

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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
AND COMPILATION REPORT FOR THE NINE  
MONTHS ENDED SEPTEMBER 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.

**FINANCIAL FORESTRY TRUST FIDEICOMISO FINANCIERO BOSQUES DEL URUGUAY II**

**CONDENSED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023**

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**Abbreviations**

UYU – Uruguayan Peso

USD – U.S. Dollar



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## COMPILATION REPORT

To the Board of Directors of

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

We have compiled the condensed interim financial statement of financial position of the Trust Fideicomiso Financiero Forestal Bosques del Uruguay II as of September 30, 2023, and the related condensed interim financial statement of comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the nine months then ended, as well as the selected explanatory notes. These interim financial statements report the information provided by the Management of the Company, responsible for the data contained therein and for its submission in accordance with the applicable accounting standards in Uruguay.

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

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

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

Montevideo, October 25, 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 II

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

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		09/30/2023	12/31/2022	09/30/2023	12/31/2022
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	50,005,353	50,157,527	1,928,006,400	2,009,862,272
Biological assets- plantations	4	65,541,602	67,060,000	2,527,021,990	2,687,161,260
Deferred tax		-	-	-	-
<b>Total non-current assets</b>		<b>115,546,955</b>	<b>117,217,527</b>	<b>4,455,028,390</b>	<b>4,697,023,532</b>
<b>Current assets</b>					
Inventories	3.1	1,826,914	453,825	70,438,492	18,185,235
Accounts receivable and other receivables	3.2	2,406,818	654,766	92,797,262	26,237,113
Other non-financial assets	3.3	1,027,183	568,535	39,604,067	22,781,735
Cash and cash equivalents	3.4	1,701,319	635,543	65,596,064	25,466,846
<b>Total current assets</b>		<b>6,962,234</b>	<b>2,312,669</b>	<b>268,435,885</b>	<b>92,670,929</b>
<b>Total assets</b>		<b>122,509,189</b>	<b>119,530,196</b>	<b>4,723,464,275</b>	<b>4,789,694,461</b>
<b>Equity</b>					
Participation certificates	7	70,000,000	70,000,000	1,988,715,600	1,988,715,600
Valuation reserve		8,403,950	8,403,950	368,649,030	368,649,030
Translation reserves	7	-	-	588,251,949	764,042,746
Retained earnings		36,786,045	37,423,381	1,495,648,845	1,519,909,594
<b>Total equity</b>		<b>115,189,995</b>	<b>115,827,331</b>	<b>4,441,265,424</b>	<b>4,641,316,970</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	2.15	2,062,255	2,602,037	79,512,306	104,266,219
<b>Total non-current liabilities</b>		<b>2,062,255</b>	<b>2,602,037</b>	<b>79,512,306</b>	<b>104,266,219</b>
<b>Current liabilities</b>					
Accounts payable and other payables	3.5	1,837,803	872,179	70,858,336	34,949,093
Loans and other liabilities	3.6	3,419,136	228,649	131,828,209	9,162,179
<b>Total current liabilities</b>		<b>5,256,939</b>	<b>1,100,828</b>	<b>202,686,545</b>	<b>44,111,272</b>
<b>Total liabilities</b>		<b>7,319,194</b>	<b>3,702,865</b>	<b>282,198,851</b>	<b>148,377,491</b>
<b>Total liabilities and equity</b>		<b>122,509,189</b>	<b>119,530,196</b>	<b>4,723,464,275</b>	<b>4,789,694,461</b>

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

## FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

### Interim Statement of Comprehensive Income for the nine months ended September 30, 2023

(in U.S. dollars)

