

# **Agreed-upon procedures report**

**Floresteca S.A.**

Period from January 1, 2023 to December 31, 2023

## **Floresteca S.A.**

### Agreed-upon procedures report

Period from January 1, 2023 to December 31, 2023

#### Contents

Floresteca S.A - Executive Summary .....	1
Agreed-upon procedures report .....	2
Appendix I – Harvest Report results until December 31, 2022 .....	6
Appendix II – Harvest Report results January 1st to December 31, 2023.....	7
Appendix III – Harvest Report accumulated until December 31, 2023.....	8



Edifício Trade Tower  
Av. José de Souza Campos, 900  
1º andar - Nova Campinas  
13092-123 - Campinas - SP - Brasil  
Tel: +55 19 3322-0500  
ey.com.br

## **Floresteca S.A - Executive Summary**

Floresteca S.A. was incorporated on January 12, 1994 and is headquartered in the Municipality of Jangada, State of Mato Grosso - MT, Brazil. The main operations of Floresteca S.A. are carried out in various municipalities of the State of Mato Grosso - MT and its main activities comprise the forestation, planting, felling and clearing of *Tectona Grandis* (Teak) forests owned by third parties and proprietary forests.

### **Objectives**

Harvest Report were prepared for the purpose of demonstrating to the investors who hold an interest in the volumes, gross sales revenues, taxes on sales revenues, direct selling expenses and net revenue in Real and Dollar for the year ended December 31, 2023.

### **Sales revenues**

Revenues from the sale of the thinning and final cut are recorded on the accrual basis of accounting, as of the date on which the rough wood is delivered to customers and the Company is entitled to invoice them.

### **Translation of Brazilian Reais to US dollars**

The net sales revenue amounts presented in U.S. dollars in Harvest Report were determined by the conversion from the real to the dollar in a daily basis, in accordance with the official rates from BACEN. These translations are being presented for the convenience of the reader only.



## Agreed-upon procedures report

To the Directors of  
Floresteca S.A.  
Jangada, MT

Period from January 1, 2023 to December 31, 2023

We have performed the procedures agreed with you and enumerated below with respect Final Cut Results and the Thinning Results for the year ended December 31, 2023 to Floresteca S.A. "Company", set forth in the accompanying schedule, Appendix I – Harvest Report results 2021, Appendix II – Harvest Report results 2023 and Appendix III – Harvest Report accumulated until 2023. Our engagement was undertaken in accordance with the International Standard on Related Services ISRS 4400, issued by International Federation of Accountants ("IFAC") applicable to agreed-upon procedures engagements. The agreed-upon procedures, performed on the Harvest Report prepared by the Company, for the period from January 1, 2023 to December 31, 2023, are as follows:

1. We obtained and compared the accumulated amount presented in the Harvest Report on December 31, 2022 to the initial amount in the Harvest Report from 2023.

YEAR PLANT	PROJECT	AREA (HA)	PRE-TAX RESULT On December 31, 2022	PRE-TAX RESULT Initial amount in 2023	Divergence in USD
1994	BUR	592,29	(2.833)	(2.833)	-
1995	K_8	331,91	2.936	2.936	-
1995	SIL	582,8	6.809	6.809	-
1996	COC	374,88	(1.982)	(1.982)	-
1996	PIM	693,42	6.105	6.105	-
1996	TEN	191,42	(756)	(756)	-
1997	PAI	297,92	(1.138)	(1.138)	-
1997	PAR	555,05	(3.386)	(3.386)	-
1998	BOC	431,65	5.311	5.311	-
1998	CAN	44,62	79	79	-
1998	COC	133,84	1.025	1.025	-
1998	PAI	93,95	(490)	(490)	-
1998	SIL	24,41	19	19	-
1998	SJT	26,76	336	336	-
1998	VDO	351,68	2.307	2.307	-
1999	ARA	98,88	21	21	-
1999	BAM	549,07	(3.787)	(3.787)	-
1999	BOC	108,18	1.297	1.297	-
1999	CAS	88,49	234	234	-
1999	CPB	507,87	2.245	2.245	-
1999	SER	105,01	(319)	(319)	-

