



# Floresteca S.A.

## 3Q 2024 Results Summary

September 2024



# Agenda

1. Harvesting Operations by Farm & Project Year
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# Harvest Operations by Farm

Table: Area Changes – 3Q 2024

Project	Planting Year	Initial Area (ha) - End of 2Q 2024	Harvested Area (ha) - 3Q 2024	Current Area (ha) - End of 3Q 2024	Site Class 3 Area (ha)	Current Area (ha) - Dismissive Site Class 3
Bambu	1999	549.07		549.07	524.93	24.14
Bambu	2000	513.83		513.83	265.26	248.57
Duas Lagoas	2000	311.57		311.57	273.21	38,36
Duas Lagoas	2001	1,034.05	190.20	843.85	801.79	42.06
São Miguel	2001	97.52		97.52	41.92	55,60
Barranquinho	2002	960.13		960.13		960.13
Cacimba	2002	114.21		114.21		114.21
Duas Lagoas	2002	0.00		0.00		0.00
São Miguel	2002	5.71		5.71		5.71
Santa Maria do Jauru	2002	970.67		970.67	83.35	886.82
Barranquinho	2003	12.78		12.78		12.78
Cacimba	2003	2.04		2.04		2.04
Santa Maria do Jauru	2003	206.72		206.72		206.72
Santa Fé	2003	2,276.88	253.77	2,023.11	706.90	1,316.21
Barranquinho	2004	1,002.89		1,002.89	94.72	908.17
Terra Santa	2004	1,127.44		1,127.44		1,127.44
Duas Lagoas	2005	202.93		202.93		202.93
Duas Lagoas	2006	215.84		215.84		215.84
Mutum	2007	511.32		511.32		511.32
São José	2007	301.22		301.22		301.22
Santa Maria do Jauru II	2008	94.42		94.42		94.42
Total		10,511.24	443.97	10,067.27	2,792.08	7,274.69

The table on the left presents FSA projects initial area (ha), based on the end of 4Q2023, the harvested area at the 1Q 2024, and the currently standing area. Also, the Site Class 3 (poor development) areas that have been agreed to be removed from TRC management are presented on a separate column.

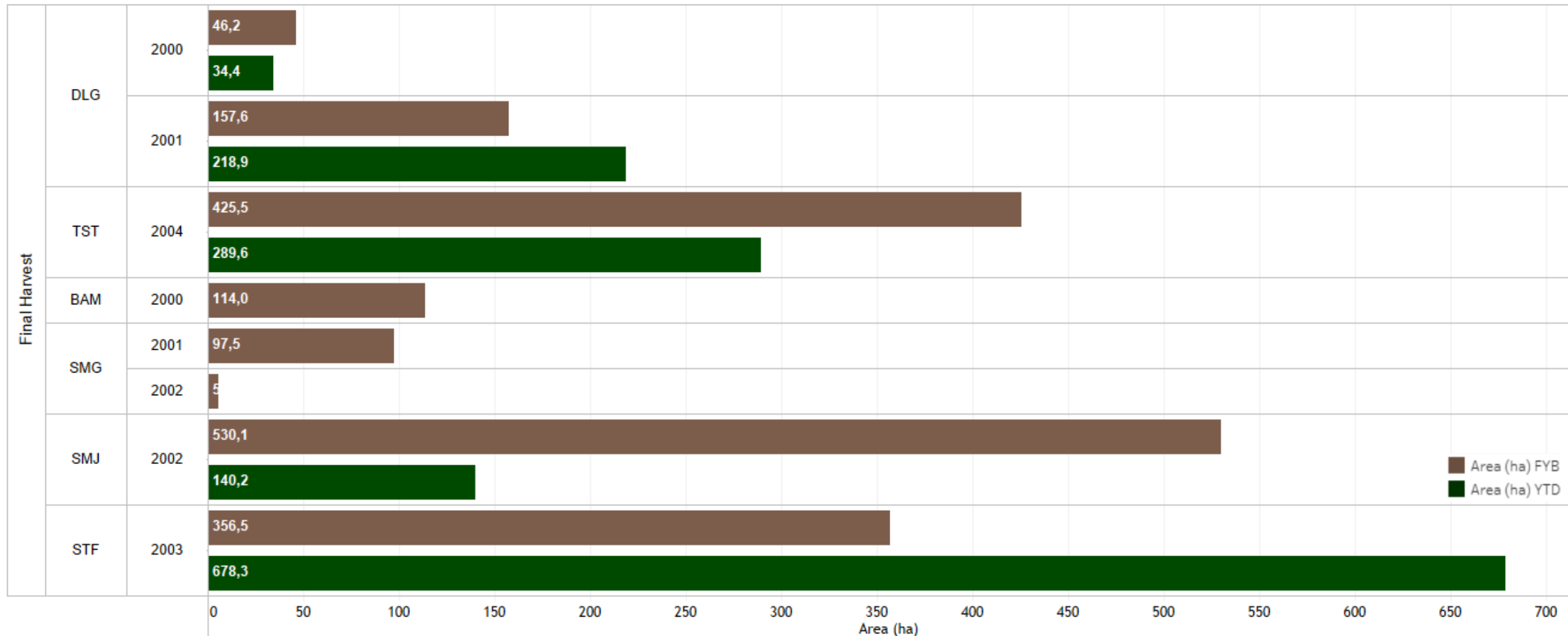
During the 3Q2024, regular harvesting activities were completed in stands of DLG and STF projects.

As agreed, the standing trees on these site class 3 areas are being offered in the local market for biomass traders. One stand in STF (35.72 ha) was sold to a third party and he was responsible for harvesting.

On a deviation to the initial plan for the year, an arrangement with the landowner of SMJ to postpone the harvesting until next year. With this, harvesting was moved from SMJ to STF to similar stands and increased in harvesting areas in STF.

# Harvest Operations by Farm

This graph shows the 2024 budgeted areas (FYB - brown color) and areas where harvest has already started (green color). Here, operations may still be ongoing. As explained on previous slide, the harvesting was initiated in SMJ project, however, it was necessary to move to STF project, hence the larger area executed on the latter. There was a delay on the start of TST harvesting and due to the rain season, the operations will return next year.



# Sales Summary – Year to date

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
<b>BAM2000</b>										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	0	0	0	0	0	0	0	0	0	0
<b>CMB2002</b>										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	45	6	0	0	0	0	0	0	0	51
<b>DLG2000</b>										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	324	682	1,193	524	101	23	0	0	0	2,846
<b>DLG2001</b>										
Budget	3,596	2,829	0	0	0	0	0	0	0	6,425
YTD	2,455	106	925	2,508	1,363	957	113	50	1	8,478
<b>SMG2001</b>										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	0	0	0	0	0	0	0	0	0	0
<b>SMG2002</b>										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	0	0	0	0	0	0	0	0	0	0
<b>SMJ2002</b>										
Budget	3,514	2,739	3,744	3,911	0	0	0	0	1,384	15,292
YTD	884	3,389	1,680	93	0	0	47	0	0	5,953
<b>STF2003</b>										
Budget	3,576	3,140	4,168	4,062	4,655	4,850	5,064	4,359	2,258	36,132
YTD	2,669	2,337	3,623	4,309	9,223	6,407	7,609	4,690	4,111	44,979
<b>TST2004</b>										
Budget	0	0	0	0	1,626	4,518	7,331	7,740	5,835	27,050
YTD	0	0	0	0	0	428	3,676	6,005	6,201	16,309
<b>Total</b>										
Budget	10,686	8,708	7,912	7,973	6,281	9,368	12,395	12,099	9,477	84,899
YTD	6,376	6,519	7,422	7,434	10,687	7,815	11,445	10,745	10,313	78,756

YTD sales volume is currently nearly 6.1 K m<sup>3</sup> lower than budget. The 3Q performance was slightly worse than planned (34.0 K m<sup>3</sup> planned against 32.5K m<sup>3</sup> actuals, -4%).

During the 3Q, operations were concentrated on STF and TST farms.

For the next quarter, we do expect to compensate partially the backlog by increasing one harvesting crew operating on FSA areas.