	Notes	Quarter ended on		Semester ended on	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
Operating revenue	3.7	4,304,402	1,950,074	6,778,569	7,943,744
Cost of goods sold		(3,604,441)	(1,677,154)	(5,792,489)	(6,475,946)
<b>Gross margin</b>		<b>699,961</b>	<b>272,920</b>	<b>986,080</b>	<b>1,467,798</b>
SG&A	3.8	(593,757)	(332,632)	(2,099,751)	(1,303,957)
Financial results	3.9	10,491	123,908	(185,393)	(261,331)
<b>Profit or loss for the period before income tax</b>		<b>116,695</b>	<b>64,196</b>	<b>(1,299,064)</b>	<b>(97,490)</b>
Income tax	2.15	-	-	661,728	1,172,246
<b>Profit or loss for the period</b>		<b>116,695</b>	<b>64,196</b>	<b>(637,336)</b>	<b>1,074,756</b>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Comprehensive income for the period</b>		<b>116,695</b>	<b>64,196</b>	<b>(637,336)</b>	<b>1,074,756</b>

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

## FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

### Interim Statement of Comprehensive Income for the nine months ended September 30, 2023

(in Uruguayan pesos)

	Notes	Quarter ended on		Semester ended on	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
Operating revenue	3.7	164,162,983	79,993,893	258,158,657	329,909,645
Cost of goods sold		<u>(136,653,180)</u>	<u>(69,318,218)</u>	<u>(219,538,464)</u>	<u>(265,948,951)</u>
<b>Gross margin</b>		<b>27,509,803</b>	<b>10,675,675</b>	<b>38,620,193</b>	<b>63,960,694</b>
SG&A	3.8	(22,548,193)	(13,637,976)	(80,458,733)	(53,636,290)
Financial results	3.9	398,299	5,017,276	(7,176,122)	(11,264,215)
<b>Profit or loss for the period before income tax</b>		<b>5,359,909</b>	<b>2,054,975</b>	<b>(49,014,662)</b>	<b>(939,811)</b>
Income tax	2.15	-	-	24,753,913	46,266,224
<b>Profit or loss for the period</b>		<b>5,359,909</b>	<b>2,054,975</b>	<b>(24,260,749)</b>	<b>45,326,413</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	<u>(175,790,797)</u>	<u>(305,208,433)</u>	<u>(175,790,797)</u>	<u>(305,208,433)</u>
<b>Comprehensive income for the period</b>		<b><u>(170,430,888)</u></b>	<b><u>(303,153,458)</u></b>	<b><u>(200,051,546)</u></b>	<b><u>(259,882,020)</u></b>

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

# FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II

## Interim Statement of Cash Flows for the nine months ended September 30, 2023 (in USD dollars and Uruguayan pesos)

	USD		Equivalent in UYU	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
<b>Cash flows from operating activities</b>				
Profit or loss for the period before income tax	(1,299,064)	(97,490)	(49,014,662)	(939,811)
<b>Adjustments for:</b>				
Depreciations	246,507	238,303	9,464,172	9,835,062
Costs of sales of standing forests	2,149,962	1,232,903	80,872,117	50,317,443
Unpaid accrued interests	36,088	60	1,391,419	2,490
	<b>1,133,493</b>	<b>1,373,776</b>	<b>42,713,047</b>	<b>59,215,184</b>
<b>Changes in assets and liabilities</b>				
Accounts receivable and other receivables	(1,752,052)	731,668	(68,879,296)	31,619,398
Inventories	(918,799)	332,623	(36,121,211)	14,374,456
Other non-financial assets	(458,648)	113,000	(18,031,058)	4,883,352
Accounts payable and other payables	1,087,570	(266,218)	42,756,183	(11,504,744)
Translation adjustment	-	-	955,849	(4,240,341)
<b>Net flows (used in) / from operating activities</b>	<b>(908,436)</b>	<b>2,284,849</b>	<b>(36,606,486)</b>	<b>94,347,305</b>
<b>Cash flows from investing activities</b>				
Costs related to biological assets	(1,085,853)	(1,016,145)	(41,722,763)	(41,701,251)
Purchases of property, plant and equipment	(94,333)	(87,432)	(3,603,175)	(3,535,430)
<b>Net flows used in investing activities</b>	<b>(1,180,186)</b>	<b>(1,103,577)</b>	<b>(45,325,938)</b>	<b>(45,236,681)</b>
<b>Cash flows from financing activities</b>				
Loans	3,154,399	(1,758,999)	121,617,116	(77,833,487)
<b>Net flows (used in) / from financing activities</b>	<b>3,154,399</b>	<b>(1,758,999)</b>	<b>121,617,116</b>	<b>(77,833,487)</b>
<b>Changes in cash flows and cash equivalents</b>	<b>1,065,776</b>	<b>(577,727)</b>	<b>39,684,692</b>	<b>(28,722,863)</b>
<b>Opening balance of cash and cash equivalents</b>	<b>635,543</b>	<b>1,427,069</b>	<b>25,466,846</b>	<b>63,782,852</b>
Effect associated with the maintenance and translation of cash and cash equivalents	-	-	444,526	388,165
<b>Closing balance of cash and cash equivalents</b>	<b>1,701,319</b>	<b>849,342</b>	<b>65,596,064</b>	<b>35,448,154</b>