<b>1999</b>	VDO	48,59	(30)	(30)	-
<b>2000</b>	BAM	513,83	(3.217)	(3.217)	-
<b>2000</b>	DLG	1527,51	(5.362)	(5.362)	-
<b>2001</b>	DLG	2136,42	(9.604)	(9.604)	-
<b>2001</b>	SMG	97,52	(483)	(483)	-
<b>2002</b>	BAR	970,2	(4.485)	(4.485)	-
<b>2002</b>	CMB	571,08	(1.432)	(1.432)	-
<b>2002</b>	DLG	48,41	179	179	-
<b>2002</b>	SMG	5,71	(28)	(28)	-
<b>2002</b>	SMJ	1085,18	(4.712)	(4.712)	-
<b>2003</b>	BAR	12,95	(33)	(33)	-
<b>2003</b>	CMB	10,19	(24)	(24)	-
<b>2003</b>	SMJ	207,87	(612)	(612)	-
<b>2003</b>	STF	2562,71	(8.942)	(8.942)	-
<b>2004</b>	BAR	1021	(3.870)	(3.870)	-
<b>2004</b>	TST	1143,17	(2.638)	(2.638)	-
<b>2005</b>	DLG	207,67	(522)	(522)	-
<b>2006</b>	DLG	233,88	(466)	(466)	-
<b>2007</b>	MUT	539,18	(811)	(811)	-
<b>2007</b>	SAJ	301,3	148	148	-
<b>2008</b>	SMJII	99,87	(252)	(252)	-
<b>Total</b>			<b>(33.162)</b>	<b>(33.162)</b>	-

2. According to local management the following projects 1994 – BUR, 1995 - K\_8, 1995 – SIL, 1996 – COC, 1996 – PIM, 1996 – TEM, 1997 – PAR, 1998 – BOC, 1998 – CAN, 1998 – COC, 1998 – SIL, 1998 – SJT, 1998 – VDO, 1999 – ARA, 1999 – BOC, 1999 – CAS, 1999 – CPB, 1999 – SER, 1999 – VDO, 2002 – DLG, 1997 – PAI, 1998 – PAI, were concluded until 2023.
3. We obtained the analytical breakdown of 2023 sales with a total amount of USD 7,000,316, which is summarized in the appendix II as “2023 THINNING REVENUES” of USD 21,429, “2023 FINAL CUT REVENUES” of USD 6,978,886. We compared with the accounting balances in Brazilian Reais. No differences were identified. We did not perform any procedures regarding revenues conversion from real to dollar.
4. We compared the total amount of all invoices issued in 2023 included in the data base spreadsheet "DB" with the breakdown of sales with a total amount of USD 7,000,316, which is summarized in the appendix II as “2023 THINNING REVENUES” and “2023 FINAL CUT REVENUES”. No differences were identified.
5. We performed the following procedures to recalculate the information used as the basis for report calculation in the "Cockpit" spreadsheet:

- a) The "INCENTIVE FEE" with a total amount of USD 196,663 summarized in the "appendix II" as "2023 5% INCENTIVE FEE", was calculated applying 5% on the result of "2023 FINAL CUT REVENUES" of US\$ 6,978,886 reduced by "2023 FINAL CUT COSTS" of US\$ 3,045,643
- b) The unit cost of "harvesting & land clearing costs" used for "2023 FINAL CUT COSTS" calculation, was recalculated taking the following steps:
  - ✓ We compared the total costs of USD 3.046 thousand related to the final cut, summarized in the "appendix II" as "2023 FINAL CUT COSTS", with the final cut costs presented in the "Cockpit" spreadsheet. These costs were summarized by type of expense and includes taxes. No audit or details test has been done to validate these costs and they were not compared to the accounting balance. No differences were identified.
  - ✓ We verified that the Exchange rate of R\$4,9952 described in the "Cockpit" spreadsheet is in accordance with BACEN website - 2023 average rate. No differences were identified.
  - ✓ We compared the total volume of cargo in m<sup>3</sup> of the final cut sales presented in the in the database sheet ("DB") used in the calculation with the volume considered in Appendix II as "2023 FINAL CUT VOLUME (m<sup>3</sup>)" with a total volume of 112.652 m<sup>3</sup>. No differences were identified.
6. Considering the information in the database sheet ("DB"), we recalculated the "2023 SILVICULTURAL COSTS" as described below:
  - ✓ For the first 20 years plantation cycle, the amount of USD 4,500 is divided by 13 years (year 8 to year 20 after plantation) and multiplied per hectare planted "AREA (HA)".
  - ✓ In case of 21 to 25 years plantation cycle, the amount of USD 3,000 is divided by 5 years and multiplied per hectare planted "AREA (HA)", for the year.
7. "TOTAL AFTER-TAX RESULT (USD/HA)" balance was recalculated AFTER-TAX RESULT by AREA (HA). No differences were identified.
8. After inquiries local management confirmed that the methodology above mentioned was taken into consideration by Management to prepare the Harvest Report and corresponds to the Appendix II – Harvest Report results January 1st to December 31, 2023.

