

FLS Project Midgard

Q3 Newsletter

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Q3 2026 update

Welcome to the Q3 2026 edition of the FLS Newsletter.

The quarter marked another important period of progress for FLS Group and Project Midgard, its flagship mosaic afforestation project in Paraguay.

A workforce of more than 100 people has supported the planting of over 2.6 million trees across approximately 2,200 hectares. Significant progress has also been made on infrastructure development and land preparation, with cumulative canalization works involving the movement of more than 940,000m³ of earth.

Operationally, FLS strengthened its forestry execution capabilities through the appointment of two top-tier contractors, advanced its environmental monitoring and fire prevention systems, and continued its social and community engagement initiatives.

FLS participated in New York Climate Week, as a panelist as part of the Paraguay Investment Forum, where growing institutional interest in Paraguay's forestry sector is gaining momentum.

Midgard milestones

Project Midgard is a 70,000-hectare mosaic afforestation project in Eastern Paraguay, that integrates commercial forestry with conservation and ecosystem restoration.

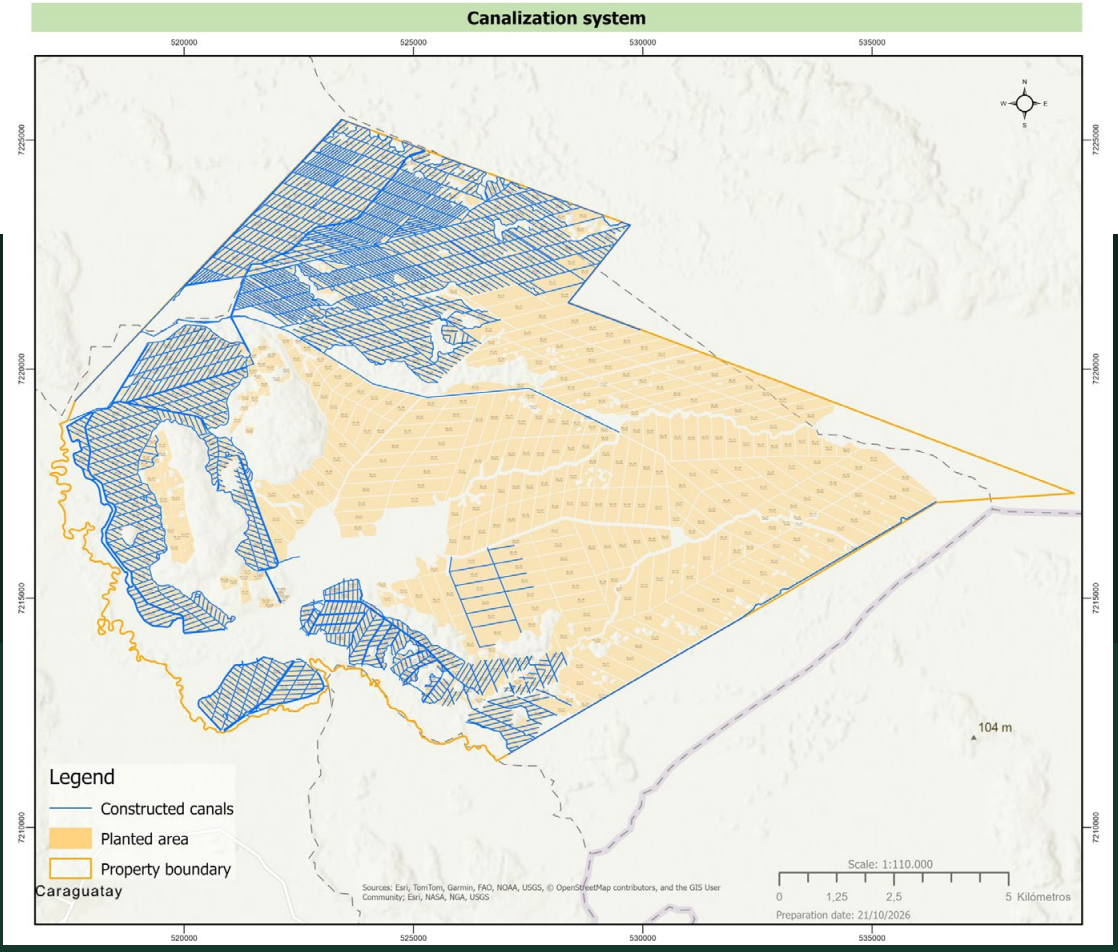


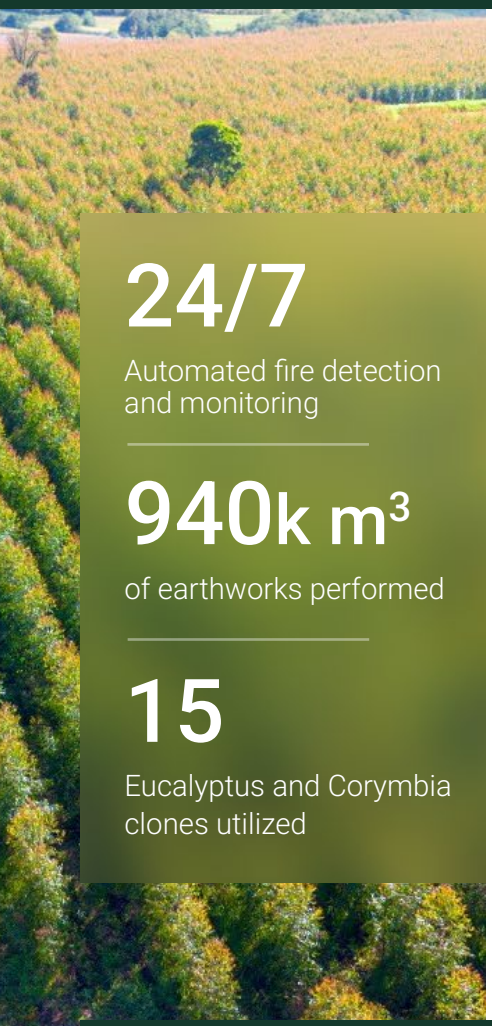


Silviculture update

Canalization and infrastructure development continued during the quarter, with a focus on improving water transportation and strengthening the property's resilience to extreme water events, particularly in anticipation of the increased rainfall associated with El Niño.

These works are designed to regulate surface-water, reduce the risk of localized flooding and waterlogging, and maintain access to plantation areas during periods of heavy rainfall. Excavated material is recycled for the construction and improvement of internal roads and operational infrastructure, supporting the long-term development of the property.