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

**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II**  
**Interim Statement of Changes in Equity**  
**for the nine months ended September 30, 2023**  
(in USD dollars)

	NOTES	PARTICIPATION CERTIFICATES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>As of December 31, 2021</b>		<b>70,000,000</b>	<b>6,897,565</b>	<b>26,089,266</b>	<b>102,986,831</b>
Profit or loss for the period		-	-	1,074,756	1,074,756
<b>As of September 30, 2022</b>		<b>70,000,000</b>	<b>6,897,565</b>	<b>27,164,022</b>	<b>104,061,587</b>
Profit or loss for the period		-	-	10,259,359	10,259,359
Revaluation of property, plant and equipment net of deferred tax		-	1,506,385	-	1,506,385
<b>As of December 31, 2022</b>		<b>70,000,000</b>	<b>8,403,950</b>	<b>37,423,381</b>	<b>115,827,331</b>
Profit or loss for the period		-	-	(637,336)	(637,336)
<b>As of September 30, 2023</b>		<b>70,000,000</b>	<b>8,403,950</b>	<b>36,786,045</b>	<b>115,189,995</b>

**Interim Statement of Changes in Equity**  
**for the nine months ended September 30, 2023**  
(in Uruguayan pesos)

	NOTES	PARTICIPATION CERTIFICATES	VALUATION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>As of December 31, 2021</b>		<b>1,988,715,600</b>	<b>308,286,664</b>	<b>1,242,170,793</b>	<b>1,063,823,366</b>	<b>4,602,996,423</b>
Translation reserve	7	-	-	(305,208,433)	-	(305,208,433)
Profit or loss for the period		-	-	-	45,326,413	45,326,413
<b>As of September 30, 2022</b>		<b>1,988,715,600</b>	<b>308,286,664</b>	<b>936,962,360</b>	<b>1,109,149,779</b>	<b>4,343,114,403</b>
Translation reserve		-	-	(172,919,614)	-	(172,919,614)
Revaluation of property, plant and equipment net of deferred tax		-	60,362,366	-	-	60,362,366
Profit or loss for the period		-	-	-	410,759,815	410,759,815
<b>As of December 31, 2022</b>		<b>1,988,715,600</b>	<b>368,649,030</b>	<b>764,042,746</b>	<b>1,519,909,594</b>	<b>4,641,316,970</b>
Translation reserve		-	-	(175,790,797)	-	(175,790,797)
Profit or loss for the period		-	-	-	(24,260,749)	(24,260,749)
<b>As of September 30, 2023</b>		<b>1,988,715,600</b>	<b>368,649,030</b>	<b>588,251,949</b>	<b>1,495,648,845</b>	<b>4,441,265,424</b>

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



# **FINANCIAL FORESTRY TRUST FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY II**

## **Notes to the condensed interim financial statements for the nine months ended September 30, 2023**

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

In the city of Montevideo, on August 14, 2014, this Agreement is made and entered into by and between EF ASSET MANAGEMENT, Administradora de Fondos de Inversión S.A., acting as "Trustee", Agroempresa Forestal S.A., acting as "Manager", and the Initial Underwriters of the Securities, acting as "Trustors", to create the Financial Forestry Trust Fideicomiso Financiero Forestal Bosques del Uruguay II.

