

**Fideicomiso Financiero
Forestal Bosques del Uruguay II
Financial Forestry
Trust Bosques del Uruguay II**

**INTERIM FINANCIAL REPORT FOR THE
NINE-MONTH PERIOD ENDED
SEPTEMBER 30, 2022**

NOTICE: This is a translation of the original document in Spanish. This document was translated by a third party. In case of any deviation, the original version prepared by the auditor is available and shall prevail.

Fideicomiso Financiero Forestal Bosques del Uruguay II

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Abbreviations:

UYU – Uruguayan Peso

USD – U.S. Dollar



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COMPILATION REPORT

To the Board of Directors of

EF ASSET MANAGEMENT ADMINISTRADORA DE FONDOS DE INVERSIÓN S.A.,

We have compiled the interim statement of financial position of Fideicomiso Financiero Forestal Bosques del Uruguay II as of September 30, 2022, and the related interim statement of comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the nine-month period then ended, as well as the selected explanatory notes. These interim financial statements report the information provided by the Management of the Company, responsible for the data contained therein and for its submission in accordance with the applicable accounting standards in Uruguay.

Our compilation of the interim financial statements was conducted in accordance with the International Standard Related Services No. 4410 as provided by Pronouncement No.18 of the Association of Accountants, Economists and Business Administrators of Uruguay, and only reports the information related to the equity, financial position and results of the Company provided by the Management.

We have not performed an audit in accordance with the International Standards on Auditing or a limited review of the interim financial statements, therefore, we did not include any opinion or any other type of conclusion.

I hereby state that I am the Executive Director of EF ASSET MANAGEMENT ADMINISTRADORA DE FONDOS DE INVERSIÓN S.A.

Montevideo, October 28, 2022

CPA FERRERE

LEONARDO ISOARDI

Partner

Certified Public Accountant

Retirement and Pension Fund for University Professionals No. 78,795



FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

Interim Statement of Financial Position as of September 30, 2022

(In U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Assets					
Non-current assets					
Property, plant and equipment	5	48,551,457	48,702,327	2,026,343,622	2,176,750,491
Biological assets - plantations	4	55,798,300	55,430,000	2,328,797,833	2,477,443,850
Deferred tax		-	-	-	-
Total non-current assets		104,349,757	104,132,327	4,355,141,455	4,654,194,341
Current assets					
Inventories		809,040	1,726,720	33,766,084	77,175,749
Trade receivables and other accounts receivable	3.2	1,057,156	1,788,824	44,121,457	79,951,519
Other non-financial assets	3.3	574,248	687,250	23,966,796	30,716,629
Cash and cash equivalents	3.4	849,342	1,427,069	35,448,154	63,782,852
Total current assets		3,289,786	5,629,863	137,302,491	251,626,749
Total assets		107,639,543	109,762,190	4,492,443,946	4,905,821,090
Equity					
Participation certificates	7	70,000,000	70,000,000	1,988,715,600	1,988,715,600
Revaluation reserve		6,897,565	6,897,565	308,286,664	308,286,664
Translation reserves	7	-	-	936,962,360	1,242,170,793
Retained earnings		27,164,022	26,089,266	1,109,149,779	1,063,823,366
Total equity		104,061,587	102,986,831	4,343,114,403	4,602,996,423
Liabilities					
Non-current liabilities					
Deferred tax liability	2.15	2,001,166	2,903,835	83,520,661	129,786,886
Total non-current liabilities		2,001,166	2,903,835	83,520,661	129,786,886
Current liabilities					
Trade payables and other accounts payable	3.5	1,297,187	1,832,982	54,139,385	81,925,148
Other financial liabilities	3.6	279,603	2,038,542	11,669,497	91,112,633
Total current liabilities		1,576,790	3,871,524	65,808,882	173,037,781
Total liabilities		3,577,956	6,775,359	149,329,543	302,824,667
Total liabilities and equity		107,639,543	109,762,190	4,492,443,946	4,905,821,090

The accompanying Notes are an integral part of these interim financial statements

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

Interim Statement of Comprehensive Income

for the nine months ended September 30, 2022

(In U.S. dollars)

	<u>Notes</u>	<u>Quarter ended on</u>		<u>Period ended on</u>	
		<u>09/30/2022</u>	<u>09/30/2021</u>	<u>09/30/2022</u>	<u>09/30/2021</u>
Operating revenue	3.7	1,950,074	1,325,891	7,943,744	3,779,881
Cost of sales		(1,677,154)	(1,302,836)	(6,475,946)	(3,402,958)
Gross margin		272,920	23,055	1,467,798	376,923
SG&A	3.8	(332,632)	(296,969)	(1,303,957)	(1,079,712)
Financial results	3.9	123,908	(35,746)	(261,331)	(5,489)
Profit or loss for the period before income tax		64,196	(309,660)	(97,490)	(708,278)
Income tax	2.15	-	-	1,172,246	(195,525)
Profit or loss for the period		64,196	(309,660)	1,074,756	(903,803)
Other comprehensive income for the period					
Items that will not to be reclassified subsequently to profit or loss					
Deferred tax associated with the revaluation of property, plant and equipment	2.15	-	-	-	-
Comprehensive income for the period		64,196	(309,660)	1,074,756	(903,803)

The accompanying Notes are an integral part of these interim financial statements

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

Interim Statement of Comprehensive Income

for the nine months ended September 30, 2022

(In Uruguayan pesos)

