

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

**INTERIM FINANCIAL STATEMENTS AND  
COMPILATION REPORT  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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**

## **INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2023**

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### **Abbreviations:**

UYU – Uruguayan peso

USD – U.S. Dollar

## 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 as of March 31, 2023, and the related statements of comprehensive income, changes in equity and cash flows for the three-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 review 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 on the interim financial statements reports information related to the Company's equity, its financial position and the operating results 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, April 28, 2023.

CPA FERRERE

[Signed:] LEONARDO ISOARDI

Partner

Certified Public Accountant

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

[Evidence of payment of Retirement and Pension Fund for University Professionals fee]



**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY**

**Interim Statement of Financial Position as of March 31, 2023**

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	29,751,192	29,730,679	1,149,824,086	1,191,338,054
Biological assets- plantations	4	38,313,326	38,238,792	1,480,733,418	1,532,266,647
Deferred tax		-	-	-	-
<b>Total non-current assets</b>		<b>68,064,518</b>	<b>67,969,471</b>	<b>2,630,557,504</b>	<b>2,723,604,701</b>
<b>Current assets</b>					
Inventories	3.1	385,537	345,345	14,900,217	13,838,303
Trade receivables and other accounts receivable	3.2	29,746	1,378,616	1,149,615	55,242,530
Other financial assets	3.3	313,108	304,399	12,100,997	12,197,573
Cash and cash equivalent	3.4	1,026,886	2,119,236	39,687,098	84,919,915
<b>Total current assets</b>		<b>1,755,277</b>	<b>4,147,596</b>	<b>67,837,927</b>	<b>166,198,321</b>
<b>Total assets</b>		<b>69,819,795</b>	<b>72,117,067</b>	<b>2,698,395,431</b>	<b>2,889,803,022</b>
<b>Equity</b>					
Participation certificates	7	50,000,000	50,000,000	931,350,000	931,350,000
Translation reserves	7			883,365,362	977,778,775
Retained earnings		16,041,007	16,369,224	737,637,485	750,352,392
<b>Total equity</b>		<b>66,041,007</b>	<b>66,369,224</b>	<b>2,552,352,847</b>	<b>2,659,481,167</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	2.15	2,316,033	2,233,786	89,510,047	89,510,047
<b>Total non-current liabilities</b>		<b>2,316,033</b>	<b>2,233,786</b>	<b>89,510,047</b>	<b>89,510,047</b>
<b>Current liabilities</b>					
Trade payables and other accounts payable	3.5	461,145	1,184,425	17,822,330	47,461,116
Loans and liabilities	3.6	1,001,610	2,329,632	38,710,207	93,350,692
<b>Total current liabilities</b>		<b>1,462,755</b>	<b>3,514,057</b>	<b>56,532,537</b>	<b>140,811,808</b>
<b>Total liabilities</b>		<b>3,778,788</b>	<b>5,747,843</b>	<b>146,042,584</b>	<b>230,321,855</b>
<b>Total liabilities and equity</b>		<b>69,819,795</b>	<b>72,117,067</b>	<b>2,698,395,431</b>	<b>2,889,803,022</b>

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

**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY**

**Interim Statement of Comprehensive Income  
for the three months ended March 31, 2023**

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
Operating revenue	3.7	126,229	706,850	5,006,816	30,673,624
Cost of goods sold		(6,977)	(448,852)	(274,648)	(18,931,782)
<b>Gross income</b>		<b>119,252</b>	<b>257,998</b>	<b>4,732,168</b>	<b>11,741,842</b>
SG&A	3.8	(344,141)	(244,827)	(13,386,217)	(10,502,234)
Financial results	3.9	(103,328)	(252,857)	(4,060,858)	(10,846,054)
<b>Profit or loss for the period before income tax</b>		<b>(328,217)</b>	<b>(239,686)</b>	<b>(12,714,907)</b>	<b>(9,606,446)</b>
Income tax	2.15	-	-	-	-
<b>Profit or loss for the period</b>		<b>(328,217)</b>	<b>(239,686)</b>	<b>(12,714,907)</b>	<b>(9,606,446)</b>
<b>Items that may be subsequently reclassified to profit or loss</b>					
Translation reserve	2.2	-	-	(94,413,413)	(220,749,605)
<b>Comprehensive income for the period</b>		<b>(328,217)</b>	<b>(239,686)</b>	<b>(107,128,320)</b>	<b>(230,356,051)</b>