On December 5, 2014, the Central Bank of Uruguay (CBU) authorized the registration of the Trust in the Securities Market Registry (Notice No. 2014/208).

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

The Trustee invested the funds from the placement of the Securities (Participation Certificates) in the purchase of rural Properties, located within the Eastern Republic of Uruguay, which became part of the Trust property. Such properties shall be used to carry out forestry activities.

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

The Trustee shall appoint the Manager, through the Management Agreement. The Management shall be in charge of managing the Trust Assets, and implementing 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 in reference to the outsourced activities.

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

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

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

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

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

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

In accordance with Section 330 of the Central Bank of Uruguay's Compilation of Securities Market Standards, the Trust's accounting and fiscal period ends on each December 31. The condensed interim financial statement of comprehensive income, the statement of changes in equity, and the statement of cash flows, are presented for the nine months ended September 30, 2023.

These condensed interim financial statements were authorized to be issued by EF Asset Management Administradora de Fondos de Inversión S.A., Trustee of the Trust, on October 25, 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, provides that the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standards Board (IASB), translated into Spanish, shall be the mandatory accounting standards for issuers of publicly traded securities.

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

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

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

The accounting policies applied by the Trust for the preparation and presentation of these financial statements are the same as those applied by the Trust in the financial statements dated December 31, 2022, except for the adoption of the new standards effective as of January 1, 2023.

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 has no significant impact on the financial statements of the Trust.

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

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

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

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

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

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

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

Equity components have been retranslated as follows: 1) the capital shall be 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 of the Trust, since the Trust was established, expressed in U.S. dollars and translated in accordance with the general translation standard.

The difference arising from the use of the closing exchange rate for assets, liabilities and equity translation, and the exchange rate in effect at the date of each transaction for the results 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 results for the period. Balances of assets and liabilities denominated in non-functional currency for the period are summarized in Note 6.

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

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

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

Deposits in checking accounts and on demand 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 Accounts receivable and other receivables**

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

## **2.8 Other non-financial assets**

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

## **2.9 Biological assets – plantations**

Forest plantations and the costs incurred in the formation of the forests between December 31, 2022, and September 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 carried out by external forest appraisers. The fair value of forest plantations is estimated by the external appraiser using current value techniques of estimated cash flows, and mainly income or expectation approach techniques.

On the basis of the methodology described above, the external expert determined that the fair value of the biological assets as of December 31, 2022, was USD 67,060,000, equivalent to UYU 2,687,161,260.

To this end, the following elements have been considered:

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

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

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

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

## **2.10 Inventories**

Inventories are valued at acquisition cost.

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

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

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

The components and evolution of property, plant and equipment balances for the nine months ended September 30, 2023, is set out in Note 5 of these financial statements.

In accordance with the terms of the agreement, lands were valued by an external expert on December 31, 2022. The book value of the lands was adjusted to the values provided in the report issued by such expert, which amounted to USD 44,036,374, equivalent to UYU 1,764,581,543.

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

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

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

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

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 are charged to selling, general and administrative expenses.

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

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

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

Profit and losses presented in the statement of comprehensive income are recognized at the amount originally obtained or disbursed for goods or services.

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

## **2.13 Definition of capital**

The difference in value of equity as of September 30, 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, the definition of funds as for cash and cash equivalents is used.

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

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

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

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

Regarding the aforementioned tax, in 2013, Law No. 19,088 amended the exemption regulating the agricultural sector and applied a surcharge to those taxpayers. Decree No. 293/013, which regulates such Law, introduced an amendment extending the exemption from the Wealth Tax to trusts, which already existed for certain listed companies. This exemption is applicable for five fiscal years since the creation of the trust. Therefore, for the period ended on September 30, 2023, the Trust does not enjoy such Wealth Tax and Surcharge exemption.

