



Floresteca S.A.

3Q 2023 Results Summary

September 2023



Agenda

1. Harvesting Operations by Farm & Project Year
2. Yields
3. Log Sales and Prices
4. Market Update
5. Project Results to Date
6. Legal and Compliance Update
7. Outlook on Upcoming Quarters
8. Financial Summary
 - Cost of Production
 - Silvicultural Operations
 - General & Administrative Expenses
 - Summary P&L and Cash Flow (YTD)
 - Outlook
 - Cash Summary

Harvest Operations by Farm

Table: Area Changes – 2023

Project	Planting Year	Initial Area (ha) - End of 2Q 2023	Harvested Area (ha) - 3Q 2023	Current Area (ha) - End of 3Q 2023
Paiolandia	1997	0.00		0.00
Paraiso	1997	0.00		0.00
Paiolandia	1998	0.00		0.00
Bambu	1999	549.07		549.07
Bambu	2000	513.83		513.83
Duas Lagoas	2000	627.66	91.26	536.4
Duas Lagoas	2001	1,539.8	103.81	1,435.99
São Miguel	2001	97.52		97.52
Barranquinho	2002	960.13		960.13
Cacimba	2002	360.03	107.83	252.2
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		11,949.94	302.90	11,647.04

The table on the left presents FSA projects initial area (ha), based on the end of 2Q 2023, the harvested area during the 3Q 2023, and the currently standing area.

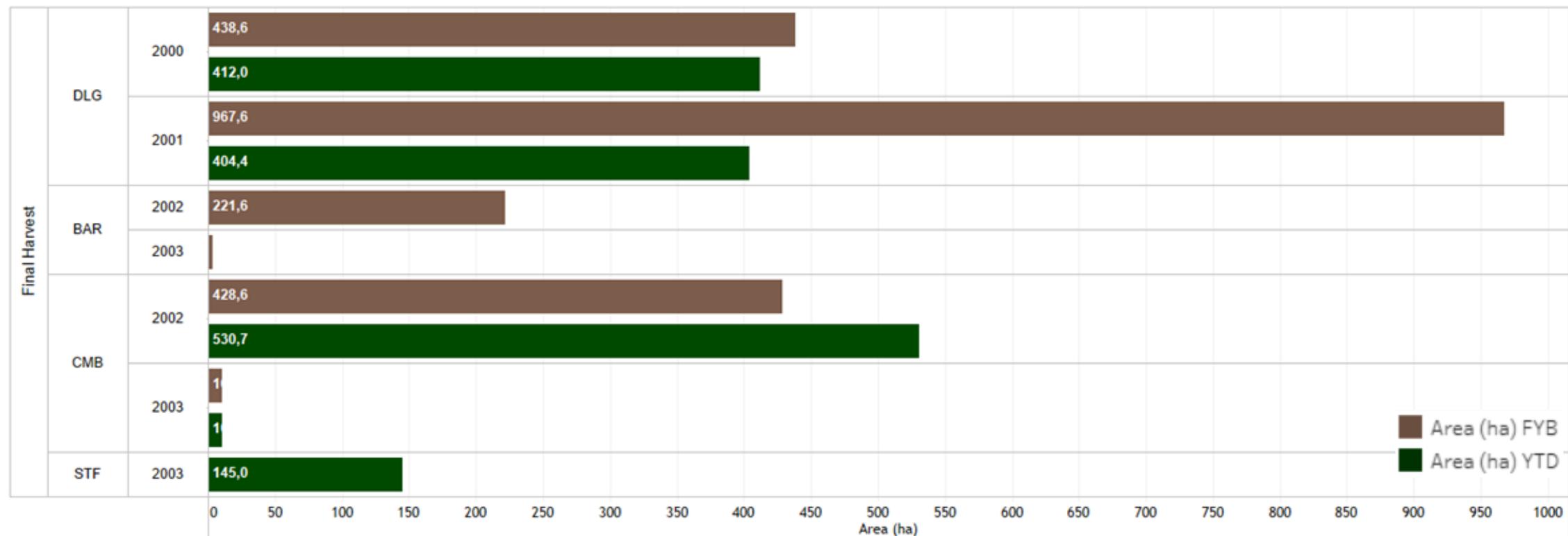
During this quarter, 195 hectares had their harvesting fully completed on Duas Lagoas (DLG 2000 and 2001) and another 108 hectares on Cacimba (CMB 2002).

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.

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 CMB and STF.

Cacimba (CMB), as explained above, was increased the area of final cut in order to higher the production for FSA.



Sales Summary – Year to date

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
BAR2002										
Budget	0	0	0	2,431	4,486	4,486	3,809	2,412	0	17,623
YTD	0	0	0	0	0	0	0	0	0	0
BAR2003										
Budget	0	0	0	0	0	0	448	229	0	678
YTD	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	34,093
YTD	186	1,226	4,256	4,617	7,462	6,083	2,453	2,571	2,669	31,524
CMB2003										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	0	0	0	0	70	788	0	0	0	858
DLG2000										
Budget	2,171	2,171	2,171	2,171	2,171	2,171	2,170	2,170	548	17,914
YTD	4,827	1,452	577	921	1,648	1,859	2,066	1,099	741	15,189
DLG2001										
Budget	2,570	2,570	2,570	0	0	0	0	2,074	6,123	15,907
YTD	1,306	2,069	2,129	1,630	2,563	2,559	1,171	1,635	999	16,062
PAI1997										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	3,770	3,983	2,327	738	162	23	0	0	0	11,005
STF2003										
Budget	0	0	0	0	0	0	0	0	0	0
YTD	0	23	0	0	0	0	0	0	422	445
Total										
Budget	11,741	11,741	9,501	8,102	6,657	6,657	9,235	11,397	11,183	86,215
YTD	10,089	8,754	9,289	7,907	11,904	11,312	5,690	5,305	4,831	75,082

YTD sales volume is ~11K m³ lower than budget, nevertheless we were considering ~30K m³ from BAR and CMB as FSA's own production, but in fact they belong to landowners (LUD - Land Use Deals).

