



Floresteca S.A.

1Q 2023 Results Summary

March 2023



Agenda

1. Harvesting Operations by Farm & Project Year
2. Yields
3. Log Sales and Prices
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 - General & Administrative Expenses
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Harvest Operations by Farm

Table: Area Changes – 2023

Project	Planting Year	Initial Area (ha) - End of 4Q 2022	Harvested Area (ha) - 1Q 2023	Current Area (ha) - End of 1Q 2023
Paiolandia	1997	72.06	63.54	8.52
Paraíso	1997	0.00		0.00
Paiolandia	1998	93.89	34.67	59.22
Bambu	1999	549.07		549.07
Bambu	2000	513.83		513.83
Duas Lagoas	2000	627.66		627.66
Duas Lagoas	2001	1,578.27		1,578.27
São Miguel	2001	97.52		97.52
Barranquinho	2002	960.13		960.13
Cacimba	2002	565.75	15.11	550.64
Duas Lagoas	2002	0.00		0.00
São Miguel	2002	5.71		5.71
Santa Maria do Jauru	2002	1,059.97		1,059.97
Barranquinho	2003	12.78		12.78
Cacimba	2003	10.19		10.19
Santa Maria do Jauru	2003	206.72		206.72
Santa Fé	2003	2,550.47		2,550.47
Barranquinho	2004	1,002.89		1,002.89
Terra Santa	2004	1,127.44		1,127.44
Duas Lagoas	2005	202.93		202.93
Duas Lagoas	2006	215.84		215.84
Mutum	2007	511.32		511.32
São José	2007	301.22		301.22
Santa Maria do Jauru II	2008	94.42		94.42
Total		12,360.08	113.32	12,246.76

The table on the left presents FSA projects initial area (ha), based on the end of 2022, the harvested area at the 1Q 2023, and the currently standing area. The final harvest is happening in Paiolandia (PAI), Duas Lagoas (DLG) and Cacimba (CMB).

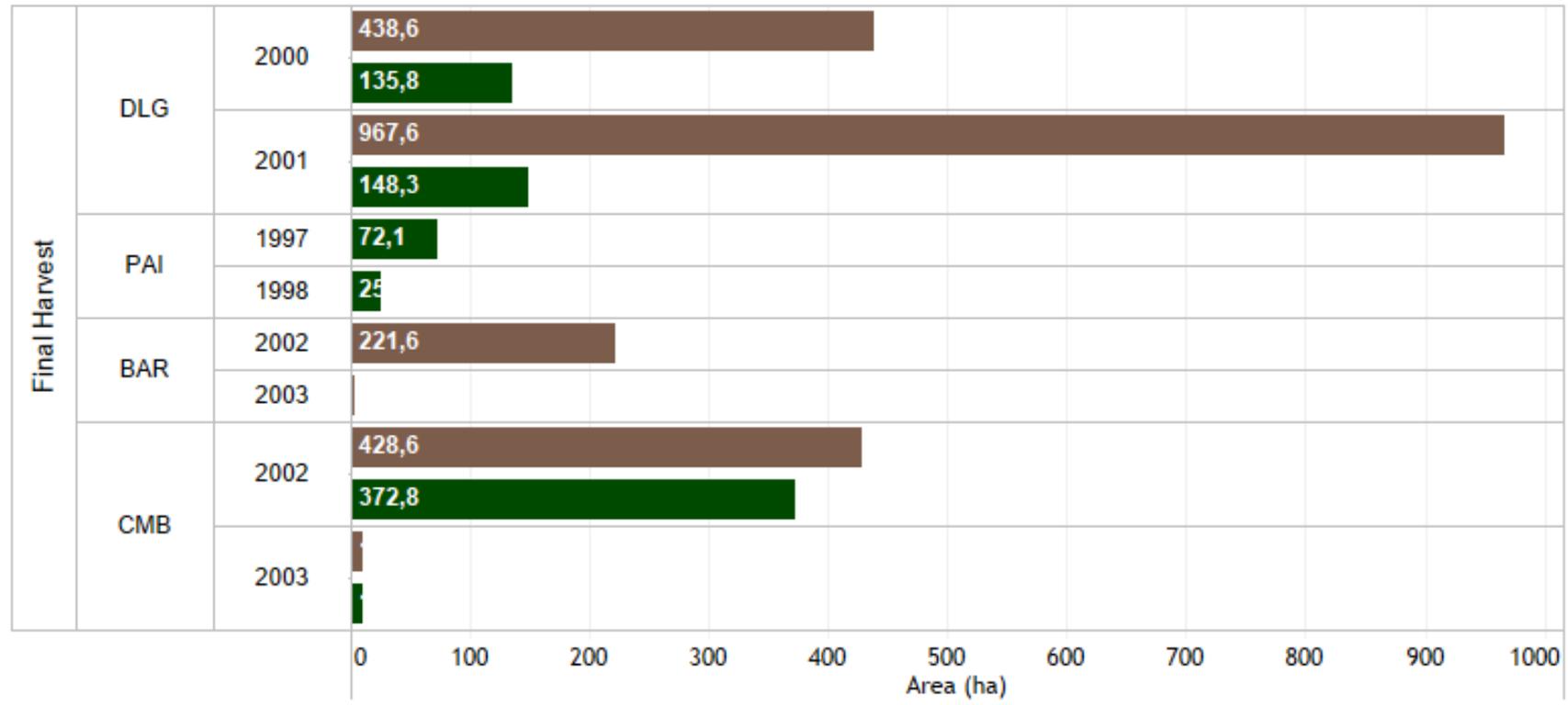
None of them are completely finished, however. Paiolandia will be finalized in the coming quarter.

Harvest Operations by Farm

This graph shows the 2023 budgeted areas (FYB - brown color) and areas where harvest has already started (green color). Here, operations may still be ongoing.

Paiolandia (PAI) areas are carried over from last year's budget.