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

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

Additionally, the Trust determines the amount of Income Tax by the Deferred Tax Method, which consists in the recognition (as credit or debit) of the tax effect on the temporary differences between the accounting and

fiscal valuation of assets and liabilities, determined at the current rate of 25%, its subsequent charge to the profit or loss for the period in which their reversal occurs.

## **2.16 Provisions**

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

## **2.17 Financial Instruments**

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

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

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

The preparation of financial statements requires the Trustee to make estimates and assumptions that affect the reported amounts of assets, liabilities, 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 property, plant and equipment: Lands, to determine whether or not there are any indications of impairment. If an impairment event occurs, the recoverable amount of the assets is estimated to determine whether it is necessary to write down the value of the assets due to such impairment.

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

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

## 2.19 Fair value of lands and forests

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

### Key assumptions used in the impairment test

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

The determination of the recoverable amount of the Trust is based on complex estimates requiring the application of assumptions and professional judgment by such expert, including:

#### (a) Wood flow

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

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

#### (b) Land sales flow

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

- year of disinvestment
- year zero cash flow

#### (c) Operating and management costs

- Forest costs: These costs are related to the amount spent to establish and cultivate the forest until it is ready for the final harvest.
- General expenses: These expenses are related to the amount spent on activities such as management, office maintenance, forest inventory, protections and certification, vehicles, roads, security and communications.

#### (d) Wood price

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

#### (e) Land price and cost

It is the weighted average potential price of land.

#### (f) Determining the discount rate

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

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

#### (g) Sensitivity analysis

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

## 2.20 Consistency of accounting principles

The criteria applied in the valuation of assets and liabilities, as well as to determine the results for the nine months ended September 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>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Wood	1,697,749	379,645	65,435,995	15,155,710
Coadjuvant	4,518	4,723	184,460	198,093
Herbicide	61,217	27,715	2,393,450	1,154,218
Fertilizer	20,897	4,475	805,281	186,637
Ant killer	10,814	5,627	413,860	227,306
Seedlings	27,102	14,182	1,014,955	543,736
Seeds	4,617	17,458	190,491	719,535
	<b>1,826,914</b>	<b>453,825</b>	<b>70,438,492</b>	<b>18,185,235</b>

### 3.2 Accounts receivable and other receivables

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Accounts receivable	2,369,837	645,042	91,371,431	25,847,483
Grazing debtors	36,772	9,571	1,417,782	383,520
Beehive debtors	209	153	8,049	6,110
	<b>2,406,818</b>	<b>654,766</b>	<b>92,797,262</b>	<b>26,237,113</b>

### 3.3 Other non-financial assets

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Tax credits	1,012,865	564,880	39,052,025	22,635,257
Advances to suppliers	4,854	3,655	187,148	146,478
Other non-financial assets	9,464	-	364,894	-
	<b>1,027,183</b>	<b>568,535</b>	<b>39,604,067</b>	<b>22,781,735</b>

### 3.4 Cash and cash equivalents

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Banks	1,701,319	635,543	65,596,064	25,466,846
	<b>1,701,319</b>	<b>635,543</b>	<b>65,596,064</b>	<b>25,466,846</b>



### 3.5 Accounts payable and other payables

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Accounts payable	863,976	479,181	33,311,424	19,201,275
Tax creditors	867,242	327,154	33,437,430	13,109,385
Customer advances	61,273	25,329	2,362,433	1,014,970
Provisions	36,964	40,515	1,425,184	1,623,463
Other payables	8,348	-	321,865	-
	<b>1,837,803</b>	<b>872,179</b>	<b>70,858,336</b>	<b>34,949,093</b>

