



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

Interim Financial Statements and  
Independent Review Report for the  
six months ended June 30, 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 I

## Interim Financial Statements and Independent Review Report for the six-month period ended June 30, 2023

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## Independent Review Report on Interim Financial Information

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

### Introduction

We have reviewed the accompanying interim financial statements of Fideicomiso Financiero Forestal Bosques del Uruguay I, in United States dollars, which comprise the interim statement of financial position as of June 30, 2023, the related interim statement of comprehensive income, cash flows, and changes in fiduciary net position for the period then ended, as well as the notes about significant accounting policies and other explanatory notes attached to the interim financial statements. Management Board of EF Asset Management Administradora de Fondos de Inversión S.A., trustee of the Trust, is responsible for the information contained in the interim financial statements and its explanatory notes, which have been prepared in accordance with the International Accounting Standards applicable to interim financial statements (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Limited Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 (ISRE 2410), “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Federation of Accountants (IFAC).

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of Fideicomiso Financiero Forestal Bosques del Uruguay I as of June 30, 2023, and of its financial performance and its cash flows for the six-month period then ended, in accordance with the International Accounting Standard applicable to interim financial statements (IAS 34).

## Other Matters

Our work also included the review of the translation of the financial statements from U.S. dollars into Uruguayan pesos. That translation has been made in accordance with the basis stated in in Note 2.2. The translation of the financial statements into Uruguayan pesos has been made exclusively for the purpose of complying with the legal and tax regulations in force in the Eastern Republic of Uruguay.

August 30, 2023



**Héctor Cuello**  
Partner, Deloitte S.C.



# FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY I

## Interim Statement of Financial Position as of June 30, 2023

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	29,830,667	29,730,679	1,115,905,595	1,191,338,054
Biological assets- plantations	4	38,427,775	38,238,792	1,437,506,222	1,532,266,647
<b>Total non-current assets</b>		<b>68,258,442</b>	<b>67,969,471</b>	<b>2,553,411,817</b>	<b>2,723,604,701</b>
<b>Current assets</b>					
Inventories	3.1	602,932	345,345	22,554,490	13,838,303
Trade receivables and other accounts receivable	3.2	99,411	1,378,616	3,718,769	55,242,530
Other financial assets	3.3	181,947	304,399	6,806,281	12,197,573
Cash and cash equivalent	3.4	568,426	2,119,236	21,263,662	84,919,915
<b>Total current assets</b>		<b>1,452,716</b>	<b>4,147,596</b>	<b>54,343,202</b>	<b>166,198,321</b>
<b>Total assets</b>		<b>69,711,158</b>	<b>72,117,067</b>	<b>2,607,755,019</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			801,665,522	977,778,775
Retained earnings		15,962,631	16,369,224	734,514,626	750,352,392
<b>Total equity</b>		<b>65,962,631</b>	<b>66,369,224</b>	<b>2,467,530,148</b>	<b>2,659,481,167</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	2.15	2,140,641	2,233,786	80,077,082	89,510,047
<b>Total non-current liabilities</b>		<b>2,140,641</b>	<b>2,233,786</b>	<b>80,077,082</b>	<b>89,510,047</b>
<b>Current liabilities</b>					
Trade payables and other accounts payable	3.5	507,189	1,184,425	18,972,928	47,461,116
Loans and liabilities	3.6	1,100,697	2,329,632	41,174,861	93,350,692
<b>Total current liabilities</b>		<b>1,607,886</b>	<b>3,514,057</b>	<b>60,147,789</b>	<b>140,811,808</b>
<b>Total liabilities</b>		<b>3,748,527</b>	<b>5,747,843</b>	<b>140,224,871</b>	<b>230,321,855</b>
<b>Total liabilities and equity</b>		<b>69,711,158</b>	<b>72,117,067</b>	<b>2,607,755,019</b>	<b>2,889,803,022</b>

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

The report dated August 30, 2023 is attached hereto.

Deloitte S.C.

# FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY I

## Interim Statement of Comprehensive Income for the six-month period ended June 30, 2023

(in U.S. dollars)

	Notes	Quarter ended on		Semester ended on	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
Operating revenue	3.7	219,416	2,376,409	345,645	3,083,260
Cost of goods sold		(63,272)	(2,108,394)	(70,248)	(2,549,747)
<b>Gross margin</b>		<b>156,144</b>	<b>268,015</b>	<b>275,397</b>	<b>533,513</b>
SG&A	3.8	(397,021)	(396,946)	(741,163)	(649,273)
Financial results	3.9	(89,662)	(127,675)	(192,990)	(380,532)
<b>Profit or loss for the period before income tax</b>		<b>(330,539)</b>	<b>(256,606)</b>	<b>(658,756)</b>	<b>(496,292)</b>
Income tax	2.15	252,164	998,602	252,164	998,602
<b>Profit or loss for the period</b>		<b>(78,375)</b>	<b>741,996</b>	<b>(406,592)</b>	<b>502,310</b>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Comprehensive income for the period</b>		<b>(78,375)</b>	<b>741,996</b>	<b>(406,592)</b>	<b>502,310</b>

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

The report dated August 30,  
2023 is attached hereto.

Deloitte S.C.

# FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY I

## Interim Statement of Comprehensive Income for the six-month period ended June 30, 2023

(in Uruguayan pesos)

	Notes	Quarter ended on		Semester ended on	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
Operating revenue	3.7	8,420,105	95,555,231	13,426,922	126,228,855
Cost of goods sold		(2,391,462)	(84,178,238)	(2,666,110)	(102,792,606)
<b>Gross margin</b>		<b>6,028,643</b>	<b>11,376,993</b>	<b>10,760,812</b>	<b>23,436,249</b>
SG&A	3.8	(15,171,555)	(15,939,659)	(28,557,772)	(26,759,307)
Financial results	3.9	(3,412,912)	(5,193,002)	(7,473,770)	(16,039,056)
<b>Profit or loss for the period before income tax</b>		<b>(12,555,824)</b>	<b>(9,755,668)</b>	<b>(25,270,730)</b>	<b>(19,362,114)</b>
Income tax	2.15	9,432,964	39,807,282	9,432,964	39,807,282
<b>Profit or loss for the period</b>		<b>(3,122,860)</b>	<b>30,051,614</b>	<b>(15,837,766)</b>	<b>20,445,169</b>
<b>Other comprehensive income for the period</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Translation reserve	2.2	(176,113,253)	(298,036,810)	(176,113,253)	(298,036,810)
<b>Comprehensive income for the period</b>		<b>(179,236,113)</b>	<b>(267,985,196)</b>	<b>(191,951,019)</b>	<b>(277,591,641)</b>

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

The report dated August 30,  
2023 is attached hereto.

Deloitte S.C.

# FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY I

## Interim Statement of Cash Flows for the six-month period ended June 30, 2023

(in U.S. dollars and Uruguayan pesos)

	USD		Equivalent in UYU	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
<b>Cash flows from operating activities</b>				
Profit or loss for the period before income tax	(658,756)	(496,292)	(25,270,730)	(19,362,114)
<b>Adjustments for:</b>				
Depreciations	9,363	230	360,885	9,506
Costs of sales of standing forests		591,118		23,330,260
Unpaid accrued interests	697	7,416	26,077	295,604
	<b>(648,696)</b>	<b>102,472</b>	<b>(24,883,767)</b>	<b>4,273,256</b>
<b>Changes in assets and liabilities</b>				
Trade receivables and other accounts receivable	1,279,205	386,510	49,555,762	16,341,256
Inventories	(257,587)	(901,285)	(9,978,792)	(38,105,408)
Other non-financial assets	122,452	(200,883)	4,743,729	(8,493,132)
Trade payables and other accounts payable	(518,217)	512,912	(20,075,467)	21,685,406
Translation adjustment	-	-	(3,422,603)	(1,543,831)
<b>Net flows from operating activities</b>	<b>(22,843)</b>	<b>(100,274)</b>	<b>(4,061,138)</b>	<b>(5,842,453)</b>
<b>Cash flows used in investing activities</b>				
Costs related to biological assets	(188,984)	(150,819)	(7,317,409)	(6,150,789)
Purchases of property, plant and equipment	(109,351)	-	(4,216,322)	-
<b>Net flows used in investing activities</b>	<b>(298,335)</b>	<b>(150,819)</b>	<b>(11,533,731)</b>	<b>(6,150,789)</b>
<b>Cash flows from financing activities</b>				
Loans and liabilities	(1,229,632)	330,035	(48,178,685)	14,197,909
<b>Net flows (used in) / from financing activities</b>	<b>(1,229,632)</b>	<b>330,035</b>	<b>(48,178,685)</b>	<b>14,197,909</b>
<b>Changes in cash flows and cash equivalents</b>	<b>(1,550,810)</b>	<b>78,942</b>	<b>(63,773,554)</b>	<b>2,204,667</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>
Effect associated with the maintenance and translation of cash and cash equivalents	-	-	117,302	178,461
<b>Closing balance of cash and cash equivalents</b>	<b>568,426</b>	<b>237,003</b>	<b>21,263,662</b>	<b>9,447,645</b>