24/7

Automated fire detection and monitoring

940k m³

of earthworks performed

15

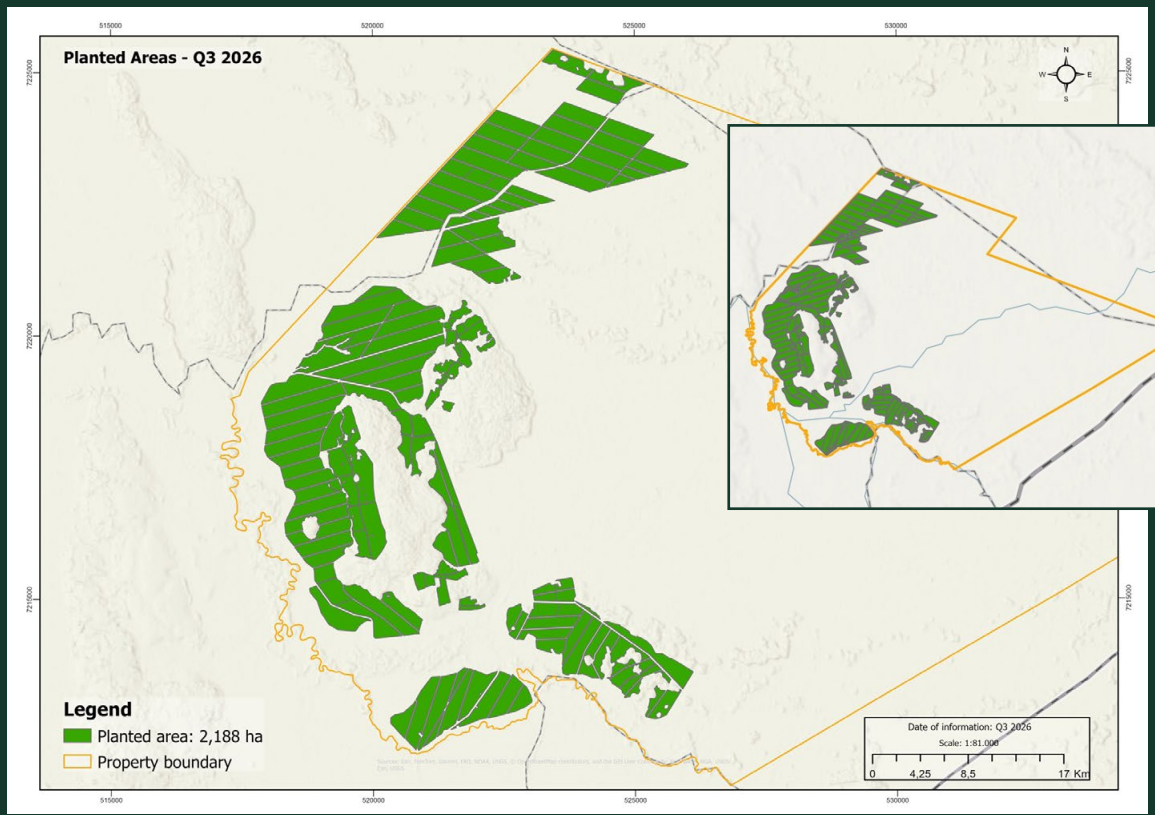
Eucalyptus and Corymbia clones utilized

Planting of 15 selected clones of Eucalyptus and Corymbia continued throughout the quarter, to reach 2,200 hectares planted, or more than 2.6 million trees by quarter-end.

As the plantations become established, considerable emphasis is placed on monitoring their development and maintaining effective oversight. The FLS forestry team conducts site visits two to three times a week, supported by the permanent presence of the estate manager and the team of rangers, supervising the plantations and daily forestry operations.

The ground monitoring is complemented by advanced drone-based photogrammetry and LiDAR measurements, which provide detailed insights into plantation growth and site development. These findings serve as the basis for continuous adjustments during the next phase of microplanning and preparation of planting areas.

Field-based observations and measurements are systematically recorded in INFLOR, Midgard's forestry management system, providing a centralised record of plantation performance and supporting data-driven decision-making.





Preparing for El Niño

In response to forecasts for a potentially significant El Niño event during the 2026/27 summer season, proactive steps have been taken to prepare Project Midgard for possible weather-related challenges. While increased rainfall is considered the more likely scenario for the Cordillera region, the possibility of prolonged drought has also been factored into operational planning.

Additional machinery and personnel enable soil preparation to progress during short windows of favorable weather.

Source: FLS picture with Forestadora del Este tractors carrying out soil preparation, August 29, 2026

To manage both scenarios, FLS has implemented a two-stage action plan:

Firstly, canalization and land preparation works have been brought forward in the southern part of the property, originally scheduled for Year 3. In addition, the construction of a water reservoir has been incorporated into the northern infrastructure plan, to provide water storage capacity during periods of droughts and help manage excess water during periods of heavy rainfall.

Secondly, the forestry operator has increased machinery and personnel capacity for a six-month period, providing greater operational flexibility to capitalize on favorable weather windows while maintaining high standards of soil preparation and plantation establishment.

These measures provide greater operational flexibility to respond to changing weather conditions, helping minimize potential disruption to plantation establishment while managing the associated cost implications.