### 3.6 Loans and liabilities

<i>Item</i>	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Bank loan	3,419,136	228,649	131,828,209	9,162,179
	<b>3,419,136</b>	<b>228,649</b>	<b>131,828,209</b>	<b>9,162,179</b>

As of September 30, 2023, the balance corresponds to three fixed term notes in U.S. dollars issued by local banks. The first note was taken out in May 2023, for the principal amount of USD 400,000, equivalent to UYU 15,422,400, from which USD 16,952 were paid in September. Therefore, its outstanding principal as of September 30, 2023, amounts to USD 383,048, equivalent to UYU 14,768,790. This note shall be paid in the following 180 days. The second note was taken out in July 2023, for the principal amount of USD 2,100,000, equivalent to UYU 80,967,601. This note shall be paid in the following 120 days. The third note was taken out in August 2023, for the principal amount of USD 900,000, equivalent to UYU 34,700,400. This note shall be paid in the following 120 days.

Accrued and unpaid interests for the period amount to USD 36,088, equivalent to UYU 1,391,419.

As of December 31, 2022, the balance corresponds to one fixed term note in U.S. dollars issued by BBVA Uruguay S.A. in September 2022, for the principal amount of USD 400,000, equivalent to UYU 16,028,400, from which USD 120,457, USD 29,630 and USD 21,674 were paid in September, October and November 2023, respectively. This note shall be fully paid on January 31, 2023. Therefore, its outstanding principal as of December 31, 2022, amounts to USD 228,649, equivalent to UYU 9,162,179.

Accrued and unpaid interests as of December 31, 2022, amounted to USD 409, equivalent to UYU 16,403.

### 3.7 Operating revenue

<i>Item</i>	USD			
	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Revenue from sales of wood	4,259,241	1,900,792	6,624,803	7,807,479
Revenue from grazing	44,664	48,815	152,391	134,857
Revenue from beehives	497	467	1,375	1,408
	<b>4,304,402</b>	<b>1,950,074</b>	<b>6,778,569</b>	<b>7,943,744</b>

<i>Item</i>	Equivalent in UYU			
	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Revenue from sales of wood	162,448,749	77,968,386	252,251,105	324,285,478
Revenue from grazing	1,695,368	2,006,214	5,854,817	5,566,692
Revenue from beehives	18,866	19,293	52,735	57,475
	<b>164,162,983</b>	<b>79,993,893</b>	<b>258,158,657</b>	<b>329,909,645</b>

### 3.8 Selling, general and administrative expenses

USD

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Forestry Operator Fee	331,794	103,892	995,382	311,677
Registered Agent Fee	8,033	6,962	22,033	20,962
Other fees	56,945	46,518	173,795	143,292
Field expenses	48,505	45,935	237,235	232,071
Depreciation	83,270	80,284	246,507	238,303
Taxes	730	14,327	235,538	222,229
Insurances	23,471	21,234	74,658	72,305
Miscellaneous	41,009	13,480	114,603	63,118
	<b>593,757</b>	<b>332,632</b>	<b>2,099,751</b>	<b>1,303,957</b>

Equivalent in UYU

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Forestry Operator Fees	12,621,110	4,269,492	38,182,409	12,874,308
Registered Agent Fees	302,549	285,002	845,063	903,312
Other fees	2,145,864	1,893,483	6,681,692	5,932,516
Field expenses	1,839,638	1,878,595	9,163,819	9,608,479
Depreciation	3,161,695	3,299,728	9,464,172	9,835,062
Taxes	27,767	588,032	8,844,741	8,849,259
Insurances	891,138	872,683	2,870,032	3,013,218
Miscellaneous	1,558,432	550,961	4,406,805	2,620,136
	<b>22,548,193</b>	<b>13,637,976</b>	<b>80,458,733</b>	<b>53,636,290</b>

### 3.9 Financial results

USD

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Interests and bank charges	(6,821)	(942)	(10,568)	(8,742)
Interests on banknotes	(55,038)	(1,727)	(74,121)	(12,788)
Exchange difference	72,350	126,577	(100,704)	(239,801)
	<b>10,491</b>	<b>123,908</b>	<b>(185,393)</b>	<b>(261,331)</b>