Barranquinho (BAR), despite being on budget, will no longer be performed, as a relevant part of that area belongs to the landowner, which would mean spending on harvesting only to deliver the logs to them. We came to an agreement to postpone that and increase areas where the production belongs to FSA in C^{MD}



■ Area (ha) FYB
■ Area (ha) YTD



Sales Summary – Year to date

	Jan	Feb	Mar	Total
BAR2002				
Budget	0	0	0	0
YEE	0	0	0	0
BAR2003				
Budget	0	0	0	0
YEE	0	0	0	0
CMB2002				
Budget	7,000	7,000	4,760	18,760
YEE	186	1,226	4,256	5,668
CMB2003				
Budget	0	0	0	0
YEE	0	0	0	0
DLG2000				
Budget	2,171	2,171	2,171	6,513
YEE	4,827	1,452	577	6,856
DLG2001				
Budget	2,570	2,570	2,570	7,711
YEE	1,306	2,069	2,129	5,505
PAI1997				
Budget	0	0	0	0
YEE	3,770	3,983	2,327	10,081
STF2003				
Budget	0	0	0	0
YEE	0	23	0	23
Total				
Budget	11,741	11,741	9,501	32,984
YEE	10,089	8,754	9,289	28,132

Volumes invoiced in January and February came from the end of 2022, therefore invoices primarily came from PAI and DLG in both months.

Harvesting activities like felling and forwarding started in CMB in early February but were highly impacted by rainfall – this made the volumes come regularly only in March.

The plan for 2Q is to finalize operations in PAI and keep harvesting activities in CMB and DLG and compensate for the lesser volumes invoiced so far.

Sales Summary – Year end estimate

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
BAR2002													
Budget	0	0	0	2,429	4,486	4,486	3,809	2,412	0	0	0	0	17,621
YEE	0	0	0	0	0	0	0	0	0	0	0	0	0
BAR2003													
Budget	0	0	0	0	0	0	448	229	0	0	0	0	678
YEE	0	0	0	0	0	0	0	0	0	0	0	0	0
CMB2002													
Budget	7,000	7,000	4,760	3,500	0	0	2,808	4,512	4,512	4,512	3,346	2,366	44,317
YEE	186	1,226	4,256	7,855	3,938	0	6,854	6,854	6,854	6,391	2,354	2,354	49,121
CMB2003													
Budget	0	0	0	0	0	0	0	0	0	0	540	540	1,080
YEE	0	0	0	0	0	0	0	0	0	0	0	0	0
DLG2000													
Budget	2,171	2,171	2,171	2,171	2,171	2,171	2,170	2,170	548	0	0	0	17,914
YEE	4,827	1,452	577	1,494	3,257	3,257	2,171	2,171	2,171	548	0	0	21,924
DLG2001													
Budget	2,570	2,570	2,570	0	0	0	0	2,074	6,123	6,670	6,170	5,827	34,575
YEE	1,306	2,069	2,129	4,323	1,285	1,285	0	0	0	6,123	6,170	6,170	30,860
PAI1997													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	3,770	3,983	2,327	779	0	0	0	0	0	0	0	0	10,860
STF2003													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	0	23	0	0	0	0	0	0	0	0	4,000	3,500	7,523
Total													
Budget	11,741	11,741	9,501	8,100	6,657	6,657	9,235	11,397	11,183	11,182	10,056	8,733	116,184
YEE	10,089	8,754	9,289	14,451	8,480	4,542	9,025	9,025	9,025	13,062	12,524	12,024	120,288

During 1Q harvesting was focused in Duas Lagoas (DLG) and Cacimba (CMB), but a good amount of the volumes invoiced came from PAI (end of 2022 harvesting activities).

Duas Lagoas (DLG) and Cacimba (CMB) are the focus in 2Q as well, and additionally TRC proposes not to harvest Barranquinho (BAR) land use deal, once volumes coming from this area would not result in revenue to FSA – to compensate for BAR volumes, TRC will harvest some Santa Fé (STF) and Cacimba (CMB) areas, that were initially planned for 2024.

So far, the YEE is to slightly increase the total volume when compared to the budget (~4 K m³).

It is important to highlight that there were ~30 K m³ coming from land use deals in the original budget (~116 K m³) and now there are ~14 K m³ in the latest forecast (~120 K m³). Therefore, FSA revenue is improving on these 16 K m³ difference.

Yields - Final Harvests

Table: Log sales final harvest, stands planned for 2022

Project	Planting Year	Site Class	DBH (cm)		BA (m ² /ha)		AREA (ha)		VOL (m ³ /ha)		REMOVED (TPH)	
							FYB	YTD	FYB	YTD	FYB	YTD
DLG	2000	S1	33,8	33,8	13,5	13,5	107,4	107,4	84,6	59,2	157	157
		S2	31,2	31,2	12,0	12,0	141,8	141,8	71,0	53,6	159	137
	2001	S1	39,4	39,4	10,7	10,7	53,1	53,2	86,1	72,5	123	123
	2002	S1	38,0	38,0	17,9	17,9	48,4	48,4	121,1	92,8	146	146
PAI	1997	S1	36,3	36,3	15,8	15,8	104,7	104,8	96,7	109,1	155	155
		S2	31,9	31,9	11,0	11,0	29,3	29,3	71,9	68,1	161	161
		S3	20,6	20,6	9,2	9,2	102,0	102,1	15,4	31,1	293	293
	1998	S1	33,4	33,4	14,1	14,1	34,2	34,2	87,9	95,2	150	150
		S2	27,0	27,0	10,4	10,4	34,7	34,7	58,3	52,3	138	138
Total			29,8	29,8	12,1	12,1	655,8	655,8	73,9	67,0	174	169

- Table = 2022 budget stands. Total values (volume, area and trees) planned and performed until end of 1Q 2023.
- DBH and BA are the latest measured data.