	Notes	Quarter ended on		Period ended on	
		09/30/2022	09/30/2021	09/30/2022	09/30/2021
Operating revenue	3.7	79,993,893	57,097,274	329,909,645	164,716,895
Cost of sales		(69,318,218)	(55,852,262)	(265,948,951)	(148,050,961)
Gross margin		10,675,675	1,245,012	63,960,694	16,665,934
SG&A	3.8	(13,637,976)	(12,808,798)	(53,636,290)	(46,767,700)
Financial results	3.9	5,017,276	(1,544,760)	(11,264,215)	(254,681)
Profit or loss for the period before income tax		2,054,975	(13,108,546)	(939,811)	(30,356,447)
Income tax	2.15	-	-	46,266,224	(8,499,470)
Profit or loss for the period		2,054,975	(13,108,546)	45,326,413.00	(38,855,917)
Other comprehensive income for the period					
Items that will not to be reclassified subsequently to profit or loss					
Deferred tax associated with the revaluation of property, plant and equipment	2.15	-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Translation reserve	2.2	(305,208,433)	48,952,745	(305,208,433)	48,952,745
Comprehensive income for the period		(303,153,458)	35,844,199	(259,882,020)	10,096,828

The accompanying Notes are an integral part of these interim financial statements

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

Interim Statement of Cash Flows

for the nine months ended September 30, 2022

(In USD dollars and Uruguayan pesos)

	USD		Equivalent in UYU	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Cash flows from operating activities				
Profit or loss for the period before income tax	(97,490)	(708,278)	(939,811)	(30,356,447)
Adjustments for:				
Depreciations	238,303	232,099	9,835,062	10,055,115
Costs of sales of standing forests	1,232,903	1,124,704	50,317,443	48,941,481
Unpaid accrued interests	60	5,089	2,490	218,501
	<u>1,373,776</u>	<u>653,614</u>	<u>59,215,184</u>	<u>28,858,650</u>
Changes in assets and liabilities				
Trade receivables and other accounts receivable	731,668	121,065	31,619,398	5,162,212
Inventories	332,623	(589,266)	14,374,456	(25,126,307)
Other non-financial assets	113,000	(195,645)	4,883,352	(8,342,303)
Trade payables and other accounts payable	(266,218)	(70,923)	(11,504,744)	(3,024,157)
Translation adjustment	-	-	(4,240,341)	(1,839,113)
Net flows from operating activities	2,284,849	(81,155)	94,347,305	(4,311,019)
Cash flows used in investing activities				
Costs related to biological assets	(1,016,145)	(737,310)	(41,701,251)	(32,103,902)
Purchase of property, plant and equipment	(87,432)	(89,040)	(3,535,430)	(3,871,639)
Net flows used in investing activities	(1,103,577)	(826,350)	(45,236,681)	(35,975,541)
Cash flows from financing activities				
Obtention of loans	(1,758,999)	1,303,005	(77,833,487)	57,378,004
Net flows from financing activities	(1,758,999)	1,303,005	(77,833,487)	57,378,004
Changes in cash flows and cash equivalents	(577,727)	395,500	(28,722,863)	17,091,445
Opening balance of cash and cash equivalents	1,427,069	336,362	63,782,852	14,241,560
Effect associated with the maintenance and translation of cash and cash equivalents	-	-	388,165	93,128
Closing balance of cash and cash equivalents	849,342	731,862	35,448,154	31,426,133

The accompanying Notes are an integral part of these interim financial statements

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

Interim Statement of Changes in Equity

for the nine months ended September 30, 2022

(In USD dollars)

	PARTICIPATION CERTIFICATES	VALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
As of December 31, 2020	700,000,000	-	11,510,246	81,510,246
Profit or loss for the period	-	-	(903,803)	(903,803)
As of September 30, 2021	700,000,000	-	10,606,443	80,606,443
Profit or loss for the period	-	-	15,482,823	15,482,823
Revaluation of property, plant and equipment, net of deferred tax	-	6,897,565	-	6,897,565
As of December 31, 2021	700,000,000	6,897,565	26,089,266	102,986,831
Revaluation of property, plant and equipment, net of deferred tax	-	-	-	-
Profit or loss for the period	-	-	1,074,756	1,074,756
As of September 30, 2022	700,000,000	6,897,565	27,164,022	104,061,587

Interim Statement of Changes in Equity

for the nine months ended September 30, 2022

(In Uruguayan pesos)

	PARTICIPATION CERTIFICATES	VALUATION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
As of December 31, 2020	1,988,715,600	-	1,050,619,301	411,808,934	3,451,143,835
Translation reserve	-	-	48,952,745	-	48,952,745
Profit or loss for the period	-	-	-	(38,855,917)	(38,855,917)
As of September 30, 2021	1,988,715,600	-	1,099,572,046	372,953,017	3,461,240,663
Translation reserve	-	-	142,598,747	-	142,598,747
Revaluation of property, plant and equipment, net of deferred tax	-	308,286,664	-	-	308,286,664
Profit or loss for the period	-	-	-	690,870,349	690,870,349
As of December 31, 2021	1,988,715,600	308,286,664	1,242,170,793	1,063,823,366	4,602,996,423
Revaluation of property, plant and equipment, net of deferred tax	-	-	-	-	-
Translation reserve	-	-	(305,208,433)	-	(305,208,433)
Profit or loss for the period	-	-	-	45,326,413	45,326,413
As of September 30, 2022	1,988,715,600	308,286,664	936,962,360	109,149,779	4,343,114,403

The accompanying Notes are an integral part of these interim financial statements

Fideicomiso Financiero Forestal Bosques del Uruguay II

Notes to the interim financial statements for the nine months ended September 30, 2022

NOTE 1 - GENERAL INFORMATION ON FIDEICOMISO FORESTAL BOSQUES DEL URUGUAY II

In the city of Montevideo, on August 14, 2014, the Trust Fideicomiso Financiero Forestal Bosques del Uruguay II was established on agreement, by the signing of the respective agreement between EF ASSET MANAGEMENT Administradora de Fondos de Inversión S.A. as "Trustee", Agroempresa Forestal S.A. as "Manager", and the Initial Underwriters of the Securities as "Trustors".