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

The report dated August 30,  
2023 is attached hereto.

Deloitte S.C.



## FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY I

### Interim Statement of Changes in Fiduciary Net Position for the six-month period ended June 30, 2023

(in U.S. dollars)

	NOTES	PARTICIPATION CERTIFICATES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>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		-	-	502,310	502,310
<b>As of June 30, 2022</b>		<b>50,000,000</b>	-	<b>12,094,872</b>	<b>62,094,872</b>
Profit or loss for the period		-	-	4,274,351	4,274,351
<b>As of December 31, 2022</b>		<b>50,000,000</b>	-	<b>16,369,223</b>	<b>66,369,223</b>
Profit or loss for the period		-	-	(406,592)	(406,592)
<b>As of June 30, 2023</b>		<b>50,000,000</b>	-	<b>15,962,631</b>	<b>65,962,631</b>

### Interim Statement of Changes in Fiduciary Net Position for the six-month period ended June 30, 2023

(in Uruguayan pesos)

	NOTES	PARTICIPATION CERTIFICATES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>As of December 31, 2021</b>		<b>931,350,000</b>	<b>1,259,941,435</b>	<b>561,588,146</b>	<b>2,752,879,581</b>
Translation reserve	7	-	(298,036,810)	-	(298,036,810)
Profit or loss for the period		-	-	20,445,169	20,445,169
<b>As of June 30, 2022</b>		<b>931,350,000</b>	<b>961,904,625</b>	<b>582,033,315</b>	<b>2,475,287,940</b>
Translation reserve		-	15,874,150	-	<b>15,874,150</b>
Profit or loss for the period		-	-	168,319,077	<b>168,319,077</b>
<b>As of December 31, 2022</b>		<b>931,350,000</b>	<b>977,778,775</b>	<b>750,352,392</b>	<b>2,659,481,167</b>
Translation reserve		-	(176,113,253)	-	(176,113,253)
Profit or loss for the period		-	-	(15,837,766)	(15,837,766)
<b>As of June 30, 2023</b>		<b>931,350,000</b>	<b>801,665,522</b>	<b>734,514,626</b>	<b>2,467,530,148</b>

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

The report dated August 30,  
2023 is attached hereto.

Deloitte S.C.

# FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY I

## Notes to the interim financial statements for the six-month period ended June 30, 2023

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

In the city of Montevideo, on May 6, 2011, the Fideicomiso Financiero Forestal Bosques del Uruguay I 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". 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 Initial Underwriters of the Securities, under the conditions set out in the Agreement and 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, and to conduct forestry operations.

The Business Plan provides the framework within which the Trust's strategy must be developed to fulfil its purpose, and specifically details the general requirements the Properties shall meet.

The Trustee appointed the Manager, through the Management Agreement. The Manager is in charge of managing the Assets of the Trust and implementing the Business Plan and the Management Agreement. Notwithstanding the foregoing, the Trustee is responsible for the performance of the Manager and for its subcontracted activities.