# Sales Summary – Year end estimate

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>BAM2000</b>													
Budget	0	0	0	0	0	0	0	0	0	2,570	2,421	4,363	9,354
YEE	0	0	0	0	0	0	0	0	0	0	2,520	6,327	8,847
<b>CMB2002</b>													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	45	6	0	0	0	0	0	0	0	0	0	0	51
<b>DLG2000</b>													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	324	682	1,193	524	101	23	0	0	0	0	0	0	2,846
<b>DLG2001</b>													
Budget	3,596	2,829	0	0	0	0	0	0	0	0	0	0	6,425
YEE	2,455	106	925	2,508	1,363	957	113	50	1	0	0	0	8,478
<b>SMG2001</b>													
Budget	0	0	0	0	0	0	0	0	0	0	3,311	656	3,967
YEE	0	0	0	0	0	0	0	0	0	0	3,748	724	4,472
<b>SMG2002</b>													
Budget	0	0	0	0	0	0	0	0	0	0	0	433	433
YEE	0	0	0	0	0	0	0	0	0	0	0	331	331
<b>SMJ2002</b>													
Budget	3,514	2,739	3,743	3,911	0	0	0	0	1,384	9,278	8,124	6,019	38,712
YEE	884	3,389	1,680	93	0	0	47	0	0	0	0	0	6,093
<b>STF2003</b>													
Budget	3,576	3,140	4,168	4,062	4,655	4,850	5,064	4,359	2,258	0	0	0	36,132
YEE	2,669	2,337	3,623	4,309	9,223	6,407	7,609	4,690	4,111	2,805	6,436	9,117	63,337
<b>TST2004</b>													
Budget	0	0	0	0	1,626	4,518	7,331	7,740	5,835	0	0	0	27,050
YEE	0	0	0	0	0	428	3,676	6,005	6,201	8,191	500	0	25,000
<b>Total</b>													
Budget	10,686	8,708	7,911	7,973	6,281	9,368	12,395	12,099	9,477	11,848	13,856	11,471	122,073
YEE	6,376	6,519	7,422	7,434	10,687	7,815	11,445	10,745	10,313	10,996	13,204	16,499	119,455

The forecasts for year end are showing a -2% variation to the total volumes budgeted for the year.

Because of the change from SMJ to STF reported in the previous slides, there will be a switch in volumes between the two farms.

A portion of BAM farm expected for 2024 is expected now to be pushed into 2025, hence the lower volume forecast.

TST operations are slightly reduced to avoid the risks of not being able to remove the logs from the farm with the onset of the rainy season.

# Yields - Final Harvests

**Table: Log sales final harvest, stands planned for 2024**

Project	Planting Year	Site Class	DBH (cm)		BA (m <sup>2</sup> /ha)		AREA (ha)		VOL (m <sup>3</sup> /ha)		REMOVED (TPH)	
							FYB	YTD	FYB	YTD	FYB	YTD
DLG	2001	S2	28,2	28,2	10,4	10,4	46,4	46,4	41,4	43,3	201	164
SMJ	2002	S1	36,5	36,5	14,0	14,0	19,9	19,9	109,0	74,9	141	132
		S2	32,1	32,1	15,6	15,6	40,7	40,7	90,1	69,6	218	189
		S3	21,1	21,1	10,9	10,9	28,7	28,7	29,5	35,9	321	294
STF	2003	S1	35,3	35,3	16,8	16,8	297,4	297,4	92,7	95,3	176	175
		S2	30,4	30,4	13,3	13,3	19,3	19,3	85,9	57,8	172	185
Total			33,5	33,5	15,5	15,5	452,4	452,4	83,6	81,4	190	181

- Table = 2024 budget stands. Total values (volume, area and trees) planned and performed until end of 3Q 2024.
- DBH and BA are the latest measured data.

**Table: Log sales final harvest, stands unplanned for 2024**

Project	Planting Year	Site Class	DBH (cm)	AB (m <sup>2</sup> /ha)	Area (ha)	Vol. (m <sup>3</sup> /ha)	Removed (TPH)
			YTD	YTD	YTD	YTD	YTD
DLG	2000	S3	25,4	7,5	78,9	17,0	141
	2001	S2	27,4	11,0	46,6	40,4	180
		S3	23,1	10,0	93,4	14,7	236
STF	2003	S1	35,6	16,9	32,9	104,9	169
Total			26,6	10,5	251,7	32,0	187

- Table = 2024 unplanned stands. Total values (volume, area and trees) performed until end of 2Q2024.

The tables show separately planned sales of 2024. These tables show only stands where operations are fully finished, so that the yields per hectare are comparable.

## 2024 Planned

As explained in the last report, activities focused on stands within the STF and TST projects. However, there is no stand concluded in TST yet. Also, one stand in DLG project was finalized.

The Pre-Harvesting Inventory identified a lower tree count compared to the Continuous Inventory on the stands that were actually harvested for DLG and SMJ projects. Pre-harvest inventory works on a finer level of detail than the annual continuous forest inventory.

Additionally, misestimations of commercial heights were observed in SMJ, while higher fungal diseases in STF caused hard-to-predict losses.

However, on the weighted average, yields were close to the budgeted (81.4 m<sup>3</sup>/ha actual against 83.6 m<sup>3</sup>/ha budgeted).

## 2024 – Unplanned

The operations fully finished in some unplanned stands during the 3Q2024 in DLG and STF projects. Until the end of this quarter a total of 8,045 m<sup>3</sup> was sold.

# Log Sales & Prices

## Roadside Prices Comparison 2024 YTD

Girth Class	Description	Volume m <sup>3</sup>		Value USD		Avg RS Price (USD/m <sup>3</sup> )		Avg Girth (cm)		Proportion	
		Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
50-60	Regular	4,743	8,603	236,237	338,947	50	39	56	53	6%	11%
	Channel	0	0	0	0	0	0	0	0	0%	0%
60-70	Regular	12,230	13,370	609,136	685,168	50	51	66	70	14%	17%
	Channel	0	0	0	0	0	0	0	0	0%	0%
70-80	Regular	15,892	9,909	791,712	628,517	50	63	75	76	19%	13%
	Channel	0	0	0	0	0	0	0	0	0%	0%
80-90	Regular	15,651	19,078	1,227,142	1,573,560	78	82	84	85	18%	24%
	Channel	0	376	0	20,388	0	54	0	89	0%	0%
90-100	Regular	16,829	4,388	1,654,449	451,805	98	103	94	95	20%	6%
	Channel	0	4,052	0	289,713	0	71	0	95	0%	5%
100-110	Regular	6,562	4,324	731,240	539,901	111	125	105	103	8%	5%
	Channel	0	3,782	0	328,403	0	87	0	107	0%	5%
110-120	Regular	9,359	1,401	1,115,441	212,170	119	151	114	117	11%	2%
	Channel	0	4,733	0	497,894	0	105	0	115	0%	6%
120-130	Regular	2,699	666	359,256	121,307	133	182	125	122	3%	1%
	Channel	0	3,191	0	395,428	0	124	0	125	0%	4%
130-140	Regular	934	25	151,800	4,043	163	163	135	141	1%	0%
	Channel	0	858	0	128,086	0	149	0	133	0%	1%
<b>Total Geral</b>		<b>84,899</b>	<b>78,756</b>	<b>6,876,411</b>	<b>6,215,331</b>	<b>81</b>	<b>79</b>	<b>96</b>	<b>89</b>	<b>100%</b>	<b>100%</b>

FSA sells to TRC at the roadside, with the pricing determined by the latest Consufor price survey available at the time of the transaction.

3Q 2024 Consufor report continued the 2Q trend and showed another price increase.

Prices for defective logs, such as channeling or crooked, are given a discount on their Consufor value (30%). Sales are then detailed separately for regular and discounted (channel) logs.

It is important to state that the thicker one tree is, the higher the incidence of channels in its bottom log. Hence, the higher differentiation in price for thicker logs.

