

Summary

Founded in 2017 in Rubiataba-GO, *S&J Mineração de Granitos do Brasil* produces exotic and translucent ornamental stones, serving both the domestic and international markets.

S&J Mineração is implementing one of the largest complexes for extracting ornamental rocks in the Brazilian Midwest, with approximately 25 thousand hectares of areas registered with the ANM – Agência Nacional de Mineração.

With volumes in the order of 150 million m³ of ornamental rocks and exotic and exclusive materials, it is in the expansion phase in its mining activities and also in other modalities of extraction/exploitation of minerals existing in the project.

The company's objective is to develop a commercial relationship, bringing investors to its marble, granite and ornamental stone extraction hub.

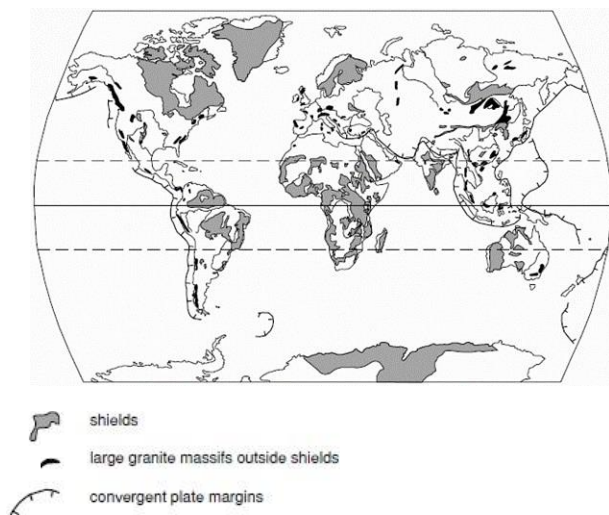
S&J is opened for several modalities, possibilities, or business strategies in its quarries, being for sale, lease, exclusive supply of the material now explored and partnership in extraction.

Context

The category of ornamental stones includes stone materials used for room coating and making furniture and decorative objects and other purposes. Among the ornamental stones, there are the covering stones, used especially for floors, walls and facades.

In geological terms, rocks are classified according to characteristics of their formation process, such as sedimentary, metamorphic, intrusive magmatics and extrusive magmatics.

The chemical composition of rocks also reveals important information about their applicability: carbonate rocks, such as marbles and travertines, have less hardness. The silicate ones, such as quartzite and granite, have greater durability and are more resistant.

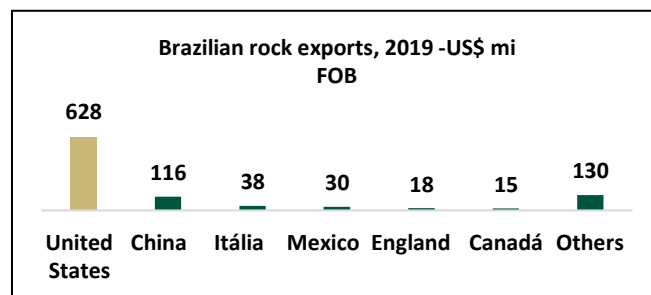


Brazilian segment

In Brazil, around 10 thousand companies participate in the segment's value chain, according to a 2018 report by Abirochas, of which 400 are regular exporters. The marble works are more than 60% of the segment, being also responsible for 50% of the direct jobs in the sector.

The main center of ornamental stones in the country is Espírito Santo, responsible for around 35% of the national production, mainly granite. Minas Gerais is in second place, with 20% of the total. The Northeast region has grown in the extraction of exotic rocks and limestone, while the North is still a frontier to be explored. In the Midwest, Goiás is the main producer.