Table: Log sales final harvest, stands planned for 2023

Project	Planting Year	Site Class	DBH (cm)		BA (m ² /ha)		AREA (ha)		VOL (m ³ /ha)		REMOVED (TPH)	
							FYB	YTD	FYB	YTD	FYB	YTD
CMB	2002	S1	36,9	36,9	15,2	15,2	15,1	15,1	110,0	65,7	135	132
Total			36,9	36,9	15,2	15,2	15,1	15,1	110,0	65,7	135	132

- Table = 2023 budget stands. Total values (volume, area and trees) planned and performed until end of 1Q 2023.
- DBH and BA are the latest measured data.

The tables show separately planned sales of 2022 and 2023. These tables show only stands where operations are fully finished, so that the yields per hectare are comparable.

2022 Plan

Due the constrains of Indian Market, some stands that were harvested last year are yet to be sold out.

In PAI, we almost fully finished all stands. Until the 1Q, were volumes higher than budget (71,0 m³/ha actual against 61,8 m³/ha budget).

However due the fungal diseases, DLG project volumes are lower (63,3 m³/ha actual against 84,4 m³/ha budget). Many of the best areas in DLG have high levels of fungal diseases, that generate hard-to-predict losses.

So, for the full year the yields were 9% below the original budget estimates.

2023 Plan

In this quarterly we began the harvest in CMB, until now we fully finished two stands and the volumes are lower than the budgeted. Given the small are, no conclusions can be made yet, if this level of variation will remain.

Log Sales & Prices

Roadside Prices Comparison 2023 YTD

Girth Class	Volume m3		Value USD		Avg RS Price (USD/m ³)		Avg Girth (cm)		Proportion	
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
50-60	2,668	2,823	127,675	102,994	48	36	56	60	8%	10%
60-70	4,374	4,095	209,277	196,361	48	48	66	70	13%	15%
70-80	5,665	2,243	271,180	134,756	48	60	75	74	17%	8%
80-90	10,596	8,077	823,331	634,821	78	79	84	84	32%	29%
90-100	2,249	1,591	222,531	140,714	99	88	94	94	7%	6%
100-110	2,335	3,919	287,241	418,437	123	107	105	105	7%	14%
110-120	2,222	3,185	333,041	379,762	150	119	114	115	7%	11%
120-130	2,139	1,874	384,189	246,031	180	131	125	125	6%	7%
130-140	583	234	144,480	37,827	248	162	135	133	2%	1%
140-150	151	93	37,327	16,112	247	174	145	140	0%	0%
150-160	2	0	454	0	227	0	155	0	0%	0%
Total Geral	32,984	28,132	2,840,726	2,307,817	86	82	96	92	100%	100%

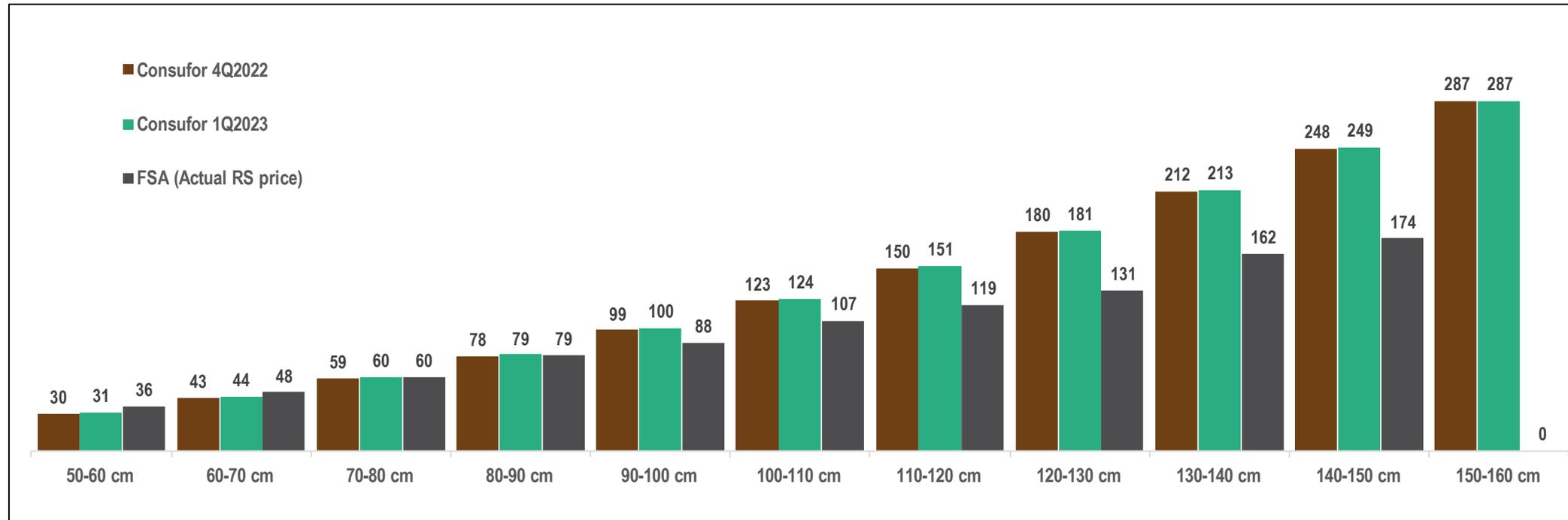
FSA sells to TRC at the roadside, based on the most recent Consufor price survey at the moment of sale.

Overall, roadside prices had a decrease in the first quarter of 2023, compared to the prices used in the preparation of this budget (~4% on average). Prices for defective logs, such as channelling or crooked, are given a discount on their Consufor value (30%). That is the reason why the actual averages on each girth classes are below Consufor prices in the graph on the next slide.

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.

Log Sales & Prices

Floresteca S.A (YTD) VS Consufor roadside prices (USD/M³)



Market Update

India

In the 1Q 2023, Ecuador, Ghana and Brazil were the main teak suppliers to India, with 59% of total teak wood imported.