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

**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY**

**Interim Statement of Cash Flows  
for the three months ended March 31, 2023**

(in U.S. dollars and Uruguayan pesos)

	USD		Equivalent in UYU	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Cash flow from operating activities</b>				
Income for the period before income taxes	(328,217)	(239,686)	(12,714,907)	(9,606,446)
<b>Adjustments for:</b>				
Depreciations	4,143	115	161,021	4,890
Unpaid accrued interests	1,610	1,172	62,225	48,198
	<b>(322,464)</b>	<b>(238,399)</b>	<b>(12,491,661)</b>	<b>(9,553,358)</b>
<b>Changes in assets and liabilities</b>				
Trade receivables and other accounts receivable	1,348,868	948,353	53,090,770	40,689,086
Inventories	(40,192)	(505,552)	(1,581,937)	(21,690,687)
Other non-financial assets	(8,709)	(65,541)	(342,782)	(2,812,037)
Trade payables and other accounts payable	(641,033)	(319,880)	(25,230,738)	(13,724,451)
Translation adjustment	-	-	(2,901,196)	(980,166)
<b>Net flow from operating activities</b>	<b>336,470</b>	<b>(181,019)</b>	<b>10,542,456</b>	<b>(8,071,613)</b>
<b>Cash flows applied to financing activities</b>				
Incurred costs in biological assets	(74,534)	(32,991)	(2,899,700)	(1,422,306)
Purchase of property, plant and equipment	(24,655)	-	(956,250)	-
<b>Net flow applied to investing activities</b>	<b>(99,188)</b>	<b>(32,991)</b>	<b>(3,855,950)</b>	<b>(1,422,306)</b>
<b>Cash flows from financing activities</b>				
Loans	(1,329,632)	80,035	(52,001,031)	3,280,489
<b>Net flow from financing activities</b>	<b>(1,329,632)</b>	<b>80,035</b>	<b>(52,001,031)</b>	<b>3,280,489</b>
<b>Changes in cash flow and cash equivalents</b>	<b>(1,092,350)</b>	<b>(133,975)</b>	<b>(45,314,525)</b>	<b>(6,213,430)</b>
<b>Opening balance of cash and cash equivalents</b>	<b>2,119,236</b>	<b>158,061</b>	<b>84,919,915</b>	<b>7,064,517</b>
Effects associated with the maintenance and translation of cash and equivalents	-	-	81,708	139,267
<b>Closing balance of cash and cash equivalents</b>	<b>1,026,886</b>	<b>24,087</b>	<b>39,687,098</b>	<b>990,354</b>

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

**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY**

**Interim Statement of Changes in Equity  
for the three months ended March 31, 2023**  
(in U.S dollars)

	PARTICIPATION CERTIFICATES	RETAINED EARNINGS	TOTAL EQUITY
<b>Balance as of December 31, 2021</b>	<b>50,000,000</b>	<b>11,592,562</b>	<b>61,592,562</b>
Profit or loss for the period		(239,685)	(239,685)
<b>Balance as of March 31, 2022</b>	<b>50,000,000</b>	<b>11,352,877</b>	<b>61,352,877</b>
Profit or loss for the period		5,016,347	5,016,347
<b>Balance as of December 31, 2022</b>	<b>50,000,000</b>	<b>16,369,224</b>	<b>66,369,224</b>
Profit or loss for the period		(328,217)	(328,217)
<b>Balance as of March 31, 2023</b>	<b>50,000,000</b>	<b>16,041,007</b>	<b>66,041,007</b>