The Trust shall not invest its resources in such securities not permitted to 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 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 the Meeting of Holders on 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 on a term basis.

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 on each December 31.

The statement of comprehensive income, the statement of changes in equity, and the statement of cash flows, are presented for the six-month period ended June 30, 2023.

These interim financial statements were authorized to be issued by EF Asset Management Administradora de Fondos de Inversión S.A., Trustee of the Trust, on August 30, 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. This Decree, issued by the Executive Branch on April 1, 2011, establishes as mandatory accounting standards for issuers of publicly traded securities, the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standards Board (IASB), translated into Spanish.

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

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.

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

The accounting policies applied by the Trust for the preparation and presentation of these interim financial statements are the same as those applied in the financial statements dated December 31, 2022, except for the adoption of the new standards effective as of January 1, 2023. The Trust did not adopt in advance other standards, interpretations or amendments which have been issued but not yet effective.

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

- IFRS 17 - Insurance Contracts.
- Amendment to IAS 1 - Classification of Liabilities as Current or Non-current.
- IAS 8 - Definition of Accounting Estimates.
- IAS 1 - Disclosure of Accounting Policies.
- IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

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

In Uruguay, the regulation in force provides 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) the capital 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 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 were 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) were 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 recognized 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 June 30, 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 a valuation of its forests conducted by external forest appraisers. The fair value of forest plantations was estimated by the external appraiser using current value techniques of estimated fund flows, and mainly income or expectation approach techniques.

On the basis of the methodology describe above, the external appraiser determined that the fair value of the biological assets as of December 31, 2022, was 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 timber production
- an estimated discount rate based on a capital asset pricing model, which amounts to 7.5%

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

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

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

## 2.10 Inventories

Inventories are valued at acquisition cost.

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

The Trust estimated 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 six-month period ended June 30, 2023, are set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, land was valued by an external appraiser as of December 31, 2022. The book value of the land 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.

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 are 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 June 30, 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 was 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 this 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 abovementioned exemption from the Wealth Tax to Trusts, and to certain listed companies. This exemption is applicable for five fiscal years since the creation of the trust.

Therefore, for the period ended June 30, 2023, the Trust does not enjoy such exemption from the Wealth Tax and the Surcharge.

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. It 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.

#### A) Income tax

	USD		Equivalent in UYU	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Current Tax Expense				
(Loss)/Gain on Deferred Tax	252,164	998,602	9,432,964	39,807,282
	<b>252,164</b>	<b>998,602</b>	<b>9,432,964</b>	<b>39,807,282</b>

#### B) Deferred income tax

	USD		Equivalent in UYU	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Property, plant and equipment-lands	(88,627)	193,513	(3,315,354)	7,754,249
Other property, plant and equipment -Agri	(3,282)	(209)	(122,758)	(8,362)
Biological Assets	2,232,550	2,040,482	83,515,194	81,764,160
<b>DEFERRED TAX LIABILITY</b>	<b>2,140,641</b>	<b>2,233,786</b>	<b>80,077,082</b>	<b>89,510,047</b>

#### C) Movements in deferred taxes for the period

	USD			
	Balance as of 12.31.2022	Adjustment to Earnings	Translation Effect	Balance as of 06.30.2023
Fixed assets- lands	193,513	(295,915)	13,776	(88,627)
Other fixed assets- Agri	(209)	(3,058)	(15)	(3,282)
Biological assets	2,040,482	46,809	145,258	2,232,549
<b>DEFERRED TAX LIABILITY</b>	<b>2,233,786</b>	<b>(252,164)</b>	<b>159,019</b>	<b>2,140,641</b>

	UYU			
	Balance as of 12.31.2022	Adjustment to Earnings	Translation Adjustment	Balance as of 06.30.2023
Fixed assets- lands	7,754,249	(11,069,603)	-	(3,315,354)
Other fixed assets- Agri	(8,362)	(114,396)	-	(122,758)
Biological assets	81,764,160	1,751,034	-	83,515,194
<b>DEFERRED TAX LIABILITY</b>	<b>89,510,047</b>	<b>(9,432,965)</b>	<b>-</b>	<b>80,077,082</b>