From 2010 to 2017, around 30% of Brazilian production was exported. Below, data from Comex Stat/Ministry of Economy¹¹ for exports in 2019:

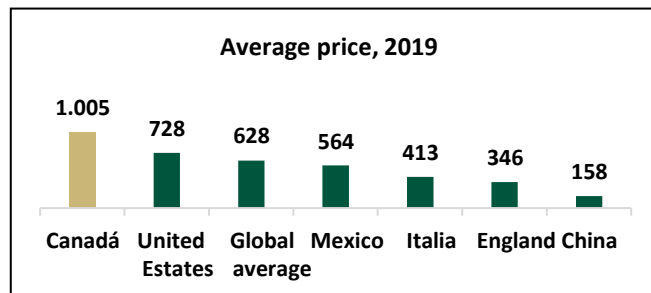


Comex Stat, 2020

The biggest consumer market for Brazilian rocks, the US mainly imports sheets, which have greater added value, while China prefer concrete blocks. This preference explains the difference in the average ticket between the two countries: each ton exported to the United States has approximately 4.6 times the value of that destined for the Chinese market.

Similarly, smaller markets have very attractive average prices: in addition to the 6 largest listed below (the only ones with a volume greater than US\$10m), Australia stands out – US\$1,826/t and US\$4m exported – and Russia, US\$1,356 and volume of US\$5m.

Despite annual fluctuations, the trend is to maintain this scenario, as observed in the Comex Stat historical series and in the Abirochas report.



Comex Stat, 2020

According to apparent internal consumption data for 2017, made available by Abirochas, the use of granitic materials predominates in Brazil (45%). Marble and travertine follow, with 26%, followed by slate (7%). Other rocks account for 9% of the total, with only 4% of the material consumed being imported.

Of the estimated total of 9.2 mt of rocks extracted in 2017, around 65.2% were destined for the domestic market. Added to imports, apparent consumption was around 66.9 million m² of plates.

Alone, the state of São Paulo consumed 30 million m² of ornamental stone slabs that year, or 45% of the national volume. The other Southeastern states accounted for 22% of the market, while the South moved 14%. North, Northeast, and Midwest make up the remaining 19%.

S&J Mineração

S&J is opened for new modalities, possibilities or business strategies in its quarries, whether for sale, lease, exclusive supply of the material now explored and/or partnership in extraction.

Currently, two quarries are already in operation, extracting and exporting materials to the US (granite blocks and slabs). In addition, the company is counting on the exploration of 100 new quarries in the future. All extracting material of exotic classification and occasionally translucent, due to its high content of Quartz Crystals and Feldspar with the formation of almonds in its generous granulometry.

Highly relevant action in which the mine is shielded with more than 6 records in its surroundings, thus avoiding being required by competitors who may want to sell materials in the region with values below the ideal to be practiced.

- **Quarry n°01**, three materials are extracted: White Boreal, Boreal Light and commercial
- **Quarry n°02**, two materials are extracted: Chimborazo, commercial

Productos

White Chimborazo

White Chimborazo is an exotic and translucent Quartz-Monzonite with large Quartz and Feldspar almonds. It presents granulometry developed with crystals in a bluish tone, going to violet.



White Boreal

White Boreal is a Quartz-Monzonite of exotic classification, high content of Quartz and Feldspar, with almond formation in its generous granulometry.

It has a fluid texture creating movements and colors in its formation, showing the pagination in different applications.



Boreal Light

Boreal light is a Quartz-Monzonite classified as translucent and exotic and with Quartz and Feldspar almonds larger than other materials.

It is the same material from the White Boreal quarry, also presenting fluidity that create movements, but with the specificity of being translucent (on occasion) due to the larger crystal almonds.



* Materials for clean environments that require in its design high resistance to compression, high gloss and impermeability, and can be applied indoors and outdoors, including wet areas.

Finances

Expected results

R\$ (Millions)	2021E	2022E	2023E	2024E	2025E	2026E
Revenue	1,19	11,78	25,40	40,53	55,94	71,42
EBITDA	-1,52	2,90	8,33	14,14	19,65	24,73
EBITDA Mg.	-	27%	35%	38%	38%	37%
Net profit	-1,57	2,53	7,59	13,04	18,23	23,05

Investment tesis

The mining sector has great potential for change and growth in Brazil, due to the latent export trends for these materials. There are more than 100 quarries to be explored and 150 million cubic meters.

The S&J team has a high level of expertise in the sector and a highly qualified technical staff, which makes it extremely capable of executing and presenting a product that better speaks to the times and the current demands of beauty, sophistication and practicality in decorated environments.

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