Equivalent in UYU

<i>Item</i>	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Interests and bank charges	(257,806)	(38,495)	(402,400)	(364,718)
Interests on banknotes	(2,088,885)	(71,200)	(2,814,676)	(536,362)
Exchange difference	2,744,990	5,126,971	(3,959,046)	(10,363,135)
	<b>398,299</b>	<b>5,017,276</b>	<b>(7,176,122)</b>	<b>(11,264,215)</b>

### NOTE 4 - BIOLOGICAL ASSETS – PLANTATIONS

Biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Lavalleja and Treinta y Tres; which are composed by Eucalyptus Grandis, Saligna, Dunnii and Globulus, and Pinus Elioti species, amounting to 9,044 forested hectares on an area of approximately 14,703 hectares as of September 30, 2023 (9,201 hectares as of December 31, 2022).

The evolution of the biological asset for the nine months ended September 30, 2023, and December 31, 2022, is detailed below:

	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>09/30/2023</b>	<b>12/31/2022</b>	<b>09/30/2023</b>	<b>12/31/2022</b>
Opening balance	67,060,000	55,430,000	2,687,161,260	2,477,443,850
Cost increase added to biological assets	1,085,853	1,285,633	41,722,763	52,390,932
Reduction by harvest of biological assets	(2,604,251)	(647,845)	(100,026,629)	(26,393,070)
Change in the fair value of biological assets	-	10,992,212	-	440,468,928
Translation adjustment	-	-	(101,835,404)	(256,749,380)
	<b>65,541,602</b>	<b>67,060,000</b>	<b>2,527,021,990</b>	<b>2,687,161,260</b>

## NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is composed as follows:

**In U.S. dollars:**

09/30/2023													12/31/2022
Item	Acquisition costs						Depreciations					Net values	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		
Lands	44,036,374	-	-	-	-	44,036,374	-	-	-	-	-	44,036,374	44,036,374
Improvements	6,792,152	-	-	-	-	6,792,152	(1,225,963)	-	(179,511)	-	(1,405,474)	5,386,678	5,566,188
Other improvements	861,289	94,333	-	-	-	955,622	(306,324)	-	(66,997)	-	(373,321)	582,301	554,965
Total	51,689,815	94,333	-	-	-	51,784,148	(1,532,288)	-	-246,507	-	-1,778,795	50,005,353	50,157,527

**Equivalent in Uruguayan pesos:**

09/30/2023													12/31/2022
Item	Acquisition costs						Depreciations					Net values	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		
Lands	1,764,581,542	-	-	-	(66,715,107)	1,697,866,436	-	-	(6,892,578)	1,828,692	(54,189,455)	1,697,866,436	1,764,581,542
Improvements	272,168,314	-	-	-	(10,290,110)	261,878,205	(49,125,569)	-	(6,892,578)	1,828,692	(54,189,455)	207,688,750	223,042,746
Other improvements	34,512,713	3,603,175	-	-	(1,270,907)	36,844,980	(12,274,728)	-	(2,571,594)	452,556	(14,393,766)	22,451,214	22,237,984
Total	2,071,262,569	3,603,175	-	-	(78,276,124)	1,996,589,621	(61,400,297)	-	-9,464,172	2,281,248	(68,583,221)	1,928,006,400	2,009,862,272