FSA area in CMB2002 and CMB2003 was fully harvested, and timber will be loaded in full in October. LUD's Teak area is still standing.

Sales of STF timber started in September.

Timber invoicing from DLG decreased in 3Q, but harvesting will be resumed in October/November, thus DLG timber inflow continues until YE.

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	4,617	7,462	6,083	2,453	2,571	2,669	10,743	2,354	2,354	46,974
CMB2003													
Budget	0	0	0	0	0	0	0	0	0	0	540	540	1,080
YEE	0	0	0	0	70	788	0	0	0	0	0	0	858
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	921	1,648	1,859	2,066	1,099	741	0	0	0	15,189
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	1,630	2,563	2,559	1,171	1,635	999	1,219	4,000	4,000	25,281
PAI1997													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	3,770	3,983	2,327	738	162	23	0	0	0	0	0	0	11,005
STF2003													
Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
YEE	0	23	0	0	0	0	0	0	422	1,178	4,000	4,000	9,623
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	7,907	11,904	11,312	5,690	5,305	4,831	13,140	10,353	10,354	108,929

YEE volume is lower than budget, but ~30K m³ were supposed to come from LUD (Land Use Deal) areas in the original budget (out of the ~116K m³). This means FSA really had only 86 K m³ of its own wood.

An increase of 9 K m³ on FSA's own timber is expected on updated forecast (~95 K m³ in YEE vs 86 K m³).

Harvesting activities along 4Q will be focused in STF and DLG.

Yields - Final Harvests

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	35,8	35,8	14,0	14,0	271,8	271,8	74,7	60,4	144	140
		S2	26,0	26,0	13,5	13,5	36,9	36,9	65,5	44,4	218	256
DLG	2000	S2	28,5	28,5	10,2	10,2	91,3	91,3	47,7	42,1	153	149
	2001	S1	39,8	39,8	15,5	15,5	36,7	36,7	85,5	70,1	110	123
		S2	29,7	29,7	12,1	12,1	33,5	33,5	55,1	47,8	177	175
Total			33,9	33,9	13,4	13,4	470,1	470,1	68,2	55,5	151	152

- Table = 2023 budget stands. Total values (volume, area and trees) planned and performed until end of 3Q 2023.
- DBH and BA are the latest measured data.

Table: Log sales final harvest, unplanned stands for 2023

Project	Planting Year	Site Class	DBH (cm)	AB (m ² /ha)	Area (ha)	Vol. (m ³ /ha)	Removed (TPH)
			YTD	YTD	YTD	YTD	YTD
CMB	2002	S2	26,4	14,8	45,5	52,9	228
DLG	2000	S1	35,3	14,8	80,3	74,1	150
		S2	31,2	11,5	49,1	51,2	147
		S3	25,3	8,7	48,5	27,3	164
	2001	S2	32,7	13,0	38,5	54,1	152
Total			30,4	13,2	261,9	54,5	166

- Table = 2023 unplanned stands. Total values (volume, area and trees) planned and performed until end of 3Q 2023.

The tables show only stands where operations are fully finished, so that the yields per hectare are comparable.

2023 Planned

During the 3Q2023 the activities remained on CMB and DLG projects.

In CMB the volumes were lower (58.5 m³/ha actual against 73.6 m³/ha budget). Misestimations of commercial heights were identified as the main cause of the deviation.

In DLG, the volume were also lower (49.6 m³/ha actual against 57.8 m³/ha budget). In this project, as explained previously, the fungal diseases have caused hard-to-predict losses.

2023 Unplanned

In order to substitute the volumes in BAR LUD areas, some unplanned stands were included on DLG and CMB.

The table on the left shows the sales yields of the all finalized unplanned stands.

Log Sales & Prices

Roadside Prices Comparison 2023 YTD

Girth Class	Description	Volume m ³		Value USD		Avg RS Price (USD/m ³)		Avg Girth (cm)		Proportion	
		Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
50-60	Regular	8,238	8,186	394,167	303,542	48	37	56	60	10%	11%
	Channel	0	5	0	100	0	21	0	55	0%	0%
60-70	Regular	13,920	15,774	665,962	754,010	48	48	66	70	16%	21%
	Channel	0	0	0	0	0	0	0	0	0%	0%
70-80	Regular	15,902	4,487	761,015	269,332	48	60	75	74	18%	6%
	Channel	0	0	0	0	0	0	0	0	0%	0%
80-90	Regular	24,610	18,581	1,912,406	1,455,601	78	78	84	85	29%	25%
	Channel	0	358	0	19,813	0	55	0	87	0%	0%
90-100	Regular	7,195	3,047	711,791	297,662	99	98	94	95	8%	4%
	Channel	0	2,193	0	149,423	0	68	0	95	0%	3%
100-110	Regular	6,076	4,976	747,405	603,701	123	121	105	104	7%	7%
	Channel	0	3,968	0	338,419	0	85	0	106	0%	5%
110-120	Regular	4,772	2,025	715,302	297,316	150	147	114	114	6%	3%
	Channel	0	5,474	0	562,643	0	103	0	116	0%	7%
120-130	Regular	4,118	584	740,395	101,849	180	174	125	126	5%	1%
	Channel	0	4,384	0	534,041	0	122	0	125	0%	6%
130-140	Regular	1,102	182	273,402	37,490	248	206	135	134	1%	0%
	Channel	0	657	0	94,391	0	144	0	133	0%	1%
140-150	Regular	279	0	68,386	0	245	0	145	0	0%	0%
	Channel	0	203	0	34,470	0	170	0	141	0%	0%
150-160	Regular	3	0	599	0	200	0	155	0	0%	0%
	Channel	0	0	0	0	0	0	0	0	0%	0%
Total Geral		86,215	75,082	6,990,829	5,853,803	81	78	96	93	100%	100%

