



**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL  
URUGUAY II**

**FINANCIAL FORESTRY TRUST BOSQUES DEL URUGUAY II**

Financial statements for the year ended December 31, 2022, and independent  
auditor's report.

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

Financial statements for the year ended December 31, 2022, and independent auditor's report.

**Contents**

Independent Auditor's Report

Statement of Financial Position

Statement of Comprehensive Income

Statement of Cash Flows

Statement of Changes in Equity

Notes to the Financial Statements



Deloitte S.C.  
349 Victor Soliño street, 16<sup>th</sup>  
floor  
Montevideo, 11300  
Uruguay

Tel: +598 2916 0756  
Fax: +598 2916 3317  
[www.deloitte.com/uy](http://www.deloitte.com/uy)

## Independent Auditor's Report

To the Board of Directors and Shareholders of  
EF Asset Management Administradora de Fondos de Inversión S.A.,

### Opinion

We have audited the accompanying financial statements in U.S. dollars of the Trust Fideicomiso Financiero Forestal Bosques del Uruguay II, which comprise the statement of financial position as of December 31, 2022, the statement of comprehensive income, cash flows, and changes in equity for the year then ended, as well as the notes about significant accounting policies and other explanatory notes attached to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fideicomiso Financiero Forestal Bosques del Uruguay II as of December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with the International Standard on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Fideicomiso Financiero Forestal Bosques del Uruguay II, in accordance with the provisions of the Ethical Standards for chartered accountants of the International Ethics Standards Board of Accountants, and we have fulfilled our responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Fair Value Measurement of Tangible Assets**

To determine the fair value of land and forests, the Trustee, with the assistance of independent appraisers (see Notes 2.9 and 2.11), has chosen the income approach (net present value technique) as the valuation technique. Determining such values requires the application of assumptions and professional judgment (IFRS 13 Fair Value Measurement categorized within Level 3) as such valuation comprises relevant assumptions, for example estimated market prices, future wood availability, discount rate, operating costs (harvesting, transportation, etc.) and average values taken from available publications to reflect the characteristics of the asset. Therefore, determining such values requires the application of assumptions and professional judgment by the Management.

In this regard, the main audit procedures carried out were as follows:

- We evaluated the processes established by the Trustee and the Surveillance Committee, to appoint independent appraisers.
- We evaluated the technical suitability of the appraisers and their professional independence.
- We cross-checked the relevant underlying data used in the valuation report with external sources (specialized land price publications)
- With regard to the discounted cash flows, we analyzed the key assumptions such as the discount rates, wood prices, etc. We used experts, who analyzed the reasonableness of the methodology and the estimated fair values.

## Other Matters

Our audit also included the revision of the translation of figures in U.S. dollars into Uruguayan pesos and, in our opinion, this translation has been carried out in accordance with the methodology described in Note 2.2. The translation of the financial statements into Uruguayan pesos has been carried out to comply with the current regulations in Uruguay regarding the presentation of financial statements.

## Board's Responsibility for the Financial Statements

The Board of EF Asset Management Administradora de Fondos de Inversión S.A, trustee of the Trust, is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the ongoing concern basis of accounting unless the Board either intends to liquidate the Trust, or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the process of preparation and fair presentation of the Trust's financial statements.

## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISAs will always detect material misstatements, if any. Misstatements may arise from fraud or error, and are considered material (significant) if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We also provide the Board with a statement that we have complied with the relevant ethical requirements regarding independence, and disclosed all our relationships and other matters that could reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated to the Board, we have identified those that were of most significance in the audit of the current year's financial statements and are, therefore, the key audit matters. We describe such matters in our auditor's report, except when legal or regulatory provisions prohibit the public disclosure of a matter, or when, in extremely unusual circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Among other matters, we communicated with the Board, among other matters, regarding the scope and timing of the audit procedures, significant audit findings identified, including, if any, significant deficiencies in the internal control system that we identify during our audit.

March 30, 2023



**Héctor Cuello**

Partner, Deloitte S.C.