**Interim Statement of Changes in Equity  
for the three months ended March 31, 2023**  
(in Uruguayan pesos)

	PARTICIPATION CERTIFICATES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>Balance as of December 31, 2021</b>	<b>931,350,000</b>	<b>1,259,941,434</b>	<b>561,588,147</b>	<b>2,752,879,581</b>
Translation reserve		(220,749,605)		(220,749,605)
Profit or loss for the period			(9,606,446)	(9,606,446)
<b>Balance as of March 31, 2022</b>	<b>931,350,000</b>	<b>1,039,191,829</b>	<b>551,981,701</b>	<b>2,522,523,530</b>
Translation reserve		(61,413,055)		(61,413,055)
Profit or loss for the period			198,370,691	198,370,691
<b>Balance as of December 31, 2022</b>	<b>931,350,000</b>	<b>977,778,774</b>	<b>750,352,392</b>	<b>2,659,481,166</b>
Translation reserve		(94,413,412)		(94,413,412)
Profit or loss for the period			(12,714,907)	(12,714,907)
<b>Balance as of March 31, 2023</b>	<b>931,350,000</b>	<b>883,365,362</b>	<b>737,637,485</b>	<b>2,552,352,847</b>

## Fideicomiso Financiero Forestal Bosques del Uruguay I

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023**

#### **NOTE 1 - GENERAL INFORMATION ON FIDEICOMISO FORESTAL BOSQUES DEL URUGUAY I**

In the city of Montevideo, on May 6, 2011, the Trust Agreement was executed by and between EF ASSET MANAGEMENT Administradora de Fondos de Inversión S.A. acting as "Trustee", Agroempresa Forestal S.A. acting as "Manager", and the Initial Underwriters of the Securities as "Trustors" to create the Financial Forestry Trust Fideicomiso Financiero Forestal Bosques del Uruguay. This agreement was recorded at the notary office on May 9, 2011.

The capital of the Trust was paid-in with the amounts paid by the Trustors acting as the Initial Underwriters of the Securities, under the conditions set forth in the Agreement, to fulfil the purposes thereof.

The Trustee invested the funds from the placement of the Securities (Participation Certificates) in the purchase of rural Properties, located within the Eastern Republic of Uruguay, which became part of the equity of the Trust, to carry out forestry operations.

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

The Trustee appointed the Manager, by the execution of the Management Agreement, to manage the assets of the Trust and to implement its Business Plan and the Management Agreement. Notwithstanding the foregoing, the Trustee shall be responsible for the performance of the Manager and for its subcontracted activities.

The Trust shall not invest its resources in securities not permitted for Pension Savings Funds.

The equity of the Trust is composed 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.

On August 5, 2011, EFAM issued, on behalf of the Trust, book-entry Participation Certificates, with a nominal value of fifty million U.S. dollars (USD 50,000,000).

Participation Certificates grant Holders rights of participation in accordance with the financial performance of the Trust, and pursuant to the terms and conditions provided in the Trust 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 the Meeting of Holders of February 27, 2013, the Holders resolved to amend some terms and conditions of the Trust Agreement. On March 5, 2013, the parties decided to amend the Trust Agreement to implement such modifications. They agreed to add as a purpose of the Trust the possibility of leasing rural properties, apart from purchasing land. It was also authorized the acquisition of rural properties through the execution of Preliminary Real Estate Agreements in instalments.

In accordance with Section 330 of the Central Bank of Uruguay's Compilation of Securities Market Standards, the Trust's accounting period and fiscal year ends each December 31.

The statement of comprehensive income, statement of changes in equity and statement of cash flows were presented for the three-month period ended March 31, 2023.

These interim financial statements were authorized for issuance by EF Asset Management Administradora de Fondos de Inversión S.A., trustee of the Trust, on April 28, 2023.



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

### **2.1 Accounting standards**

Decree 124/2011, issued by the Executive Branch on April 1, 2011, provides as mandatory accounting standards for issuers of publicly traded securities the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standard Board (IASB), translated into Spanish.