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

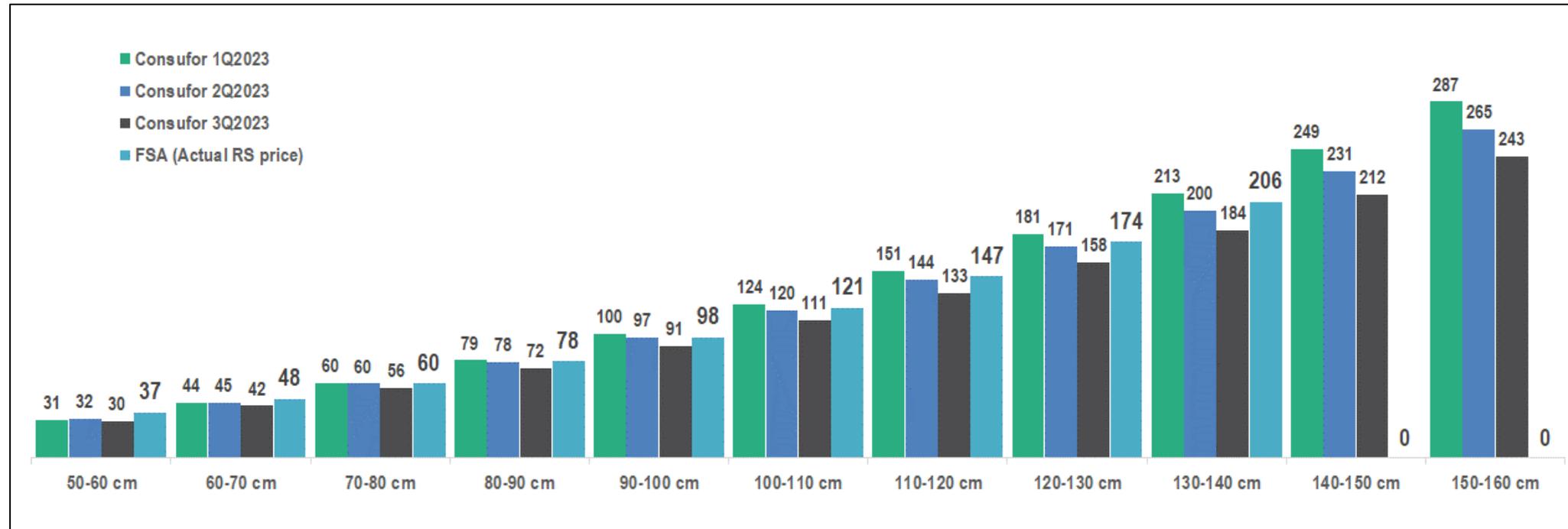
Overall, roadside prices had a decrease in the first, second and third quarter of 2023, compared to the prices used in the preparation of this budget.

Also, prices for defective logs, such as channeling or crooked, are given a discount on their Consufor value (30%). Starting from this report, the sales will be detailed by 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.

Log Sales & Prices

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



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

During 3Q 2023, Ecuador, Brazil, Ghana and Panamá were the top four suppliers to India during 3Q, reaching 63% of volumes. Panama and Costa Rica season ended in August, after a very strong run since March. However, Ecuador season started right after, showing no rest on arrivals. With such, ground stocks remain high in North India (Mundra port), where most of the Teak logs imports are traded.

Ecuador sped up during 3Q and was the biggest supplier in India Teak market. Brazil followed closely and was in second position. Ghana kept a steady supply since the beginning of the year with a ~700 containers/month – most part of its volume as rough and clean squares. Panama dropped to the fourth position.

Field stocks in North India's sawmills kept high and some traders did fire sales – contributing for more pressure in prices. South market stocks, on the opposite hand, were at regular levels, thus pressure in prices is lower. Bad news is that 55-60% of teak timber imported by India goes to northern regions.

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	-9,825,421
Outstanding	13,884,885

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** – Updates since the last report.

07/21/2023: FRIGIERI presents his opposition against the appeal filed by FSA on 06/27/2023 and requests the maintenance of the value of the claim.

07/27/2023: the reporting judge grants FRIGIERI’s appeal and annuls the verdict, since the judge of the claim has not appreciated the request made by FRIGIERI for the exhibition of all documents related to the teak plantation on the farm.

10/23/2023: the case returns to the judge of the claim, to be sentenced again.

10/27/2023: FSA informs to the judge of the claim that (i) there are no documents in which LHS commits to plant a specific number of hectares; (ii) the partnership term states that the public deed of usufruct would rule and replace the appendix requested by FRIGIERI, which is revoked and has not been found in the company files. In the end, FSA requests that the new final decision corrects the value of the cause and expressly releases the presentation of the aforementioned documents.

- **Bambu IV:** Updates since the last report.

06/19/2023: FRIGIERI requests to the judge of the claim to (i) unfrozen the amount of 40 minimum salaries, which must be declared unseizable, or (ii) only release the frozen money upon a court escrow by LHS.