## Statement of financial position as of December 31, 2022

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	50,157,527	48,702,327	2,009,862,272	2,176,750,491
Biological assets-plantations	4	67,060,000	55,430,000	2,687,161,260	2,477,443,850
<b>Total non-current assets</b>		<b>117,217,527</b>	<b>104,132,327</b>	<b>4,697,023,532</b>	<b>4,654,194,341</b>
<b>Current assets</b>					
Inventories	3.1	453,825	1,726,720	18,185,235	77,175,749
Trade receivables and other accounts receivable	3.2	654,766	1,788,824	26,237,113	79,951,519
Other non-financial assets	3.3	568,535	687,250	22,781,735	30,716,629
Cash and cash equivalents	3.4	635,543	1,427,069	25,466,846	63,782,852
<b>Total current assets</b>		<b>2,312,669</b>	<b>5,629,863</b>	<b>92,670,929</b>	<b>251,626,749</b>
<b>Total assets</b>		<b>119,530,196</b>	<b>109,762,190</b>	<b>4,789,694,461</b>	<b>4,905,821,090</b>
<b>Equity</b>					
Participation certificates	7	70,000,000	70,000,000	1,988,715,600	1,988,715,600
Revaluation reserve	7	8,403,950	6,897,565	368,649,030	308,286,664
Translation reserve		-	-	764,042,746	1,242,170,793
Retained earnings		37,423,381	26,089,266	1,519,909,594	1,063,823,366
<b>Total equity</b>		<b>115,827,331</b>	<b>102,986,831</b>	<b>4,641,316,970</b>	<b>4,602,996,423</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	2.15	2,602,037	2,903,835	104,266,219	129,786,886
<b>Total non-current liabilities</b>		<b>2,602,037</b>	<b>2,903,835</b>	<b>104,266,219</b>	<b>129,786,886</b>
<b>Current liabilities</b>					
Trade payables and other accounts payable	3.5	872,179	1,832,982	34,949,093	81,925,148
Other financial liabilities	3.6	228,649	2,038,542	9,162,179	91,112,633
<b>Total current liabilities</b>		<b>1,100,828</b>	<b>3,871,524</b>	<b>44,111,272</b>	<b>173,037,781</b>
<b>Total liabilities</b>		<b>3,702,865</b>	<b>6,775,359</b>	<b>148,377,491</b>	<b>302,824,667</b>
<b>Total liabilities and equity</b>		<b>119,530,196</b>	<b>109,762,190</b>	<b>4,789,694,461</b>	<b>4,905,821,090</b>

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

<p>The report dated March 30, 2023, is attached hereto. Deloitte S.C.</p>
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Fideicomiso Financiero Forestal Bosques del Uruguay II

Statement of comprehensive income  
for the year ended December 31, 2022

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Operating revenues	3.7	8,845,599	8,124,167	365,179,199	356,580,635
Change in the fair value of biological assets	4	10,992,212	12,343,923	440,468,929	551,711,642
Cost of goods sold		(7,303,548)	(8,336,891)	(298,774,275)	(367,556,129)
<b>Gross margin</b>		<b>12,534,263</b>	<b>12,131,199</b>	<b>506,873,853</b>	<b>540,736,148</b>
SG&A	3.8	(1,678,567)	(1,560,190)	(68,470,500)	(68,035,325)
Financial results	3.9	(344,712)	48,293	(14,593,949)	2,094,527
Miscellaneous income	3.10	-	4,646,086	-	207,656,799
<b>Profit or loss for the year before income tax</b>		<b>10,510,984</b>	<b>15,265,388</b>	<b>423,809,404</b>	<b>682,452,149</b>
Income tax	2.15	823,131	(686,368)	32,276,824	(30,437,717)
<b>Profit or loss for the year</b>		<b>11,334,115</b>	<b>14,579,020</b>	<b>456,086,228</b>	<b>652,014,432</b>
<b>Other comprehensive income for the year</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Revaluation of property, plant and equipment					
Deferred tax associated with revaluation of property, plant and equipment	2.15	(168,605)	(772,021)	(6,756,158)	(34,505,497)
<b>Items that may be subsequently reclassified to profit or loss</b>					
Translation reserve	2.2	-	-	(478,128,047)	191,551,492
<b>Comprehensive income for the year</b>		<b>12,840,500</b>	<b>21,476,585</b>	<b>38,320,547</b>	<b>1,151,852,588</b>

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

The report dated March 30, 2023, is  
attached hereto.  
Deloitte S.C.