Forestry operations

Advanced fire detection and monitoring

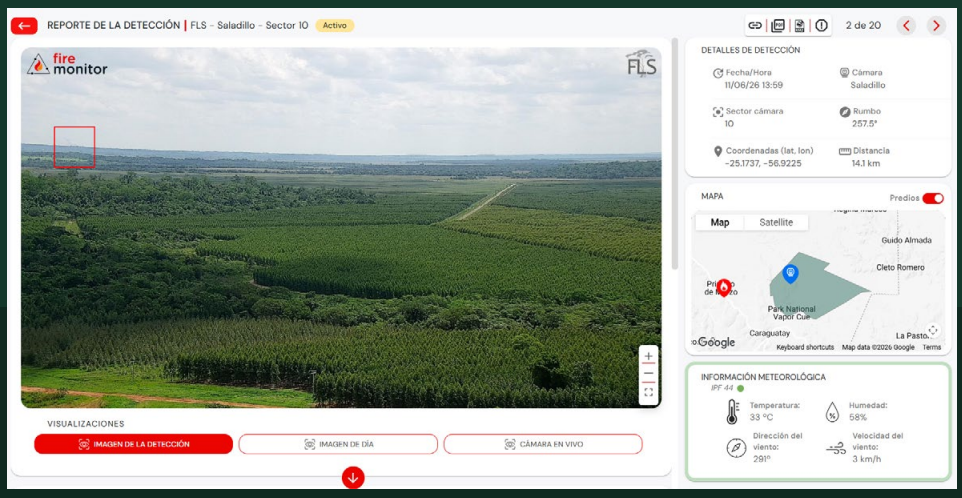
To strengthen fire prevention and early detection, Project Midgard has introduced an advanced monitoring system combining AI-assisted smoke detection, automated alerts and 24/7 surveillance.

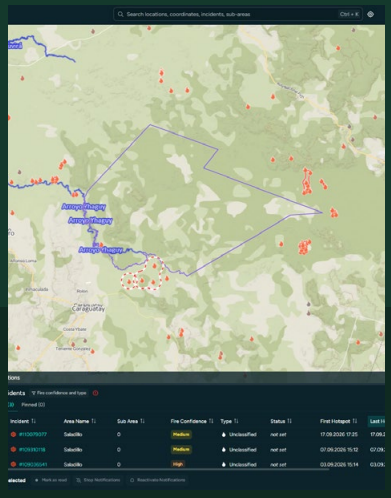
Central to the system is a 60-metre observation tower equipped with AI-assisted cameras developed by Everseek (everseek.io) and supplied by Setcom (setcom.com.py). The cameras continuously scan for signs of smoke, automatically alerting a monitoring centre that coordinates with FLS field personnel to verify potential incidents and respond rapidly.

The system is complemented by satellite monitoring from OroraTech (ororatech.com) which provides an additional layer of detection and helps track fires across the wide area.

Powered by solar energy, the system has been designed with future plantation growth in mind, with the tower's height ensuring continued visibility as the trees mature and area expands. Daily weather monitoring and fire-risk assessments further strengthen prevention measures, with heightened vigilance and operational readiness during high-risk periods.

Together, these measures enable early detection, rapid assessment and coordinated responses, helping safeguard the property.