Stocks remained high across main Indian ports. The peak was in November 2022 (almost 5,000 containers), then started to decrease until reaching ~4,200 boxes in February. Arrivals decreased in January but picked back up in February. This upward trend should remain for the coming 3-4 months, effect of Panama and Costa Rica season.

Guatemala and Colombia are already playing a significant role in round log market with ~10% of arrivals. African countries like Benin, Togo and Tanzania have been keeping their sawn wood production (sizes) and have ~13% of arrivals.

India CIF prices presented a reduction of ~USD 30/m³ since the beginning of the year – related to the decrease of sea freight rates from the main Teak origins.

China and Vietnam

The Chinese market started a quicker recovery. Expectation is for a continuation of this trend and that situation normalizes around the 3Q and 4Q of this year.

Vietnam is still caught behind because of the low demand for the outdoor furniture markets. Sales were at the same level of the 4Q 2022 but, started to slowly recover in April 2023 with some important clients coming back to the table for new inquiries. The 3Q is usually when most companies make bigger commitments, so we should be able to have a clearer vision of what to expect by then.

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
Total	23,710,307
Paid	-9,738,137
Outstanding	13,972,169

Harvest report 2022 is considering the finalization of the project DLG2002.

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** – No updates since the last report.

02/13/2023: Mediapre presents the complementary expert report to the judge of the claim, answering the additional questions made by FSA and LHS on 12/02/2022.

03/07/2023: FSA and LHS present their manifestation agreeing with the complementary expert report.

03/29/2023: The judge of the claim sentenced to decide: (i) ratifies the expert report; (ii) recognize the authors' right to 3.26 hectares of actual teak plantation as remuneration according to FSA/LHS were indicated; (ii) condemn FRIGIERI to pay the court costs and 10% of legal fees

04/10/2023: FSA files a plea for clarification before the judge of the claim to request the adjustment of the amount of the value of the claim to R\$ 8.938.206,26, according to the difference between the area of teak requested by FRIGIERI (94,874 hectares) and the area sentenced (3,26 hectares).

04/26/2023: FRIGIERI presents an opposition against the plea for clarification filed by FSA, alleging that there was preclusion the right to discuss the value of the claim, which should have occurred in the defense.

- **Bambu IV:** No news since the last report.

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.

03/09/2023: The judge of the claim decided to reduce the court costs by 75%, ordering Mr. Rondon to pay the amount equivalent of 25% of R\$ 87.895,00

03/21/2023: Mr. Rondon presents to the judge of the claim request to carry out the trial of the internal appeal about the exception of court costs.

03/22/2023: FSA presents the opposition against the new manifestation by Mr Rondon, to request to the judge of the claim to deny Mr. Rondon’s requests of exception of court costs, taking into consideration that it has already been granted a reduce of 75% of the court costs

03/23/2023: The judge of the claim decided to reduce the court costs by 90%, ordering Mr. Rondon to pay the amount equivalent of 10% of R\$ 87.895,00, being able to pay in 6 installments.

04/04/2023: Mr. Rondon informs to the judge of the claim that will pay the court costs in 6 installments as offered in the sentence

04/25/2023: Considering that Mr. Rondon has not paid the court costs, the judge of the claim deemed the appeal abandoned

05/04/2023: Mr. Rondon files a plea of clarification for reconsideration of the decision of the judge of the claim of 04/25/2023, submitting the proof of costs payment.

Now a Rondon family lawsuit is in course, where Mr. Rondon Andrade Porto (partner of Rondon Empreendimentos Ltda) filed a case to remove the rightful Director of the company - Ms. Rebeca de Andrade Porto.

Outlook on Upcoming Quarters

Conditions on logistics continue to improve worldwide, which is reflecting on higher arrivals and competition in final markets. Despite no indications of liquidity issues, the relationship between cost structure and CIF prices is yet to settle after the logistic crisis ended. There may be times when the market is pickier on which logs to buy, depending on the harvesting season of other Teak origins.

FSA should remain with 2 of TRC harvesting crews in the following months (out of 4 in the 1Q). However, there is still a very significant amount of logs in stock at the farms, which will continue to be invoiced in the next 2-3 months, levelling out revenues.

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

Cash availability is still a pressing issue in FSA. The plans for the year were reviewed trying to avoid harvesting areas that generate production for LUD landowners and focus production on areas generating revenue to FSA. All stump removal operations were also postponed to preserve cash.