On December 5, 2014, the Central Bank of Uruguay [BCU, for its acronym in Spanish] authorized the registration of the Trust in the Securities Market Registry (Communication No. 2014/208).

The capital of the Trust has been paid-in with the amounts paid by the Trustors, acting as Initial Underwriters of the Securities, under the conditions set out in the Agreement and and it will be used to fulfil the purposes of the Agreement.

The Trustee invested the funds from the placement of the Securities (Participation Certificates) in the purchase and/or lease of rural Properties, located within the Eastern Republic of Uruguay, which became part of the equity of the Trust, and it has been carrying out forestry activity on such Properties.

The Business Plan establishes the framework within which the Trust strategy is developed to fulfill its purpose, and specifically provides the general requirements the Properties shall meet.

The Trustee shall appoint the Manager, through the Management Agreement, to be in charge of managing the Assets of the Trust and to implement the Business Plan related to this Trust and the Management Agreement. Notwithstanding the foregoing, the Trustee shall be responsible for all the actions of the Manager with reference to the tasks subcontracted to the Manager.

The Trust shall not invest in such securities not permitted to Pension Savings Funds.

The equity of the Trust consists of its Assets and all economic rights, present and future, generated by them. It shall be destined solely and exclusively for the purposes intended, and only the rights and actions related to such assets may be exercised with respect thereto.

In accordance with the provisions of the Trust Agreement, forest plantations and lands shall be appraised as of each December 31.

On January 19, 2015 (Subscription Closing Date), book-entry Participation Certificates amounting to USD 70,000,000 (seventy million U.S. dollars) to be issued by the Trustee, on behalf of the Financial Trust Fideicomiso Financiero Forestal Bosques del Uruguay II, were listed on Bolsa Electrónica de Valores del Uruguay S.A. (BEVSA).

The Participation Certificates grant Holders rights of participation in accordance with the financial performance of the Trust, pursuant to the terms and conditions provided in the Agreement.

The Trust shall remain in full force for a maximum of 30 years, or until all its assets are liquidated and all its liabilities are paid off.

In accordance with Article 330 of the Central Bank of Uruguay's Compilation of Securities Market Standards, the Trust's accounting period and fiscal year end on each December 31. The statements of comprehensive income, the statement of changes in equity, and the statement of cash flows, are presented for the nine-month period ended September 30, 2022.

These interim financial statements were authorized to be issued by EF Asset Management Administradora de Fondos de Inversión S.A., Trustee of the Trust, on October 28, 2022.

NOTE 2 - BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting standards

These interim financial statements have been prepared in accordance with Decree 124/11. This Decree, issued by the Executive Branch on April 1, 2011, provides for the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standard Board (IASB), translated into Spanish, as mandatory accounting standards for issuers of publicly traded securities.

This interim financial reporting does not include all the information required by the International Financial Reporting Standards (IFRS) for the presentation of complete financial statements. As this report was prepared in accordance with the International Accounting Standard No. 34 - "Interim Financial Reporting", these interim financial statements shall be read together with the Trust's financial statements for the year ended December 31, 2021, prepared in accordance to the IFRS.

Decree 108/22 dated April 4, 2022, establishes the option for entities covered by Decree 124/11 the criteria for presentation of equity items introduced by the aforementioned decree. The Trust has not opted for the application of the presentation criteria provided for in such decree.

2.1.1 New standards, interpretations and amendments which became effective in the current fiscal period

The accounting policies applied by the Trust for the preparation and presentation of these interim financial statements are the same as those applied by the Trust in the financial statements dated December 31, 2021, except for the adoption of the new standards effective as of January 1, 2022. The Trust did not adopt in advance other standards, interpretations or amendments which have been issued but not yet effective.

In the current period, the following new and/or revised standards issued by the IASB became effective.

- Amendment to IFRS 3 - Updating References to the Conceptual Framework.
- Amendment to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use.
- Amendment to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract.
- IFRS 1 - First-time Adoption of IFRS - Subsidiary as a First-Time Adopter.
- Amendment to IFRS 9 Financial Instruments: Fees in the '10%' Test for Derecognition of Financial Liabilities.
- IAS 41 Agriculture - Taxation in Fair Value Measurement.
- Amendment to IFRS 16- Covid-19-Related Rent Concessions.

The application of these new standards had no significant impact on the financial statements of the Trust.

2.1.2 New and revised standards, interpretations and amendments published whose application is not yet mandatory

At the date of authorization of these financial statements, the IASB has issued the following standards and interpretations, which are not yet effective for the periods beginning on January 1, 2022, and were not adopted in advanced by the Trust:

- IFRS 17 - Insurance Contracts. (1)
- Amendment to IAS 1 - Classification of Liabilities as Current or Non-current. (1)
- IAS 8 - Definition of Accounting Estimates. (1)
- IAS 1 - Disclosure of Accounting Policies. (1)

- IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction. (1)

(1) Effective for periods beginning on January 1, 2023.

