

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

**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 IV

INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2023

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Abbreviations:

UYU – Uruguayan peso

USD – U.S. Dollar

CNY – Yuan



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COMPILATION REPORT

To the Board of Directors of

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

We have compiled the interim statement of financial position of Fideicomiso Financiero Forestal Bosques del Uruguay IV 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 compilation of the interim financial statements was conducted in accordance with the International Standard Related Services No. 4410 as provided by Pronouncement No.18 of the Association of Accountants, Economists and Business Administrators of Uruguay, and only reports the information related to the equity, financial position and operating results of the Company provided by the Management.

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



LEONARDO ISOARDI
Partner
Certified Public Accountant
Retirement and Pension Fund for University Professionals No. 78,795

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV
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
Assets					
Non-current assets					
Import in process	6	-	509,979		20,435,371
Property, plant and equipment	5	183,270,912	182,284,322	7,083,054,203	7,304,315,079
Biological assets - plantations	4	288,540,353	288,430,000	11,151,507,552	11,557,678,530
Total non-current assets		471,811,265	471,224,301	18,234,561,755	18,882,428,980
Current assets					
Inventories	3.1	4,211,367	4,401,665	162,760,923	176,379,131
Trade receivables and other accounts receivable	3.2	4,890,247	2,849,859	188,998,220	114,196,661
Other non-financial assets	3.3	4,102,556	4,282,462	158,555,603	171,602,552
Cash and cash equivalents	3.4	1,633,797	1,867,504	63,142,989	74,832,756
Total current assets		14,837,967	13,401,490	573,457,735	537,011,100
Total assets		486,649,232	484,625,791	18,808,019,490	19,419,440,080
Equity					
Participation certificates	8	330,000,000	330,000,000	11,932,965,000	11,932,965,000
Adjustment to equity	8	(309,720)	(309,720)	(10,723,512)	(10,723,512)
Revaluation reserve		41,550,953	41,550,953	1,828,808,312	1,828,808,312
Translation reserve		-	-	373,471,640	1,032,386,643
Retained earnings		91,204,409	92,419,655	3,748,077,715	3,795,918,999
Total equity		462,445,642	463,660,888	17,872,599,155	18,579,355,442
Liabilities					
Non-current liabilities					
Deferred tax	2.15	6,139,855	5,921,816	237,293,106	237,293,106
Other financial liabilities	3.6	6,918,227	5,200,000	267,375,651	208,369,200
Total non-current liabilities		13,058,082	11,121,816	504,668,757	445,662,306
Current liabilities					
Trade payables and other accounts payable	3.5	3,553,874	4,394,466	137,350,111	176,090,651
Other financial liabilities	3.6	7,591,634	5,448,621	293,401,467	218,331,681
Total current liabilities		11,145,508	9,843,087	430,751,578	394,422,332
Total liabilities		24,203,590	20,964,903	935,420,335	840,084,638
Total liabilities and equity		486,649,232	484,625,791	18,808,019,490	19,419,440,080

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV

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

(in U.S. dollars and Uruguayan pesos)

	<u>Notes</u>	<u>USD</u>		<u>Equivalent in UYU</u>	
		<u>03/31/2023</u>	<u>03/31/2022</u>	<u>03/31/2023</u>	<u>03/31/2022</u>
Operating revenue	3.7	6,432,799	11,674,492	250,523,930	501,464,328
Cost of goods sold		(4,924,396)	(8,735,458)	(192,415,516)	(368,102,656)
Gross margin		1,508,403	2,939,034	58,108,414	133,361,672
SG&A	3.8	(2,472,844)	(3,241,376)	(96,153,312)	(138,629,151)
Financial results	3.9	(250,805)	(501,072)	(9,796,386)	(21,476,116)
Sundry results	3.10		-		
Profit or loss for the period before income tax		(1,215,246)	(803,414)	(47,841,284)	(26,743,595)
Income tax	2.15		-		
Profit or loss for the period		(1,215,246)	(803,414)	(47,841,284)	(26,743,595)
Other comprehensive income for the period					
Translation reserve	2.2		-	(658,915,003)	(1,504,652,728)
Comprehensive income for the period		(1,215,246)	(803,414)	(706,756,287)	(1,531,396,323)