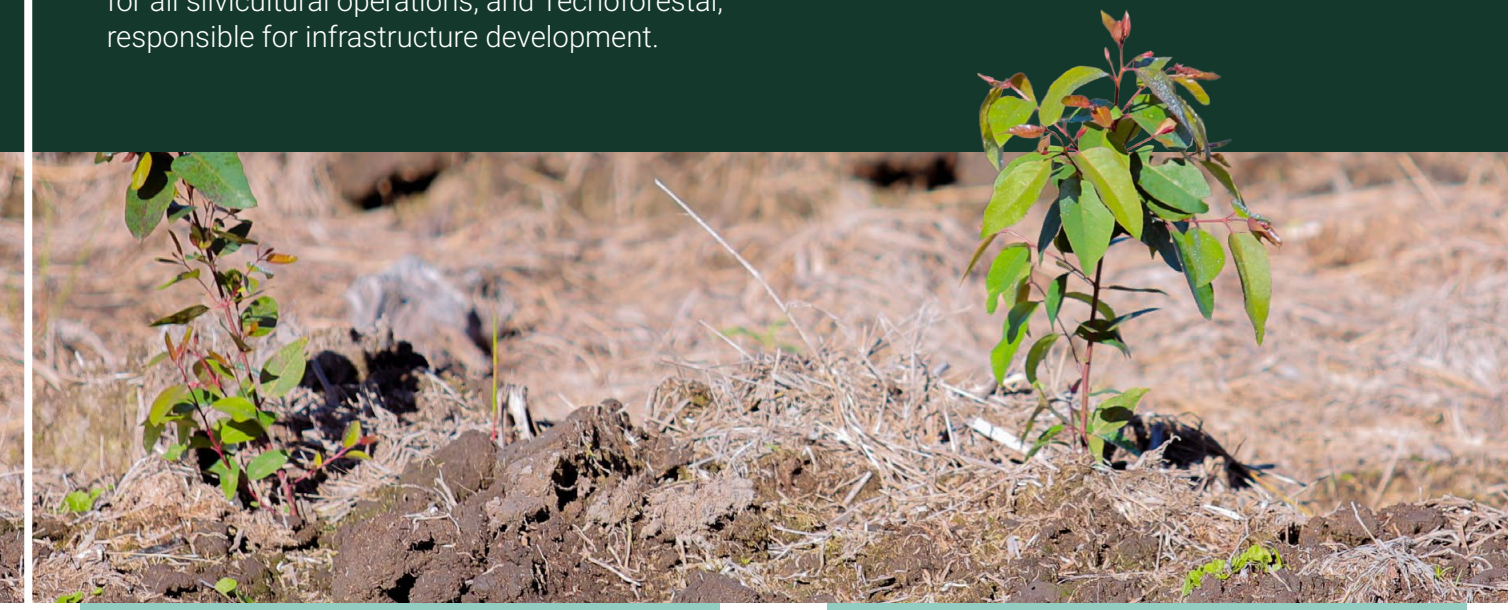




Welcoming Project Midgard's new forestry operators

FLS extends its sincere thanks to EFISA, whose contribution has been instrumental in establishing Project Midgard and laying the foundations for its continued development. Following a competitive tender process, FLS is pleased to welcome two new forestry operators: Forestadora del Este, responsible for all silvicultural operations, and Tecnoforestal, responsible for infrastructure development.

The transition commenced in late August and has been managed smoothly and professionally by all parties. (The appointments followed a competitive tender process designed to strengthen operational specialization, execution capacity and speed.)



FORESTADORA DEL ESTE S.R.L

Forestadora del Este S.R.L. is a leading forestry contractor and part of a business group headed by José Elizaul, with over 30 years of experience in the forestry sectors of Paraguay and Argentina. The group also has close ties to Genefor S.A., one of Paraguay's leading commercial nurseries specialising in clonal planting material and a key seedling supplier to Project Midgard.

TECNOFORESTAL
SOCIEDAD ANÓNIMA

Tecnoforestal S.A., established in 1997 and owned and managed by the Tomboly family, has a solid track record in developing FSC-certified forestry plantations. The company brings considerable expertise in infrastructure, silviculture and harvesting, supported by an experienced team and a substantial fleet of its own machinery.

Environmental monitoring

As part of Project Midgard's Biodiversity Management Plan, FLS has completed its latest round of aquatic biodiversity monitoring, strengthening its understanding of local aquatic ecosystems.

The program assesses four biological groups: fish, aquatic macroinvertebrates, phytoplankton and, for the first time, zooplankton (small aquatic organisms that swim in freshwater). Monitoring takes place at five strategically selected locations along the property's natural water courses, assessing biodiversity, ecosystem connectivity and biological recolonization.

Aligned with IFC Performance Standard 6, the program provides valuable data to track ecological changes, identify potential risks and inform conservation and environmental management throughout the project's development.