09/25/2023: in FRIGIERI’S OBJECTION, LHS reinforces that (i) the existence of the debt is proved in the public deed which admits the advanced payments and by the loan recipes signed by FRIGIERI; (ii) the law does not oblige the party to present the debt spreadsheet. In the end, LHS requests that, if the judge does not reject FRIGIERI’S OBJECTION, to send files to the legal accountant.

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.

07/12/2023: FSA notices that Rondon Company is selling Paiolandia farm for 62.000.000 BRL and requests the publicity of the existence of the claim in the Real Estate Registry Office, in order to guarantee future debts.

09/20/2023: FSA presents an opposition against Mr. Rondon special appeal filed on 08/11/2023, arguing that (i) Mr Rondon already filed 4 appeals against the denial of the court cost exemption, all of them denied; (ii) the special appeal is not the adequate form to postulate the reanalysis of proves; (iii) the requests made by Mr. Rondon are against the jurisprudence of the Superior Court of Justice; (iv) there are no legal violation in the appealed decision, and (v) the appealed decision must be maintained.

09/26/2023: Rondon Company presents an opposition against Mr. Rondon special appeal filed on 08/11/2023, arguing that Mr Rondon (i) has not proven that he can't pay the court costs; (ii) is the owner of 25% of Rondon Company, and (iii) the special appeal is not the adequate form to postulate the reanalysis of proves.

09/29/2023: the reporting judge denies the Mr. Rondon requests for exemption of court costs

10/25/2023: FSA presents an opposition against Mr. Rondon special appeal filed on 08/11/2023, arguing that Mr Rondon (i) the special appeal is not the adequate form to postulate the reanalysis of proves; (ii) the requests made by Mr. Rondon are against the jurisprudence of the Superior Court of Justice; (iii) there are no legal violation in the appealed decision, and (iv) the appealed decision must be maintained .

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

FSA should remain with 2 out of 4 TRC harvesting crews in the following months. Logistic bottlenecks coming from competition with other agricultural commodities for containers (mainly cotton) is affecting the capacity of moving the logs to the port and may affect the sales on this final quarter of the year.

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.

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, Paiolândia and Duas Lagoas farms, estimated cost of **USD 1.9M**).
- Delayed management services invoices from TRC from March and April 2022 (**USD 320 K**)

