

**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III  
FINANCIAL FORESTRY TRUST BOSQUES DEL URUGUAY III**

***INTERIM FINANCIAL STATEMENTS AND COMPILATION REPORT  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024***

**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 III INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2024**

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### **Abbreviations:**

UYU – Uruguayan peso

USD – U.S. Dollar

## COMPILATION REPORT

To the Board of Directors of

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

We have compiled the interim statement of financial position of Fideicomiso Financiero Forestal Bosques del Uruguay III as of March 31, 2024, along with the related statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as the selected explanatory notes. These interim financial statements present the information provided by the Management of the Company, responsible for the accuracy of the data contained therein and its submission in accordance with the applicable accounting standards in Uruguay.

Our review was conducted in accordance with the International Standard Related Services No. 4410 as provided by Pronouncement No.18 of the Association of Accountants, Economists and Business Administrators of Uruguay. This compilation was limited to presenting Management's assertions regarding the financial position and performance of the Trust in the form of interim financial statements.

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

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

Montevideo, April 29, 2024.



CPA FERRERE

[Signature:] LEONARDO ISOARDI

Partner

Certified Public Accountant

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

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



**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III**
**Interim Statement of Financial Position as of March 31, 2024**

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2024	12/31/2023	03/31/2024	12/31/2023
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	155,386,856	155,519,521	5,835,087,220	6,068,682,754
Biological assets - plantations	4	91,890,818	92,013,015	3,450,684,007	3,590,531,864
<b>Total non-current assets</b>		<b>247,277,674</b>	<b>247,532,536</b>	<b>9,285,771,227</b>	<b>9,659,214,618</b>
<b>Current assets</b>					
Inventories	3.1	3,476,307	2,304,602	130,542,267	89,930,198
Accounts receivable and other receivables	3.2	1,431,163	4,580,471	53,743,032	178,739,155
Other financial assets	3.3	3,302,082	1,913,463	123,999,767	74,667,100
Cash and cash equivalents	3.4	476,216	1,300,010	17,882,845	50,729,007
<b>Total current assets</b>		<b>8,685,768</b>	<b>10,098,546</b>	<b>326,167,911</b>	<b>394,065,460</b>
<b>Total assets</b>		<b>255,963,442</b>	<b>257,631,082</b>	<b>9,611,939,138</b>	<b>10,053,280,078</b>
<b>Equity</b>					
Participation certificates	7	190,000,000	190,000,000	5,491,141,906	5,491,141,906
Revaluation reserve		34,898,985	34,898,985	1,514,808,272	1,514,808,272
Translation reserve	7	-	-	1,112,312,271	1,465,285,814
Retained earnings		14,549,198	15,762,150	873,495,730	919,842,832
<b>Total equity</b>		<b>239,448,183</b>	<b>240,661,135</b>	<b>8,991,758,179</b>	<b>9,391,078,824</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Loans and liabilities	3.6	5,133,316	5,296,536	192,766,249	206,681,371
Deferred tax liabilities	2.15	6,102,094	5,872,221	229,145,822	229,145,822
<b>Non-current liabilities</b>		<b>11,235,410</b>	<b>11,168,757</b>	<b>421,912,071</b>	<b>435,827,193</b>
<b>Current liabilities</b>					
Accounts payable and other payables	3.5	511,816	3,106,263	169,427,704	121,212,581
Loans and liabilities	3.6	768,033	2,694,927	28,841	105,161,480
<b>Total current liabilities</b>		<b>5,279,849</b>	<b>5,801,190</b>	<b>198,268,888</b>	<b>98,965,191</b>
<b>Total liabilities</b>		<b>16,515,259</b>	<b>16,969,947</b>	<b>620,180,959</b>	<b>662,201,254</b>
<b>Total liabilities and equity</b>		<b>255,963,442</b>	<b>257,631,082</b>	<b>9,611,939,138</b>	<b>10,053,280,078</b>

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

**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III****Interim Statement of Comprehensive Income  
for the three months ended March 31, 2024**

(in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023
Operating revenue	3.7	4,369,675	6,358,272	169,582,649	247,022,453
Cost of goods sold		(4,015,868)	(4,523,213)	(155,358,859)	(175,690,441)
<b>Gross income</b>		<b>353,807</b>	<b>1,835,059</b>	<b>14,223,790</b>	<b>71,332,012</b>
SG&A	3.8	(1,247,026)	(1,284,952)	(48,292,193)	(49,940,375)
Financial results	3.9	(319,733)	(298,433)	(12,278,699)	(11,718,187)
<b>Profit or loss for the period before income tax</b>		<b>(1,212,952)</b>	<b>251,674</b>	<b>(46,347,102)</b>	<b>9,673,450</b>
Income tax	2.15	-	-	-	-
<b>Profit or loss for the period</b>		<b>(1,212,952)</b>	<b>251,674</b>	<b>(46,347,102)</b>	<b>9,673,450</b>
<b>Items that may be subsequently reclassified to profit or loss</b>					
Translation reserve	2.2	-	-	(352,973,543)	(326,657,178)
<b>Comprehensive income for the period</b>		<b>(1,212,952)</b>	<b>251,674</b>	<b>(399,320,645)</b>	<b>(316,983,728)</b>