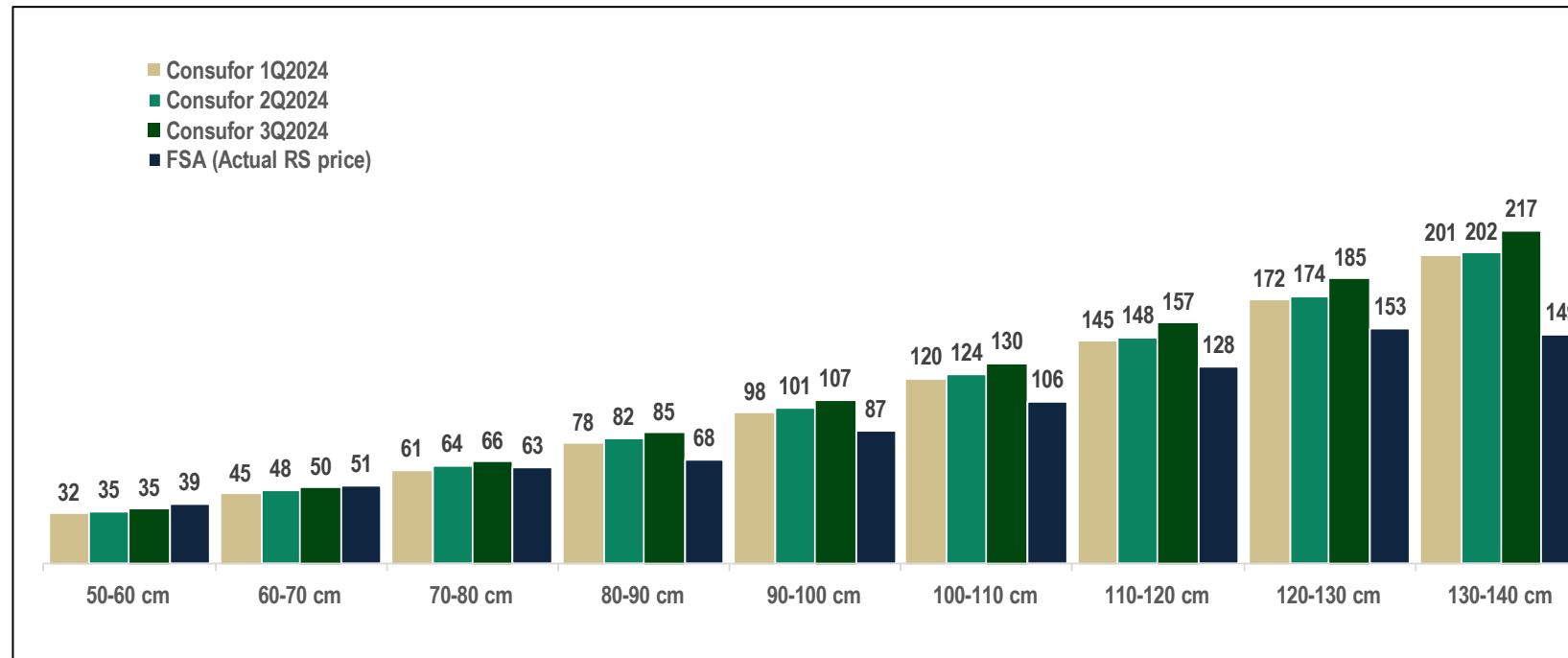
Budget prices consider the incidence of channel logs at the following proportions:

- <100 m - 0%
- 100-110 cm - 25%
- 110-120 cm - 50%
- 120-130 cm - 75%
- 130+ cm - 100%

Weighted prices are then calculated accordingly

# Log Sales & Prices

Floresteca S.A (YEE) vs Consufor roadside prices (USD/M<sup>3</sup>)



Consufor reports the price for regular logs, which are shown on this graph. All defective logs are given a 30% discount on their reference price. It is important to state that the thicker one tree is, the higher the incidence of channels in its bottom log. Hence, the higher differentiation in price for thicker logs.

# Market Update

## INDIA

Panama, Brazil, Ecuador, Brazil, Costa Rica and Ghana 75% of teak imported by India in 2Q 2024. Panama, Brazil and Ecuador were practically tied at the top, each corresponding to 17% of arrivals, Costa Rica and Ghana follow right behind with 12% each.

The Central American arrivals have extended further than initially expected, but mainly because of transit delays caused by congestion on transshipment ports in Asia. Unexpectedly, September has seen the highest arrivals of the year so far. This brought pressure to the market with rapidly increasing stocks.

For the next quarter, supply is expected to decrease, especially on the origins which compete the most with Brazilian log specs, but it should take some time to consume the stocks accumulated this quarter. Anyway, the market situation is forecast to improve consistently until the end of 1Q 2025, when a new Central American season kicks in.

# Project Results to Date

Harvest Report Amounts Paid and Provisions (in USD):

2016 HR	7,841,879
2017 HR	5,645,549
2018 HR	1,977,316
2019 HR	6,103,896
2020 HR	81,498
2021 HR	1,908,246
2022 HR	151,923
2023 HR	0
<b>Total</b>	<b>23,710,307</b>
<b>Paid</b>	<b>-9,997,173</b>
<b>Outstanding</b>	<b>13,713,133</b>

# Legal and Compliance Update

## **TERRA SANTA, AND BAMBU IV FARMS – OVERVIEW**

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

### • **Terra Santa**

**06/03/2024:** FSA and LHS present an opposition against FRIGIERI’s appeal, reinforcing that the verdict does not need to be reconsidered, based in the following arguments (i) the case must be analyzed in accordance with the law, public deed of usufruct and elementary legal principles, without any additional evidence; (ii) the public deed satisfies all the legal requirements and establishes the amounts that must be paid to the plaintiffs', and may not be superseded by any previous private document; (iii) the flood that led to the loss of the wood was contracted by the plaintiffs, without LHS and FSA prior knowledge, and the burden must be borne by the person responsible (the plaintiff); (iv) the value of the cause may be amended by the judge at any time.

**08/13/2024:** the COURT OF APPEALS denies FRIGIERI’s appeal, based in the following arguments: (i) FRIGIERI was noticed to present evidence, but he did not do so; (ii) the compensation should be limited to the remaining planting area, as part of the area was lost due to FRIGIERI's responsibility; (iii) there are no reasons to amend the value of the lawsuit.

**09/03/2024:** FRIGIERI files a special appeal before the COURT OF APPEALS, directed to the Superior Court of Justice (STJ), against the decision of 08/13/2024, arguing that (i) FRIGIERI is entitled to 89,944 hectares, considering an initial total area of 1,500 hectares, excluding 20.93 hectares as permanent preservation area (PPA) and 3.72 hectares as a roadway, resulting in a total area of 1,475.35 hectares, and of this total area, 20% was allocated (equivalent to 295.07 hectares), from which 200 hectares were sold and 5.126 hectares were flooded for the small hydroelectric plant (SHP); or alternatively (ii) Frigieri is entitled to 24.562 hectares, considering the initial total area of 1,173.09 hectares (as stated in the judgment), excluding 20.93 hectares as PPA and 3.72 hectares as a roadway, resulting in a total area of 1,148.44 hectares, of which FRIGIERI would be entitled to 20% (equivalent to 229.688 hectares), from which 200 hectares were sold and 5.126 hectares were flooded for the SHP; (iii) the parties did not have the opportunity to produce evidence, and the judgment should be annulled; and (iv) the judgment should be amended to restore the original value of the case, or, alternatively, returned to the lower court for a technical assessment to determine the correct value of the case.

# Legal and Compliance Update

**09/20/2024:** FSA and LHS present their counterarguments to the appeal filed by FRIGIERI, initially highlighting the lack of prior discussion of the legal points raised by FRIGIERI, which is necessary for the appeal to be accepted. Additionally, FRIGIERI's special appeal attempts to reassess facts and evidence already analyzed, which is not allowed at this stage of the process, and seeks to reinterpret contract clauses, something that is also not permissible in a special appeal. On the merits, it is argued that the previous decision is correct, as it adequately considered the teak area belonging to the appellants, taking into account the legal agreements they themselves made, including the area flooded for the small hydroelectric plant (SHP), without the involvement of the respondents. The counterarguments conclude by recommending the rejection of the special appeal or, if it is accepted, its dismissal, given that the contested decision is in line with current jurisprudence.

**10/21/2024:** The COURT OF APPEALS rejects FRIGIERI'S special appeal because the issues raised were not discussed in the earlier stages of the process, which is necessary for the appeal to be accepted. Additionally, the court stated that any judge can adjust the value of the case at any time according to established rules.

## • Bambu IV

**05/23/2024:** the expert – Real Brasil, presents before the judge of the claim and (i) accepts the nomination; (ii) informs that his fees are 44,980.00 BRL, and (iii) informs that his final report will be ready within 90 days.

**06/04/2024:** FRIGIERI informs that he is accordance with Real Brasil fees and presents the payment receipt of 44,980.00 BRL.

**07/17/2024:** the expert is noticed to inform a date do start his analysis.

**07/26/2024:** the expert states that the work will begin on September 13, 2024, and should be completed in 90 days. Additionally, the expert requests that the parties be notified to submit the following documents: (i) growth history of the plantation; (ii) management activity report since the beginning of the planting period at Bambu IV farm; (iii) any other documents deemed necessary for the proper conduct of the expert work.

# Legal and Compliance Update

## **BAMBU I FARM – OVERVIEW**

The farm have had use deal ("LUD", also "Usufruct Agreements") The landowners, Mr. Luiz Plácido Pinto Junior and his wife Rosane Costa Marques Pinto claim for the accountability of the usufruct from Bambu I Farm.