## D) Reconciliation between income tax expense and accounting profit

	06/30/2023		06/30/2022	
	USD	Equivalent in UYU	USD	Equivalent in UYU
Accounting profit before IRAE	(658,756)	(25,270,730)	(496,292)	(19,362,114)
	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
Income tax at applicable rate	(164,689)	(6,317,683)	(124,073)	(4,840,529)
<u>Adjustments that do not generate temporary difference:</u>				
Non-taxable income	(86,716)	(3,359,316)	(489,308)	(20,687,444)
Expenses associated to non-taxable income	95,175	3,687,042	353,302	14,937,264
Tax losses	39,088	1,514,237	102,576	4,336,792
Translation adjustment	159,019	-	314,941	
Other net items	(294,042)	(4,957,245)	(1,156,040)	(33,553,366)
	<b>(252,164)</b>	<b>(9,432,964)</b>	<b>(998,602)</b>	<b>(39,807,282)</b>

### 2.16 Provisions

Provisions are financially recognized when the Trust has a present obligation (legal or contractual) as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation.

### 2.17 Financial Instruments

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

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

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

The preparation of financial statements requires the Trustee to make estimates and assumptions that affect the reported amounts of assets, liabilities, 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 (Note 2.11) and biological assets (Note 2.9).

The methods used to determine the fair value require to make estimates and assumptions based on objective information and knowledge of the business. Such estimates are highly sensitive, and any variation in them



may lead to a significant variation in the fair values of biological assets recognized in the financial statements. Therefore, estimates are periodically revised, and adjusted accordingly, if necessary.

**(c) Income tax**

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

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

**2.19 Impairment of tangible assets**

At each year-end, the Trust hires an external expert to determine the fair value of its lands and forests.

**Key assumptions to determine 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 its 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 expressed 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 six-month period ended June 30, 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>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>06/30/2023</b>	<b>12/31/2022</b>	<b>06/30/2023</b>	<b>12/31/2022</b>
Wood	555,616	299,635	20,660,651	12,006,717
Coadjuvant	4,794	4,547	193,830	182,187
Herbicide	28,386	20,064	1,118,083	803,995
Fertilizer	-	586	-	23,482
Ant killer	216	1,452	8,310	58,183
Seeds	13,920	19,061	573,616	763,739
	<b>602,932</b>	<b>345,345</b>	<b>22,554,490</b>	<b>13,838,303</b>

### 3.2 Trade receivables and other accounts receivable

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>06/30/2023</b>	<b>12/31/2022</b>	<b>06/30/2023</b>	<b>12/31/2022</b>
Trade receivables	87,194	1,373,856	3,261,746	55,051,772
Grazing debtors	12,086	4,704	452,113	188,504
Beehive debtors	131	56	4,910	2,254
	<b>99,411</b>	<b>1,378,616</b>	<b>3,718,769</b>	<b>55,242,530</b>

### 3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Tax credits	158,783	299,941	5,939,748	12,018,947
Advances to suppliers	107	4,458	4,001	178,626
Other non-financial assets	23,057	-	862,532	-
	<b>181,947</b>	<b>304,399</b>	<b>6,806,281</b>	<b>12,197,573</b>

### 3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Banks	568,426	2,119,236	21,263,662	84,919,915
	<b>568,426</b>	<b>2,119,236</b>	<b>21,263,662</b>	<b>84,919,915</b>

### 3.5 Trade payables and other accounts payable

<i>Item</i>	USD		Equivalent in UYU	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Trade payables	329,118	820,062	12,311,641	32,860,742
Tax creditors	164,172	333,334	6,141,349	13,357,014
Customer advances	1,691	22,394	63,262	897,348
Provisions	2,016	8,635	75,416	346,012
Other accounts payable	10,192	-	381,259	-
	<b>507,189</b>	<b>1,184,425</b>	<b>18,972,927</b>	<b>47,461,116</b>

### 3.6 Loans and liabilities

<i>Item</i>	USD		Equivalent in UYU	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Bank loan	1,100,697	2,329,632	41,174,861	93,350,692
	<b>1,100,697</b>	<b>2,329,632</b>	<b>41,174,861</b>	<b>93,350,692</b>

This bank loan corresponds to a loan in U.S. dollars taken out with a local bank for the principal amount of USD 2,000,000, equivalent to UYU 74,816,000, as of June 30, 2023; from which USD 1,500,000, equivalent to UYU 56,112,000 were paid. The outstanding principal amounts to USD 500,000, equivalent to UYU 18,704,000. This loan shall be paid in a single installment in December 2023.