The Management estimates that the application of these amendments will not significantly affect the financial statements.

The following are the main accounting policies applied:

2.2 Functional currency and criteria used for the translation of financial statements into Uruguayan pesos

IAS 21 states that functional currency shall provide useful information about the Trust and reflect its economic substance of events and its relevant circumstances. If a particular currency is widely used by the Trust or has a significant impact on the Trust, it may be appropriate as a functional currency. A currency may be deemed functional in accordance with the standard when:

- purchases are financed in that currency;
- collections of trade receivables are denominated in that currency;
- prices for goods or services sold are denominated in that currency;
- the cost of goods sold or services rendered is denominated in that currency.

The U.S. dollar is the functional currency of the Trust since its main income and expenses are denominated in that currency.

The Uruguayan peso shall be the reporting currency of the Trust's financial statements in order to comply with the legal and tax provisions in force.

In accordance with such regulations, in order to translate the Trust's financial statements from the functional currency into the reporting currency:

- assets and liabilities shall be translated at the closing exchange rate;
- income and expenses shall be translated at the exchange rate in effect on the date of the respective transactions;
- equity, except for the profit or loss for the period, shall be translated at the closing exchange rate;
- translation gains and losses shall be directly recognized in equity without affecting the profit or loss for the period.

The equity items have been retranslated as follows: 1) equity is presented at its value in historical Uruguayan pesos, including the difference between such value and that which would result from the application of the general criterion of translation as adjustments to equity; 2) retained earnings correspond to the financial performance for the previous periods, expressed in U.S. dollars and translated in accordance with the general translation standard.

The difference arising from the use of the closing exchange rate for assets, liabilities and equity translation, and the exchange rate in effect at the date of each transaction for the profit or loss for the period is directly presented in the equity item under the heading "Adjustment to Equity" and in the statement of comprehensive income as "Translation Reserve".

2.3 Balances in currencies other than the functional currency

Assets and liabilities in currencies other than the functional currency are valued at the closing exchange rates for the period. Exchange differences are recognized in the profit or loss. Balances of assets and liabilities denominated in non-functional currency for the period are summarized in Note 6.

2.4 Overall valuation criteria for assets and liabilities

Assets and liabilities (except for biological assets, and property, plant and equipment) are valued according to the cost initially disbursed or the commitment assumed respectively, and subsequently measured at amortized cost. In all cases, these amounts were adjusted as mentioned in the preceding item.

2.5 Cash and cash equivalents

Current and demand deposits held in financial institutions are considered cash and cash equivalents.

2.6 Financial assets and liabilities

Financial assets and liabilities are measured at amortized cost.

The Trust holds bank loans with local financial institutions.

2.7 Trade receivables and other accounts receivable

Trade receivables and other accounts receivable are presented at their amortized cost using the effective interest method. The Trust Management has not established an allowance for bad debts based on the expected credit loss method, considering the probability of default and the amount expected to recover in that scenario. Therefore, the effect of its application does not have a significant effect on the financial statements of the Trust.

2.8 Other non-financial assets

Non-financial assets are presented at their nominal value and correspond mainly to tax credits.

2.9 Biological assets – plantations

Forest plantations and the costs incurred in the formation of the forests between December 31, 2021, and September 30, 2022, are presented at their fair value in the statement of financial position as of December 31, 2021.

The Trust annually determines the value of forest plantations according to a valuation of its forests carried out by independent forest consultants. The fair value of forest plantations is estimated by the independent consultant using current value techniques of estimated cash flows, and mainly income or expectation approach techniques.

On the basis of the methodology described above, the independent expert determined that the fair value of the biological assets as of December 31, 2021, was USD 55,430,000, equivalent to UYU 2,477,443,850.

To this end, the following elements have been considered:

- the representative prices estimated in the projection for the period,
- variable and fixed annual costs related to wood production,
- an estimated discount rate based on a capital asset price model, which amounts to 7.5%.

Changes in fair value measurement (combination of biological growth, changes in prices, costs and expenses) are recognized in the statement of comprehensive income.

Biological assets are recognized and measured at their fair value separately from land.

The fair value of these assets is determined mainly by using sources of information of hierarchy Level 3. The prices of comparable goods are the most significant source of information to determine this fair value.

2.10 Inventories

Inventories are valued at acquisition cost.

This cost is determined based on the FIFO valuation method for the allocation of the products sold.

The Trust estimates that the accounting values of the inventories will not exceed their net realizable value.

2.11 Property, plant and equipment

The components and evolution of property, plant and equipment balances for the nine-month period ended September 30, 2022, is set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, lands were valued by an independent expert on December 31, 2021. The book value of the lands was adjusted to the values provided in the report issued by such expert, which amounted to USD 42,361,384, equivalent to UYU 1,767,994,723.

The fair value of these lands is determined mainly by using sources of information of hierarchy Level 3.

These amounts were translated into Uruguayan pesos as expressed in Note 2.2.

Improvements and other improvements are presented in U.S. dollars, at historical acquisition cost, after deducting the relevant accumulated depreciation. During the first half of 2020, a change in the valuation of the useful life of the Improvements was made. It was estimated that they have a useful life of 30 years instead of 50. This change in valuation has been made prospectively, starting from the net values of the improvements as of December 31, 2019, and depreciating the remainder on a straight-line basis.