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV

**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
Cash flows from operating activities					
Profit or loss for the period before income tax		(1,215,246)	(803,414)	(47,841,284)	(26,743,595)
Adjustments for:					
Depreciations	5	207,919	205,859	8,082,749	8,760,465
Cost of sales of standing forests		204,777	340,396	7,952,513	13,945,702
Unpaid accrued interests		27,274	10,167	1,054,096	418,561
		(775,276)	(246,992)	(30,751,926)	(3,618,867)
Changes in assets and liabilities					
Trade receivables and other accounts receivable	3.2	(2,040,388)	(2,130,280)	(80,308,651)	(91,399,663)
Inventories	3.1	190,298	(341,219)	7,490,034	(14,640,001)
Other non-financial assets	3.3	179,906	1,150,711	7,081,010	49,371,255
Trade payables and other accounts payable	3.5	(622,553)	514,176	(24,503,374)	22,060,721
Translation adjustment		-	-	(4,450,373)	(11,745,996)
Net flows from operating activities		(3,068,013)	(1,053,604)	(125,443,280)	(49,972,551)
Cash flows used in investing activities					
Costs related to biological assets	4	(315,130)	(363,811)	(12,346,198)	(15,607,144)
Import in process of property, plant and equipment	6	509,979	-	19,805,037	-
Purchase of property, plant and equipment	5	(1,194,509)	-	(46,630,227)	-
Cash flows from investing activities		(999,660)	(363,811)	(39,171,388)	(15,607,144)
Cash flows from financing activities					
Loans and liabilities	3.7	3,833,966	3,426,687	152,676,458	146,636,051
Net flows from financing activities		3,833,966	3,426,687	152,676,458	146,636,051
		(233,707)	2,009,272	(11,938,210)	81,056,356
Opening balance of cash and cash equivalents		1,867,504	447,994	74,832,756	20,023,092
Effect associated with the maintenance and translation of cash and cash equivalents		-	-	248,443	(48,967)
Closing balance of cash and cash equivalents		1,633,797	2,457,266	63,142,989	101,030,481

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV

Interim Statement of Changes in Equity for the three months ended March 31, 2023

(in U.S dollars)

	PARTICIPATION CERTIFICATES	EQUITY ADJUSTMENT	VALUATION RESERVE	RETAINED	TOTAL EQUITY
Balance as of December 31, 2021	330,000,000		35,428,217	53,418,917	418,537,414
Profit or loss for the period				(803,414)	(803,414)
Balance as of March 31, 2022	330,000,000	(309,720)	35,428,217	52,615,503	417,734,000
Revaluation of property, plant and equipment, net			6,122,736		6,122,736
Profit or loss for the period				39,804,152	39,804,152
Balance as of December 31, 2022	330,000,000	(309,720)	41,550,953	92,419,655	463,660,888
Profit or loss for the period				(1,215,246)	(1,215,246)
Balance as of March 31, 2023	330,000,000	(309,720)	41,550,953	91,204,409	462,445,642

Interim Statement of Changes in Equity for the three months ended March 31, 2023

(In Uruguayan pesos)

	PARTICIPATION CERTIFICATES	EQUITY ADJUSTMENT	VALUATION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as of December 31, 2021	11,932,965,000		1,583,464,124	2,974,425,166	2,226,398,953	18,706,529,731
Translation reserve				(1,504,652,728)		(1,504,652,728)
Profit or loss for the period					(26,743,595)	(26,743,595)
Balance as of March 31, 2022	11,932,965,000	-10,723,512	1,583,464,124	1,469,772,438	2,199,655,358	17,175,133,408
Revaluation of property, plant and equipment, net			245,344,188			245,344,188
Translation reserve				(437,385,795)		(437,385,795)
Profit or loss for the period					1,596,263,641	1,596,263,641
Balance as of December 31, 2022	11,932,965,000	-10,723,512	1,828,808,312	1,032,386,643	3,795,918,999	18,579,355,442
Translation reserve				(658,915,003)		(658,915,003)
Profit or loss for the period					(47,841,284)	(47,841,284)
Balance as of March 31, 2023	11,932,965,000	-10,723,512	1,828,808,312	373,471,640	3,748,077,715	17,872,599,155