Stakeholder and community engagement

Environmental education programme

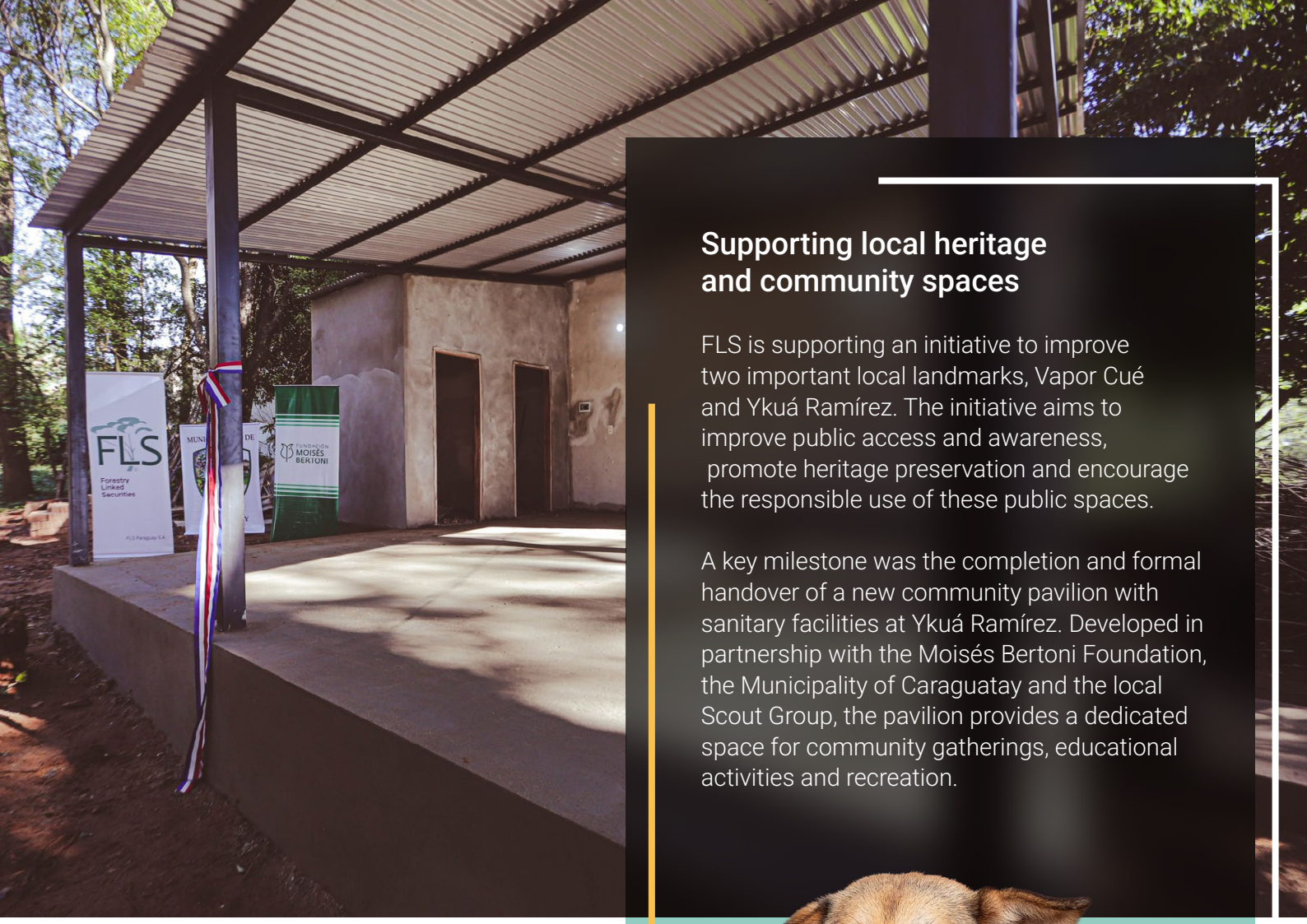
In August, FLS, in partnership with the Moisés Bertoni Foundation and the Municipality of Caraguatay, completed the first phase of its Environmental Education and Training Programme at Ykuá Ramírez, a public park and site of historical significance in Caraguatay.

Students from two local schools participated in practical activities covering forest fire prevention, biodiversity conservation, water resource protection and sustainable production. Participants received “FLS certificates” in recognition of their involvement.

The program concluded with “My Commitment to the Environment,” encouraging students to identify practical ways to protect the environment at school, at home and within their communities.







Supporting local heritage and community spaces

FLS is supporting an initiative to improve two important local landmarks, Vapor Cué and Ykuá Ramírez. The initiative aims to improve public access and awareness, promote heritage preservation and encourage the responsible use of these public spaces.

A key milestone was the completion and formal handover of a new community pavilion with sanitary facilities at Ykuá Ramírez. Developed in partnership with the Moisés Bertoni Foundation, the Municipality of Caraguatay and the local Scout Group, the pavilion provides a dedicated space for community gatherings, educational activities and recreation.

FLS Team

Meet Tobby

The Midgard operations team welcomes new recruit: Tobby, our four-legged colleague.

While his forestry qualifications are limited, Tobby has quickly established himself as a valued member of the team, bringing boundless enthusiasm, unwavering loyalty and a keen interest in all site activities.