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

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

	September 30, 2023		December 31, 2022	
	UYU	Equivalent in USD	UYU	Equivalent in USD
<b>Assets</b>				
Accounts receivable and other receivables	39,302,417	1,019,359	22,761,459	568,028
Cash and cash equivalents	1,728,037	44,819	86,620	2,162
<b>Total assets</b>	<b>41,030,454</b>	<b>1,064,178</b>	<b>22,848,079</b>	<b>570,190</b>
<b>Liabilities</b>				
Deferred tax	(79,512,306)	(2,062,255)	(104,266,219)	(2,602,037)
Accounts payable and other payables	(56,947,732)	(1,477,013)	(28,655,564)	(715,120)
<b>Total Liabilities</b>	<b>(136,460,038)</b>	<b>(3,539,268)</b>	<b>(132,921,783)</b>	<b>(3,317,157)</b>
<b>Net position</b>	<b>(95,429,584)</b>	<b>(2,475,090)</b>	<b>(110,073,704)</b>	<b>(2,746,967)</b>

The U.S. dollar exchange rate as of September 30, 2023, was UYU 38.556 and UYU 40.071 as of December 31, 2021.

## NOTE 7 – EQUITY

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

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

Participation certificates were paid in as of September 30, 2023 as follows:

Date	USD	Equivalent in UYU
01/20/2015	4,200,000	103,105,800
03/31/2015	14,200,000	365,067,800
03/30/2015	29,000,000	844,654,000
01/21/2016	13,000,000	403,143,000
08/31/2016	3,000,000	85,734,000
02/17/2017	6,600,000	187,011,000
<b>Total paid-in capital</b>	<b>70,000,000</b>	<b>1,988,715,600</b>

## NOTE 8 – COMMITMENTS

As of September 30, 2023, the Trust commitments for grazing contracts on lands owned by the Trust amounted to USD 129,752, corresponding to 11,633 hectares of pastured land.

## NOTE 9 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
<b>Accounts payable</b>				
Agro Empresa Forestal S.A.	129,863	43,604	5,006,988	1,747,258
	<b>129,863</b>	<b>43,604</b>	<b>5,006,988</b>	<b>1,747,258</b>

b) Transactions with related parties are composed as follows:

	USD			
	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
<b>Accrued fees</b>				
Agro Empresa Forestal S.A.	331,794	103,892	995,382	311,677
	<b>331,794</b>	<b>103,892</b>	<b>995,382</b>	<b>311,677</b>

  

	Equivalent in UYU			
	Quarter ended on		Period ended on	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
<b>Accrued fees</b>				
Agro Empresa Forestal S.A.	12,621,110	4,269,492	38,182,409	12,635,564
	<b>12,621,110</b>	<b>4,269,492</b>	<b>38,182,409</b>	<b>12,635,564</b>

## NOTE 10 - FINANCIAL RISK MANAGEMENT

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

### 10.1 Credit Risk

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

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

### 10.2 Liquidity risk

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

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

### 10.3 Market risk

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

#### a) Currency Risk

The Trust is exposed to this risk because of its monetary position in Uruguayan pesos (Note 6). The Trust's sensitivity to a 10% increase and decrease in the Uruguayan peso against the U.S. dollar is detailed below. The sensitivity analysis included outstanding monetary items expressed in foreign currency. With a 10% strengthening of the Uruguayan peso against the U.S. dollar, the comprehensive income for the period would decrease by USD 275,010, equivalent to UYU 9,542,958. If a weakening of 10% were to occur, the comprehensive income for the period would increase by USD 225,008, equivalent to UYU 9,542,958.

#### b) Interest Rate Risk

The Trust is exposed to low interest rate risk.

#### c) Price risk

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

	USD		Equivalent in UYU	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Inventories	1,826,914	453,825	70,438,492	18,185,235
Property, plant and equipment (Lands)	44,036,374	44,036,374	1,647,866,436	1,764,581,542
Biological asset	65,541,602	67,060,000	2,527,021,990	2,687,161,260
	<b>111,404,890</b>	<b>111,550,199</b>	<b>4,295,326,918</b>	<b>4,469,928,037</b>

#### d) Fair value

It was estimated that the value of financial assets and liabilities measured at amortized cost, corresponding to accounts receivable, other receivables, accounts payable and other payables, 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 September 30, 2023, no other events or circumstances have occurred that may have significantly affected the financial position, performance and cash flows of the Trust.