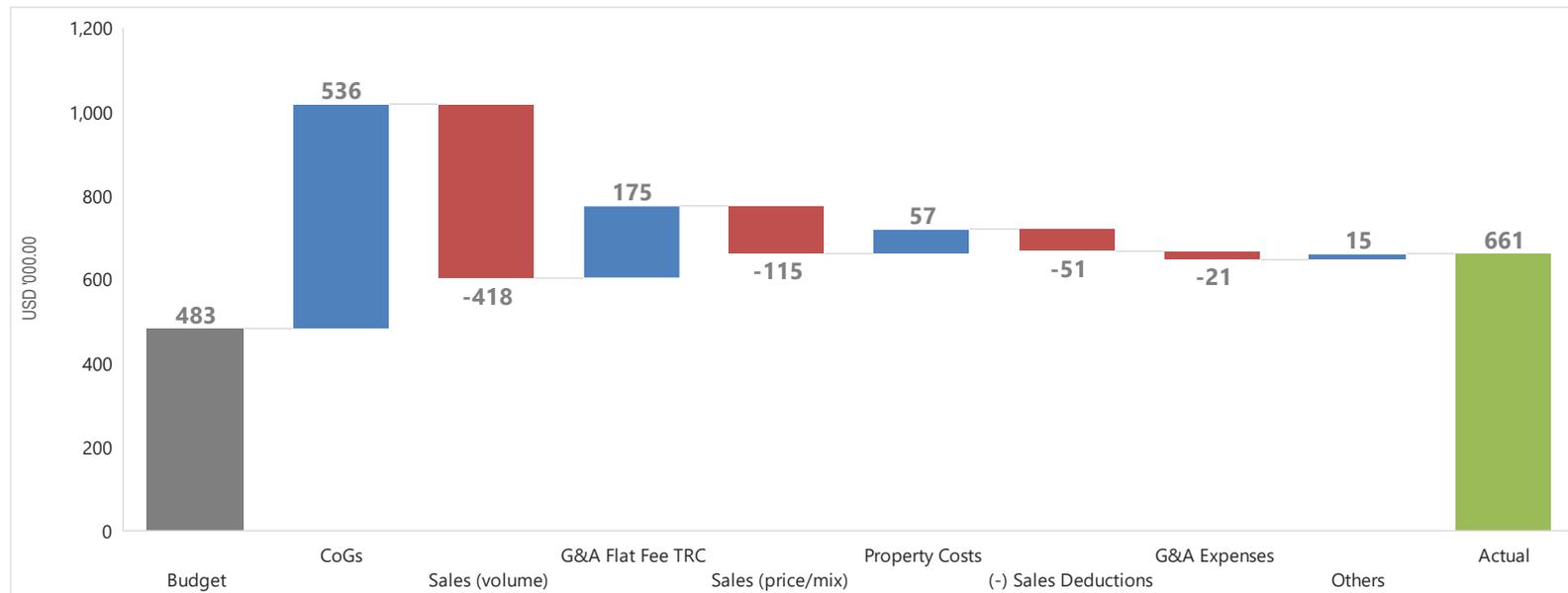
FSA Summary Financial Information

Summary P&L

FSA Profit and Loss (In USD 0,00) Volume	YTD		YTD Actual	Var.	%	FY		FY Actual	Var.	%
	Budget					Budget				
	32,984	28,132	-4,851	-15%	116,182	106,166	-10,016	-9%		
01 - Sales	2,840,725	2,311,002	-529,723	-19%	9,378,732	8,553,176	-825,555	-9%		
01.01 - Log Sales	2,840,725	2,307,817	-532,908	-19%	9,378,732	8,528,100	-850,632	-9%		
Fx gain (loss) to Actual	0	-17,176	-17,176	0%	0	4,715	4,715	0%		
01.03 - Biomass	0	13,419	13,419	0%	0	13,419	13,419	0%		
01.04 - Other Sales	0	6,942	6,942	0%	0	6,942	6,942	0%		
01.1 - (-) Sales Deductions	-37,861	-88,776	-50,915	134%	-125,000	-360,545	-235,545	188%		
02 - Net Sales	2,802,864	2,222,227	-580,637	-21%	9,253,732	8,192,631	-1,061,100	-11%		
03 - CoGs	-1,340,594	-804,836	535,757	-40%	-5,183,828	-3,718,719	1,465,109	-28%		
04 - Gross Profit	1,462,270	1,417,390	-44,880	-3%	4,069,903	4,473,912	404,009	10%		
05 - Operational Expenses	-979,635	-756,559	223,076	-23%	-3,967,262	-3,656,040	311,222	-8%		
5.01 - Forestry	-79,650	-65,301	14,349	-18%	-462,768	-462,768	-0	0%		
5.02 - Property Management	-147,492	-90,036	57,455	-39%	-589,321	-589,321	0	0%		
5.03 - G&A Expenses	-162,301	-183,746	-21,445	13%	-327,333	-327,333	0	0%		
5.04 - G&A Flat Fee TRC	-590,193	-414,984	175,209	-30%	-2,114,570	-1,800,857	313,714	-15%		
5.05 - Land Use Deals	0	0	0	0%	-473,269	-473,269	0	0%		
5.06 - Other Operational	0	-2,492	-2,492	0%	0	-2,492	-2,492	0%		
06 - EBITDA	482,635	660,831	178,196	37%	102,642	817,872	715,230	697%		
07 - Depreciation/Amortization/Depletion	-1,746,018	-1,945,874	-199,856	11%	-6,630,464	-6,581,954	48,510	-1%		
7.01 - Depreciation/Amortization	-10,511	-1,225	9,286	-88%	-41,785	-32,500	9,286	-22%		
7.02 - Depletion	-1,671,601	-1,890,345	-218,744	13%	-6,364,167	-6,334,545	29,622	0%		
7.03 - Financial Income	0	8,798	8,798	0%	0	8,798	8,798	0%		
7.04 - Financial Expenses	-63,906	-63,101	805	-1%	-224,512	-223,707	805	0%		
08 - EBT	-1,263,383	-1,285,043	-21,660	2%	-6,527,822	-5,764,082	763,740	-12%		
09 - Income Tax	0	0	0	0%	0	0	0	0%		
10 - Profit & Loss	-1,263,383	-1,285,043	-21,660	2%	-6,527,822	-5,764,082	763,740	-12%		

Summary P&L YTD

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



The YTD Operational Result was USD 661 K versus USD 483 K budgeted or a favorable variation of USD 178 K.

The main positive variation USD 536 K comes from CoGs (Cost of Goods Sold), due to the postponement of land clearing costs, as part of the strategy to preserve cash during the year, given the lower revenue.

Sales volume presented a negative variation by USD – 418 K, due to lower than budget volume (-4.851 m³), as consequence of delay in harvesting operations.