We did not perform any procedures regarding the information in "RESULTS PRE-PAID TO DATE" because, according to local management, the control about these amounts, related to payments, is kept by Floresteca B.V. Therefore, we did not perform any procedures regarding the information in "FINALIZED PROJECTS" either, since this information is directly affected by the amounts in "RESULTS PRE-PAID TO DATE".

Attached to this report there is a Company's Executive Summary to information purposes only written by Company and not reviewed by us. We did not perform any procedures regarding the information in "Floresteca S.A. - Executive Summary".



(\*\*) The "Cockpit", "DB", "Results", "AuxAreaColhida", "AuxRetainer" and "Products" files are base data for the Harvest Report summary calculation. The files mentioned above is not included as attachments in this report.

Because the above procedures do not constitute either an audit or a review made in accordance with International and Brazilian Standards on Auditing or International and Brazilian Standards on Review Engagements, we do not express any assurance on the Harvest Report as of December 31, 2023.

Had we performed additional procedures or had we performed an audit or review of the Harvest Report in accordance with International and Brazilian Standards on Auditing or International and Brazilian Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties, that have not assumed responsibility for the adequacy, or have not agreed to, the above procedures. This report relates only to the accounts and items specified above and does not extend to any financial statements of Floresteca S.A., taken as a whole.

Campinas, June 21, 2024

ERNST & YOUNG  
Auditores Independentes S.S. Ltda.  
CRC-SP-027623/F

A handwritten signature in blue ink, appearing to read 'Cristiane Hilario', is written over the printed name.

Cristiane Cléria S. Hilário  
Accountant CRC 1SP243766/O-8

## Appendix I – Harvest Report accumulated results until December 31, 2022

YEAR PLANT	PROJECT	AREA (HA)	ACCUMULATED RESULTS UNTIL 2022 (USD)						
			TO DATE THINNING VOLUME (m <sup>3</sup> )	TO DATE FINAL CUT VOLUME (m <sup>3</sup> )	TO DATE THINNING REVENUES	TO DATE FINAL CUT REVENUES	TO DATE SILVICULTURAL COSTS	TO DATE FINAL CUT COSTS	TO DATE 5% INCENTIVE FEE
1994	BUR	592,29	32	21	816	1.500	(4.442)	(664)	(42)
1995	K_8	331,91	27	24	1.250	3.881	(1.494)	(535)	(167)
1995	SIL	582,8	61	40	4.504	6.196	(2.623)	(1.008)	(259)
1996	COC	374,88	1	5	32	260	(2.137)	(130)	(6)
1996	PIM	693,42	78	43	4.430	6.820	(3.536)	(1.335)	(274)
1996	TEN	191,42	3	6	86	427	(1.091)	(164)	(13)
1997	PAI	297,92	19	17	363	1.345	(2.234)	(573)	(39)
1997	PAR	555,05	8	22	260	798	(3.947)	(482)	(16)
1998	BOC	431,65	33	38	3.144	5.795	(2.201)	(1.197)	(230)
1998	CAN	44,62	2	4	58	413	(244)	(134)	(14)
1998	COC	133,84	7	10	375	1.633	(602)	(315)	(66)
1998	PAI	93,95	10	1	211	27	(705)	(22)	(0)
1998	SIL	24,41	1	1	44	126	(110)	(36)	(4)
1998	SJT	26,76	5	3	232	369	(136)	(116)	(13)
1998	VDO	351,68	17	27	768	4.019	(1.583)	(733)	(164)
1999	ARA	98,88	7	6	151	541	(445)	(209)	(17)
1999	BAM	549,07	0	-	1	-	(3.789)	-	-
1999	BOC	108,18	8	9	821	1.332	(487)	(318)	(51)
1999	CAS	88,49	7	6	192	692	(398)	(229)	(23)
1999	CPB	507,87	47	34	1.867	4.332	(2.877)	(905)	(171)
1999	SER	105,01	2	8	65	521	(662)	(228)	(15)
1999	VDO	48,59	2	3	93	287	(305)	(96)	(10)
2000	BAM	513,83	4	-	20	-	(3.237)	-	-
2000	DLG	1527,51	75	49	1.188	4.466	(9.333)	(1.536)	(146)
2001	DLG	2136,42	50	33	1.198	869	(11.401)	(238)	(32)
2001	SMG	97,52	4	-	73	-	(556)	-	-
2002	BAR	970,2	26	-	463	-	(4.948)	-	-
2002	CMB	571,08	51	-	1.480	-	(2.913)	-	-
2002	DLG	48,41	4	5	147	449	(247)	(156)	(15)
2002	SMG	5,71	0	-	1	-	(29)	-	-
2002	SMJ	1085,18	45	-	822	-	(5.534)	-	-
2003	BAR	12,95	1	-	25	-	(58)	-	-
2003	CMB	10,19	1	-	22	-	(46)	-	-
2003	SMJ	207,87	14	-	324	-	(935)	-	-
2003	STF	2562,71	100	-	2.590	-	(11.532)	-	-
2004	BAR	1021	22	-	371	-	(4.241)	-	-
2004	TST	1143,17	65	-	2.111	-	(4.749)	-	-
2005	DLG	207,67	11	-	269	-	(791)	-	-
2006	DLG	233,88	9	-	343	-	(810)	-	-
2007	MUT	539,18	48	-	869	-	(1.680)	-	-
2007	SAJ	301,3	28	-	1.087	-	(939)	-	-
2008	SMJII	99,87	1	-	25	-	(277)	-	-
		20	937	415	33.190	47.096	(100.302)	(11.360)	(1.787)