Statement of cash flows  
for the year ended December 31, 2022

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Cash flows from operating activities</b>					
Profit or loss for the year before income tax		10,510,984	15,265,388	423,809,404	682,452,149
<b>Adjustments</b>					
Depreciations	5	319,569	310,973	13,086,171	13,548,659
Changes in the fair value of biological assets	4	(10,992,212)	(12,343,923)	(440,468,928)	(551,711,642)
Costs of sales of standing trees		1,477,193	3,078,323	60,156,839	136,258,473
Impairment loss		-	(4,646,086)	-	(207,656,799)
Unpaid unaccrued interests		409	4,333	16,403	193,662
		<b>1,315,943</b>	<b>1,669,008</b>	<b>56,599,889</b>	<b>73,084,502</b>
<b>Changes in assets and liabilities</b>					
Trade receivables and other accounts receivable		1,134,058	(1,377,518)	48,064,780	(59,946,140)
Inventories		443,549	(441,229)	18,798,925	(19,201,183)
Other non-financial assets		118,716	(213,848)	5,031,540	(9,306,130)
Trade payables and other accounts payable		(608,076)	624,280	(25,772,085)	27,167,087
Translation adjustments		-	-	(4,557,935)	(92,571)
<b>Net flows from operating activities</b>		<b>2,404,190</b>	<b>260,693</b>	<b>98,165,114</b>	<b>11,705,565</b>
<b>Cash flows used in investing activities</b>					
Incurred costs in biological assets	4	(1,285,633)	(964,843)	(52,390,932)	(42,131,176)
Purchase of property, plant, and equipment		(99,780)	(89,040)	(4,044,130)	(3,871,639)
<b>Net flows used in investing activities</b>		<b>(1,385,413)</b>	<b>(1,053,883)</b>	<b>(56,435,062)</b>	<b>(46,002,815)</b>
<b>Cash flows from financing activities</b>					
Loans and liabilities		(1,810,303)	1,883,897	(79,906,044)	83,332,014
<b>Net flows (used in) / from financing activities</b>		<b>(1,810,303)</b>	<b>1,883,897</b>	<b>(79,906,044)</b>	<b>83,332,014</b>
<b>Changes in cash flows and cash equivalents</b>		<b>(791,526)</b>	<b>1,090,707</b>	<b>(38,175,992)</b>	<b>49,034,764</b>
<b>Opening balance cash and cash equivalents</b>		<b>1,427,069</b>	<b>336,362</b>	<b>63,782,852</b>	<b>14,241,560</b>
Effects associated with the maintenance and translation of cash and equivalents		-	-	(140,014)	506,528
<b>Closing balance cash and cash equivalents</b>		<b>635,543</b>	<b>1,427,069</b>	<b>25,466,846</b>	<b>63,782,852</b>

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

<p>The report dated March 30, 2023, is attached hereto. Deloitte S.C.</p>
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Statement of changes in equity  
for the year ended December 31, 2022  
(in U.S. dollars)

	PARTICIPATION CERTIFICATES	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>Balance at December 31, 2020</b>	<b>70,000,000</b>	-	<b>11,510,246</b>	<b>81,510,246</b>
Revaluation of property, plant and equipment, net of deferred tax	-	6,897,565	-	6,897,565
Profit or loss for the year	-	-	14,579,020	14,579,020
<b>Balance at December 31, 2021</b>	<b>70,000,000</b>	<b>6,897,565</b>	<b>26,089,266</b>	<b>102,986,831</b>
Revaluation of property, plant and equipment, net of deferred tax	-	1,506,385	-	1,506,385
Profit or loss for the year	-	-	11,334,115	11,334,115
<b>Balance at December 31, 2022</b>	<b>70,000,000</b>	<b>8,403,950</b>	<b>37,423,381</b>	<b>115,827,331</b>

Statement of changes in equity  
for the year ended December 31, 2022  
(in Uruguayan pesos)

	PARTICIPATION CERTIFICATES	REVALUATION RESERVE	TRANSLATION RESERVER	RETAINED EARNINGS	TOTAL EQUITY
<b>Balance at December 31, 2020</b>	<b>1,988,715,600</b>	-	<b>1,050,619,301</b>	<b>411,808,934</b>	<b>3,451,143,835</b>
Revaluation of property, plant and equipment, net of deferred tax	-	308,286,664	-	-	308,286,664
Translation reserve	-	-	191,551,492	-	191,551,492
Profit or loss for the year	-	-	-	652,014,432	652,014,432
<b>Balance at December 31, 2021</b>	<b>1,988,715,600</b>	<b>308,286,664</b>	<b>1,242,170,793</b>	<b>1,063,823,366</b>	<b>4,602,996,423</b>
Revaluation of property, plant and equipment, net of deferred tax	-	60,362,366	-	-	60,362,366
Translation reserve	-	-	(478,128,047)	-	(478,128,047)
Profit or loss for the year	-	-	-	456,086,228	456,086,228
<b>Balance at December 31, 2022</b>	<b>1,988,715,600</b>	<b>368,649,030</b>	<b>764,042,746</b>	<b>1,519,909,594</b>	<b>4,641,316,970</b>

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

The report dated March 30, 2023, is  
attached hereto.  
Deloitte S.C.