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

FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY IV

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

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

In the city of Montevideo, on December 17, 2018, the Fideicomiso Financiero Forestal Bosques del Uruguay IV was established on agreement, by the signing of the respective agreement between EF ASSET MANAGEMENT Administradora de Fondos de Inversión S.A. as "Trustee", Agroempresa Forestal S.A. as "Manager", and the initial Underwriters of the Securities as "Trustors".

On March 18, 2019, the Central Bank of Uruguay [BCU, for its acronym in Spanish] authorized the registration of the Trust in the Securities Market Registry (Communication No. 2019/067).

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

The Trustee has 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, to carry out forestry operations.

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

The Trust may incur indebtedness, up to a maximum equivalent to 25% of the Trust's total equity, in which case it may grant guarantees up to a maximum amount equivalent to twice the indebtedness incurred. Its purpose will be to optimize the Trust's profitability and facilitate the operation of the transactions.

The Trustee shall appoint the Manager, through the Management Agreement, to fulfill the task of managing the assets of the Trust and to implement the Business Plan related to this Trust and the Management Agreement. Notwithstanding the foregoing, the Trustee shall be responsible for the performance of the Manager and for its subcontracted activities.

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

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

The 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 Agreement.

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

In accordance with communication No. 2019/067 dated March 19, 2019, the Central Bank of Uruguay, within the framework of Financial Trusts, authorized the Trustee to issue Participation Certificates for up to USD 330,000,000.

In accordance with Article 330 of the Central Bank of Uruguay's Compilation of Securities Market Standards, the Trust closes its accounting period on December 31 of each year. The Trust's fiscal year-end is June 30

of each year. The statements of comprehensive income, of changes in equity, and of cash flows are presented for the three-month period ended March 31, 2023.

These interim financial statements have been authorized to be issued by EF Asset Management Administradora de Fondos de Inversión S.A., Trustee of the Trust, dated April 28, 2023.

NOTE 2 - BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting standards

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

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

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

IAS 21 states that the functional currency must provide information about the Trust that is useful and reflects the economic substance of events and circumstances relevant 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.

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, including the difference between such value and that which would result from the application of the general criterion of translation as adjustment to equity; 2) retained earnings correspond to the financial performance for the previous periods, expressed in U.S. dollars and translated in accordance with the general translation standard.

The difference resulting from the use of the closing exchange rate for assets, liabilities and equity translation, and the exchange rate in effect on the date of each transaction for the result 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 face value and correspond mainly to tax credits.

2.9 Biological assets

Forest plantations and the costs incurred in the formation of the forests between December 31, 2022 and March 31, 2023, are presented at their fair value in the statement of financial position 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, was USD 288,430,000, equivalent to UYU 11,557,678,530.

To this end, the following elements were considered:

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

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

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

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

2.10 Inventories

Inventories are valued at acquisition cost.

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

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

2.11 Property, plant and equipment

The components and evolution of property, plant and equipment balances for the 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. Its book value was adjusted to the values provided in the report issued by such expert, which amounted to USD 161,048,143, equivalent to UYU 6,453,360,138.

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

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

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

Disbursements after the acquisition of an item of property, plant and equipment were 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 result 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, current and demand deposits held in financial institutions have been considered as cash and cash equivalents.

The items comprising cash and cash equivalents are presented below:

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Banks	1,633,797	1,867,504	63,142,989	74,832,756
	1,633,797	1,867,504	63,142,989	74,832,756

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.

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

2.18 Estimates and assumptions in the application of accounting policies

The preparation of financial statements requires the Trustee to make estimates and assumptions that affect the reported amounts of assets, liabilities, income 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 the item property, plant and equipment: Land, to determine whether there are any indications of impairment. If so, the recoverable amount of the assets is estimated to determine whether it is necessary to write down the value of the assets as a result of impairment.