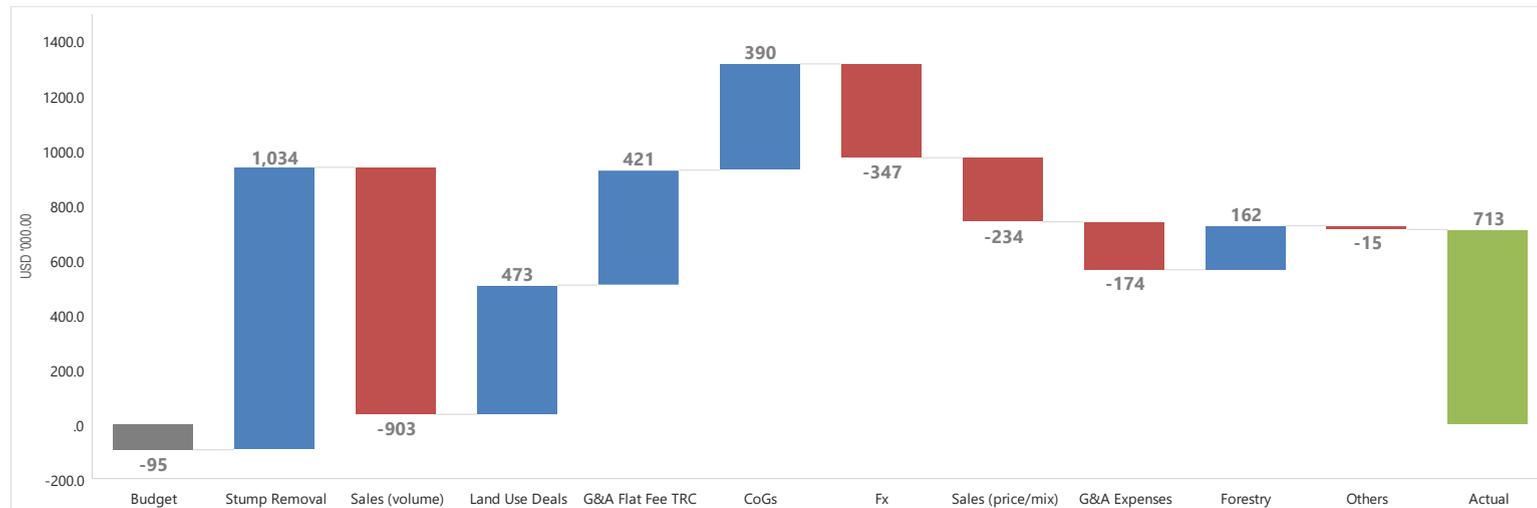
FSA Summary Financial Information

Summary P&L

FSA Profit and Loss (In USD 0,00) Volume	YTD		Var.	%	FY		Var.	%
	Budget	Actual			Budget	Actual		
	86,215	75,082	-11,133	-13%	116,189	108,929	-7,260	-6%
01 - Sales	6,990,828	5,542,488	-1,448,340	-21%	9,378,732	6,856,842	-2,521,890	-27%
01.01 - Log Sales	6,990,828	5,853,803	-1,137,025	-16%	9,378,732	7,343,037	-2,035,694	-22%
Fx gain (loss) to Actual	0	-346,647	-346,647	0%	0	-521,528	-521,528	0%
01.03 - Biomass	0	22,620	22,620	0%	0	22,620	22,620	0%
01.04 - Other Sales	0	12,712	12,712	0%	0	12,712	12,712	0%
01.1 - (-) Sales Deductions	-93,174	-217,895	-124,722	134%	-125,000	-294,183	-169,183	135%
02 - Net Sales	6,897,654	5,324,592	-1,573,061	-23%	9,253,732	6,562,659	-2,691,073	-29%
03 - CoGs	-2,727,538	-2,337,705	389,833	-14%	-3,652,809	-3,385,053	267,756	-7%
03.01 - Stump Removal	-1,055,523	-22,012	1,033,511	-98%	-1,531,019	-57,692	1,473,327	-96%
04 - Gross Profit	3,114,592	2,964,875	-149,717	-5%	4,069,903	3,119,913	-949,991	-23%
05 - Operational Expenses	-3,209,629	-2,252,185	957,444	-30%	-3,967,262	-3,256,313	710,948	-18%
5.01 - Forestry	-374,900	-212,847	162,053	-43%	-462,768	-462,768	0	0%
5.02 - Property Management	-431,838	-347,395	84,443	-20%	-589,321	-589,321	0	0%
5.03 - G&A Expenses	-282,202	-455,732	-173,531	61%	-327,333	-500,863	-173,531	53%
5.04 - G&A Flat Fee TRC	-1,647,420	-1,225,946	421,475	-26%	-2,114,570	-1,693,096	421,475	-20%
5.05 - Land Use Deals	-473,269	0	473,269	-100%	-473,269	0	473,269	-100%
5.06 - Other Operational	0	-10,265	-10,265	0%	0	-10,265	-10,265	0%
06 - EBITDA	-95,037	712,690	807,727	-850%	102,642	-136,400	-239,042	-233%
07 - Depreciation/Amortization/Depletion	-4,540,468	-4,468,784	71,683	-2%	-6,630,464	-5,559,494	1,070,970	-16%
7.01 - Depreciation/Amortization	-31,406	-3,893	27,513	-88%	-41,785	-14,273	27,513	-66%
7.02 - Depletion	-4,333,848	-4,420,875	-87,027	2%	-6,364,167	-5,451,908	912,259	-14%
7.03 - Financial Income	0	193,272	193,272	0%	0	193,272	193,272	0%
7.04 - Financial Expenses	-175,214	-237,288	-62,074	35%	-224,512	-286,586	-62,074	28%
08 - EBT	-4,635,505	-3,756,095	879,410	-19%	-6,527,822	-5,695,895	831,927	-13%
09 - Income Tax	0	0	0	0%	0	0	0	0%
10 - Profit & Loss	-4,635,505	-3,756,095	879,410	-19%	-6,527,822	-5,695,895	831,927	-13%

Summary P&L YTD

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



The YTD Operational Result was **USD 713 K** versus **USD - 95 K** budgeted or a favorable variation of **USD 807 K**.

As explained in the last report, the main positive variation (**USD 1 M**) came from the postponement of Stump Removal costs, as part of the strategy to preserve cash during the year, given the compressed margins.

The lower-than-planned volume in this period (**- 11,133 m³**) caused a negative variation by **USD - 903 K**. Also, caused savings on CoGs costs, by **USD 390 K**.

Land Use Deals of Barranquinho Farm and Paiolandia Farm presented a positive variation by **USD 473 K** due to a conceptual error on budget. As a land rent payment, it should affect only the cash flow and shouldn't have been included in the accrual P&L.

The positive variation on G&A flat fee TRC **USD 421 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. Also, the inflation correction was negative for the 2Q and 3Q.

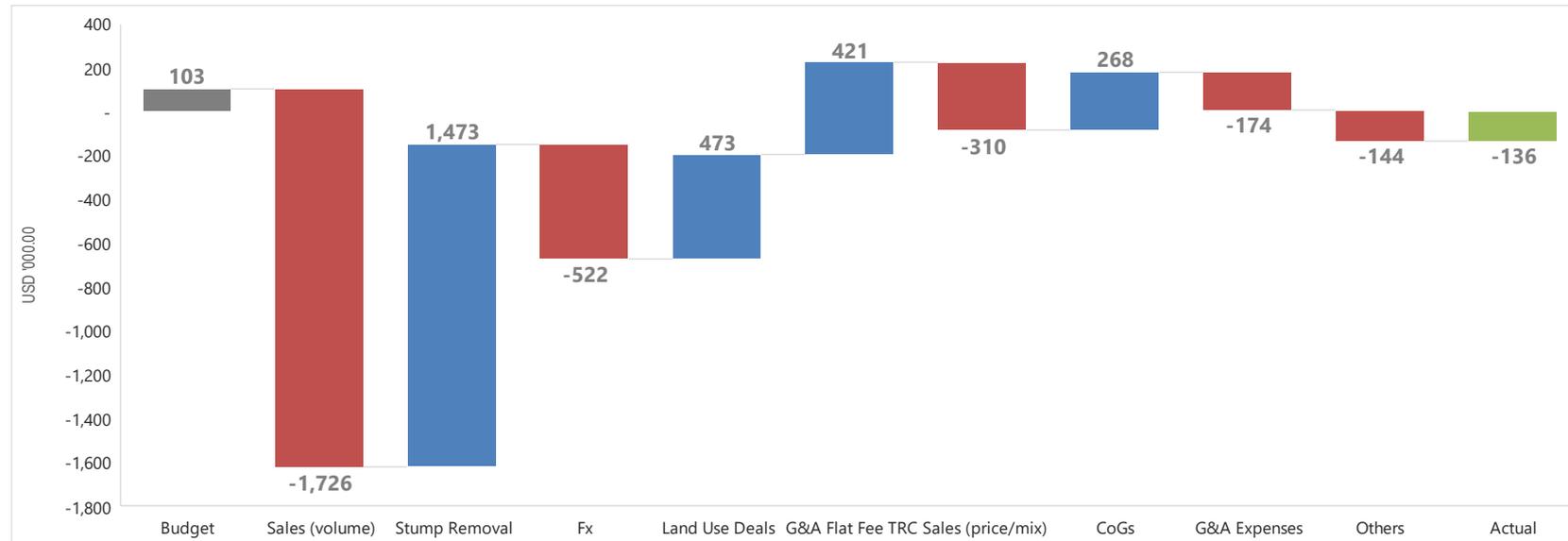
The negative effect on Fx rates was due to BRL valuation in comparison to the budget expectation. The budget fx rate was **5.20** and the average fx rate until the 3Q was **5.00**.