### • **Bambu I:**

**06/13/2024:** the COURT OF APPEALS announces the trial of the appeal filed by LHS and FSA for a date between 06/26/2024 and 06/28/2024 (in this kind of trial, if the parties want to present their verbal arguments, they must inform to the court, and the trial will be rescheduled)

**06/30/2024:** the COURT OF APPEALS denies the appeal filled by LHS and FSA, on the grounds that the appropriate remedy would be an interlocutory appeal (agravo de instrumento), not an appeal on the merits (the law is not explicit and there is a jurisprudential divergence)

**07/16/2024:** Plaintiffs files a plea for clarification against the decision of 06/30/2024, seeking to increase the attorney's fees, which was set at 10% in the verdict

**07/27/2024:** the COURT OF APPEALS announces the trial for a date between 08/07/2024 and 08/09/2024 (in this kind of trial, the parties cannot present their verbal arguments)

**07/29/2024:** LHS presents an opposition against the plea for clarification filled by the Plaintiffs, arguing that an increase in attorney's fees is not applicable in this situation, according to the COURT OF APPEALS jurisprudence

**08/12/2024:** the COURT OF APPEALS accepts the opposition filed by FRIGIERI and increases the attorney's fees from 10% to 15% of the value of the matter in controversy

**09/05/2024:** the lower court registry states that the case is unappealable.

**BAMBU V FARM – OVERVIEW** The farm have had use deal ("LUD", also "Usufruct Agreements") The landowners, Mr. Fernando Augusto Palma Faria and his wife Cristina Adiles Costa Marques Faria claim for the accountability of the usufruct from Bambu V Farm.

• **Bambu V:** No movements since de the last report.

# Legal and Compliance Update

## **LUD claim on PARAISO FARM:**

Overview: FRIGIERI filed a lawsuit against FSA for breach of contract regarding the usufruct of the Paraiso Farm. FRIGIERI allege that FSA failed to fulfill its contractual obligation to maintain the property's Rural Environmental Registry (CAR), resulting in financial losses for FRIGIERI. The plaintiffs seek a court order compelling FSA to regularize the CAR and demand compensation for moral damages in the amount of R\$30,000.00. FRIGIERI also claim their reputation is tarnished due to the irregularities, hindering their access to financial resources

**08/07/2024:** FRIGIERI files its initial petition, and FSA argues that (i) the responsibility for the environmental regularization of Fazenda Paraíso lies with the owners (FRIGIERI); (ii) the Public Deed of Institution of Usufruct and the law stipulate that the obligation to keep the CAR updated falls on the owners (FRIGIERI), not the usufructuary (FSA); (iii) FSA fulfilled its sole contractual obligation to pay the fees of the technical expert responsible for the CAR registration, as evidenced by invoices; (iv) regarding the claim for moral damages, there was no contractual breach or violation of personality rights. In the end, FSA requests the dismissal of any preliminary injunction, citing the absence of legal requirements and the lack of merit in the claim.

**09/09/2024:** FSA presents the defense, arguing that (i) according to the Public Deed of Usufruct of the Fazenda Paraíso, the responsibility for the environmental regularization of the property and the registration of the Rural Environmental Registry (CAR) lies with the owners; (ii) the FSA fulfilled its sole obligation, which was merely to pay for the CAR; (iii) there was no contractual breach or violation of FRIGIERI's personal rights, and thus no grounds for moral damages; and (iv) regarding the request for a preliminary injunction, there is no urgency or likelihood of success on the merits to justify it. Therefore, the FSA requests that all the plaintiffs' claims be dismissed.

**09/12/2024:** FRIGIERI submits a rebuttal to FSA's defense, arguing that (i) FSA, as the usufructuary of Fazenda Paraíso, exercised ownership-like powers for 26 years, deriving economic benefits from teak exploitation, and acquired the obligation to maintain the property's environmental compliance, including updating the CAR; (ii) it would not be fair to assign the responsibility for CAR regularization exclusively to FRIGIERI, as he did not enjoy the economic benefits of the exploitation during the usufruct period; (iii) FSA hired a forestry engineer to initiate the regularization process, demonstrating its acknowledgment of environmental responsibility, and failing to complete the CAR regularization violated the principle of objective good faith, causing damages to FRIGIERI, who was prevented from economically exploiting the property after the usufruct ended. In conclusion, FRIGIERI reiterates that the defense should be rejected, the action upheld, and FSA condemned to regularize the CAR, pay damages for moral losses, and cover the legal costs.

# Legal and Compliance Update

**10/24/2024:** The case is dismissed due to the existence of a similar lawsuit filed by FRIGIERI regarding the same contract, seeking other obligations and also compensation. Filing multiple actions on the same subject causes unnecessary repetition of procedural acts and hinders the efficiency of the judicial system. The judge of the claim indicates the possibility for FRIGIERI to amend the initial petition in the existing case in the 8th Civil Court (case n. 1028333-96.2024.8.11.0041) to include this new obligation to act.

**11/05/2024:** FSA files a plea for clarification against the decision of 10/24/2024, in which asserts that the decision is correct and requests a supplement to the judgment to impose a fine on the plaintiffs for their reckless conduct.

**11/09/2024:** FRIGIERI files an appeal against the decision of 10/24/2024, arguing that (i) the judgment violated the principle of adversarial proceedings by not allowing a response regarding the alleged repetition of claims, and (ii) the failure of FSA to fulfill its contractual obligations during the usufruct was not taken into consideration. Finally, FRIGIERI requests the annulment of the judgment so that he can address the issues introduced belatedly, or the modification of the decision to acknowledge the procedural interest, along with an analysis of compensation for moral damages.

## **LUD claim on PARAISO FARM II:**

Overview: Frigieri alleges that at Paraiso farm, FSA must (i) clean the areas by cutting and completely removing the remaining teak trees from the 31.01 hectares; (ii) remove the stumps and clean the usufruct areas, making them suitable for cattle farming or sugarcane planting; (iii) repair the allegedly damaged improvements, such as the main house, the three employee houses, and the barn; and (iv) compensate for the losses and damages suffered due to the return of the areas in poor condition. Furthermore, the plaintiff requested a preliminary injunction to compel FSA to carry out the activities in items (i) and (ii), under penalty of a daily fine of 5,000.00 BRL

**07/15/2024:** the judge of the case denies the preliminary injunction requested by FRIGIERI, due to the absence of legal requirements and the need for evidence to prove the facts. Additionally, a conciliation hearing is scheduled for November 5, 2024, at 8:30 AM.

**11/05/2024:** The conciliation hearing is held without an agreement between the parties. Now begins the period for submitting the defense.

# Legal and Compliance Update

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

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

**08/15/2024:** the Superior Court of Justice dismissed Mr. Rondon's new appeal because he failed to effectively challenge all the grounds of the decision from 02/09/2024 that denied the special appeal filed by Mr. Rondon

**09/04/2024:** Mr. Rondon files an extraordinary appeal directed to the Supreme Court of Justice (STF), in which he seeks to annul the decision of 08/15/2024, arguing that (i) the COURT OF APPEALS erred in applying the penalty of desertion to his appeal without prior notification for the regularization of the court costs, as required by law, thus violating the principle of adversarial proceedings and the right to a full defense, guaranteed by the Federal Constitution; (ii) the decision was made without proper justification, contrary to the Federal Constitution, which requires the reasoning of judicial decisions. Thus, Mr. Rondon requests that the Supreme Court of Justice recognize the constitutional violation and order the annulment of the decision and the issuance of a new one. Alternatively, he requests that the extraordinary appeal be granted, and the desertion be set aside, with the case being returned to the lower court for a decision on the merits.

**09/23/2024:** FSA presents an opposition against Mr. Rondon extraordinary appeal filed on 09/04/2024, and claims that: (i) the extraordinary appeal seeks to revisit the admissibility of the appeal filed by Mr. Rondon on 03/05/2024 and dismissed by the Superior Court of Justice on 08/15/2024; (ii) according to the Supreme Court decisions, the issue raised is of an infraconstitutional nature and does not have the mandatory general repercussion; (iii) the Superior Court's decision is properly justified, albeit succinctly; (iv) Mr. Rondon's extraordinary appeal is considered dilatory, intended to delay the final judgment of the sentence, characterizing bad faith litigation, which justifies the imposition of a fine according to the Civil Procedure Code. Therefore, FSA expects the extraordinary appeal filed by Mr. Rondon to be dismissed or, alternatively, denied, in addition to the imposition of a fine.

**10/01/2024:** The Superior Court denies the extraordinary appeal filed by Mr. Rondon and states that an interlocutory appeal (agravo em recurso extraordinário) is not admissible against decisions that deny the processing of an extraordinary appeal .

# Legal and Compliance Update

**10/22/2024:** Mr. Rondon files a new appeal before the Superior Court (agravo interno), directed to the Supreme Court of Justice, against the decision from 10/01/2024 that rejected his extraordinary appeal. This appeal seeks to have Mr. Rondon's special appeal analyzed by the Supreme Court, alleging that the decision did not adequately consider the specific objections presented, thus violating the principles of ample defense and adversarial proceedings. Finally, Mr. Rondon requests the retraction of the decision and the admissibility of the extraordinary appeal, as well as the nonapplication of a penalty for any potential dismissal of the appeal, arguing that his disagreement should not be considered as dilatory.