Additionally, another loan in U.S dollars was taken out with a local bank for the principal amount of USD 600,000, equivalent to UYU 22,444,800. This loan shall be paid in one installment in September 2023.

The bank loans as of December 31, 2022, 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 80,142,000; from which USD 650,000, equivalent to UYU 26,046,150 were paid. The outstanding principal amounts to USD 1,350,000, equivalent to UYU 54,095,850. On first days of 2023, USD 350,000 shall be paid and the balance shall be paid in two installments from June 2023.

The Trust has also obtained another loan in U.S. dollars with a local bank, for the principal amount of USD 400,000, equivalent to UYU 16,028,400. This loan shall be paid in a single payment in January 2023. It has been partially paid in advance in December 2022, USD 138,615, equivalent to UYU 5,554,442 have already been paid.

Finally, another loan in U.S dollars was taken out with a local bank for the principal amount of USD 700,000 equivalent to UYU 28,049,700. This loan shall be paid in a single installment in January 2023.

Accrued and unpaid interests as of the date of these financial statements amount to USD 697 equivalent to UYU 26,073, and to USD 18,248, equivalent to UYU 731,204, as of December 31, 2022.

### 3.7 Operating revenue

<i>Item</i>	<b>USD</b>			
	<b>Quarter ended on</b>		<b>Semester ended on</b>	
	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2022</b>
Revenue from sale of wood	118,313	2,345,172	206,965	3,017,462
Revenue from grazing	39,638	31,154	76,855	65,594
Revenue from carbon credits	61,184	-	61,184	-
Revenue from beehives	281	83	641	204
	<b>219,416</b>	<b>2,376,409</b>	<b>345,645</b>	<b>3,083,260</b>

<i>Item</i>	<b>Equivalent in UYU</b>			
	<b>Quarter ended on</b>		<b>Semester ended on</b>	
	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2022</b>
Revenue from sale of wood	4,518,568	94,300,034	8,064,626	123,503,014
Revenue from grazing	1,520,300	1,251,803	2,967,058	2,717,438
Revenue from carbon credits	2,370,452	-	2,370,452	-
Revenue from beehives	10,785	3,394	24,786	8,403
	<b>8,420,105</b>	<b>95,555,231</b>	<b>13,426,922</b>	<b>126,228,855</b>

### 3.8 Selling, general and administrative expenses

<i>Item</i>	<b>USD</b>			
	<b>Quarter ended on</b>		<b>Semester ended on</b>	
	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2022</b>
Forestry Operator Fees	153,841	124,807	307,683	249,616
Other fees	58,246	48,899	102,756	81,398
Farm expenses	53,948	67,434	169,126	122,277
Taxes	87,201	127,333	87,873	128,051
Insurances	19,912	16,353	41,160	32,707
Miscellaneous	23,873	12,120	32,565	35,224
	<b>397,021</b>	<b>396,946</b>	<b>741,163</b>	<b>649,273</b>

<i>Item</i>	<b>Equivalent in UYU</b>			
	<b>Quarter ended on</b>		<b>Semester ended on</b>	
	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2022</b>
Forestry Operator Fee	5,891,098	5,025,830	11,851,884	10,337,095
Other fees	2,244,939	1,989,005	3,987,444	3,402,124
Farm expenses	2,076,150	2,697,974	6,566,924	5,068,411
Taxes	3,273,010	5,076,113	3,299,155	5,106,647
Insurances	764,428	656,858	1,591,861	1,352,783
Miscellaneous	921,930	493,879	1,260,504	1,492,247
	<b>15,171,555</b>	<b>15,939,659</b>	<b>28,557,772</b>	<b>26,759,307</b>