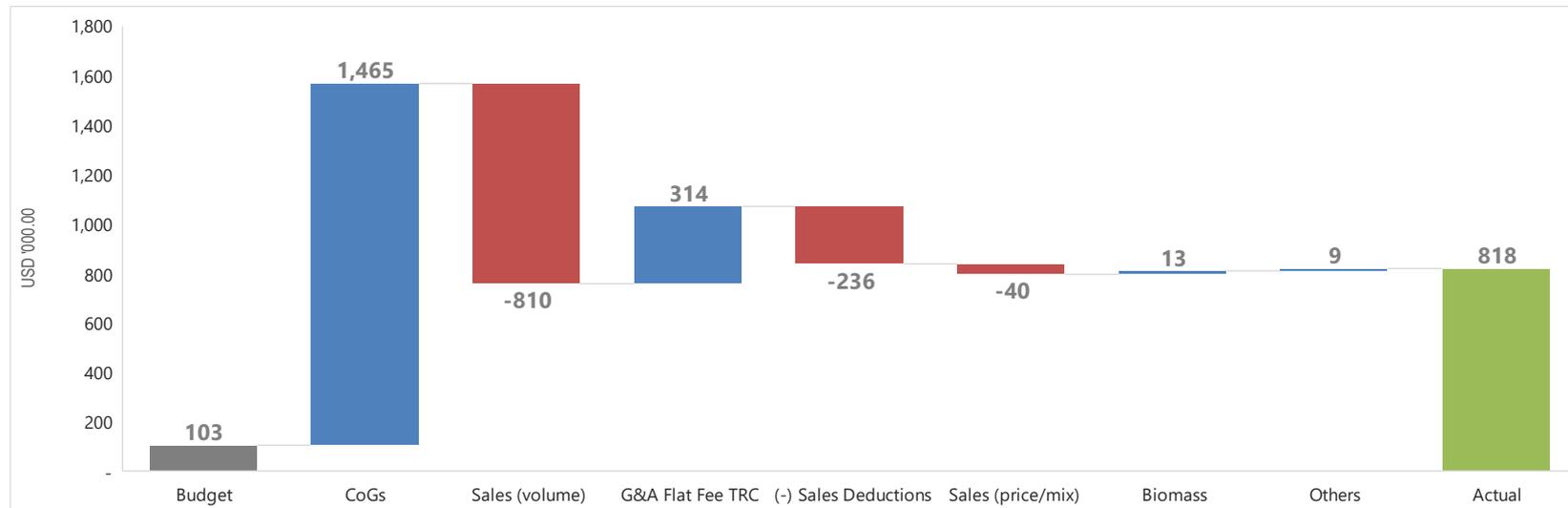
The positive variation on G&A flat fee TRC was related the 2022 invoices (March and April), which was not paid in that moment and postponed until FSA has come up with a new financing plan. The new reprojected is considering the payments to 2024.

Sales (price/mix) presented a negative variation since Consufor price report dropped by roughly 4% on average on this quarter, in addition, the discount on their Consufor value 30% for defective logs also contributed negatively for this result.

Property Costs presented a temporary saving, which was reprojected to the next quarter.

Summary P&L YEE

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



The overall FY Operational Result is expected to be USD 818 K versus USD 103 K budgeted or a favorable variation of USD 715 K.

As commented on previous slide, as consequence of the saving on land clearing costs, CoGs is presenting a positive variation by USD 1,4 M.

For sales volume reprojection, TRC did not consider 14.122 m³ (CBM2002), related the land use deal areas, which were budgeted on Revenues but will only present harvesting costs.

The negative variation above was partially offset by the higher than budget volume for STF2003 and CMB2002 (Floresteca S.A own volume) projects, ~20.000 m³, resulting on a variance for YEE by - 10.016 m³.

There is no variance from the YTD slide explanations regarding G&A flat fee TRC and Sales (price/mix).

Cost of Production Summary - YTD

Harvesting Cost, per activity:

Type	Act. Group	Unit	Total Cost (BRL)		Quantity (un)		Unitary Cost (BRL/un)	
			Actual	Budget	Actual	Budget	Actual	Budget
Harvesting	Felling	m³	1.481.000	1.662.511	43.097	59.486	34	28
	Forwarding	m³	1.625.743	1.327.954	39.662	32.089	41	41
	Loading	m³	347.727	393.116	26.288	23.441	13	17
	Lot Formation	m³	878.297	928.591	24.711	31.521	36	29
	Operational Support	-	583.258	689.005	0	0	0	0
	Tree Selection	ha	5.087		27		188	
	Taxes	--	274.815	461.838			0	0
	Adjustment	--	48.306	0			0	0
	Total geral			5.244.233	5.463.015			

Total Activities		FY	Budget	Var %
COP	BRL	5,244,233	5,463,015	-4%
Commercial Vol.	m³	28,132	32,984	-15%
Stock Volume	m³	6,726	0	0%
COP/m3	BRL	150	166	-9%
Cost of Goods Sold (CoGs)		4,185,149	0	0%
Accounting adj. (CoGs - COP)		-1,059,084	0	0%
Land Clearing		FY	Budget	Var %
Soil Prep	BRL	100,000	0	0%
Stump Removal	BRL	136,941	1,508,070	-91%
Area	ha	105	0	0%
Area	ha	45	278	-84%
Soil prep	BRL/ha	952	0	0%
Stump Removal	BRL/ha	3,055	5,434	-44%
TOTAL		FY	Budget	Var %
COP + Land Clearing	BRL	5,481,174	6,971,085	
BRL/USD Budget Rate		5.20	5.20	0%
COP + Land Clearing	USD	1,054,072	1,340,593	-21%

Unitary COP, considering only harvesting and associated activities, was 8% under budget.

Land clearing activities were held back as much as possible, presenting 91% savings, therefore, total expenditures were lesser than budget in -18% overall. The savings in land clearing activities should be kept until the end of the year, contributing positively to FSA's cash flow.

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). This quarter, this variation was fairly small.