## **PAIOLANDIA FARM – Director removal lawsuit:** First movement since 2023

Overview: Rondon Andrade Porto (partner of Rondon Empreendimentos Ltda) filed a case to remove the rightful Director of the company - Ms. Rebeca de Andrade Porto

**10/03/2024:** The judge of the claim decides that the case is in order, and identifies as the main issue the breach of trust between the partners and the analysis of financial contributions and assets owed to Rondon Company. The decision also authorizes the production of oral evidence, and schedules a conciliation, instruction, and trial hearing for November 27, 2024, at 2:30 PM. The parties and witnesses are summoned to attend, under penalty of admission of the facts in case of absence or refusal to testify.

**10/22/2024:** Mr. Rondon provides the names of the three witnesses who should attend the hearing and give their testimony

**11/08/2024:** the judge of the claim reschedules the conciliation, instruction, and trial hearing from November 27, 2024 to February 04, 2025 at 03:30 PM.

# Outlook on Upcoming Quarters

FSA will operate with all four TRC harvesting teams from in November and December (two in Santa Fé, one in Bambu and another in São Miguel).

Logistics constraints in railroad and South Brazilian ports is now a given, given the congestion caused by the agricultural commodities season.- this may impact the ability to move volumes during the 4Q, consequently reducing our loading capacity at the farms.

Currently, the ongoing court cases FSA is involved are not causing any operational constraints.

Cash availability is still a pressing issue in FSA.

FSA has negotiated with TRC to hold on payments of services whenever necessary to bridge any negative cash balances to fund operations. Overdue management fees from TRC from 2022 were paid in full to avoid audit problems. All overdue accounts are now being paid on a first-in first-out basis, whenever there is cash available;

It is important to highlight that many of the actions taken now to preserve cash now are pushing costs to the future, but they should still be covered by FSA cash generation at some point. The main components to this are:

- Areas of final harvest where land clearing was not performed and the land has not yet been formally returned to landowners and FSA may be ruled by court to perform clearing, or at least reimburse their costs (currently 1.800 ha in Paraíso and Duas Lagoas farms, estimated cost of **USD 1.4 M**).
- Delayed operational and management services from TRC from February until September 2024 (**USD 1.5 M**)

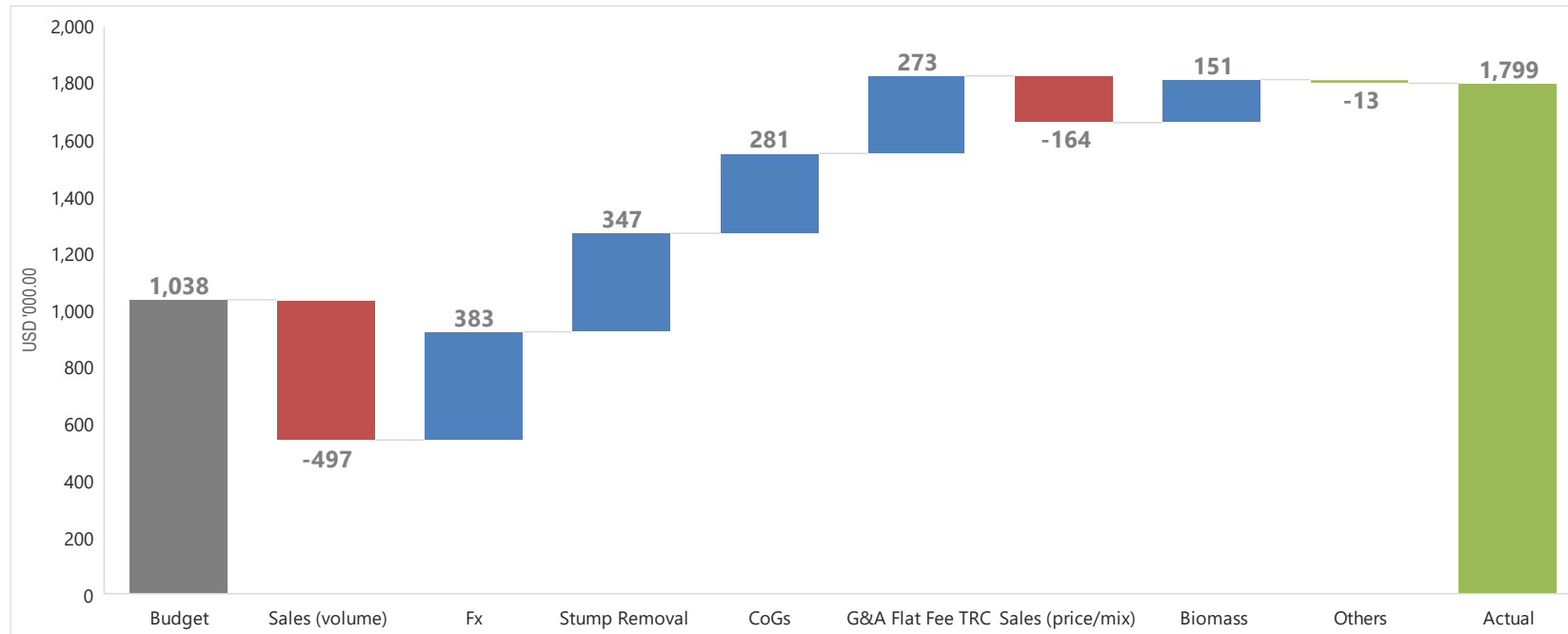
## FSA Summary Financial Information

# Summary P&L

FSA Profit and Loss (In USD 0,00) Volume	YTD		YTD	Var.	%	FY		FY	Var.	%
	Budget	Actual				Budget	Actual			
		<b>84,894</b>	<b>78,756</b>		<b>-6,138</b>	<b>-7%</b>	<b>122,073</b>	<b>119,455</b>		<b>-2,618</b>
<b>01 - Sales</b>	<b>6,876,413</b>	<b>6,923,931</b>		<b>47,519</b>	<b>1%</b>	<b>9,739,771</b>	<b>11,179,515</b>		<b>1,439,745</b>	<b>15%</b>
01.01 - Log Sales	6,876,413	6,215,331		<b>-661,082</b>	<b>-10%</b>	9,739,771	10,071,484		331,714	3%
Fx gain (loss) to Actual	0	382,847		382,847	0%	0	782,278		782,278	0%
01.03 - Biomass	0	151,318		151,318	0%	0	151,318		151,318	0%
01.04 - Other Sales	0	174,436		174,436	0%	0	174,436		174,436	0%
01.1 - (-) Sales Deductions	<b>-72,986</b>	<b>-254,695</b>		<b>-181,710</b>	<b>249%</b>	<b>-104,949</b>	<b>-284,411</b>		<b>-179,462</b>	<b>171%</b>
<b>02 - Net Sales</b>	<b>6,803,427</b>	<b>6,669,236</b>		<b>-134,191</b>	<b>-2%</b>	<b>9,634,821</b>	<b>10,895,104</b>		<b>1,260,283</b>	<b>13%</b>
03 - CoGs	<b>-2,940,114</b>	<b>-2,658,651</b>		<b>281,463</b>	<b>-10%</b>	<b>-4,235,214</b>	<b>-3,942,325</b>		<b>292,889</b>	<b>-7%</b>
03.01 - Stump Removal	<b>-707,296</b>	<b>-359,962</b>		<b>347,334</b>	<b>-49%</b>	<b>-1,127,500</b>	<b>-1,139,545</b>		<b>-12,045</b>	<b>1%</b>
<b>04 - Gross Profit</b>	<b>3,156,016</b>	<b>3,650,624</b>		<b>494,607</b>	<b>16%</b>	<b>4,272,107</b>	<b>5,813,234</b>		<b>1,541,127</b>	<b>36%</b>
<b>05 - Operational Expenses</b>	<b>-2,117,938</b>	<b>-1,851,318</b>		<b>266,619</b>	<b>-13%</b>	<b>-2,685,254</b>	<b>-2,446,061</b>		<b>239,194</b>	<b>-9%</b>
5.01 - Forestry	<b>-324,402</b>	<b>-312,091</b>		12,311	-4%	<b>-370,216</b>	<b>-370,216</b>		0	0%
5.02 - Property Management	<b>-461,601</b>	<b>-452,210</b>		9,390	-2%	<b>-634,324</b>	<b>-634,324</b>		0	0%
5.03 - G&A Expenses	<b>-201,602</b>	<b>-222,225</b>		<b>-20,623</b>	<b>10%</b>	<b>-266,107</b>	<b>-288,381</b>		<b>-22,274</b>	<b>8%</b>
5.04 - G&A Flat Fee TRC	<b>-1,130,332</b>	<b>-857,568</b>		272,765	-24%	<b>-1,414,607</b>	<b>-1,145,916</b>		268,691	-19%
5.05 - Land Use Deals	0	0		0	0%	0	0		0	0%
5.06 - Other Operational	0	<b>-7,224</b>		<b>-7,224</b>	<b>0%</b>	0	<b>-7,224</b>		<b>-7,224</b>	<b>0%</b>
<b>06 - EBITDA</b>	<b>1,038,079</b>	<b>1,799,305</b>		<b>761,226</b>	<b>73%</b>	<b>1,586,853</b>	<b>3,367,174</b>		<b>1,780,321</b>	<b>112%</b>
<b>07 - Depreciation/Amortization/Depletion</b>	<b>-3,178,976</b>	<b>-3,573,409</b>		<b>-394,434</b>	<b>12%</b>	<b>-4,825,274</b>	<b>-6,048,073</b>		<b>-1,222,799</b>	<b>25%</b>
7.01 - Depreciation/Amortization	<b>-32,512</b>	<b>-6,332</b>		26,180	-81%	<b>-43,319</b>	<b>-17,120</b>		26,199	-60%
7.02 - Depletion	<b>-3,045,815</b>	<b>-3,493,458</b>		<b>-447,643</b>	<b>15%</b>	<b>-4,658,835</b>	<b>-5,934,863</b>		<b>-1,276,028</b>	<b>27%</b>
7.03 - Financial Income	0	93,021		93,021	0%	0	93,021		93,021	0%
7.04 - Financial Expenses	<b>-100,648</b>	<b>-166,640</b>		<b>-65,992</b>	<b>66%</b>	<b>-123,120</b>	<b>-189,112</b>		<b>-65,992</b>	<b>54%</b>
<b>08 - EBT</b>	<b>-2,140,897</b>	<b>-1,774,104</b>		<b>366,793</b>	<b>-17%</b>	<b>-3,238,421</b>	<b>-2,680,900</b>		<b>557,522</b>	<b>-17%</b>
<b>09 - Income Tax</b>	0	0		0	0%	0	0		0	0%
<b>10 - Profit &amp; Loss</b>	<b>-2,140,897</b>	<b>-1,774,104</b>		<b>366,793</b>	<b>-17%</b>	<b>-3,238,421</b>	<b>-2,680,900</b>		<b>557,522</b>	<b>-17%</b>