# Fideicomiso Financiero Forestal Bosques del Uruguay II

## Notes to the financial statements for the year ended December 31, 2022

### **NOTE 1- BASIC INFORMATION ON FIDEICOMISO FORESTAL BOSQUES DEL URUGUAY II**

On August 14, 2014, the Trust Fideicomiso Financiero Forestal Bosques del Uruguay II was established on agreement, by the execution 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) 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 in their capacity as Initial Underwriters of the Securities, under the conditions set out in the Agreement and will be used to fulfil the purposes thereof.

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 provides the framework within which the Trust's strategy is developed to fulfill its purpose, and specifically establishes the general requirements that the Properties shall meet.

The Trustee shall appoint the Manager, through the Management Agreement, who shall manage the assets of the Trust and 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 its resources in securities not allowed for Pension Savings Funds.

The equity of the Trust consists of its Assets and all economic rights, present and future, generated therefrom. The equity of the Trust shall be used 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 land shall be appraised as of December 31 of each year.

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

The Participation Certificates shall give the Holders rights of participation according to the financial performance of the Trust, and 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.

The report dated March 30, 2023, is attached hereto.

Deloitte S.C.

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

These financial statements have been authorized for issuance by EF Asset Management Administradora de Fondos de Inversión S.A., trustee of the Trust, dated March 30, 2023.

## **NOTE 2 - BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Accounting standards applied**

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

Additionally, in the current fiscal year, the Trust adopted Decree 108/22 dated April 4, 2022, related to the mandatory presentation of financial statements expressed in Uruguayan pesos, in compliance with the provisions set forth in Article 1 of Decree 108/22. The Trust has not opted for the application of this presentation criteria provided for in such decree.

#### **2.1.1 New standards, interpretations and amendments whose mandatory application began in the current fiscal year**

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

In the current fiscal year, 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**

As of the date of approval of these financial statements, the standards and interpretations issued by the IASB that are not yet effective for periods beginning on January 1, 2022, and that were not early adopted by the Trust are as follows:

The report dated March 30, 2023, is attached hereto.

Deloitte S.C.

- 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

The regulation in force in Uruguay establishes that the functional currency shall provide useful information about the Trust and reflect the economic substance of events and relevant circumstances to the Trust. 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 its financial statements to comply with the legal and tax provisions in force.

In accordance with such regulations, 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 components 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 according to the general translation standard.

The difference between the use of the closing exchange rate for asset, liabilities and equity translation, and exchange rate 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

The report dated March 30, 2023, is attached hereto.

Deloitte S.C.

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

#### **2.4 Overall valuation criteria for assets and liabilities**

Assets and liabilities (except for biological assets) 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 expressed in the preceding item.

#### **2.5 Cash and cash equivalents**

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

#### **2.6 Financial assets and liabilities**

Financial assets and liabilities are measured at amortized cost.

#### **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 are presented in the statement of financial position at their fair value as of December 31, 2022.

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 has been estimated on December 31, 2022, by an independent expert using current value techniques of estimated fund flows, combining income and cost approach techniques.

Based on the methodology described above, the independent expert determined that the fair value of the biological assets as of December 31, 2022, amounts to USD 67,060,000, equivalent to UYU 2,687,161,260, while as of December 31, 2021, it amounted to 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 fiscal year;
- 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 has been determined mainly by using sources of information corresponding to hierarchy Level 3.

The report dated March 30, 2023, is attached hereto.

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## **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 items and evolution of property, plant, and equipment balances during the fiscal year ended December 31, 2022, are set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, the lands were valued by an independent appraiser on December 31, 2022. The book value of the lands on this date was adjusted to the values provided in the report issued by such appraiser, which amounts to USD 44,036,374, equivalent to UYU 1,764,581,542, and as of December 31, 2021, amounted to USD 42,361,384, equivalent to UYU 1,893,342,058.

The fair value of these lands has been determined mainly by using sources of information corresponding to hierarchy Level 3.

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

Disbursements after the acquisition of an item of property, plant, and equipment are included in 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 estimates that the net book value of the assets does not exceed their use value and that there have been no impairment losses on any item of property, plant, and equipment, except for as previously mentioned for the Lands.

Depreciations for the fiscal year have been charged to selling, general and administrative expenses.

## **2.12 Accrual basis and revenue recognition**

Revenue is recognized when earned and losses 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 because 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 the 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 December 31, 2022, with respect to the amount of capital to be maintained has been considered as the profit or loss for the year. The definition of capital used for this purpose is financial capital.