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 YTD

Type	Act. Group	Unit	Total Cost (BRL)		Quantity (un)		Unitary Cost (BRL/un)	
			Actual	Budget	Actual	Budget	Actual	Budget
Silviculture	Firebreaks	ha	47.521	34.707	84	10	569	3.471
	Inventory	parc	60.496	205.637	329	1.246	184	165
	Pruning	ha		49.326		56		881
	Research	-	28.350		0		0	
	Roads	km	49.728		1		55.254	
	Sprout Control	ha	55.332	16.123	33	28	1.699	576
	Weed Control	ha	136.981	87.122	283	193	485	451
	Taxes	--	6.855	21.264			0	0
	Adjustment	--	-45.699	0			0	0
Total geral			339.564	414.179	729	1.533	58.190	5.543

Forestry costs were under budget (-18%). Primary activities were:

- Inventory: tree measurements were delayed, but the expenditures were reprojected for 2Q, once the inventory will be kept;
- Pruning and sprout control: focus was on sprout control, therefore there was this dislocation between the two activities;
- Research: disease control and debarking were tested in Duas Lagoas forests.
- Roads: it was necessary to do some road maintenance in Paiolândia, Duas lagoas and Cacimba farms due to heavy rains during 1Q.
- Weed control: this represents the mowing in some Paiolândia, Duas Lagoas and Cacimba's stands to provide safer conditions to the workers and better visibility conditions to the machines for the final harvest.

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).

Cash Summary - YEE

Actual and Budget Cash Flow

FSA Cash Flow (In USD 0,00) Fx rate	1Q2023		2Q2023		3Q2023		4Q2023		2023		2023 FY	Var.
	Budget	Actual	Budget	Forecast	Budget	Forecast	Budget	Forecast	Budget	Forecast		
	5.20	5.13	5.20	5.21	5.20	5.21	5.20	5.21	5.20	5.19		
Initial Balance	233,427	637,837	661,294	86,528	-188,799	331,658	-18,832	139,530	233,427	637,837	404,410	
Gross Revenues	3,363,049	1,687,299	1,849,934	2,759,190	2,742,406	2,234,388	2,580,944	1,644,967	10,536,333	8,325,844	-2,210,489	
Log Sales	2,843,818	1,671,719	1,849,934	2,259,190	2,742,406	2,234,388	2,580,944	1,644,967	10,017,102	7,810,264	-2,206,839	
Other Sales	519,231	15,580	0	500,000	0	0	0	0	519,231	515,580	-3,650	
(-) Sales Deductions	-26,616	-9,757	-17,313	-62,499	-25,666	-66,233	-24,155	-143,037	-93,750	-281,526	-187,776	
Net Revenues	3,336,433	1,677,542	1,832,621	2,696,691	2,716,740	2,168,155	2,556,789	1,501,929	10,442,583	8,044,318	-2,398,265	
Harvesting	-1,050,648	-1,053,985	-676,452	-843,042	-1,000,506	-863,900	-925,271	-1,149,250	-3,652,877	-3,910,178	-257,301	
Stump Removal	-289,956	0	-290,014	-57,692	-475,496	0	-475,496	0	-1,530,962	-57,692	1,473,269	
Forestry Costs	-79,640	-68,829	-237,604	-237,604	-57,646	-57,646	-87,869	-87,869	-462,758	-451,948	10,810	
Property Costs	-147,492	-110,405	-141,659	-154,022	-142,687	-155,049	-157,483	-169,845	-589,321	-589,321	0	
G&A Own expenses	-45,810	-45,495	-24,030	-24,030	-24,044	-24,044	-41,141	-41,141	-135,026	-134,710	316	
Flat Fee	-590,193	-428,228	-595,289	-445,256	-461,938	-461,938	-467,150	-467,150	-2,114,570	-1,802,572	311,998	
LUD	-203,341	0	-269,928	-269,928	0	-443,580	0	0	-473,269	-713,508	-240,238	
Operational Cash Generation	929,352	-29,400	-402,355	665,117	554,423	161,998	402,380	-413,326	1,483,800	384,389	-1,099,411	
Legal Expenses	-6,010	-28,947	-6,010	-6,010	-6,010	-6,010	-6,009	-6,009	-24,038	-46,976	-22,937	
Financial expenses	0	-994	0	-1,377	0	-1,038	0	-1,266	0	-4,676	-4,676	
Income tax	0	0	0	0	0	0	0	0	0	0	0	
Loan	-264,148	-237,450	-263,286	-235,874	-257,696	-230,994	-277,850	-251,713	-1,062,980	-956,030	106,950	
Transfers to FBV/SATT	-120,750	-110,419	-120,750	-120,750	-120,750	-120,750	-120,750	-120,750	-483,000	-472,669	10,331	
Legal Provision VTP	-110,577	-120,913	-57,692	-57,692	0	0	0	0	-168,269	-178,606	-10,336	
Cash Generation	427,867	-528,123	-850,093	243,414	169,967	-196,794	-2,229	-793,063	-254,488	-1,274,567	-1,020,079	
Fx gain/loss	0	-23,185	0	1,717	0	4,666	0	4,680	0	-12,123	-12,123	
Closing Balance	661,294	86,528	-188,799	331,658	-18,832	139,530	-21,061	-648,853	-21,061	-648,853	-627,792	

The operational cash generation for the quarter was negative in USD 29 K, while the Management Plan projected USD 928 K.

The main driver came from lower receivables, by USD 1.6 M, as operation slowed down in November and December 2022, reducing the receivables expected on the Management Plan for the 1Q 2023.

On the costs side, Stump removal is presenting savings by USD 290 K due to the postponing land clearing costs, aiming to preserve cash during the year, given the lower revenue. This strategy will remain for the full year.

For G&A own expenses, as a strategy to preserve cash as well, TRC reprojected the payment of 2022 delayed invoices (March and April) to the beginning of 2024.

Revenues are lower due to decrease In Consufor prices and the correct representation of the 30% discount on channel logs.

TRC renegotiated an important part of the loans, getting a better interest rate (18% p.a versus 8.42% p.a), by indexing them to USD instead of BRL. This decision will bring estimated savings of USD 106 K for 2023.

LUD payments in BAR (USD 270 K, in May) and PAI (443 K, in August) are a very important cash out this year. The PAI expenses were carried over from last year. As the final harvest operation delayed, so did the final LUD payment (20% of revenues).