### 3.9 Financial results

<i>Item</i>	<b>USD</b>			
	<b>Quarter ended on</b>		<b>Semester ended on</b>	
	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2022</b>
Interests and bank charges	(1,559)	(4,020)	(3,492)	(7,532)
Interests on loans	(11,470)	(25,961)	(23,553)	(47,556)
Exchange difference	(76,633)	(97,694)	(165,945)	(325,444)
	<b>(89,662)</b>	<b>(127,675)</b>	<b>(192,990)</b>	<b>(380,532)</b>

<i>Item</i>	<b>Equivalent in UYU</b>			
	<b>Quarter ended on</b>		<b>Semester ended on</b>	
	<b>06/30/2023</b>	<b>06/30/2022</b>	<b>06/30/2023</b>	<b>06/30/2022</b>
Interests and bank charges	(60,246)	(162,906)	(136,357)	(316,314)
Interests on loans	(439,321)	(1,042,243)	(908,796)	(1,963,307)
Exchange difference	(2,913,345)	(3,987,853)	(6,428,617)	(13,759,435)
	<b>(3,412,912)</b>	<b>(5,193,002)</b>	<b>(7,473,770)</b>	<b>(16,039,056)</b>

### NOTE 4 - BIOLOGICAL ASSETS – PLANTATIONS

Biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Durazno and Florida, composed mainly by Eucalyptus Grandis, Saligna, Dunnii and Globulus species. Forests plantations comprised 5,380 hectares on an area of approximately 9,535 hectares as of June 30, 2023 (there were 5,424 hectares planted as of December 31, 2022.)

The composition of the biological asset for the six-month period ended June 30, 2023, and December 31, 2022, was as follows:

	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>06/30/2023</b>	<b>12/31/2022</b>	<b>06/30/2023</b>	<b>12/31/2022</b>
	Opening balance	38,238,792	37,286,986	1,532,266,647
Cost increase added to biological assets	188,983	292,747	7,317,409	11,953,545
Reduction by harvest of biological assets	-	(2,748,161)	-	(115,391,063)
Change in the fair value of biological assets	-	3,407,220	-	136,530,713
Translation adjustment	-	-	(102,077,834)	(167,368,409)
	<b>38,427,775</b>	<b>38,238,792</b>	<b>1,437,506,222</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:

	06/30/2023												12/31/2022
	Acquisition costs						Depreciations						Net values
	Opening values	Additions	Disposals	Revaluation	Translation adjustment	Closing values	Accumulated at the beginning of the period	Disposals	For the period	Translation adjustment	Accumulated at the end of the period		
Land	29,573,516	-	-	-	-	29,573,516	-	-	-	-	-	29,573,516	29,573,516
Improvements	12,380	-	-	-	-	12,380	(3,017)	-	(230)	-	(3,247)	9,133	9,133
Other improvements	150,805	109,351	-	-	-	260,156	(3,005)	-	(9,133)	-	(12,138)	248,018	248,018
Total	29,736,701	109,351	-	-	-	29,846,052	(6,022)	-	(9,363)	-	(15,385)	29,830,667	27,730,679

Equivalent in Uruguayan pesos:

	06/30/2023												12/31/2022
	Acquisition costs						Depreciations						Net values
	Opening values	Additions	Disposals	Revaluation	Translation adjustment	Closing values	Accumulated at the beginning of the period	Disposals	For the period	Translation adjustment	Accumulated at the end of the period		
Land	1,185,040,359	-	-	-	(78,754,273)	1,106,286,086	-	-	-	-	-	1,106,286,086	1,185,040,359
Improvements	496,086	-	-	-	(32,968)	463,118	(120,897)	-	(8,873)	8,311	(121,459)	341,659	375,189
Other improvements	6,042,924	4,216,322	-	-	(527,328)	9,731,918	(120,418)	-	(352,012)	18,363	(454,067)	9,277,851	5,922,507
Total	1,191,579,369	4,216,322	-	-	(79,314,569)	1,116,481,122	(241,315)	-	(360,885)	26,674	(575,526)	1,115,905,596	1,191,338,055