# Summary P&L YTD

## Operational Result vs Budget, Changes against Budget Amounts (USD, '000s)



The YTD Operational Result was **USD 1,8 M** versus **USD 1 M** budgeted or a positive variation of **USD 761 K**.

The lower-than-planned volume in this period by **- 6,138 m<sup>3</sup>** resulted in a negative revenue variation of **USD - 497 K**, due to lower yields in the planned operations for Q1 and Q3 2024.

The positive FX variation in the YTD, at **5.30** compared to the budgeted **5.00**, is resulting in a financial impact of **USD 782 K**.

There was a temporary saving of **USD 347 K** on the stump removal costs projected for the period, despite the activity being ongoing in PAI.

The lower volume invoiced in the period also results in savings on CoGs, by **USD 281 K**.

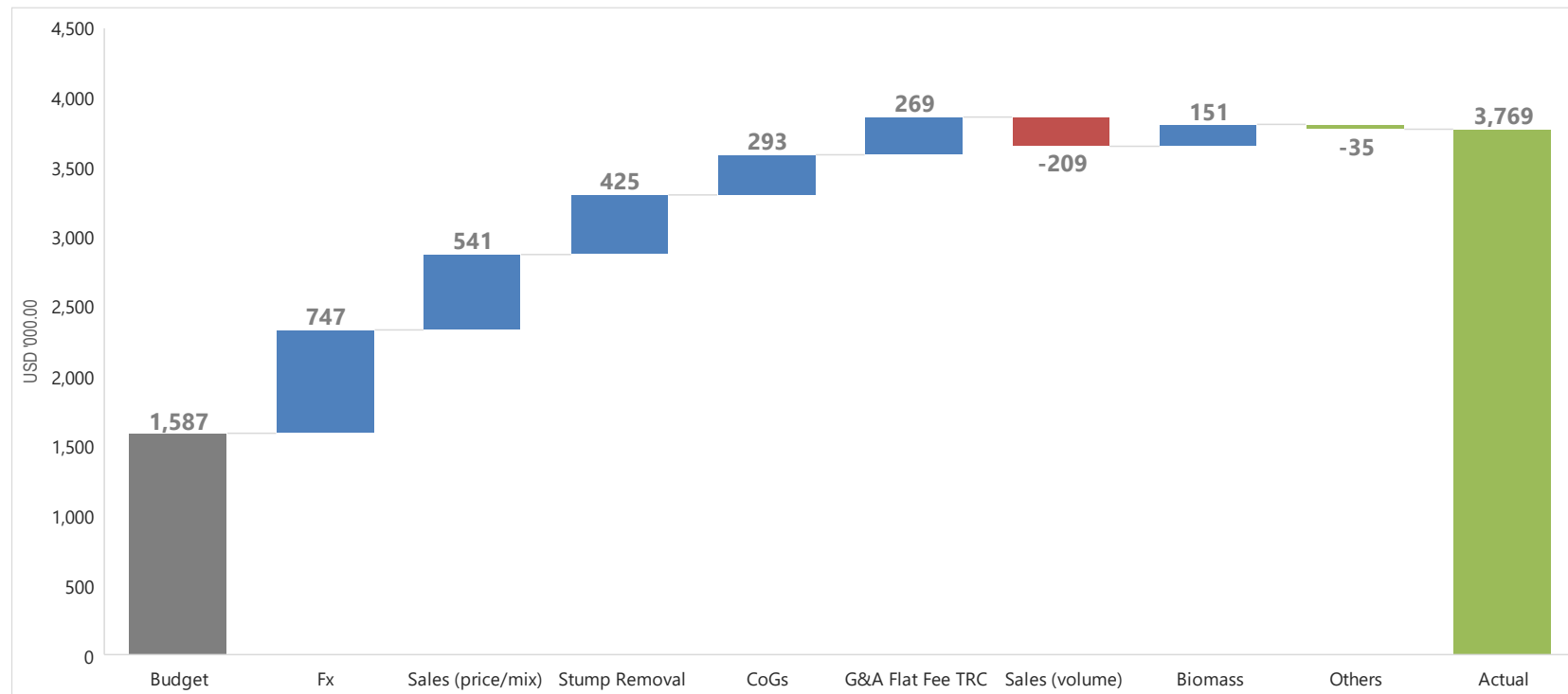
The positive variation on G&A flat fee TRC **USD 347 K**, was related the 2022 invoices (March and April), which was not paid in that moment and postponed until FSA has enough means to pay them. This invoice amount was included in the P&L budget

Although the YTD Consufor price improved, the difference in the mix of products resulted in a negative impact on revenue of **USD - 164 K**.

The positive variation of **USD 151 K** in Biomass is related to the **33,352 m<sup>3</sup>** that was sold from the following projects: CMB (15,445 m<sup>3</sup>), PAI (14,869 m<sup>3</sup>), DLG (100 m<sup>3</sup>) and STF (2,938 m<sup>3</sup>).

# Summary P&L YEE

## Operational Result vs Budget, Changes against Budget Amounts (USD, '000s)



The overall FY Operational Result is forecast to **USD 3,3 M**, exceeding the budgeted **USD 1,5 M**, by **USD 1,8 M**.

The positive effect on Fx rates is due to BRL valuation in comparison to the budget expectation. The budget Fx rate was **5.00** and TRC is considering **5.42** for forecast.

Sales (price/mix) are showing a positive variation of USD 541K. This is attributed to the improvement in the Consufor price used throughout the year, compared to the budgeted price, as well as to an even better Consufor price used in the Q4 forecast.

Despite the projection of the stump removal activity to 150 hectares in November and December, a savings of **USD 425 K** is achieved in the FY.

The lower-than-planned YEE volume also results in savings on CoGs of **USD 293 K** and a negative revenue variation of **USD -209 K**.

As noted on the YTD slide, the positive variation on the G&A flat fee TRC of **USD 269 K** was related to the 2022 invoices (March and April), which remained outstanding and were considered for the 2024 budget.

The variation of **USD 151 K** in biomass is related to internal market sales that were not budgeted.