His responsibilities are still being defined, under the watchful eye of the estate manager and team of rangers.



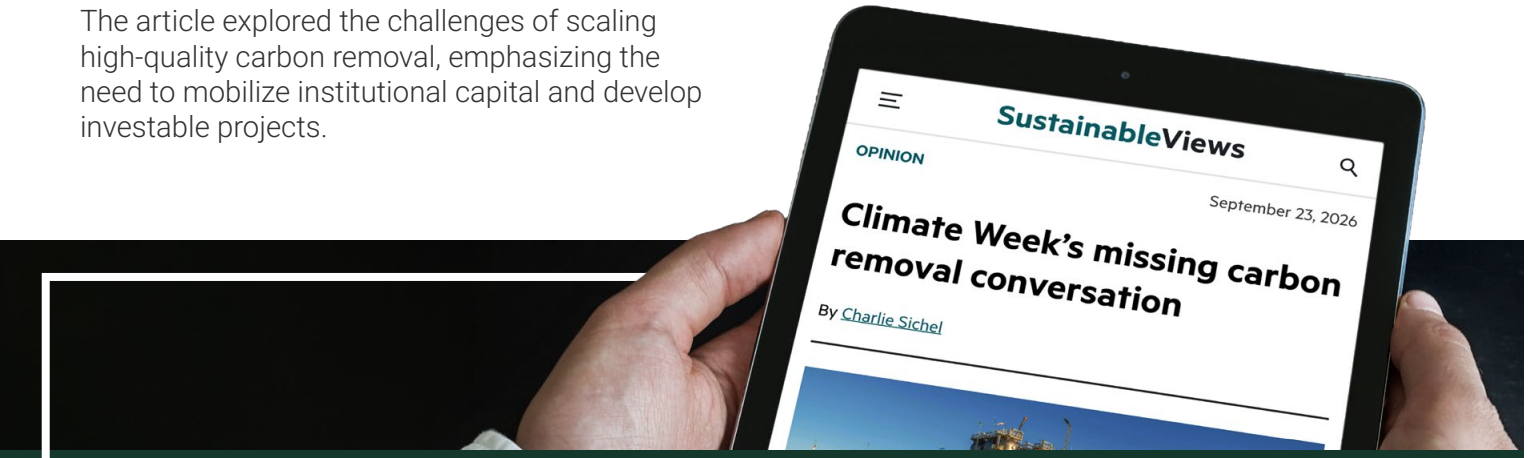
FLS news and insights

FLS featured in Sustainable Views, a Financial Times publication

During New York Climate Week, FLS contributed a guest opinion piece to Sustainable Views, a Financial Times-owned sustainable finance publication, titled "Climate Week's Missing Carbon Removal Conversation."

The article explored the challenges of scaling high-quality carbon removal, emphasizing the need to mobilize institutional capital and develop investable projects.

Featured on the publication's homepage and in its weekly newsletter, the piece showcased FLS's perspective to an international audience of sustainable finance professionals and institutional investors.