Sales price is presenting a negative variation due to the Consufor price drop.

Forestry 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 - 136 K** versus **USD 103 K** budgeted or an unfavorable variation of **USD - 239 K**.

The negative variation on Sales Volume is because TRC didn't model correctly the LUD production conditions. 14.122 m³ from CMB2002 LUD areas were budgeted as regular revenues but, in fact, will only present harvesting costs, as those logs must be delivered to the landowner. Anyway, that was partially offset by the higher-than-budget volume for STF2003 and CMB2002 (~9 K m³, FSA own volume), in substitution for BAR LUD areas.

The negative effect on Fx rates is due to BRL valuation in comparison to the budget expectation. The budget fx rate was **5.20** and for forecast, TRC is considering **4.93**.

Sales (price/mix) is presenting a negative variation (**USD - 310 K**) since Consufor price report dropped on average by **4%**, in comparison to the budget. In addition, for projection, TRC is considering the discount of **30%** for defective logs.

There is no variance from the YTD slide explanations regarding Stump Removal, Land Use Deals, CoGs and G&A flat fee TRC.

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	3.108.287	4.158.494	94.108	153.024	33	27
	Forwarding	m³	3.601.741	3.378.043	94.788	86.227	38	39
	Loading	m³	933.271	1.140.554	74.758	73.261	12	16
	Lot Formation	m³	1.878.605	2.524.136	65.627	86.528	29	29
	Operational Support	-	1.459.312	1.772.635	0	0	0	0
	Soil Prep	ha	135.402		138		983	
	Stump Removal	ha	136.941	5.488.584	45	1.010	3.055	5.434
	Tree Selection	ha	5.087		27		188	
	Taxes	--	595.504	1.209.345			0	0
	Adjustment	--	-90.455	0			0	0
	Total geral			11.763.697	19.671.790			

Total Activities		YTD	Budget	Var %
COP	BRL	11,491,352	14,183,207	-19%
Commercial Vol. + Stock Vol.	m³	71,549	86,215	-17%
COP/m3	BRL	161	165	-2%
Cost of Goods Sold (CoGs)		12,156,068	0	0%
Accounting adj. (CoGs - COP)		664,715	0	0%
Land Clearing		YTD	Budget	Var %
Soil Prep	BRL	135,402	0	0%
Stump Removal	BRL	136,941	5,488,584	-98%
Area	ha	138	0	0%
Area	ha	45	555	-92%
Soil prep	BRL/ha	981	0	0%
Stump Removal	BRL/ha	3,055	9,889	-69%
TOTAL		YTD	Budget	Var %
COP + Land Clearing	BRL	11,763,695	19,671,791	
BRL/USD Budget Rate		5.20	5.20	0%
COP + Land Clearing	USD	2,262,249	3,783,037	-40%

Strategy to save some money was halt land clearing activities, thus more than BRL 5 M were not spent and will contribute positively to FSA's cash flow. This year.

Unitary COP, considering only harvesting and associated activities, was 2% under budget. Total Cost was under budget as well.

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	Exotic Control	ha	66.719		0		0	
	Firebreaks	ha	306.320	364.274	835	650	367	560
	Inventory	parc	316.527	439.047	1.924	2.631	165	167
	Pest Control	ha	31.794	75.977	0	882	0	86
	Pruning	ha	47.583	123.316	37	140	1.299	881
	Research	-	77.460		0		0	
	Roads	km	138.303	575.000	1	115	153.670	5.000
	Sprout Control	ha	55.332	40.307	33	70	1.699	576
	Weed Control	ha	243.161	286.151	509	635	477	451
	Taxes	--	26.070	45.408			0	0
	Adjustment	--	-202.462	0			0	0
	Total geral			1.106.805	1.949.479	3.338	5.123	157.676

Forestry costs kept their trend along the year and were 43% under budget.

Basically, all forestry activities presented savings and the three more relevant were road maintenance, inventory and pruning. Inventory and pruning savings will remain until YE and road maintenance may be necessary only in case of heavy rains during 4Q.

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	-431,838	-347,395	84,443	-20%
5.03 - G&A Expenses	-282,202	-455,732	-173,531	61%
5.04 - G&A Flat Fee TRC	-1,647,420	-1,225,946	421,475	-26%
TOTAL	-2,361,460	-2,029,073	332,387	-14%

G&A / Overhead Summary YEE

FSA Total Overhead Costs (In USD 0,00)	FY	FY	Var.	%
	Budget	Actual		
5.02 - Property Management	-589,321	-589,321	-0	0%
5.03 - G&A Expenses	-327,333	-500,863	-173,531	53%
5.04 - G&A Flat Fee TRC	-2,114,570	-1,693,096	421,475	-20%
TOTAL	-3,031,224	-2,783,280	247,944	-8%

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

All YTD variations in Property management are being considered as timing shifts and are being reprojected to be compensated until year end.