The report dated March 30, 2023, is attached hereto.

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## 2.14 Statement of cash flows

In preparing the statement of cash flows for the years ended December 31, 2022, and December 31, 2021, the concept of funds equal to cash and cash equivalents was used, applying the indirect method in its preparation.

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash and cash equivalents	635,543	1,427,069	25,466,846	63,782,852

## 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 of 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 fiscal year ended on December 31, 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, 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 cannot be recovered as it is associated with such type of income.

The Trust shall pay 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 imputation to the profit or loss for the year in which their reversal occurs.

### Income tax

#### a. Income tax components recognized in the statement of comprehensive income

	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Profit / (loss) deferred tax	823,131	(686,368)	32,276,824	(30,437,717)
	<b>823,131</b>	<b>(686,368)</b>	<b>32,276,824</b>	<b>(30,437,717)</b>

The report dated March 30, 2023, is attached hereto.

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**b. Deferred income tax**

Assets and liabilities that generate temporary differences are attributable according to the following detail:

	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Property, plant, and equipment - Lands	(234,618)	(737,473)	(9,401,379)	(32,961,365)
Property, plant, and equipment - Improvements	109,333	(7,522)	4,381,109	(336,156)
Biological assets	(2,476,752)	(2,158,840)	(99,245,949)	(96,489,365)
<b>Deferred tax liabilities</b>	<b>2,602,037</b>	<b>2,903,835</b>	<b>(104,266,219)</b>	<b>(129,786,886)</b>

**c. Deferred tax movements for the year**

	USD				
	Balance at 12/31/2021	Charged to income	Translation effect	Adjustment to equity	Balance at 12/31/2022
Property, plant, and equipment - Lands	(737,473)	773,129	(101,670)	(168,605)	(234,618)
Property, plant, and equipment -	(7,521)	120,301	(3,446)	-	109,333
Biological assets	(2,158,840)	(70,299)	(247,613)	-	(2,476,752)
<b>Deferred tax liabilities</b>	<b>(2,903,834)</b>	<b>823,131</b>	<b>(352,729)</b>	<b>(168,605)</b>	<b>(2,602,037)</b>

	Equivalent in UYU				
	Balance at 12/31/2021	Charged to income	Translation effect	Adjustment to equity	Balance at 12/31/2022
Property, plant, and equipment - Lands	(32,961,365)	30,316,144	-	(6,756,158)	(9,401,379)
Property, plant, and equipment -	(336,156)	4,717,265	-	-	4,381,109
Biological assets	(96,489,365)	(2,756,585)	-	-	(99,245,949)
<b>Deferred tax liabilities</b>	<b>(129,786,886)</b>	<b>32,276,824</b>	<b>-</b>	<b>(6,756,158)</b>	<b>(104,266,219)</b>

**d. Reconciliation of income tax expense and accounting profit**

	12/31/2022		12/31/2021	
	USD	Equivalent in UYU	USD	Equivalent in UYU
Accounting profit before IRAE	10,510,984	423,809,404	15,265,388	682,452,149
	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
Income tax at applicable rate	<b>(2,627,746)</b>	<b>(105,952,351)</b>	<b>(3,816,347)</b>	<b>(170,613,037)</b>
<u>Adjustments that do not generate temporary difference:</u>				
Non-taxable income	3,344,820	141,763,516	4,058,137	176,599,963
Expenses associated to non-taxable	(1,095,422)	(46,427,274)	(994,720)	(43,287,722)
Tax losses	(167,863)	(7,114,539)	-	-
Translation adjustment	(159,407)	(6,756,158)	772,022	34,505,497
Other net items	1,528,749	56,763,630	(705,460)	(27,642,418)
	<b>823,131</b>	<b>32,276,824</b>	<b>(686,368)</b>	<b>(30,437,717)</b>

The report dated March 30, 2023, is attached hereto.

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## **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, investments, 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 fiscal year.

## **2.18 Estimates and assumptions in the application of accounting policies**

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

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

### **(a) Fair value of property, plant and equipment and biological assets (plantations)**

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.

### **(b) 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 in the year 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, to determine the portion of deferred tax assets to be recognized in the statement of financial position, whether 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 Impairment loss of tangible assets**

At each annual reporting date, the Trust reviews the carrying values of its tangible assets to determine whether there are any indications of impairment. If an impairment event occurs, the recoverable amount of the assets is estimated to determine the amount of their impairment loss.

The report dated March 30, 2023, is attached hereto.