This condensed interim financial reporting does not include all the information required by International Financial Reporting Standards (IFRS) for the presentation of complete financial statements. They were prepared in accordance with the International Accounting Standard No. 34 - "Interim Financial Reporting". Therefore, these condensed interim financial statements shall be read in conjunction with the Trust's financial statements for the year ended December 31, 2022.

Decree 108/22 dated April 4, 2022, provides 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.

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

In Uruguay, the regulation in force establishes that the functional currency shall provide useful information about the Trust and that reflects 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 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 Trust's financial statements to comply with the legal and fiscal 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 at 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.

Equity items have been retranslated as follows: 1) equity is presented at its value in historical Uruguayan pesos; 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 resulting 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) have been 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, 2022 and March 31, 2023, 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 the valuation of its forests, conducted by external forest appraisers. The fair value of forest plantations is estimated by the external appraiser using current value techniques of estimated fund flows, and mainly income or expectation approach techniques.

On the basis of such methodology, the external appraiser determined that the fair value of the biological assets as of December 31, 2022, amounted to USD 38,238,792, equivalent to UYU 1,532,266,647.

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 was 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 estimated that the accounting values of the inventories will not exceed their net realizable value.

## **2.11 Property, plant and equipment**

The components of property, plant and equipment balances during the three-month period ended March 31, 2023, is set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, the land was valued by an external appraiser on December 31, 2022. The book value of the land as of such date was adjusted to the values provided in the report issued by such expert, which amounted to USD 29,573,516, equivalent to UYU 1,185,040,359.

The fair value of such land has been determined mainly by using sources of information of hierarchy Level 3.

Such amounts were translated into Uruguayan pesos as provided in Note 2.2.

Improvements and other improvements are presented in U.S. dollars historical cost, after deducting the relevant accumulated depreciation.

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

The Board and the Management estimated 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 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 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 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 March 31, 2023, 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 has been used, applying the indirect method.

## **2.15 Taxes, current income tax and deferred tax**

The Trust is subject to 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 forests planted in forestry priority areas, as well as 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 March 31, 2023, the Trust does not enjoy such exemption from the Wealth Tax and the Surcharge.

On March 8, 2016, the General Revenue Office (DGI, for its acronym in Spanish) published a consultation to establish that the exemptions from the agricultural wealth tax are also applicable to the surcharge. In this regard, and according to the new information available, the Trust requested the DGI and obtained the refund for the amounts paid for such concept, by means of credit certificates, in the fiscal year ended June 30, 2016, for the fiscal years 2013, 2014 and 2015.

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 income is exempt from VAT, thus a portion of indirect purchasing VAT 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, the farms used for forest plantations, included in the Quality Timber projects defined by the Ministry of Livestock, Agriculture and Fisheries, are exempt 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%, and its subsequent imputation to the results 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 resources will be used to cancel such obligations in the future, and those obligations 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 in 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, revenue 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: Land, 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.

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

The Trust annually hires external expert appraisers to determine the fair value of lands (Notes 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 recognized only to the extent that it is probable that there are future taxable profits 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 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 Impairment loss of tangible assets**

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

### **Key assumptions used to determine the fair value**

In order to determine the impairment loss, the Management has hired an external appraiser, who has estimated future flows of funds for the remaining life of the Trust.

Measurement of the impairment loss is based on complex estimates that require the application of assumptions and professional judgment by the appraiser, which include:

- (a) Wood flows

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 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) The price of wood

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

(e) The price of land and cost

It is the weighted average potential price of land.

(f) Determining the discount rate

The discount rate is related to the capital cost of the resources (debt and equity) used in the financing of net operating assets and 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 has applied the sensitivity analysis to assess whether changes in the discount rate estimates, the prices of wood, forests and general costs, and land sales prices could make a significant difference in the financial statements. The sensitivity analysis did not identify any significant impairment losses.

## **2.20 Consistency of accounting principles**

Except as stated in Note 2.1, the criteria applied in the valuation of assets and liabilities, as well as to determine the profit or loss for the three-month period ended March 31, 2023, are similar to the ones applied for the fiscal year ended December 31, 2022.