Disbursements after the acquisition of an item of property, plant and equipment are included to the carrying amount of assets when it is likely that future economic benefits, in addition to those originally assessed, will be derived therefrom.

The Board and the Management estimate that the net book value of the assets will not exceed their use value and that there have been no impairment losses on any item of property, plant and equipment.

Depreciations for the period are charged to selling, general and administrative expenses.

2.12 Accrual basis and revenue recognition

Revenue is recognized when earned and expenses when incurred, regardless of when they are collected or paid, respectively. Income is recognized when future economic benefits are likely to enter the Trust's equity as a result of transactions carried out by the Trust.

Revenue from sales of goods and services is recognized when the entity has transferred the most significant risks of ownership to the customer or once such services are performed, and the amount of revenue can be measured reliably.

Income and expenses included in the statement of comprehensive income are recognized at the amount originally obtained or disbursed for goods or services.

Selling, general and administrative expenses, financial results and others are recognized on an accrual basis.

2.13 Definition of capital

The difference in value of equity as of September 30, 2022, with respect to the amount of capital to be maintained has been regarded as the profit or loss for the period. The definition of capital used for this purpose is financial capital.

2.14 Statement of cash flows

In preparing the statement of cash flows, the definition of funds as for cash and cash equivalents is used.

2.15 Taxes, current income tax and deferred tax

The Trust is subject to the VAT, the Corporate Income Tax [IRAE, for its acronym in Spanish] and the Wealth Tax. It is also a withholding agent for the Personal Income Tax.

The Trust is subject to IRAE for all income generated in Uruguay and not included in the exemptions granted by Law No. 15,939, intended to promote the forestry sector.

The Trust shall pay the Wealth Tax, however, the yield of forest plantations in forestry priority areas, as well as of the farms on which such plantations are located are exempted from such tax.

Regarding the aforementioned tax, in 2013, Law No. 19,088 amended the exemption regulating the agricultural sector and applied a surcharge to those taxpayers. Decree No. 293/013, which regulates such Law, introduced an amendment extending the exemption from the Wealth Tax to trusts, which already existed for certain listed companies. This exemption is applicable for five fiscal years since the creation of the trust. Therefore, for the period ended on September 30, 2022, the Trust does not enjoy such Wealth Tax and Surcharge exemption.

The sale of agricultural products in their natural state is subject to the suspended VAT system. The sale of uncut logs, and the felling of forests planted by the Trust or acquired standing, are considered agricultural products in their natural state for the purpose of their sale. Therefore, the VAT will remain on hold, and the tax included in the purchases, which is part of their cost, can be recovered. Grazing revenue is exempt from VAT, thus a portion of indirect VAT on purchases cannot be recovered as it is associated with such type of income.

The Trust shall pay the Rural Real Estate Tax for the farms acquired. However, as provided by Law No. 18,245, those farms used for forest plantations and included in the Quality Timber projects defined by the Ministry of Livestock, Agriculture and Fisheries, are exempted from the Rural Real Estate Tax.

Additionally, the Trust determines the amount of Income Tax by the Deferred Tax Method, which consists in the recognition (as credit or debit) of the tax effect on the temporary differences between the accounting and fiscal valuation of assets and liabilities, determined at the current rate of 25%, its subsequent charge to the profit or loss for the period in which their reversal occurs.

2.16 Provisions

Provisions are financially recognized when the Trust has a present obligation (legal or contractual) as a result of a past event; it is likely that in the future resources will be used to cancel such obligations, which may be reliably estimated.

2.17 Financial Instruments

The main financial instruments of the Trust are deposits in bank checking accounts, credits and debts.

The main purpose of maintaining more liquid assets is for the Trust to have cash and cash equivalents available to meet its operational needs. The Trust has not contracted derivative financial instruments for this period.

2.18 Estimates and assumptions in the application of accounting policies

The preparation of financial statements requires the Trustee to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The most significant accounting policies, estimates and assumptions to determine the accounting values of assets and liabilities are as follows:

(a) Impairment of non-financial assets

At each annual reporting date, the Trust reviews the carrying values of property, plant and equipment: Lands, to determine whether or not there are any indications of impairment. If an impairment event occurs, the recoverable amount of the assets is estimated to determine whether it is necessary to write down the value of the assets due to such impairment.

(b) Fair value of property, plant and equipment, and of biological assets

The Trust annually hires independent expert appraisers to determine the fair value of lands (Note 2.11) and biological assets (Note 2.9).

The methods used to determine the fair value require to make estimates and assumptions based on objective information and knowledge of the business. Such estimates are highly sensitive, and any variation in them may lead to a significant variation in the fair values of biological assets recognized in the financial statements. Therefore, estimates are periodically revised, and adjusted accordingly, if necessary.

(c) Income tax

The Trust recognizes the effects of deferred tax based on estimates and assumptions depending on how its assets and liabilities are realized and canceled, respectively. Changes in such estimates and assumptions could significantly modify the balance of assets and liabilities accounted for deferred income tax for the period in which such modifications occur. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are reviewed at each reporting date and are recognized only to the extent that it is probable that there is future taxable income against which the deductible temporary difference can be utilized. Additionally, in order to determine the portion of deferred tax assets to be recognized in the statement of financial position, whether or not there are future taxable temporary differences with which the deductible temporary differences can be compensated should be considered. For these purposes, the Trustee estimates the reversions of temporary differences and the future tax results, as well as the available tax planning opportunities (Note 2.15).

