trust must be terminated in accordance with the provisions of Article 392 and subsequent articles of the General Law on Securities and Credit Transactions or for any other reason, the Shares will be assigned to a new trust, which will be similar to the previous one, so that all investors will maintain their investment in Proteak without violating the provisions of the Agrarian Law and the Foreign Investment Law. Proteak cannot guarantee that, once the term of the Trust expires, another similar one will be established, which would directly affect foreign investors, who would not be able to maintain ownership of the Series "T" shares in a proportion that does not exceed the maximum permitted. However, it is expected that in the event of a foreign investment participation in the Series "T" Shares exceeding 49%, authorization from the Ministry of Economy would be requested so that the CPOs to be issued by the Issuing Trust are considered neutral investment instruments. This authorization cannot be guaranteed at any time by Proteak.

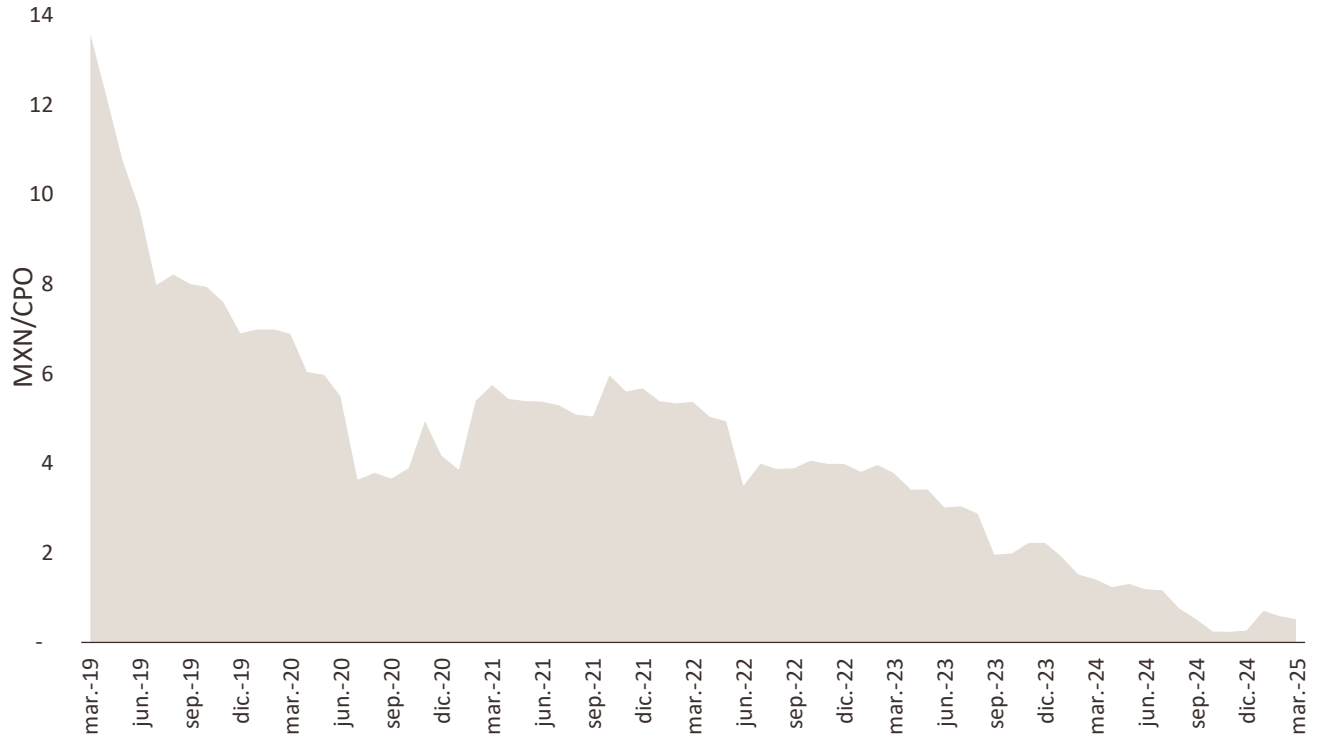
Foreign holders of Proteak CPOs will have limited voting rights limitados

Holders of CPOs of foreign nationality may only instruct the Trustee on how to exercise their voting rights derived from holding Series "K" shares. Regarding the holding of Series "T" shares incorporated into CPOs held by foreign investors, they will be voted in the same way as the majority of the Shares of said Series "T" represented at the relevant Shareholders' Meeting. This may represent a risk for foreign investors with respect to decision-making and the representation they will have in Proteak.



5.2 Share Performance on the Securities Exchange

Below is the performance of TEAK CPO stock listed on the BMV from March 2019 to March 2025.



Graph 11 Stock Prices
Source: Yahoo Finance



It's worth noting that, given that it's a long-term investment, Proteak's stock has low market volatility.

Month	Maximum Price	Minimum Price	Total Volume Traded	Listed on
march-25	0.55	0.24	9,786,245	BMV
feb-25	1.20	0.50	1,020,285	BMV
jan-25	1.45	1.16	165,959	BMV
4T24	0.55	0.24	9,786,245	BMV
3T24	1.20	0.50	1,020,285	BMV
2T24	1.45	1.16	165,959	BMV
1T24	2.26	1.22	2,277,860	BMV
4T23	2.57	1.69	7,008,528	BMV
3T23	3.10	1.95	7,703,240	BMV
2T23	3.99	3.03	2,735,400	BMV
1T23	4.00	3.52	267,670	BMV
4T22	4.12	3.85	5,260,194	BMV
3T22	4.10	3.51	113,923	BMV
2T22	5.39	3.52	536,188	BMV
1T22	6.01	4.85	5,426,507	BMV
4T21	6.35	4.90	1,467,631	BMV
3T21	5.47	4.92	342,013	BMV
2T21	5.69	5.10	1,008,919	BMV
1T21	8.36	3.60	9,904,067	BMV
4T20	5.15	3.75	7,084,847	BMV
3T20	3.80	3.65	1,374,447	BMV
2T20	6.05	6.05	410,782	BMV
1T20	7.16	6.90	14,431	BMV
4T19	8.20	7.95	681,611	BMV
3T19	9.80	8.00	2,052,705	BMV
2T19	12.90	9.60	1,852,435	BMV
1T19	14.40	13.00	225,823	BMV
4T18	14.80	11.60	366,183	BMV
3T18	16.50	12.49	843,689	BMV
2T18	17.19	14.90	2,952,145	BMV
1T18	19.00	16.70	5,455,844	BMV
4T17	19.78	16.09	4,195,242	BMV
3T17	20.30	18.40	1,193,319	BMV
2T17	20.40	19.31	10,571,568	BMV
1T17	21.20	19.92	4,789,995	BMV

Table 70 Behavior of TEAK CPO stock
 Source: Mexican Stock Exchange, Investing



5.3 Market Trainer

Currently Proteak has no market trainer.