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If the asset does not generate cash flows independent from other assets, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is the present value of the estimated cash flows expected to be derived from the continuous operation of the asset throughout its useful life, as well as from its disposal or abandonment at the end of its useful life. To determine the value in use, the projected cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset being valued.

If the recoverable amount of an asset (or cash generating unit) is less than its carrying amount, the difference is recognized immediately as an impairment loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to its recoverable amount, provided that this value does not exceed the value it would have had if an impairment loss had never been recognized. A reversal of an impairment loss is recognized in profit or loss for the year.

#### **Key assumptions used in the impairment test**

In order to determine the impairment loss, the Management hires an independent appraiser, 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 appraiser, 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 flow 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 divestment
- year zero cash flow.

(c) Operating and management costs

- Forest costs: Forest 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 amounts spent on activities such as management, office maintenance, forest inventory, forest certification, vehicles, roads, forest protection, security, and communications.

(d) Wood price

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

(e) Land price and cost

The report dated March 30, 2023, is attached hereto.

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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 sector of the Trust.

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 has applied 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 has not identified 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 fiscal year ended December 31, 2022, are similar to the criteria applied for the fiscal year ended December 31, 2021.

The report dated March 30, 2023, is attached hereto.

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## NOTE 3 - OPENING OF ITEMS

### 3.1 Inventories

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Wood	379,645	1,697,789	15,155,710	75,882,679
Coadjuvant	4,723	-	198,093	-
Herbicide	27,715	25,486	1,154,218	1,139,097
Fertilizer	4,475	2,296	186,637	102,620
Ant killer	5,627	1,149	227,306	51,353
Seedlings	14,182	-	543,736	-
Seeds	17,458	-	719,535	-
	<b>453,825</b>	<b>1,726,720</b>	<b>18,185,235</b>	<b>77,175,749</b>

### 3.2 Trade receivables and other accounts receivable

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Trade receivables	645,042	1,775,120	25,847,483	79,339,031
Grazing debtors	9,571	13,704	383,520	612,488
Beehives debtors	153	-	6,110	-
	<b>654,766</b>	<b>1,788,824</b>	<b>26,237,113</b>	<b>79,951,519</b>

### 3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax credits	564,880	682,134	22,635,257	30,487,994
Advances to suppliers	3,655	4,095	146,478	183,030
Other non-financial assets	-	1,021	-	45,605
	<b>568,535</b>	<b>687,250</b>	<b>22,781,735</b>	<b>30,716,629</b>

### 3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Banks	635,543	1,427,069	25,466,846	63,782,852
	<b>635,543</b>	<b>1,427,069</b>	<b>25,466,846</b>	<b>63,782,852</b>

The report dated March 30, 2023, is attached hereto.

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### 3.5 Trade payables and other accounts payable

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Accounts payable	479,181	1,320,072	19,201,275	59,000,652
Tax creditors	327,154	472,852	13,109,385	21,134,130
Customer advances	25,329	24,498	1,014,970	1,094,939
Provisions	40,515	4,482	1,623,463	200,314
Other accounts payable	-	11,078	-	495,113
	<b>872,179</b>	<b>1,832,982</b>	<b>34,949,093</b>	<b>81,925,148</b>

### 3.6 Loans and liabilities - current and non-current

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Bank loan	228,649	2,038,542	93,350,692	91,112,633
	<b>228,649</b>	<b>2,038,542</b>	<b>93,350,692</b>	<b>91,112,633</b>

The balance corresponds to a fixed term Note in U.S. dollars issued by BBVA Uruguay S.A., in September 2022, for the principal amount of USD 400,000, equivalent to UYU 16,028,400, to be paid on January 31, 2023. This Note was partially paid in the amount of USD 120,457, in September 2022; in the amount of USD 29,630 in October; in the amount of USD 21,674, in November. Therefore, the outstanding principal balance as of December 31, 2022, amounts to USD 228,649, equivalent to UYU 9,162,179.

Accrued and unpaid interests for the year amount to USD 409, equivalent to UYU 16,403.

As of December 31, 2021, the balance 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. The second Note was partially paid in December 2021, in the amount of USD 365,791. Therefore, the outstanding principal balance as of December 31, 2021, amounted to USD 634,209, equivalent to UYU 28,345,971.26.

In December 2021, a fixed term Note in U.S. dollars was also issued by BBVA Uruguay S.A., for the principal amount of USD 1,000,000 (equivalent to UYU 44,465,000) to be paid on January 10, 2022.