2.19 Fair value of lands and forests

At the end of each reporting period, the Trust hires an independent expert to determine the fair value of the lands and forests.

Key assumptions used in the impairment test

In order to determine the impairment loss, the Management hires an independent expert, who estimates future cash flows for the remaining life of the Trust.

The determination of the recoverable amount of the trust is based on complex estimates that require the application of assumptions and professional judgment by the expert, which include:

(a) Wood flow

Wood flows are predicted by a five-step process, as follows:

- Stratify forest plantations
- Validation of growth and yield tables
- Design of harvesting scenarios
- Programming of wood supply
- Wood flows planning

(b) Land sales flow

According to the variations estimated by the income approach, the valuation considered land sales in the following years:

- year of disinvestment
- year zero cash flow
- (c) Operating and management costs
- Forest costs: These costs are related to the amount spent to establish and cultivate the forest until it is ready for the final harvest.
- General expenses: These expenses are related to the amount spent on activities such as management, office maintenance, forest inventory, protections and certification, vehicles, roads, security and communications.
- (d) Wood price

These are the prices of wood by assortment class, which are the expected prices of wood set at the sawmill discounted from the company's average transport and harvest costs.

- (e) Land price and cost

It is the weighted average potential price of land.

- (f) Determining the discount rate

The discount rate refers to the capital cost of the resources (debt and equity) used in the financing of net operating assets and is determined as the average cost of such sources of financing weighted by their relative share in the financial structure of the Trust sector.

The Weighted Average Cost of Capital (WACC) represents a weighted average cost of debt and equity. The cash flows used in the discounted fund flows are presented as the cash flow that is available to both debt and equity holders. Therefore, free cash flow is converted to present value through the application of a "WACC".

- (g) Sensitivity analysis

The Trust applies the sensitivity analysis to assess whether changes in the discount rate estimates, wood prices, forest and general costs, and land sales prices may make a significant difference in the financial statements. The sensitivity analysis did not identify any significant impairment losses.

2.20 Consistency of accounting principles

The criteria applied in the valuation of assets and liabilities, as well as to determine the profit or loss for the nine-month period ended September 30, 2022, are similar to the ones applied for the fiscal year ended December 31, 2021.

NOTE 3 - OPENING OF ITEMS

3.1 Inventories

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Wood	724,776	1,697,789	30,249,234	75,882,679
Coadjuvant	4,055	-	169,249	-
Herbicide	53,789	25,486	2,244,925	1,139,097
Fertilizer	7,748	2,296	323,388	102,620
Ant killer	3,645	1,149	152,119	51,353
Seedlings	15,027	-	627,169	-
	809,040	1,726,720	33,766,084	77,175,749

3.2 Trade receivables and other accounts receivable

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Trade receivables	1,015,780	1,775,120	42,394,579	79,339,031
Grazing debtors	41,087	13,704	1,714,797	612,488
Beehives debtors	289	-	12,081	-
	1,057,156	1,788,824	44,121,457	79,951,519

3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Tax credits	543,949	682,134	22,702,250	30,487,994
Advances to suppliers	15,590	4,095	650,664	183,030
Other non-financial assets	14,709	1,021	613,882	45,605
	574,248	687,250	23,966,796	30,716,629

3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Banks	849,342	1,427,069	35,448,154	63,782,852
	849,342	1,427,069	35,448,154	63,782,852

3.5 Trade payables and other accounts payable

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Trade payables	763,430	1,320,072	31,862,516	59,000,652
Tax creditors	458,227	472,852	19,124,561	21,134,130
Customer advances	37,927	24,498	1,582,903	1,094,939
Provisions	37,603	4,482	1,569,405	200,314
Other accounts payable	-	11,078	-	495,113
	1,297,187	1,832,982	54,139,385	81,925,148

3.6 Loans and liabilities - current and non-current

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Bank loans	279,603	2,038,542	11,669,497	91,112,633
	279,603	2,038,542	11,669,497	91,112,633

The balance as of September 30, 2022, corresponds to a fixed term Note in U.S. dollars issued by BBVA Uruguay S.A., for the principal amount of USD 400,000, equivalent to UYU 16,694,400. This Note was partially paid in the amount of USD 120,457, equivalent to UYU 5,027,392.

Accrued and unpaid interests for the period amount to USD 60, equivalent to UYU 2,489.

The balance as of December 31, 2021, corresponds to two fixed term Notes in U.S. dollars issued by BBVA Uruguay S.A. in July and August 2021, for the principal amount of USD 200,000, equivalent to UYU 8,588,000 and USD 1,000,000, equivalent to UYU 42,940,000, respectively, to be paid on January 31, 2022. The second

Note was partially paid in the amount of USD 365,791 in December 2021. Therefore, the outstanding principal as of December 31, 2021, amounts to USD 634,209, equivalent to UYU 28,345,971.

Additionally, in December 2021, two fixed term Notes in U.S. dollar were issued by BBVA (Uruguay) S.A. and HSBC Bank (Uruguay) S.A. for the principal amount of USD 1,000,000 and USD 200,000, equivalent to UYU 44,465,000 and UYU 8,872,200, respectively, to be paid on January 10, 2022, and March 14, 2022, respectively.