## Appendix II – Harvest Report results from January 1st to December 31, 2023

YEAR PLANT	PROJECT	AREA (HA)	2023 RESULTS (USD)						
			2023 THINNING VOLUME (m³)	2023 FINAL CUT VOLUME (m³)	2023 THINNING REVENUES	2023 FINAL CUT REVENUES	2023 SILVICULTURA L COSTS	2023 FINAL CUT COSTS	2023 5% INCENTIVE FEE
1994	BUR	592,29	-	-	-	-	-	-	-
1995	K_8	331,91	-	-	-	-	-	-	-
1995	SIL	582,8	-	-	-	-	-	-	-
1996	COC	374,88	-	-	-	-	-	-	-
1996	PIM	693,42	-	-	-	-	-	-	-
1996	TEN	191,42	-	-	-	-	-	-	-
1997	PAI	297,92	-	4.512	-	336.390	-	150.777	9.281
1997	PAR	555,05	-	-	-	-	-	-	-
1998	BOC	431,65	-	-	-	-	-	-	-
1998	CAN	44,62	-	-	-	-	-	-	-
1998	COC	133,84	-	-	-	-	-	-	-
1998	PAI	93,95	-	6.995	-	497.035	-	216.191	14.042
1998	SIL	24,41	-	-	-	-	-	-	-
1998	SJT	26,76	-	-	-	-	-	-	-
1998	VDO	351,68	-	-	-	-	-	-	-
1999	ARA	98,88	-	-	-	-	-	-	-
1999	BAM	549,07	-	-	-	-	329.442	-	-
1999	BOC	108,18	-	-	-	-	-	-	-
1999	CAS	88,49	-	-	-	-	-	-	-
1999	CPB	507,87	-	-	-	-	-	-	-
1999	SER	105,01	-	-	-	-	-	-	-
1999	VDO	48,59	-	-	-	-	-	-	-
2000	BAM	513,83	-	-	-	-	308.298	-	-
2000	DLG	1527,51	-	20.292	-	1.186.877	292.566	541.787	32.255
2001	DLG	2136,42	-	31.195	-	1.744.079	794.328	695.886	52.410
2001	SMG	97,52	-	-	-	-	58.512	-	-
2002	BAR	970,2	-	-	-	-	576.078	-	-
2002	CMB	571,08	-	36.946	-	2.465.998	68.526	1.076.574	69.471
2002	DLG	48,41	-	1.806	-	756	-	-	38
2002	SMG	5,71	-	-	-	-	3.426	-	-
2002	SMJ	1085,18	-	-	-	-	651.108	-	-
2003	BAR	12,95	-	-	-	-	7.770	-	-
2003	CMB	10,19	-	858	-	63.522	1.224	28.665	1.743
2003	SMJ	207,87	-	-	-	-	124.722	-	-
2003	STF	2562,71	2.273	10.048	11.268	684.229	1.503.396	335.763	17.423
2004	BAR	1021	-	-	-	-	353.423	-	-
2004	TST	1143,17	23	-	2.342	-	395.713	-	-
2005	DLG	207,67	-	-	-	-	71.886	-	-
2006	DLG	233,88	-	-	-	-	80.958	-	-
2007	MUT	539,18	2.785	-	7.820	-	186.639	-	-
2007	SAJ	301,3	-	-	-	-	104.296	-	-
2008	SMJII	99,87	-	-	-	-	34.570	-	-
		20	5.081	112.652	21.430	6.978.886	5.946.881	3.045.643	196.663