Additionally, in December 2021, a fixed term Note in U.S. dollar was issued by HSBC Bank (Uruguay) S.A. for the principal amount of USD 200,000, equivalent to UYU 8,872,200, to be paid on March 14, 2022.

Accrued and unpaid interests as of December 31, 2021, amount to USD 4,333, equivalent to UYU 193,662.09.

The report dated March 30, 2023, is attached hereto.

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### 3.7 Operating revenue

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Revenue from sale of wood	8,648,241	7,943,145	357,117,144	348,695,230
Revenue from grazing	195,725	179,587	7,995,479	7,822,728
Revenue from beehives	1,633	1,435	66,576	62,677
	<b>8,845,599</b>	<b>8,124,167</b>	<b>365,179,199</b>	<b>356,580,635</b>

### 3.8 Selling, general, and administrative expenses

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Forestry operator Fee	415,571	388,248	16,966,525	16,908,168
Depreciation	319,569	310,973	13,086,171	13,548,659
Farm expenses	349,604	241,109	14,214,118	10,464,207
Other fees	203,769	193,508	8,370,708	8,422,840
Taxes and rates	187,460	229,480	7,456,354	10,112,783
Insurance	97,131	99,948	4,003,653	4,355,140
Registered Agent Fee	20,962	19,931	903,312	854,206
Miscellaneous	84,501	76,993	3,469,659	3,369,322
	<b>1,678,567</b>	<b>1,560,190</b>	<b>68,470,500</b>	<b>68,035,325</b>

### 3.9 Financial results

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Interest and bank charges	(9,825)	(7,582)	(408,521)	(330,760)
Interests on banknotes	(13,921)	(30,593)	(581,948)	(1,337,592)
Exchange difference	(320,966)	86,468	(13,603,480)	3,762,879
	<b>(344,712)</b>	<b>48,293</b>	<b>(14,593,949)</b>	<b>2,094,527</b>

### 3.10 Miscellaneous income

<i>Item</i>	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Revaluation reserve	-	4,646,086	-	207,656,799
	<b>-</b>	<b>4,646,086</b>	<b>-</b>	<b>207,656,799</b>

## NOTE 4 - BIOLOGICAL ASSETS - PLANTATIONS

As of December 31, 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 species, and Pine Elliotti species, amounting to 9,201 forested hectares on an area of approximately 14,600 hectares (9,295 hectares as of December 31, 2021).

The report dated March 30, 2023, is attached hereto.

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The evolution of the biological asset for the year ended December 31, 2022, and December 31, 2021, is detailed below:

	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Opening balance	55,430,000	45,313,326	2,477,443,850	1,918,566,223
Cost increase added to biological assets	1,285,633	964,843	52,390,932	42,131,176
Reduction by harvest of biological assets	(647,845)	(3,192,092)	(26,393,070)	(139,033,914)
Change in the fair value of biological assets	10,992,212	12,343,923	440,468,928	551,711,642
Translation adjustment	-	-	(256,749,380)	104,068,723
	<b>67,060,000</b>	<b>55,430,000</b>	<b>2,687,161,260</b>	<b>2,477,443,850</b>

The report dated March 30, 2023, is attached hereto.

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## NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment is as follows:

In U.S. dollars:

Item	12/31/2022											12/31/2021	
	Source Values						Depreciations					Net value	Net value
	Opening value	Additions	Disposals	Revaluation	Translation adjustment	Closing value	Accumulated at opening	Disposals	For the year	Translation adjustment	Closing value		
Lands	42,361,384	-	-	1,674,990	-	44,036,374	-	-	-	-	-	44,036,374	42,361,384
Improvements	6,792,152	-	-	-	-	6,792,152	(986,616)	-	(179,510)	-	(1,225,964)	5,566,188	5,805,536
Other improvements	761,510	99,780	-	-	-	861,289	(226,104)	-	(80,221)	-	(306,325)	554,965	535,406
<b>Total</b>	<b>49,915,046</b>	<b>99,780</b>	<b>-</b>	<b>1,674,990</b>	<b>-</b>	<b>51,689,815</b>	<b>(1,212,720)</b>	<b>-</b>	<b>(319,569)</b>	<b>-</b>	<b>(1,532,289)</b>	<b>50,157,527</b>	<b>48,702,327</b>

Equivalent in Uruguayan pesos:

Item	12/31/2022											12/31/2021	
	Source Values						Depreciations					Net value	Net value
	Opening value	Additions	Disposals	Revaluation	Translation adjustment	Closing value	Accumulated at opening	Disposals	For the year	Translation adjustment	Closing value		
Lands	1,893,342,058	-	-	67,118,524	(195,879,040)	1,764,581,542	-	-	(9,802,988)	4,774,191	(49,125,570)	1,764,581,542	1,893,342,058
Improvements	303,575,224	-	-	-	(31,406,910)	272,168,314	(44,096,773)	-	(9,802,988)	4,774,191	(49,125,570)	223,042,746	259,478,451
Other improvements	34,035,660	4,044,130	-	-	(3,567,077)	34,512,713	(10,105,679)	-	(3,283,184)	1,114,134	(12,274,729)	22,237,984	23,929,981
<b>Total</b>	<b>2,230,952,942</b>	<b>4,044,130</b>	<b>-</b>	<b>67,118,524</b>	<b>(147,584,924)</b>	<b>2,071,262,569</b>	<b>(54,202,452)</b>	<b>-</b>	<b>(13,086,172)</b>	<b>5,888,325</b>	<b>(61,400,299)</b>	<b>2,009,862,272</b>	<b>2,176,750,491</b>

The report dated March 30, 2023, is attached hereto.

Deloitte S.C.



## 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:

	December 31, 2022		December 31, 2021	
	UYU	Equivalent in USD	UYU	Equivalent in USD
<b>Assets</b>				
Trade receivables and other accounts receivable	-	-	96,771	2,165
Other non-financial assets	22,761,459	568,028	30,614,191	684,958
Cash and cash equivalents	12,530	313	173,954	3,892
Total	22,848,079	570,190	30,884,916	691,015
<b>Total assets</b>	<b>22,848,079</b>	<b>570,190</b>	<b>30,884,916</b>	<b>691,015</b>
<b>Liabilities</b>				
Deferred tax	(104,266,219)	(2,602,037)	(129,786,886)	(2,903,835)
Trade payables and other accounts payable	(28,655,564)	(715,120)	(65,047,475)	(1,455,364)
<b>Total liabilities</b>	<b>(132,921,783)</b>	<b>(3,317,157)</b>	<b>(194,834,361)</b>	<b>(4,359,199)</b>
<b>Net position</b>	<b>(110,073,704)</b>	<b>(2,746,967)</b>	<b>(163,949,445)</b>	<b>(3,668,184)</b>

The U.S. dollar exchange rate as of December 31, 2022, was UYU 40.071, 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 were registered in the Securities Market Registry. The face value of each participation certificate is USD 1,000 (one thousand dollars).

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

The balance of equity adjustment includes the revaluation of accumulated property, plant and equipment net of the deferred tax effect, which amounts to USD 8,403,950 (equivalent to UYU 368,649,030) as of December 31, 2022, and USD 6,897,565 (equivalent to UYU 308,286,664) as of December 31, 2021.

## NOTE 8 - COMMITMENTS

As of December 31, 2022, the Trust entered into commitments for grazing contracts amounting to USD 105,241, for 12,309 hectares of pastured land.

## NOTE 9 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Trade payables and other accounts payable balances with related parties are composed as follows:

	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Accounts payable</b>				
Agroempresa Forestal S.A.	43,604	40,881	1,747,258	1,827,186
	<b>43,604</b>	<b>40,881</b>	<b>1,747,258</b>	<b>1,827,186</b>

b) Transactions with related parties are composed as follows:

	USD		Equivalent in UYU	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Accrued fees</b>				
Agroempresa Forestal S.A.	415,569	388,248	16,966,524	16,908,168
	<b>415,569</b>	<b>388,248</b>	<b>16,966,524</b>	<b>16,908,168</b>

## 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 their contractual obligations.

The Trust is exposed to 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 held.

#### a) Currency Risk

The Trust is exposed to this risk because of its monetary position in 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 in foreign currency. With a 10% strengthening of the Uruguayan peso against the U.S. dollar the comprehensive income for the year would decrease by USD 305,219, equivalent to UYU 11,007,370. If a weakening of 10%

were to occur, the comprehensive income for the year would increase by USD 249,724, equivalent to UYU 11,007,370.

**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	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Inventory	453,825	1,726,720	18,185,235	77,175,749
Property, plant and equipment (Lands)	44,036,374	42,361,384	1,764,581,542	1,893,342,058
Biological assets	67,060,000	55,430,000	2,687,161,260	2,477,443,850
	<b>111,550,199</b>	<b>99,518,104</b>	<b>4,469,928,037</b>	<b>4,447,961,657</b>

**NOTE 11 - SUBSEQUENT EVENTS**

As of the date of presentation of these financial statements, no other events have occurred that could significantly affect the Trust's financial position, operating results, and cash flows.