Accrued and unpaid interests as of December 31, 2021, amount to USD 4,333, equivalent to UYU 193,662.

3.7 Operating revenue

<i>Item</i>	USD			
	Quarter ended on		Period ended on	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Revenue from wood sales	1,900,792	1,283,309	7,807,479	3,643,650
Revenue from grazing	48,815	42,247	134,857	135,121
Revenue from beehives	467	335	1,408	1,110
	1,950,074	1,325,891	7,943,744	3,779,881

<i>Item</i>	Equivalent in UYU			
	Quarter ended on		Period ended on	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Revenue from wood sales	77,968,386	55,266,993	324,285,478	158,814,450
Revenue from grazing	2,006,214	1,815,848	5,566,692	5,854,163
Revenue from beehives	19,293	14,433	57,475	48,282
	79,993,893	57,097,274	329,909,645	164,716,895

3.8 Selling, general and administrative expenses

<i>Item</i>	USD			
	Quarter ended on		Period ended on	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Forestry Operator Fee	103,892	97,062	311,677	291,186
Registered Agent Fee	6,962	19,931	20,962	19,931
Other Fees	46,518	38,623	143,292	137,611
Farm Expenses	45,935	17,961	232,071	170,843
Depreciation	80,284	78,372	238,303	232,099
Taxes	14,327	9,677	222,229	108,927
Insurances	21,234	25,432	72,305	75,275
Miscellaneous	13,480	9,911	63,118	43,840
	332,632	296,969	1,303,957	1,079,712

<i>Item</i>	Equivalent in UYU			
	Quarter ended on		Period ended on	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Forestry Operator Fee	4,269,492	4,195,699	12,874,308	12,635,564
Registered Agent Fee	285,002	854,206	903,312	854,206
Other Fees	1,893,483	1,667,818	5,932,516	5,964,646
Farm Expenses	1,878,595	781,384	9,608,479	7,361,174
Depreciation	3,299,728	3,370,496	9,835,062	10,055,115
Taxes	588,032	417,025	8,849,259	4,730,676
Insurances	872,683	1,093,750	3,013,218	3,262,330
Miscellaneous	550,961	428,420	2,620,136	1,903,989
	13,637,976	12,808,798	53,636,290	46,767,700

3.9 Financial results

<i>Item</i>	USD			
	Quarter ended on		Period ended on	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Interests and bank charges	(942)	(13,036)	(8,742)	(25,592)
Interests on banknotes	(1,727)	-	(12,788)	-
Exchange difference	126,577	(22,710)	(239,801)	20,103
	123,908	(35,746)	(261,331)	(5,489)

<i>Item</i>	Equivalent in UYU			
	Quarter ended on		Period ended on	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Interests and bank charges	(38,495)	(562,783)	(364,718)	(1,111,892)
Interests on banknotes	(71,200)	-	(536,362)	-
Exchange difference	5,126,971	(981,977)	(10,363,135)	857,211
	5,017,276	(1,544,760)	(11,264,215)	(254,681)

NOTE 4 - BIOLOGICAL ASSETS – PLANTATIONS

As of September 30, 2022, biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Lavalleja and Treinta y Tres; which are composed mainly by Eucalyptus Grandis, Saligna, Dunnii and Globulus, and Pine Elioti species, amounting to 9,266 forested hectares on an area of approximately 14,703 hectares (9,295 hectares as of December 31, 2021).

The evolution of the biological asset for the nine-month period ended September 30, 2022, and December 31, 2021, is detailed below:

	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
	Opening balance	55,430,000	45,313,326	2,477,443,850
Cost increase added to biological assets	1,016,146	964,843	41,701,252	42,131,176
Reduction by harvest of biological assets	(647,846)	(3,192,092)	(26,393,070)	(139,033,914)
Change in the fair value of biological assets	-	12,343,923	-	551,711,642
Translation adjustment	-	-	(163,954,199)	104,068,723
	55,798,300	55,430,000	2,328,797,833	2,477,443,850

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is composed as follows:

In U.S. dollars:

09/30/2022													12/31/2021
Item	Source Values						Depreciations					Net value	Net value
	Opening value	Additions	Disposals	Revaluation	Translation adjustment	Closing value	Accumulated at opening	Disposals	For the period	Translation adjustment	Closing value		
Lands	42,361,384	-	-	-	-	42,361,384	-	-	-	-	-	42,361,384	42,361,384
Improvements	6,792,152	-	-	-	-	6,792,152	(986,616)	-	(179,510)	-	(1,166,126)	5,685,863	5,805,536
Other improvements	761,510	87,432	-	-	-	848,942	(226,104)	-	(58,791)	-	(284,895)	564,047	535,406
Total	49,915,046	87,432	-	-	-	50,002,478	(1,212,720)	-	(238,301)	-	(1,451,021)	48,551,457	48,702,327

Equivalent in Uruguayan pesos:

09/30/2022													12/31/2021
Item	Source Values						Depreciations					Net value	Net value
	Opening value	Additions	Disposals	Revaluation	Translation adjustment	Closing value	Accumulated at opening	Disposals	For the period	Translation adjustment	Closing value		
Lands	1,893,342,058	-	-	-	(125,347,335)	1,767,994,723	-	-	(7,409,131)	2,836,462	(48,669,442)	1,767,994,723	1,893,342,058
Improvements	303,575,224	-	-	-	(20,097,977.18)	283,477,247	(44,096,773)	-	(7,409,131)	2,836,462	(48,669,442)	234,807,805	259,478,451
Other improvements	34,035,660	3,535,430	-	-	(2,139,612)	35,431,478	(10,105,679)	-	(2,425,932)	641,227	(11,890,384)	23,541,095	23,929,981
Total	2,230,952,942	3,535,430	-	-	(147,584,924)	2,086,903,448	(54,202,452)	-	(9,835,063)	3,477,689	(60,559,826)	2,026,343,622	2,176,750,491