(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 (Note 2.11) and biological assets (Note 2.9).

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

(c) Income tax

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

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

2.19 Fair value of tangible assets

At each annual reporting date, the Trust hires an independent expert 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 hires an external 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 external 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

The criteria applied in the valuation of assets and liabilities, as well as to determine the financial results 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Wood	3,879,421	4,124,664	149,276,815	165,279,423
Coadjuvant	12,595	9,984	515,955	400,069
Herbicide	171,849	125,311	6,925,923	5,021,337
Fertilizer	46,381	46,381	1,936,664	1,858,533
Ant killer	7,432	3,234	290,457	129,590
Seedlings	20,087	18,489	771,038	740,873
Seeds	73,602	73,602	3,044,071	2,949,306
	4,211,367	4,401,665	162,760,923	176,379,131

3.2 Trade receivables and other accounts receivable

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Trade receivables	4,717,420	2,727,389	182,318,852	109,289,192
Grazing debtors	172,497	122,387	6,666,614	4,904,163
Beehives debtors	330	83	12,754	3,306
	4,890,247	2,849,859	188,998,220	114,196,661

3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Tax credits	2,728,429	2,825,913	105,448,329	113,237,171
Advances to suppliers	1,334,484	1,449,086	51,575,138	58,066,333
Other non-financial assets	4,992	2,343	192,933	93,871
Insurance paid in advance	34,651	5,120	1,339,203	205,177
	4,102,556	4,282,462	158,555,603	171,602,552

3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Banks	1,633,797	1,867,504	63,142,989	74,832,756
	1,633,797	1,867,504	63,142,989	74,832,756

3.5 Trade accounts and other accounts payable

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Trade payables	2,298,759	2,905,122	88,842,371	116,411,126
Tax creditors	719,105	993,534	27,791,985	39,811,915
Customer advances	499,919	441,774	19,320,883	17,702,339
Other accounts payable	19,177	54,036	741,161	2,165,271
Provisions	16,914	-	653,711	-
	3,553,874	4,394,466	137,350,111	176,090,651

3.6 Loans and liabilities

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Non-current liabilities				
Bank loan	6,918,227	5,200,000	560,777,118	208,369,200
	6,918,227	5,200,000	560,777,118	208,369,200

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Current liabilities				
Bank loan	7,591,634	5,448,621	293,401,467	218,331,681
	7,591,634	5,448,621	293,401,467	218,331,681

As of March 31, 2023, this bank loan includes two loans in U.S. dollars taken out with a local bank. One of them was taken in April 2022, for the principal amount of USD 5,200,000. This loan shall be paid in the following ten years in 96 equal, monthly and consecutive installments of USD 54,166.67 from May 2024. The other one was taken in January 2023, for the principal amount of USD 4,000,000. This loan shall be paid in 24 equal, monthly and consecutive installments from February 2023. As of the date of these statements, 2 installments had already been paid, amounting to USD 317,412.

This loan also includes four fixed-term promissory notes issued by a local bank. Three of them had been issued in March 2023, for the principal amount of USD 1,500,000, USD 1,300,000 and USD 1,000,000, respectively. They shall be fully paid in May 2023. Finally, the other promissory note issued in February 2023 amounted to USD 1,800,000, which shall be paid in July 2023.

Accrued and unpaid interests for the three-month period ended March 31, 2023, amounted to USD 27,274, equivalent to UYU 1,054,0961, and to USD 26,398, equivalent to UYU 1,057,811, as of December 31, 2022.