FSA Balance Sheet

Floresteca S.A- Balance Sheet position of March 31, 2023

(In thousands of reais/dollars)	FX RATE- ASSETS		FX RATE - LIABILITIES	
		5,0798		5,0804
ASSETS	R\$	\$	R\$	\$
CURRENT ASSETS				
Cash and cash equivalents	439.597	86.538		
Accounts receivable	14.911.537	2.935.458		
Inventories	3.579.958	704.744		
Other receivables	411.377	80.983		
Taxes Recoverable	762.984	150.200		
Total Current Asset	20.105.453	3.957.922		
NON-CURRENT ASSETS				
Advances to agricultural partners	7.451.679	1.466.924		
Deferred taxes	59.836.606	11.779.323		
Forests - Own	512.024.299	100.796.153		
Property, plant & equipment	331.836	65.325		
Intangible assets	5.185	1.021		
Total Non-Current Asset	579.649.606	114.108.746		
	-			
TOTAL CURRENT ASSETS	599.755.059	118.066.668		
			LIABILITIES AND EQUITY	
			CURRENT LIABILITIES	
			Loans and financing	4.149.586
			Suppliers and other accounts payable	1.760.271
			TAX	361.517
			Payroll	110.833
			Total Current Liabilities	6.382.207
			Non-current liabilities	
			Loans and financing	558.200.339
			Contingencies	41.421.420
			Deferred taxes	430.683
			Suppliers and other accounts payable	16.290.063
			Deferred taxes	430.683
			Total Non-Current Liabilities	616.342.505
			EQUITY	
			Capital	27.797.555
			Legal reserve	5.559.311
			Statement of profit or loss	(4.025.266)
			Profit Reserve	(52.301.253)
			Foreign exchange adjusts	13.943
			TOTAL EQUITY	(22.969.654)
			Controlling interests	-
			TOTAL LIABILITIES AND EQUITY	599.755.059

Appendix - Financial Tables

Cash Summary - YEE

YEE and Budget Cash Flow BRL

FSA Cash Flow (In BRL 0,00)	1Q2023	1Q2023	2Q2023	2Q2023	3Q2023	3Q2023	4Q2023	4Q2023	2023	2023	Var.
	Budget	Actual	Budget	Forecast	Budget	Forecast	Budget	Forecast	Budget	FY	
Initial Balance	1,213,820	3,252,138	3,438,729	439,597	-981,756	1,727,939	-97,927	726,952	1,213,820	3,252,138	2,038,318
Gross Revenues	17,487,853	8,707,657	9,619,658	14,370,379	14,260,513	11,641,161	13,420,907	8,570,277	54,788,932	43,289,475	-11,499,457
Log Sales	14,787,853	8,626,639	9,619,658	11,770,379	14,260,513	11,641,161	13,420,907	8,570,277	52,088,932	40,608,457	-11,480,475
Other Sales	2,700,000	81,018	0	2,600,000	0	0	0	0	2,700,000	2,681,018	-18,982
(-) Sales Deductions	-138,403	-50,738	-90,029	-324,996	-133,463	-344,409	-125,605	-743,794	-487,500	-1,463,937	-976,437
Net Revenues	17,349,450	8,656,920	9,529,628	14,045,383	14,127,051	11,296,752	13,295,302	7,826,483	54,301,431	41,825,537	-12,475,894
Harvesting	-5,463,371	-5,480,725	-3,517,552	-4,383,821	-5,202,631	-4,492,280	-4,811,407	-5,976,101	-18,994,961	-20,332,926	-1,337,965
Stump Removal	-1,507,772	0	-1,508,071	-300,000	-2,472,579	0	-2,472,579	0	-7,961,000	-300,000	7,661,000
Forestry Costs	-414,126	-357,913	-1,235,539	-1,235,539	-299,761	-299,761	-456,917	-456,917	-2,406,343	-2,350,130	56,213
Property Costs	-766,957	-574,105	-736,628	-800,912	-741,972	-806,256	-818,912	-883,196	-3,064,469	-3,064,469	0
G&A Own expenses	-238,214	-236,572	-124,957	-124,957	-125,030	-125,030	-213,932	-213,932	-702,133	-700,490	1,643
Flat Fee	-3,069,004	-2,226,786	-3,095,504	-2,315,330	-2,402,078	-2,402,078	-2,429,180	-2,429,180	-10,995,766	-9,373,375	1,622,391
LUD	-1,057,375	0	-1,403,625	-1,403,625	0	-2,306,615	0	0	-2,461,000	-3,710,240	-1,249,239
Operational Cash Generation	4,832,631	-219,180	-2,092,247	3,481,198	2,882,999	864,732	2,092,375	-2,132,843	7,715,759	1,993,907	-5,721,852
Legal Expenses	-31,251	-150,525	-31,251	-31,251	-31,251	-31,251	-31,247	-31,247	-125,000	-244,274	-119,274
Financial expenses	0	-5,169	0	-7,162	0	-5,400	0	-6,581	0	-24,313	-24,313
Income tax	0	0	0	0	0	0	0	0	0	0	0
Loan	-1,373,572	-1,234,738	-1,369,087	-1,226,543	-1,340,019	-1,201,168	-1,444,818	-1,308,907	-5,527,496	-4,971,356	556,140
Transfers to FBV/SATT	-627,900	-574,180	-627,900	-627,900	-627,900	-627,900	-627,900	-627,900	-2,511,600	-2,457,880	53,720
Legal Provision VTP	-575,000	-628,749	-300,000	-300,000	0	0	0	0	-875,000	-928,749	-53,749
Cash Generation	2,224,909	-2,812,541	-4,420,486	1,288,342	883,829	-1,000,987	-11,590	-4,107,479	-1,323,337	-6,632,665	-5,309,327
Closing Balance	3,438,729	439,597	-981,756	1,727,939	-97,927	726,952	-109,517	-3,380,526	-109,517	-3,380,526	-3,271,009



Thank You!