NOTE 6 - ASSETS AND LIABILITIES IN A CURRENCY OTHER THAN THE FUNCTIONAL CURRENCY

The statement of financial position includes the following balances in currencies other than the functional currency:

	September 30, 2022		December 31, 2021	
	UYU	Equivalent in USD	UYU	Equivalent in USD
Assets				
Trade receivables and other accounts receivable	-	-	96,771.00	2,165.00
Other non-financial assets	23,146,936	554,604	30,614,191	684,958
Cash and cash equivalents	65,345	1,566	173,954	3,892
Total	23,212,281	556,170	30,884,916	691,015
Total assets	23,212,281	556,170	30,884,916	691,015
Liabilities				
Deferred tax	(83,520,661)	(2,001,166)	(129,786,886)	(2,903,835)
Trade payables and other accounts payable	(46,375,490)	(1,111,163)	(65,047,475)	(1,455,364)
Total liabilities	(129,896,151)	(3,112,329)	(194,834,361)	(4,359,199)
Net position	(106,683,870)	(2,556,159)	(163,949,445)	(3,668,184)

The U.S. dollar exchange rate as of September 30, 2022 was UYU 41.736 and UYU 44.695 as of December 31, 2021.

NOTE 7 – EQUITY

Book-Entry Participation Certificates for a nominal value of USD 70,000,000 (equivalent to UYU 1,988,715,600) were registered in the Securities Market Registry. The nominal value of each participation certificate is USD 1,000 (one thousand dollars).

Participation Certificates were paid on a deferred basis in accordance with the procedures and schedules provided in the Agreement.

NOTE 8 – COMMITMENTS

As of September 30, 2022, the Trust entered into commitments for grazing contracts on lands owned by the Trust amounting to USD 139,028, which corresponds to 11,686 hectares of pastured land.

NOTE 9 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances of trade payables and other accounts payable with related parties are composed as follows:

	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Trade accounts payable				
Agro Empresa Forestal S.A.	43,619	40,881	1,820,489	1,827,186
	43,619	40,881	1,820,489	1,827,186

b) Transactions with related parties are composed as follows:

	USD			
	Quarter ended on		Period ended on	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Accrued fees				
Agro Empresa Forestal S.A.	103,892	97,062	311,677	291,186
	103,892	97,062	311,677	291,186

	Equivalent in UYU			
	Quarter ended on		Period ended on	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Accrued fees				
Agro Empresa Forestal S.A.	4,269,492	4,195,699	12,874,308	12,635,564
	4,269,492	4,195,699	12,874,308	12,635,564

NOTE 10 - FINANCIAL RISK MANAGEMENT

The main types of risks to which the financial instruments of the Trust and their management policies are exposed, are detailed below.

10.1 Credit Risk

Credit Risk is the risk of financial loss faced by the Trust if a debtor or counterparty of a financial instrument fails to meet the contractual obligations.

The Trust is exposed to a low credit risk since it does not hold significant credits and there are restrictions on the instruments in which it can invest. Its main assets are measured at fair value as indicated in Notes 2.9 and 2.11.

10.2 Liquidity risk

Liquidity risk occurs if the Trust fails to meet its financial obligations as they expire. The Trust main obligation is to pay the participation certificates. In accordance with Note 1, such certificates give holders the right to participate in the profit.

The Trust is not significantly exposed to this risk in accordance with the business plan established in the Trust Agreement and the limitations on the assets to be invested.

10.3 Market risk

Market risk occurs when changes in market prices, for example, in the exchange rate and interest rates, affect the income of the Trust or the value of the financial instruments it holds.

a) Currency Risk

The Trust is exposed to this risk because of its monetary position in Uruguayan pesos (Note 6). The Trust's sensitivity to a 10% increase and decrease in the Uruguayan peso against the U.S. dollar is detailed below. The sensitivity analysis included outstanding monetary items expressed in foreign currency. With a 10% strengthening of the Uruguayan peso against the U.S. dollar, the comprehensive income for the period would decrease by USD 284,018, equivalent to UYU 10,668,387. If a weakening of 10% were to occur, the comprehensive income for the period would increase by USD 232,378, equivalent to UYU 10,668,387.

b) Interest Rate Risk

The Trust is exposed to low interest rate risk.

c) Price risk

Price risk occurs when changes in market prices relevant to the activity carried out by the Trust affect its income or the value of the financial and non-financial instruments it holds. The main assets exposed to this risk at each period end of the Financial Statements are as follows:

	USD		Equivalent in UYU	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Inventories	809,040	1,726,720	33,766,084	77,175,749
Property, plant and equipment (Lands)	42,361,384	42,361,384	1,767,994,723	1,893,342,058
Biological asset	55,798,300	55,430,000	2,328,797,833	2,477,443,850
	98,968,724	99,518,104	4,130,558,640	4,447,961,657

NOTE 11 – SUBSEQUENT EVENTS

After September 30, 2022, no other events or circumstances have occurred that significantly affect the financial position, performance and cash flows of the Trust.