## NOTE 3 - OPENING OF ITEMS

### 3.1 Inventories

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Wood	343,502	299,635	13,175,419	12,006,717
Coadjuvant	4,547	4,547	186,679	182,187
Herbicide	16,390	20,064	670,933	803,995
Seeds	19,060	19,060	785,334	763,739
Fertilizer	586	586	24,590	23,482
Ant killer	1,452	1,452	57,265	58,183
	<b>385,537</b>	<b>345,344</b>	<b>14,900,217</b>	<b>13,838,303</b>

### 3.2 Trade receivables and other accounts receivable

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Trade receivables	4,357	1,373,856	168,362	55,051,772
Grazing debtors	25,014	4,704	966,760	188,504
Beehives debtors	375	56	14,493	2,254
	<b>29,746</b>	<b>1,378,616</b>	<b>1,149,615</b>	<b>55,242,530</b>

### 3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Tax credits	296,369	299,941	11,454,063	12,018,948
Advances to suppliers	319	4,458	12,322	178,626
Other non-financial credits	16,420	-	634,612	-
	<b>313,108</b>	<b>304,399</b>	<b>12,100,997</b>	<b>12,197,574</b>

### 3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Banks	1,026,886	2,119,236	39,687,098	84,919,915
	<b>1,026,886</b>	<b>2,119,236</b>	<b>39,687,098</b>	<b>84,919,915</b>

### 3.5 Trade accounts and other accounts payable

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>3/31/2023</b>	<b>12/31/2022</b>	<b>3/31/2023</b>	<b>12/31/2022</b>
Trade payables	188,458	820,062	7,283,528	32,860,742
Tax creditors	247,057	333,334	9,548,265	13,357,014
Customer advances	20,306	22,394	784,800	897,348
Provisions	2,897	8,635	111,968	346,012
Other accounts payable	2,426	-	93,769	-
	<b>461,144</b>	<b>1,184,425</b>	<b>17,822,330</b>	<b>47,461,116</b>

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

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>3/31/2023</b>	<b>12/31/2022</b>	<b>3/31/2023</b>	<b>12/31/2022</b>
Bank loan	1,001,610	2,329,632	38,710,207	93,350,692
	<b>1,001,610</b>	<b>2,329,632</b>	<b>38,710,207</b>	<b>93,350,692</b>

A bank loan in U.S. dollars was taken out with a local bank for the principal amount of USD 2,000,000, equivalent to UYU 77,296,000, as of March 31, 2023, from which USD 1,000,000, equivalent to UYU 38,648,000, were paid. The outstanding principal amounts to USD 1,000,000, equivalent to UYU 38,648,000, which will be paid in two installments as of June 2023.

The bank loans as of December 31, 2021, correspond to a note in U.S. dollars taken out with a local bank, for the principal amount of USD 2,000,000, equivalent to UYU 26,046,150. to be paid in 36 equal, consecutive and monthly instalments of USD 222,222.22. The outstanding principal amounts to USD 1,350,000, equivalent to UYU 54,095,850. On first days of 2023, USD 350,000 will be paid and the balance will be paid in two installments as of June 2023.

The Trust has also obtained a loan in U.S. dollars with a local bank, for the principal amount of USD 400,000, equivalent to UYU 16,028,400, to be paid in a single payment in January 2023.

Finally, the Trust has obtained a loan in U.S. dollars from a local bank, for the principal amount of USD 700,000, equivalent to UYU 28,049,700, to be paid in a single payment in January 2023.

Accrued and unpaid interest as of the date of this financial statements amount to USD 1,610, equivalent to UYU 62,225, as of March 31, 2023, and USD 85,653, equivalent to UYU 3,432,207 as of December 31, 2022.