The increase in G&A own expenses is caused by the payment of taxes related to the transfer of Capim Branco farm land titles (USD 36 K), an accounting adjustment (USD 16 K), lawyer costs (remaining success fees from VTP case), as well as the need of maintaining apprentices in FSA payroll (enforced by Brazilian law) and property taxes (IPTU), that was not correctly budgeted (USD 52 K).

There has been a reduction in TRC monthly fees is caused by the YTD negative inflation indexes nearly -5%, while budget previewed positive inflation rates (USD 100 K), and the remainder are the postponed G&A invoices (USD 320 K) from 2022.

Cash Summary - YEE

Actual and Budget Cash Flow USD

FSA Cash Flow (In USD 0,00) Fx rate	1Q2023	1Q2023	2Q2023	2Q2023	3Q2023	3Q2023	4Q2023	4Q2023	2023	2023	Var.
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Forecast	Budget	FY	
	5.20	5.13	5.20	4.97	5.20	4.89	5.20	4.93	5.20	4.98	
Initial Balance	233,427	637,837	661,294	86,528	-188,799	810,886	-18,832	1,379,003	233,427	637,837	404,410
Gross Revenues	3,363,049	1,687,299	1,849,934	3,059,615	2,742,406	2,410,971	2,580,944	1,185,769	10,536,333	8,343,655	-2,192,678
Log Sales	2,843,818	1,671,719	1,849,934	2,505,924	2,742,406	2,394,596	2,580,944	1,185,769	10,017,102	7,758,007	-2,259,095
Other Sales	519,231	15,580	0	553,692	0	16,375	0	0	519,231	585,647	66,417
(-) Sales Deductions	-26,616	-9,757	-17,313	-11,026	-25,666	-4,282	-24,155	-76,288	-93,750	-101,353	-7,603
Net Revenues	3,336,433	1,677,542	1,832,621	3,048,589	2,716,740	2,406,689	2,556,789	1,109,481	10,442,583	8,242,302	-2,200,281
Harvesting	-1,050,648	-1,053,985	-676,452	-946,467	-1,000,506	-565,063	-925,271	-1,047,349	-3,652,877	-3,612,864	40,013
Stump Removal	-289,956	0	-290,014	-22,161	-475,496	0	-475,496	-35,532	-1,530,962	-57,692	1,473,269
Forestry Costs	-79,640	-68,829	-237,604	-69,295	-57,646	-88,777	-87,869	-175,369	-462,758	-402,270	60,488
Property Costs	-147,492	-110,405	-141,659	-106,401	-142,687	-156,920	-157,483	-215,596	-589,321	-589,321	0
G&A Own expenses	-45,810	-46,198	-24,030	-65,941	-24,044	-23,077	-41,141	-37,760	-135,026	-172,976	-37,950
Flat Fee	-590,193	-427,525	-595,289	-399,376	-461,938	-401,029	-467,150	-394,058	-2,114,570	-1,621,988	492,583
LUD	-203,341	0	-269,928	-201,923	0	-98,077	0	0	-473,269	-300,000	173,269
Operational Cash Generation	929,352	-29,400	-402,355	1,237,026	554,423	1,073,747	402,380	-796,182	1,483,800	1,485,191	1,391
Legal Expenses	-6,010	-28,947	-6,010	-49,173	-6,010	-30,510	-6,009	-19,231	-24,038	-127,861	-103,822
Financial expenses	0	-994	0	-3,068	0	15,454	0	-1,266	0	10,127	10,127
Income tax	0	0	0	0	0	0	0	0	0	0	0
Loan	-264,148	-237,450	-263,286	-230,985	-257,696	-222,239	-277,850	-251,713	-1,062,980	-942,387	120,593
Transfers to FBW/SAT T	-120,750	-110,419	-120,750	-112,200	-120,750	-103,935	-120,750	-117,308	-483,000	-443,861	39,139
Legal Provision VTP	-110,577	-120,913	-57,692	-59,760	0	-11,346	0	0	-168,269	-192,020	-23,751
Cash Generation	427,867	-528,123	-850,093	781,841	169,967	721,170	-2,229	-1,185,699	-254,488	-210,812	43,676
Fx gain/loss	0	-23,185	0	-57,484	0	-153,052	0	-107,101	0	-340,822	-340,822
Closing Balance	661,294	86,528	-188,799	810,886	-18,832	1,379,003	-21,061	86,203	-21,061	86,203	107,264

The operational cash generation until 3Q was positive in **USD 2,2 M**, while the Management Plan projected **USD 1 M**.

The YEE revenues negative variation is related to decrease in Consufor prices, mix of products/destination sold, the correct representation of the 30% discount on channel logs and lower fx rates.

As commented on the P&L slide, stump removal is presenting savings of **USD 1,4 M**, aiming to preserve cash during the year. This strategy will remain for the full year.

For Flat Fee, as a strategy to preserve cash as well, TRC reprojected the payment of 2022 delayed invoices (March and April), until FSA has enough meant to pay them.

BAR's LUD finished payment in September (**USD - 300 K**) and PAI's LUD was project for the 2024 while awaiting a legal action.

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 120 K** for 2023.