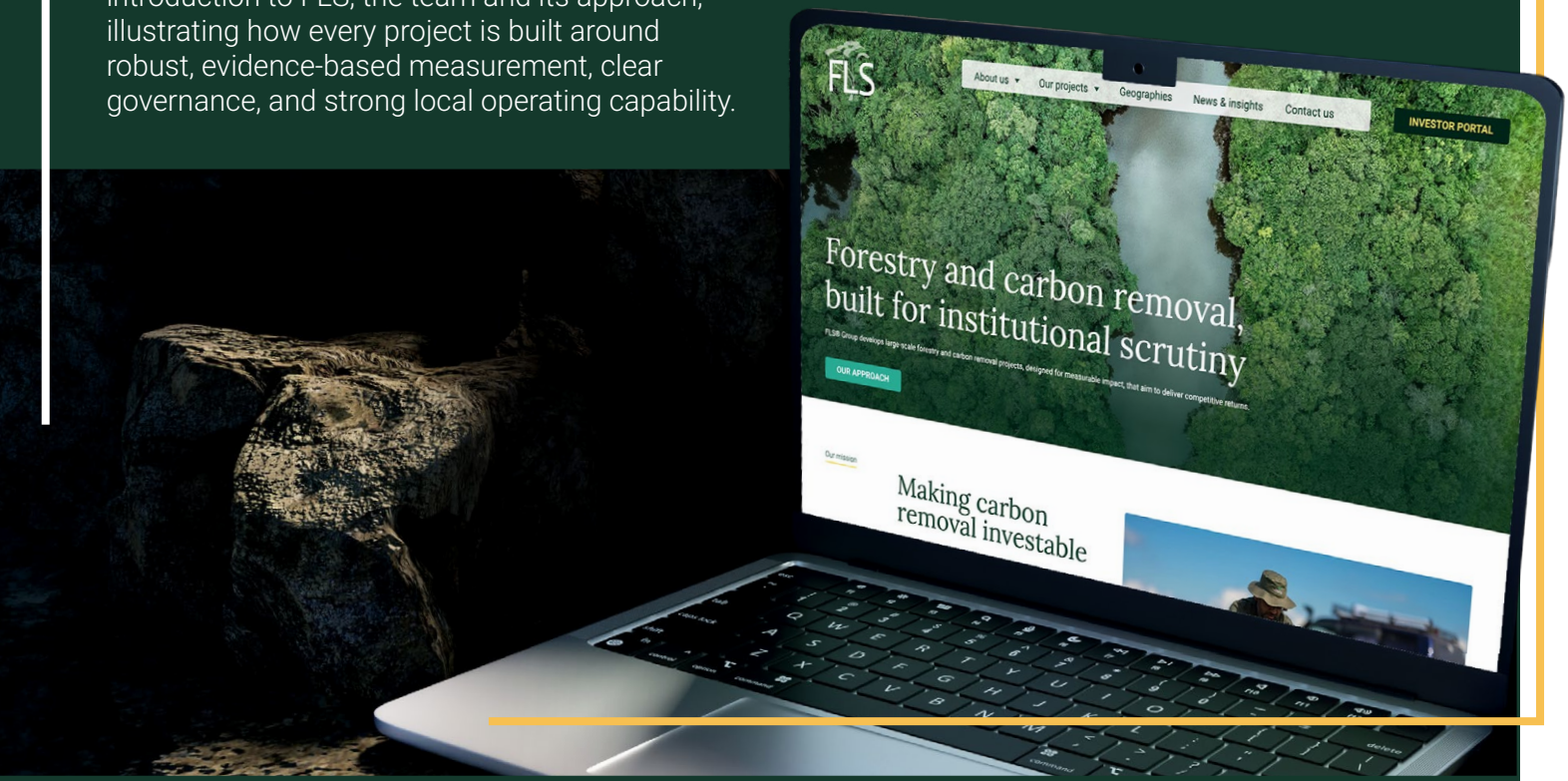


Website launch | www.forestry.earth

FLS has recently launched its new website, reflecting the continued growth of the business and its mission to make carbon removal investable.

The website provides a more comprehensive introduction to FLS, the team and its approach, illustrating how every project is built around robust, evidence-based measurement, clear governance, and strong local operating capability.

The website offers dedicated sections on its two flagship projects: Project Midgard, a large-scale mosaic afforestation development in Paraguay, and Project Alfheim, an industrial-scale biochar carbon removal platform.



FLS out and about

FLS participated in New York Climate Week 2026, engaging with institutional investors, industry leaders and policymakers on the growing opportunities in forestry, natural capital and carbon removal, while showcasing progress in Paraguay.

A highlight was the Paraguay Investment Forum, hosted by J.P. Morgan and Bank of America, where Charlie Sichel, Managing Partner of FLS Group AG, joined representatives from Paracel, Silvipar and Atenil to discuss Paraguay's growing forestry sector and opportunities across timber, industrial biomass and carbon removal.

A central theme was Paraguay's improving investment environment, supported by economic growth, sovereign credit rating upgrades and increasing international investor interest.

Panellists also emphasised the need to expand processing capacity, strengthen infrastructure and attract long-term institutional capital to unlock the sector's potential.

FLS showcased Project Midgard as an example of large-scale, commercially driven forestry investment delivering measurable environmental benefits.

Climate Week reinforced Paraguay's growing appeal as a destination for forestry and natural capital investment, while providing opportunities to strengthen investor relationships and establish new partnerships.