### 3.7 Operating revenue

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>3/31/2023</b>	<b>3/31/2022</b>	<b>3/31/2023</b>	<b>3/31/2022</b>
Revenue from sale of wood	88,653	672,289	3,546,057	29,202,980
Revenue from grazing	37,216	34,440	1,446,758	1,465,634
Revenue from beehives	360	121	14,001	5,010
	<b>126,229</b>	<b>706,850</b>	<b>5,006,816</b>	<b>30,673,624</b>



### 3.8 Selling, general and administrative expenses

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Forestry operator fees	153,841	124,808	5,960,787	5,311,265
Other fees	44,511	26,087	1,742,505	1,138,154
Farm expenses	115,178	67,052	4,490,774	2,892,860
Depreciation	4,142	115	161,021	4,890
Taxes	672	718	26,145	30,534
Sundry	4,550	9,694	177,552	428,606
Insurances	21,248	16,353	827,433	695,925
	<b>344,142</b>	<b>244,827</b>	<b>13,386,217</b>	<b>10,502,234</b>

### 3.9 Financial results

<i>Item</i>	USD		Equivalent in UYU	
	3/31/2023	3/31/2022	3/31/2023	31/31/2022
Interest and bank charges	(1,934)	(3,513)	(76,111)	(153,407)
Interest on loans	(12,083)	(21,595)	(469,475)	(921,065)
Exchange difference	(89,311)	(227,749)	(3,515,272)	(9,771,582)
	<b>(103,328)</b>	<b>(252,857)</b>	<b>(4,060,858)</b>	<b>(10,846,054)</b>

## NOTE 4 - BIOLOGICAL ASSETS – PLANTATIONS

Biological assets comprise forest plantations, located mainly in the departments of Cerro Largo, Durazno and Florida, which are composed mainly by Eucalyptus Grandis, Saligna, Dunnii and Globulus species. These forest plantations comprised 5,396 hectares on an area of approximately 9,567 hectares (as of December 31, 2022, they comprised 5,424 hectares).

The evolution of the biological asset for the three-month period ended March 31, 2023, and December 31, 2022, is detailed below:

	USD		Equivalent in UYU	
	3/31/2023	3/31/2022	3/31/2023	3/31/2022
Opening balance	38,238,792	37,286,987	1,532,266,648	1,666,541,861
Cost increase added to biological assets	74,534	292,747	2,899,700	11,953,545
Reduction by harvest of	-	(2,748,161)	-	(115,391,063)
Change in the fair value of biological assets	-	3,407,220	-	136,530,713
Translation adjustments	-	-	(54,432,930)	(167,368,409)
	<b>38,313,326</b>	<b>37,286,986</b>	<b>1,480,733,418</b>	<b>1,532,266,647</b>

## NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is composed as follows:

In U.S. dollars:

3/31/2023													12/31/2022
Item	Source values						Depreciations					Net values	Net values
	Opening values	Additions	Disposals	Revaluation	Translation adjustment	Closing values	Accumulated at opening	Disposals	For the period	Translation adjustment	Accumulated at closing		
Lands	29,573,516	-	-	-	-	29,573,516	-	-	-	-	-	29,573,516	29,573,516
Improvements	12,380	-	-	-	-	12,380	(3,017)	-	(115)	-	(3,132)	9,248	9,363
Other improvements	150,805	24,655	-	-	-	175,460	(3,005)	-	(4,028)	-	(7,033)	168,428	147,801
Total	29,736,701	24,655	-	-	-	29,761,356	(6,022)	-	(4,143)	-	(10,165)	29,751,192	29,730,680

Equivalent in Uruguayan pesos:

3/31/2023													12/31/2022
Item	Source values						Depreciations					Net values	Net values
	Opening values	Additions	Disposals	Revaluation	Translation adjustment	Closing values	Accumulated at opening	Disposals	For the period	Translation adjustment	Accumulated at closing		
Lands	1,185,040,359	-	-	-	(42,083,113)	1,142,957,246	-	-	-	-	-	1,142,957,246	1,185,040,359
Improvements	496,086	-	-	-	(17,617)	478,469	(120,897)	-	(4,468)	4,318	(121,047)	357,422	375,189
Other improvements	6,042,924	956,250	-	-	(217,989)	6,781,185	(120,418)	-	(156,553)	5,204	(271,768)	6,509,418	5,922,507
Total	1,191,579,369	956,250	-	-	(42,318,719)	1,150,216,900	(241,316)	-	(161,021)	9,522	(392,815)	1,149,824,086	1,191,338,054