# Cost of Production Summary - YTD

Harvesting Cost, per activity:

Type	Act. Group	Unit	Total Cost (BRL)		Status		Unitary Cost (BRL/un)	
			Actual	Budget	Actual	Budget	Actual	Budget
Harvesting	Felling	m³	4.518.114	4.586.654	81.319	86.465	56	53
	Forwarding	m³	5.271.118	3.354.996	127.840	85.906	41	39
	Loading	m³	1.006.072	1.191.832	78.898	85.324	13	14
	Lot Formation	m³	3.028.236	2.521.904	84.848	88.156	36	29
	Operational Support	-	2.148.742	1.740.369	0	0	0	0
	Skidding	m³	61.498		1.144		54	
	Soil Prep	ha	479.619	995.200	452	829	1.062	1.200
	Stump Removal	ha	1.375.508	2.541.280	433	908	3.176	2.800
	Adjustment	--	-1.194.908	0			0	0
	Taxes	--	805.506	1.305.063			0	0
	<b>Total geral</b>			<b>17.499.506</b>	<b>18.237.298</b>			

Total Activities		YTD	Budget	Var %
<b>COP</b>	BRL	<b>15.582.880</b>	<b>14.700.818</b>	<b>6%</b>
Commercial Vol. + Stock Vol.	m³	90.792	84.894	7%
<b>COP/m3</b>	<b>BRL</b>	<b>172</b>	<b>173</b>	<b>-1%</b>
<b>Cost of Goods Sold (CoGs)</b>		<b>13.293.255</b>	<b>0</b>	<b>0%</b>
<b>Accounting adj. (CoGs - COP)</b>		<b>-2.289.625</b>	<b>0</b>	<b>0%</b>
<b>Land Clearing</b>		<b>YTD</b>	<b>Budget</b>	<b>Var %</b>
Soil Prep	BRL	479.619	995.200	-52%
Stump Removal	BRL	1.437.006	2.541.280	-43%
Area	ha	452	829	-45%
Area	ha	433	908	-52%
<b>Soil prep</b>	<b>BRL/ha</b>	<b>1.061</b>	<b>1.200</b>	<b>-12%</b>
<b>Stump Removal</b>	<b>BRL/ha</b>	<b>3.319</b>	<b>2.799</b>	<b>19%</b>
<b>TOTAL</b>		<b>YTD</b>	<b>Budget</b>	<b>Var %</b>
COP + Land Clearing	BRL	17.499.505	18.237.298	
BRL/USD Budget Rate		5,00	5,00	0%
<b>COP + Land Clearing</b>	<b>USD</b>	<b>3.499.901</b>	<b>3.647.460</b>	<b>-4%</b>

Overall, total costs associated with harvesting and land clearing were 4% lower than budget.

Total COP, considering only harvesting and associated activities, is line with budget.

Stump removal has started in CMB, but it will not be cleared in full as it had been planned. We expect to perform 300 hectares this year. So, this will represent cash saving by year end for Floresteca.

The Adjustment shows on the first table represents the difference between the actual expenditures incurred in the period (effective cost of production) to the estimated costs of the resources used registered by our operational controls (standard cost).

For a better reconciliation with P&L, the information of the Cost of Goods Sold (CoGs) was included, meaning the average cost of production from effectively sold volume in the balance sheet. In addition, the Accounting adj. is the difference between the Cost of Production (COP) and the Cost of Goods sold and represents the variation in stock/inventories in the period.

# Silvicultural Operations Summary - YTD

## Forestry Operations YEE

Type	Act. Group	Unit	Total Cost (BRL)		Status Quantity (un)		Unitary Cost (BRL/un)	
			Actual	Budget	Actual	Budget	Actual	Budget
Silviculture	Exotic Control	ha	38.067		0		0	
	Firebreaks	ha	402.433	237.313	1.016	404	396	587
	Firefighting	-	62.985		0		0	
	Inventory	parc	360.136	334.132	1.746	1.887	206	177
	Pest Control	ha	19.343	102.972	349	1.111	55	93
	Pruning	ha	139.662		117		1.193	
	Roads	km	444.148	1.025.000	7	205	63.450	5.000
	Sprout Control	ha	4.273	54.082	2	90	1.773	601
	Weed Control	ha	407.925	221.560	569	464	717	477
	Adjustment	--	-354.559	0			0	0
	Taxes	--	36.043	47.883			0	0
<b>Total geral</b>			<b>1.560.455</b>	<b>2.022.942</b>				

Forestry costs were under budget in first semester. Main savings came from road maintenance. A portion of this savings will still be spent until year end

Large fire outbreaks were observed during the last quarter, which has seen one of the largest droughts in history in Brazil. Because of that larger firebreaks maintenance were necessary as well as unforecast firefighting expenses.

Annual inventory measurements are finalized as planned, but at higher unitary costs due to the conditions of the forests (dense understory) as we are avoiding the costs of cleaning all forests and only cleaning before harvesting operations.

Weed control is being done for safety reasons – basically the mowing of teak sprouts before harvesting activities.

Adjustment is the difference between the actual expenditures incurred in the period (effective) to the estimated costs of the resources used registered by our operational controls (standard cost).

# General & Administrative Expenses

## G&A / Overhead Summary YTD

FSA Total Overhead Costs (In USD 0,00)	YTD	YTD	Var.	%
	Budget	Actual		
5.02 - Property Management	-461,601	-452,210	9,390	-2%
5.03 - G&A Expenses	-201,602	-222,225	-20,623	10%
5.04 - G&A Flat Fee TRC	-1,130,332	-857,568	272,765	-24%
<b>TOTAL</b>	<b>-1,793,535</b>	<b>-1,532,003</b>	<b>261,532</b>	<b>-15%</b>

## G&A / Overhead Summary YEE

FSA Total Overhead Costs (In USD 0,00)	FY	FY	Var.	%
	Budget	Actual		
5.02 - Property Management	-634,324	-634,324	0	0%
5.03 - G&A Expenses	-266,107	-288,381	-22,274	8%
5.04 - G&A Flat Fee TRC	-1,414,607	-1,145,916	268,691	-19%
<b>TOTAL</b>	<b>-2,315,038</b>	<b>-2,068,621</b>	<b>246,418</b>	<b>-11%</b>

G&A own expenses include direct FSA costs, such as the remuneration of the administrators and financial statements audit, among others.

Property costs are showing YTD savings of **USD 9 K** in social programs. These are considered timing shifts and are projected to be offset by year-end.

The main reason for the increase in G&A expenses is related to legal fees and taxes associated with the lawsuit against VTP that were not included in the budget.

The significant savings on TRC fees, both YTD and YEE, are related to the overdue accounts from 2022, which were included in the cash flow for payment in 2024.

# Cash Summary - YEE

## Actual and Budget Cash Flow USD

FSA Cash Flow (In USD 0,00) Fx rate	1Q2024	1Q2024	2Q2024	2Q2024	3Q2024	3Q2024	4Q2024	4Q2024	2024	2024	Var.
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Forecast	Budget	FY	
	<b>Initial Balance</b>	885,213	913,669	-448,461	503,338	-783,560	386,742	-1,189,726	531,006	885,213	
<b>Gross Revenues</b>	1,020,448	1,124,240	2,211,391	1,581,245	2,121,597	2,114,330	2,947,101	3,030,394	8,300,536	7,850,209	-450,327
Log Sales	1,020,448	1,046,589	2,211,391	1,467,864	2,121,597	2,019,480	2,947,101	3,030,394	8,300,536	7,564,327	-736,209
Other Sales	0	77,651	0	113,381	0	94,850	0	0	0	285,882	285,882
(-) Sales Deductions	-23,476	-5,857	-20,305	-9,280	-29,205	-12,274	-31,964	-29,716	-104,949	-57,127	47,822
<b>Net Revenues</b>	996,972	1,118,383	2,191,085	1,571,965	2,092,392	2,102,056	2,915,137	3,000,678	8,195,587	7,793,082	-402,505
Harvesting	-960,036	-693,696	-729,172	-707,326	-1,250,906	-937,916	-1,295,100	-1,323,442	-4,235,214	-3,662,379	572,835
Stump Removal	-122,640	-62,212	-267,224	-190,773	-317,432	-132,396	-420,204	-342,532	-1,127,500	-727,913	399,587
Forestry Costs	-94,144	-37,888	-140,607	-138,273	-89,651	-147,263	-45,814	-26,811	-370,216	-350,236	19,980
Property Costs	-175,363	-116,621	-141,933	-158,253	-144,305	-174,457	-172,723	-154,909	-634,324	-604,239	30,084
G&A Own expenses	-29,347	-40,871	-29,884	-25,417	-29,793	-29,042	-30,479	-32,130	-119,503	-127,459	-7,956
TRC Services	0	0	0	0	0	0	0	-1,554,374	0	-1,554,374	-1,554,374
Flat Fee	-275,916	-198,466	-572,955	-280,426	-281,461	-190,048	-284,275	-288,348	-1,414,607	-957,288	457,319
LUD	-278,854	0	-247,629	-160,000	0	-96,000	0	-293,330	-526,483	-549,330	-22,848
<b>Operational Cash Generation</b>	-939,329	-31,371	61,681	-88,502	-21,156	394,934	666,543	-1,015,198	-232,261	-740,138	-507,877
Legal Expenses	-38,126	-21,265	-40,426	-35,346	-34,026	-36,416	-34,026	-34,026	-146,604	-127,052	19,552
Financial expenses	0	3,130	0	7,226	0	10,550	0	-1,080	0	19,825	19,825
Income tax	0	0	0	0	0	0	0	0	0	0	0
Loan	-235,469	-249,609	-235,604	179,974	-230,235	-43,113	-227,411	-43,593	-928,719	-156,341	772,378
Transfers to FBV/SATT	-120,750	-102,754	-120,750	-115,029	-120,750	-173,260	-120,750	-121,210	-483,000	-512,253	-29,253
Legal Provision VTP	0	-348	0	-21,352	0	-4,026	0	0	0	-25,726	-25,726
<b>Cash Generation</b>	-1,333,674	-402,216	-335,099	-73,030	-406,167	148,668	284,356	-1,215,108	-1,790,584	-1,541,686	248,898
Fx gain/loss	0	-8,115	0	-43,566	0	-4,405	0	94,738	0	38,652	38,652
<b>Closing Balance</b>	-448,461	503,338	-783,560	386,742	-1,189,726	531,006	-905,370	-589,364	-905,370	-589,364	316,006