FSA Balance Sheet

Floresteca S.A- Balance Sheet position of September 30, 2023

(In thousands of reais/dollars)

FX RATE- ASSETS 5,0070
FX RATE - LIABILITIES 5,0076

ASSETS			LIABILITIES AND EQUITY		
	RS	\$		RS	\$
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	6.905.498	1.379.169	Loans and financing	4.106.575	820.068
Accounts receivable	6.336.974	1.265.623	Suppliers and other accounts payable	1.715.783	342.636
Inventories	1.068.094	213.320	TAX	181.916	36.328
Other receivables	56.647	11.313	Payroll	130.542	26.069
Taxes Recoverable	732.283	146.252			
Total Current Asset	15.099.495	3.015.677	Total Current Liabilities	6.134.815	1.225.101
NON-CURRENT ASSETS			Non-current liabilities		
Advances to agricultural partners	7.080.701	1.414.160	Loans and financing	536.128.372	107.062.939
Other receivables	94.840	18.942	Contingencies	41.396.835	8.266.802
Deferred taxes	62.994.838	12.581.354	Deferred taxes	473.503	94.557
Forests - Own	483.036.589	96.472.257	Suppliers and other accounts payable	13.642.862	2.724.431
Property, plant & equipment	229.473	45.830		-	-
Intangible assets	5.185	1.036			
Total Non-Current Asset	553.441.625	110.533.578	Total Non-Current Liabilities	591.641.572	118.148.728
			EQUITY		
			Capital	27.797.555	5.551.073
			Legal reserve	5.559.311	1.110.175
			Statement of profit or loss	(10.290.879)	(2.055.052)
			Profit Reserve	(52.301.253)	(10.444.374)
			Foreign exchange adjusts		13.604
			TOTAL EQUITY	(29.235.267)	(5.824.574)
			Controlling interests	-	-
TOTAL CURRENT ASSETS	568.541.120	113.549.255	TOTAL LIABILITIES AND EQUITY	568.541.120	113.549.255

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	Actual	Budget	Actual	Budget	Forecast	Budget	FY	
Initial Balance	1,213,820	3,252,138	3,438,729	439,598	-981,756	3,907,820	-97,927	6,905,498	1,213,820	3,252,138	2,038,318
Gross Revenues	17,487,853	8,707,657	9,619,658	15,312,648	14,260,513	11,784,647	13,420,907	5,851,531	54,788,932	41,656,484	-13,132,447
Log Sales	14,787,853	8,626,639	9,619,658	12,433,451	14,260,513	11,699,495	13,420,907	5,851,531	52,088,932	38,611,117	-13,477,814
Other Sales	2,700,000	81,018	0	2,879,197	0	85,152	0	0	2,700,000	3,045,367	345,367
(-) Sales Deductions	-138,403	-50,738	-90,029	-57,336	-133,463	-22,267	-125,605	-396,695	-487,500	-527,036	-39,536
Net Revenues	17,349,450	8,656,920	9,529,628	15,255,312	14,127,051	11,762,380	13,295,302	5,454,836	54,301,431	41,129,448	-13,171,983
Harvesting	-5,463,371	-5,480,725	-3,517,552	-4,921,629	-5,202,631	-2,938,325	-4,811,407	-5,446,214	-18,994,961	-18,786,893	208,068
Stump Removal	-1,507,772	0	-1,508,071	-115,235	-2,472,579	0	-2,472,579	-184,765	-7,961,000	-300,000	7,661,000
Forestry Costs	-414,126	-357,913	-1,235,539	-360,336	-299,761	-461,639	-456,917	-911,917	-2,406,343	-2,091,805	314,538
Property Costs	-766,957	-574,105	-736,628	-553,284	-741,972	-815,984	-818,912	-1,121,097	-3,064,469	-3,064,469	0
G&A Own expenses	-238,214	-240,228	-124,957	-342,894	-125,030	-120,001	-213,932	-196,352	-702,133	-899,475	-197,342
Flat Fee	-3,069,004	-2,223,129	-3,095,504	-2,076,753	-2,402,078	-2,085,352	-2,429,180	-2,049,104	-10,995,766	-8,434,337	2,561,429
LUD	-1,057,375	0	-1,403,625	-1,050,000	0	-510,000	0	0	-2,461,000	-1,560,000	901,000
Operational Cash Generation	4,832,631	-219,179	-2,092,247	5,835,182	2,882,999	4,831,079	2,092,375	-4,454,612	7,715,759	5,992,470	-1,723,289
Legal Expenses	-31,251	-150,525	-31,251	-255,698	-31,251	-158,653	-31,247	-100,000	-125,000	-664,875	-539,875
Financial expenses	0	-5,169	0	-15,951	0	80,361	0	-6,581	0	52,659	52,659
Income tax	0	0	0	0	0	0	0	0	0	0	0
Loan	-1,373,572	-1,234,738	-1,369,087	-1,201,121	-1,340,019	-1,155,645	-1,444,818	-1,308,907	-5,527,496	-4,900,411	627,085
Transfers to FBV/SATT	-627,900	-574,180	-627,900	-583,438	-627,900	-540,462	-627,900	-610,000	-2,511,600	-2,308,080	203,521
Legal Provision VTP	-575,000	-628,749	-300,000	-310,753	0	-59,002	0	0	-875,000	-998,504	-123,504
Cash Generation	2,224,909	-2,812,540	-4,420,486	3,468,222	883,829	2,997,678	-11,590	-6,480,101	-1,323,337	-2,826,741	-1,503,404
Closing Balance	3,438,729	439,598	-981,756	3,907,820	-97,927	6,905,498	-109,517	425,397	-109,517	425,397	534,914



Thank You!