3.7 Operating revenue

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	31/3/2022	03/31/2023	03/31/2022
Revenue from sale of wood	6,284,005	11,529,762	244,738,057	495,258,462
Revenue from grazing	148,546	143,900	5,776,252	6,170,071
Revenue from beehives	248	830	9,621	35,795
	6,432,799	11,674,492	250,523,930	501,464,328

3.8 Selling, general and administrative expenses

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Forestry operator fees	1,107,725	1,040,564	42,920,321	44,281,886
Farm expenses	379,541	471,822	14,810,612	20,237,826
Export expenses	370,255	1,160,901	14,464,785	49,873,254
Depreciation	207,920	205,859	8,082,749	8,760,465
Other fees	184,471	116,447	7,212,558	5,025,720
Insurances	94,589	80,081	3,679,160	3,407,965
Sundry	83,096	106,625	3,224,262	4,529,750
Taxes and rates	45,247	59,077	1,758,865	2,512,285
	2,472,844	3,241,376	96,153,312	138,629,151

3.9 Financial results

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Interest and bank charges	(27,322)	(29,564)	(1,065,199)	(1,273,763)
Interests on banknotes	(135,251)	(43,491)	(5,258,410)	(1,844,991)
Exchange difference	(88,232)	(428,017)	(3,472,777)	(18,357,362)
	(250,805)	(501,072)	(9,796,386)	(21,476,116)

NOTE 4 - BIOLOGICAL ASSETS – PLANTATIONS

Biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Treinta y Tres, Rivera and Tacuarembó; which are composed mainly by Eucalyptus Grandis, Dunnii and Pinus Taeda species. As of March 31, 2023, forest plantations comprised 33,596 hectares on an area of approximately 55,479 hectares (as of December 31, 2022, they comprised a total approximate area of 55,365 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	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Opening balance	288,430,000	246,050,000	11,557,678,530	10,997,204,750
Cost increase added to biological assets	363,811	1,764,331	12,346,198	72,389,217
Reduction by harvest of biological assets	(204,777)	(1,780,254)	(7,974,136)	(71,898,303)
Change in the fair value of biological assets	-	42,395,924	-	1,698,847,061
Translation adjustments	-	-	(410,543,039)	(1,138,864,196)
	288,540,353	288,430,000	11,151,507,552	11,557,678,530

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is composed as follows:

In U.S. dollars:

Item	03/31/2023											12/31/2022
	Source values					Depreciations					Net values	Net values
	Opening values	Additions	Disposals	Translation adjustment	Closing values	Accumulated at opening	Disposals	For the period	Translation adjustment	Accumulated at closing		
Land	161,048,143	-	-	-	161,048,143	-	-	-	-	-	161,048,143	161,048,143
Improvements	23,239,908	-	-	-	23,239,908	-2,492,157	-	-195,316	-	-2,687,473	20,552,435	20,747,751
Other improvements	222,145	15,640	-	-	237,785	-38,286	-	-5,604	-	-43,890	193,895	183,859
Machinery	280,000	-	-	-	280,000	-93,333	-	-6,999	-	-100,332	179,668	186,667
Machinery and equipment P.O.	-	534,129	-	-	534,129	-	-	-	-	-	534,129	-
Construction work-in-progress P.O.	117,902	644,740	-	-	762,642	-	-	-	-	-	762,642	117,902
Total	184,908,098	1,194,509	-	-	186,102,607	-2,623,776	-	-207,919	-	-2,831,695	183,270,912	182,284,322

Equivalent in Uruguayan pesos:

Item	03/31/2023											12/31/2022
	Source values					Depreciations					Net values	Net values
	Opening values	Additions	Disposals	Translation adjustment	Closing values	Accumulated At opening	Disposals	For the period	Translation adjustment	Accumulated at closing		
Land	6,453,360,138	-	-	-229,171,507	6,224,188,631	-	-	-	-	-	6,224,188,631	6,453,360,138
Improvements	931,246,343	-	-	-33,070,389	898,175,954	-99,861,876	-	-7,592,779	3,590,545	-103,864,110	794,311,844	831,384,467
Other improvements	8,901,577	607,284	-	-318,924	9,189,937	-1,535,483	-	-217,851	55,748	-1,697,586	7,492,351	7,366,094
Machinery	11,219,880	-	-	-398,440	10,821,440	-3,739,955	-	-272,120	134,397	-3,877,678	6,943,762	7,479,925
Machinery and equipment P.O.	-	20,762,415	-	-119,395	20,643,020	-	-	-	-	-	20,643,020	-
Construction work-in-progress P.O.	4,724,455	25,260,528	-	-510,388	29,474,595	-	-	-	-	-	29,474,595	4,724,455
Total	7,409,452,393	46,630,227	-	-263,589,043	7,192,493,577	-105,137,314	-	-8,082,750	3,780,690	-109,439,374	7,083,054,203	7,304,315,079

In 2022, the construction of a debinding plant began in the department of Treinta y Tres.