The operational cash generation for the 3Q 2024 was positive in **USD 395 K**, while the Management Plan projected **USD -21 K**, a variance of **USD 416 K**.

Despite the projection of better prices, revenues are down due to the lower-than-planned volume year-to-date, which is presenting a negative effect in 2024 and 2025 receivables.

As agreed with TRC, payments for services, including harvesting, forestry, property, and G&A (flat fee) are being held whenever necessary due to cash shortage. The outstanding amount, accrued to **USD 1,5 M**, is listed under the 'TRC Services' line.

FSA has already paid for the delayed 2022 flat fee invoices (**USD 294 K** budgeted for March and April).

As noted on the P&L slide, stump removal is showing savings of **USD 399 K**.

The payments for the land use deal to José Valdir, divided into six installments, were completed in September.

The loans of FSA that were renegotiated as a strategy to minimize the impact on cash flow improved the cash balance by **USD 772 K** within the year.

# FSA Balance Sheet

## Floresteca S.A- Balance Sheet position of September 30, 2024

FX RATE- ASSETS 5,4475  
FX RATE - LIABILITIES 5,4481

ASSETS	RS	\$	LIABILITIES AND EQUITY	RS	\$
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	2.892.972	531.064	Loans and financing	3.586.824	658.362
Accounts receivable	16.775.290	3.079.448	Suppliers and other accounts payable	8.539.232	1.567.378
Inventories	3.396.754	623.544	TAX	359.344	65.958
Other receivables	21.767	3.996	Payroll	36.509	6.701
Taxes Recoverable	1.376.871	252.753	Other debts	32.201	5.910
<b>Total Current Asset</b>	<b>24.463.655</b>	<b>4.490.804</b>	<b>Total Current Liabilities</b>	<b>12.554.110</b>	<b>2.304.310</b>
<b>NON-CURRENT ASSETS</b>			<b>Non-current liabilities</b>		
Advances to agricultural partners	7.391.485	1.356.858	Loans and financing	604.221.206	110.904.940
Other receivables	64.143	11.775	Contingencies	56.014.846	10.281.538
Deferred taxes	27.976.246	5.135.612	Deferred taxes	-	-
Forests - Own	532.568.338	97.763.806	Suppliers and other accounts payable	12.977.437	2.382.012
Property, plant & equipment	250.815	46.042		-	-
Intangible assets	5.185	952	<b>Total Non-Current Liabilities</b>	<b>673.213.489</b>	<b>123.568.490</b>
<b>Total Non-Current Asset</b>	<b>568.256.212</b>	<b>104.315.045</b>	<b>EQUITY</b>		
			Capital	27.797.555	5.102.248
			Legal reserve	5.559.311	1.020.413
			Statement of profit or loss	(2.817.062)	(517.072)
			Profit Reserve	(123.587.536)	(22.684.519)
			Foreign exchange adjusts		11.982
			<b>TOTAL EQUITY</b>	<b>(93.047.732)</b>	<b>(17.066.949)</b>
			Controlling interests	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>592.719.867</b>	<b>108.805.850</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>592.719.867</b>	<b>108.805.850</b>

## Appendix - Financial Tables

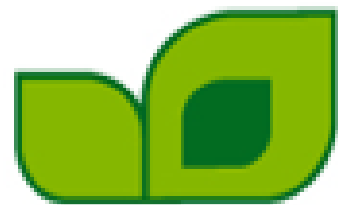
# Cash Summary - YEE

## YEE and Budget Cash Flow BRL

FSA Cash Flow (In BRL 0,00)	1Q2024		2Q2024		3Q2024		4Q2024		2024		Var.
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Forecast	Budget	FY	
	<b>Initial Balance</b>	4,426,067	4,525,861	-2,242,303	2,514,779	-3,917,798	2,149,631	-5,948,631	2,892,971	4,426,067	
<b>Gross Revenues</b>	5,102,238	5,621,198	11,056,953	7,906,227	10,607,985	10,571,651	14,735,505	15,151,968	41,502,680	39,251,045	-2,251,635
Log Sales	5,102,238	5,232,945	11,056,953	7,339,322	10,607,985	10,097,401	14,735,505	15,151,968	41,502,680	37,821,636	-3,681,044
Other Sales	0	388,253	0	566,905	0	474,251	0	0	0	1,429,409	1,429,409
(-) Sales Deductions	-117,380	-29,285	-101,526	-46,400	-146,023	-61,372	-159,819	-148,580	-524,747	-285,637	239,110
<b>Net Revenues</b>	4,984,858	5,591,913	10,955,427	7,859,827	10,461,962	10,510,280	14,575,686	15,003,389	40,977,933	38,965,408	-2,012,525
Harvesting	-4,800,182	-3,468,481	-3,645,861	-3,536,630	-6,254,529	-4,689,578	-6,475,500	-6,617,209	-21,176,072	-18,311,897	2,864,175
Stump Removal	-613,200	-311,059	-1,336,120	-953,863	-1,587,160	-661,982	-2,101,020	-1,712,659	-5,637,500	-3,639,563	1,997,937
Forestry Costs	-470,719	-189,442	-703,036	-691,367	-448,257	-736,316	-229,068	-134,054	-1,851,079	-1,751,179	99,901
Property Costs	-876,816	-583,103	-709,663	-791,263	-721,523	-872,287	-863,615	-774,545	-3,171,618	-3,021,197	150,421
G&A Own expenses	-146,736	-204,355	-149,422	-127,083	-148,964	-145,209	-152,395	-160,650	-597,517	-637,297	-39,780
Overdue TRC Services	0	0	0	0	0	0	0	-7,771,871	0	-7,771,871	-7,771,871
Flat Fee	-1,379,582	-992,329	-2,864,774	-1,402,130	-1,407,306	-950,240	-1,421,374	-1,441,741	-7,073,036	-4,786,440	2,286,596
LUD	-1,394,268	0	-1,238,145	-800,000	0	-480,000	0	-1,466,652	-2,632,413	-2,746,652	-114,239
<b>Operational Cash Generation</b>	-4,696,644	-156,855	308,406	-442,509	-105,778	1,974,668	3,332,714	-5,075,992	-1,161,303	-3,700,689	-2,539,386
Legal Expenses	-190,630	-106,323	-202,130	-176,728	-170,130	-182,081	-170,130	-170,130	-733,020	-635,262	97,758
Financial expenses	0	15,650	0	36,128	0	52,748	0	-5,400	0	99,126	99,126
Income tax	0	0	0	0	0	0	0	0	0	0	0
Loan	-1,177,346	-1,248,044	-1,178,020	899,868	-1,151,175	-215,564	-1,137,055	-217,966	-4,643,597	-781,706	3,861,891
Transfers to FBV/SATT	-603,750	-513,770	-603,750	-575,146	-603,750	-866,300	-603,750	-606,050	-2,415,000	-2,561,266	-146,266
Legal Provision VTP	0	-1,740	0	-106,762	0	-20,130	0	0	0	-128,632	-128,632
<b>Cash Generation</b>	-6,668,370	-2,011,082	-1,675,495	-365,149	-2,030,833	743,340	1,421,779	-6,075,538	-8,952,919	-7,708,428	1,244,492
<b>Closing Balance</b>	-2,242,303	2,514,779	-3,917,798	2,149,631	-5,948,631	2,892,971	-4,526,852	-3,182,567	-4,526,852	-3,182,567	1,344,286



Thank You!



Floresteca