## 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:

	June 30, 2023		December 31, 2022	
	UYU	Equivalent in USD	UYU	Equivalent in USD
<b>Assets</b>				
Other non-financial assets	5,943,729	158,889	12,197,573	304,399
Cash and cash equivalents	21,292	569	12,530	313
<b>Total assets</b>	<b>5,965,021</b>	<b>159,458</b>	<b>12,210,103</b>	<b>304,712</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax	(80,077,082)	(2,140,641)	(89,510,047)	(2,233,786)
<b>Total</b>	<b>(80,077,082)</b>	<b>(2,140,640)</b>	<b>(89,510,047)</b>	<b>(2,233,786)</b>
<b>Current liabilities</b>				
Trade payables and other accounts payable	(10,143,810)	(271,167)	(35,239,141)	(879,418)
<b>Total</b>	<b>(170,297,974)</b>	<b>(4,552,448)</b>	<b>(35,239,141)</b>	<b>(879,418)</b>
<b>Total liabilities</b>	<b>(250,375,056)</b>	<b>(6,693,088)</b>	<b>(124,749,188)</b>	<b>(3,113,204)</b>
<b>Net position</b>	<b>(164,332,953)</b>	<b>(4,392,990)</b>	<b>(112,539,085)</b>	<b>(2,808,492)</b>

The U.S. dollar exchange rate as of June 30, 2023, was UYU 37.408, and as of December 31, 2022, was UYU 40.071.

## NOTE 7 – EQUITY

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

## NOTE 8 – COMMITMENTS

As of June 30, 2023, the Trust commitments for grazing contracts amounted to USD 138,485 for 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	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
<b>Trade accounts payable</b>				
Agro Empresa Forestal S.A.	65,113	48,713	2,435,751	1,951,968
	<b>65,113</b>	<b>48,713</b>	<b>2,435,751</b>	<b>1,951,968</b>

b) Transactions with related parties are composed as follows:

	USD			
	Quarter ended on		Semester ended on	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
<b>Accrued fees</b>				
Agro Empresa Forestal S.A.	153,841	124,807	307,683	294,615
	<b>153,841</b>	<b>124,807</b>	<b>307,683</b>	<b>294,615</b>

	Equivalent in UYU			
	Quarter ended on		Semester ended on	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
<b>Accrued fees</b>				
Agro Empresa Forestal S.A.	5,891,097	5,025,830	11,851,884	10,337,095
	<b>5,891,097</b>	<b>5,025,830</b>	<b>11,851,884</b>	<b>10,337,095</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 any contractual obligations.

The Trust is exposed to a low credit 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 timber 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 profit.

The Trust is not significantly exposed to this risk in accordance with the business plan provided 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 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 be reduced by USD 488,110 equivalent to UYU 16,433,295. If a weakening of 10% were to occur, the comprehensive income for the period would increase by USD 399,363, equivalent to UYU 16,433,295.

#### 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	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Inventories	602,932	345,345	22,554,493	13,838,303
Property, plant and equipment (Lands)	29,573,516	29,573,516	1,106,286,087	1,185,040,359
Biological asset	38,427,775	38,238,792	1,437,506,222	1,532,266,647
	<b>68,604,223</b>	<b>68,157,653</b>	<b>2,566,346,802</b>	<b>2,731,145,309</b>

#### d) Fair value

It was estimated that the value of financial assets and liabilities measured at amortized cost, corresponding to trade accounts receivable, other accounts receivable, trade accounts payable and other accounts payable, has not significantly differed from their fair value since they are substantially short-term receivables.

Considering loans and liabilities, no relevant changes in market interest rates have been recorded since the transaction date. Therefore, the carrying value of such financial liabilities does not significantly differ from their estimated fair value.

### NOTE 11 – SUBSEQUENT EVENTS

After June 30, 2023, no other events or circumstances have occurred that may have significantly affected the financial position, performance and cash flows of the Trust.