## 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:

	March 31, 2023		December 31, 2022	
	UYU	Equivalent in USD	UYU	Equivalent in USD
<b>Assets</b>				
<b>Current assets</b>				
Other non-financial assets	11,468,614	296,745	12,197,573	304,399
Cash and cash equivalents	307,622	7,960	12,530	313
<b>Total assets</b>	<b>11,776,236</b>	<b>304,705</b>	<b>12,210,103</b>	<b>304,712</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax	(89,510,047)	(2,316,033)	(89,510,047)	(2,233,786)
<b>Total</b>	<b>(89,510,047)</b>	<b>(2,316,033)</b>	<b>(89,510,047)</b>	<b>(2,233,786)</b>
<b>Current liabilities</b>				
Trade payables and other accounts payable	(13,874,758)	(359,003)	(35,239,141)	(879,418)
<b>Total</b>	<b>(103,384,805)</b>	<b>(2,675,036)</b>	<b>(35,239,141)</b>	<b>(879,418)</b>
<b>Total liabilities</b>	<b>(192,894,852)</b>	<b>(4,991,069)</b>	<b>(124,749,188)</b>	<b>(3,113,204)</b>
<b>Net position</b>	<b>(91,608,569)</b>	<b>(2,370,331)</b>	<b>(112,539,085)</b>	<b>(2,808,492)</b>

The U.S. dollar exchange rate as of March 31, 2023 was UYU 38.648, and UYU 40.071 as of December 31, 2022.

## NOTE 7 – EQUITY

The participation certificates issued by the Trust, in nominal values, amount to USD 50,000,000 (equivalent to UYU 931,350,000).

## NOTE 8 – COMMITMENTS

As of March 31, 2023, the Trust entered into commitments for grazing contracts amounting to USD 37,216, which correspond to 7,856 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Trade account payables</b>				
Agroempresa Forestal S.A.	64,830	48,713	2,505,550	1,951,968
	<b>64,830</b>	<b>48,713</b>	<b>2,505,550</b>	<b>1,951,968</b>

b) Transactions with related parties are composed as follows:

	USD		Equivalent in UYU	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<b>Accrued fees</b>				
Agroempresa Forestal S.A.	153,841	124,807	5,960,787	5,311,265
	<b>153,841</b>	<b>124,807</b>	<b>5,960,787</b>	<b>5,311,265</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 the contractual obligations.

The Trust is exposed to a low risk since the financial instruments in which it can invest have the same restrictions as Pension Savings Funds.

Accounts receivables risk is comprised by approximately four debtors that pay wood sales in the short term and that have always met their obligations.

### 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 revenue.

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 it will invest in.

### 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 263,370, equivalent to UYU 9,160,857. If a weakening of 10% were to occur, the comprehensive income for the period would increase by USD 215,485, equivalent to UYU 9,160,857.

### b) Interest Rate Risk

The Trust is exposed to low interest rate risk. The debt is at a fixed rate.

### 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 year-end of the Financial Statements are as follows:

	USD		Equivalent in UYU	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Inventories	385,537	345,345	14,900,217	13,838,303
Property, plant and equipment (Lands)	29,573,516	29,573,516	1,142,957,246	1,185,040,359
Biological assets	38,313,326	38,238,792	1,480,733,418	1,532,266,647
	<b>68,272,379</b>	<b>68,157,653</b>	<b>2,638,590,881</b>	<b>2,731,145,309</b>

## NOTE 11 – SUBSEQUENT EVENTS

After March 31, 2023, no other events or circumstances have occurred that may have significantly affected the financial position, performance and cash flows of the Trust.