### Appendix III – Harvest Report accumulated until December 31, 2023

YEAR PLANT	PROJECT	AREA (HA)	2023 RESULTS (USD)					
			PRE-TAX RESULT	TAX PROVISION (15%)	TOTAL AFTER-TAX RESULT	RESULTS PRE-PAID TO DATE	FINALIZED PROJECTS TO BE PAID	TOTAL AFTER-TAX RESULT (USD/HA)
1994	BUR	592,29	(2.833)	-	(2.833)	(1.575)	-	(5)
1995	K_8	331,91	2.936	(440)	2.495	(7)	2.488	8
1995	SIL	582,8	6.809	(1.021)	5.788	(434)	5.354	10
1996	COC	374,88	(1.982)	-	(1.982)	-	-	(5)
1996	PIM	693,42	6.105	(916)	5.189	(415)	4.774	7
1996	TEN	191,42	(756)	-	(756)	-	-	(4)
1997	PAI	297,92	(962)	-	(962)	-	-	(3)
1997	PAR	555,05	(3.386)	-	(3.386)	-	-	(6)
1998	BOC	431,65	5.311	(797)	4.514	-	4.514	10
1998	CAN	44,62	79	(12)	67	-	67	2
1998	COC	133,84	1.025	(154)	872	-	872	7
1998	PAI	93,95	(223)	-	(223)	-	-	(2)
1998	SIL	24,41	19	(3)	16	-	16	1
1998	SJT	26,76	336	(50)	285	-	285	11
1998	VDO	351,68	2.307	(346)	1.961	-	1.961	6
1999	ARA	98,88	21	(3)	18	-	18	0
1999	BAM	549,07	(4.117)	-	(4.117)	-	-	-
1999	BOC	108,18	1.297	(195)	1.103	-	1.103	10
1999	CAS	88,49	234	(35)	199	-	199	2
1999	CPB	507,87	2.245	(337)	1.908	-	1.908	4
1999	SER	105,01	(319)	-	(319)	-	-	(3)
1999	VDO	48,59	(30)	-	(30)	-	-	(1)
2000	BAM	513,83	(3.525)	-	(3.525)	-	-	-
2000	DLG	1527,51	(5.042)	-	(5.042)	-	-	-
2001	DLG	2136,42	(9.402)	-	(9.402)	-	-	-
2001	SMG	97,52	(541)	-	(541)	-	-	-
2002	BAR	970,2	(5.061)	-	(5.061)	-	-	-
2002	CMB	571,08	(181)	-	(181)	-	-	-
2002	DLG	48,41	179	(27)	153	-	153	3
2002	SMG	5,71	(31)	-	(31)	-	-	-
2002	SMJ	1085,18	(5.364)	-	(5.364)	-	-	-
2003	BAR	12,95	(41)	-	(41)	-	-	-
2003	CMB	10,19	8	(1)	7	-	-	-
2003	SMJ	207,87	(736)	-	(736)	-	-	-
2003	STF	2562,71	(10.103)	-	(10.103)	-	-	-
2004	BAR	1021	(4.223)	-	(4.223)	-	-	-
2004	TST	1143,17	(3.031)	-	(3.031)	-	-	-
2005	DLG	207,67	(594)	-	(594)	-	-	-
2006	DLG	233,88	(547)	-	(547)	-	-	-
2007	MUT	539,18	(990)	-	(990)	-	-	-
2007	SAJ	301,3	44	(7)	37	-	-	-
2008	SMJII	99,87	(287)	-	(287)	-	-	-
		20	(35.351)	(4.343)	(39.694)	(2.432)	23.711	