NOTE 6 – IMPORTS

In 2022, the construction of a debinding plant began in the department of Treinta y Tres. At the fiscal year-end, two industrial machines for such plant were in the importing process.

NOTE 7 - 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	YUAN	Equivalent in USD	UYU	YUAN	Equivalent in USD
Assets						
Trade receivables and other accounts receivable	7,537,006	-	195,017	4,386,158.00	-	109,460.00
Other non-financial assets	122,013,604	-	3,157,048	131,717,564.00	-	3,287,105.00
Cash and cash equivalents	3,657,541	-	94,637	2,987,953.00	-	74,566.00
Total	133,208,151	-	3,446,702	139,091,675	-	3,471,131
Total assets	133,208,151	-	3,446,702	139,091,675	-	3,471,131
Liabilities						
Deferred tax	237,293,106	-	6,139,855	237,293,106.00	-	5,921,816.00
Trade payables and other accounts payable	84,836,125	-	2,195,097	95,579,056.00	3,654,000.00	3,014,309.00
Total liabilities	322,129,231	-	8,334,952	332,872,162	3,654,000	8,936,125
Net position	(188,921,080)	-	(4,888,250)	(193,780,487)	3,654,000	(5,464,994)

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 8 – EQUITY

Book-Entry Participation Certificates for a nominal value of USD 330,000,000 were registered in the Securities Market Registry. The face value of each participation certificate is USD 1.

Date	USD	Equivalent in UYU
04/11/2019	36,600,000	1,342,162,800
08/19/2019	6,600,000	238,913,400
08/26/2019	283,800,000	10,351,888,800
Total Paid-in Capital	330,000,000	11,932,965,000

The balance of the revaluation reserve included the accumulated revaluation of property, plant and equipment net of the deferred tax effect, which as of December 31, 2022, amounted to USD 41,550,953 (equivalent to UYU 1,828,808,312).

Additionally, for the presentation of these financial statements in Uruguayan pesos, the balance of adjustments to equity included the translation reserve which amounted to UYU 1,032,386,643 as of December 31, 2022, and UYU 373,471,640 as of March 31, 2023.

NOTE 9- COMMITMENTS

Commitments as of March 31, 2023 for grazing contracts on land owned by the Trust amount to USD 290,600 corresponding to 50,531 hectares of pastured land.

NOTE 10 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

Trade account payables	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Agroempresa Forestal S.A.	466,805	468,092	18,041,077	18,756,920
	466,805	468,092	18,041,077	18,756,920

b) Transactions with related parties are composed as follows:

Accrued fees	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Agroempresa Forestal S.A.	1,107,726	1,040,564	42,920,320	41,281,886
	1,107,726	1,040,564	42,920,320	41,281,886

NOTE 11 - 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.

11.1 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 his or her 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.

11.2 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.

11.3 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 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% weakening of the Uruguayan peso against the U.S. dollar, the comprehensive income for the period would increase USD 444,386, equivalent to UYU 18,892,108. If a strengthening of 10% were to occur, the comprehensive income for the period would be reduced by USD 543,139, equivalent to UYU 18,892,108.

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 period end of the Financial Statements are as follows:

	USD		Equivalent in UYU	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Inventories	4,211,367	4,401,665	162,760,923	176,379,131
Property, plant and equipment (Lands)	161,048,143	161,048,143	6,224,188,631	6,453,138
Biological assets	288,540,353	288,430,000	11,151,507,552	11,557,678,530
	453,799,863	453,879,808	17,538,457,106	18,187,417,799

NOTE 12 – 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.