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

## FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III

### Interim Statement of Cash Flows for the three months ended March 31, 2024 (in U.S. dollars and Uruguayan pesos)

	Notes	USD		Equivalent in UYU	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023
<b>Cash flow from operating activities</b>					
Profit or loss for the period before income tax		(1,212,952)	251,674	(46,347,102)	9,673,450
<b>Adjustments for:</b>	<b>5</b>				
Depreciations		208,035	203,650	8,033,575	7,916,698
Costs of standing timber		513,708	1,057,034	19,290,778	40,247,925
Unpaid accrued interest	<b>3.6</b>	330	8,662	12,373	334,774
		<b>(490,879)</b>	<b>1,521,020</b>	<b>(19,010,376)</b>	<b>58,172,847</b>
<b>Changes in assets and liabilities</b>					
Accounts receivable and other receivables		3,149,308	(181,738)	120,577,555	(7,153,117)
Inventories		(468,354)	(805,546)	(17,931,870)	(31,705,882)
Other non-financial assets		(1,388,619)	(69,528)	(53,166,056)	(2,736,587)
Accounts payable and other payables		1,635,426	(339,696)	62,615,555	(13,370,265)
Translation adjustment		-	-	685,420	(4,488,902)
<b>Net flows from operating activities</b>		<b>2,436,882</b>	<b>124,512</b>	<b>93,770,228</b>	<b>(1,281,906)</b>
<b>Cash flows from investing activities</b>					
Costs incurred in biological assets	<b>4</b>	(1,094,860)	(884,051)	(42,259,381)	(34,510,651)
Purchases of property, plant and equipment	<b>5</b>	(75,371)	(74,650)	(2,910,024)	(2,900,336)
<b>Net cash flows used in investing activities</b>		<b>(1,170,231)</b>	<b>(958,701)</b>	<b>(45,169,405)</b>	<b>(37,410,987)</b>
<b>Cash flows from financing activities</b>					
Loans and other liabilities		(2,090,445)	2,259,363	(81,609,824)	88,719,826
<b>Net flows (used in) / from financing activities</b>		<b>(2,090,445)</b>	<b>2,259,363</b>	<b>(81,609,824)</b>	<b>88,719,826</b>
<b>Changes in cash flows and cash equivalents</b>		<b>(823,794)</b>	<b>1,425,174</b>	<b>(33,009,001)</b>	<b>50,026,933</b>
<b>Opening balance of cash and cash equivalents</b>		<b>1,300,010</b>	<b>3,580,622</b>	<b>50,729,007</b>	<b>143,479,085</b>
Effect of exchange rate changes on cash and cash equivalents		-	-	162,839	(41,962)
<b>Closing balance of cash and cash equivalents</b>		<b>476,216</b>	<b>5,005,796</b>	<b>17,882,845</b>	<b>193,464,056</b>

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

**FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III**

**Interim Statement of Changes in Equity  
for the three months ended March 31, 2024**  
(in U.S dollars)

	<b>PARTICIPATION CERTIFICATES</b>	<b>VALUATION RESERVE</b>	<b>RETAINED EARNINGS</b>	<b>TOTAL EQUITY</b>
<b>As of December 31, 2022</b>	<b>190,000,000</b>	<b>30,412,868</b>	<b>9,179,845</b>	<b>229,592,713</b>
Profit or loss for the period	-	-	251,674	251,674
<b>As of March 31, 2023</b>	<b>190,000,000</b>	<b>30,412,868</b>	<b>9,431,519</b>	<b>229,844,387</b>
Profit or loss for the period	-	-	6,330,631	6,330,631
Revaluation of property, plant and equipment, net of deferred tax	-	4,486,117	-	4,486,117
<b>As of December 31, 2023</b>	<b>190,000,000</b>	<b>34,898,985</b>	<b>15,762,150</b>	<b>240,661,135</b>
Profit or loss for the period	-	-	(1,212,952)	(1,212,952)
<b>As of March 31, 2024</b>	<b>190,000,000</b>	<b>34,898,985</b>	<b>14,549,198</b>	<b>239,448,183</b>

**Interim Statement of Changes in Equity  
for the three months ended March 31, 2024**  
(in Uruguayan pesos)

	<b>PARTICIPATION CERTIFICATES</b>	<b>VALUATION RESERVE</b>	<b>TRANSLATION RESERVE</b>	<b>RETAINED EARNINGS</b>	<b>TOTAL EQUITY</b>
<b>As of December 31, 2022</b>	<b>5,491,141,906</b>	<b>1,339,750,988</b>	<b>1,704,201,235</b>	<b>664,915,510</b>	<b>9,200,009,639</b>
Translation reserve	-	-	-	9,673,450	9,673,450
Profit or loss for the period	-	-	(326,657,178)	-	(326,657,178)
<b>As of March 31, 2023</b>	<b>5,491,141,906</b>	<b>368,649,030</b>	<b>1,377,544,057</b>	<b>674,588,960</b>	<b>8,883,025,911</b>
Revaluation of property, plant and equipment, net of deferred tax	-	-	-	245,253,872	245,253,872
Translation reserve	-	-	87,741,757	-	87,741,757
Profit or loss for the period	-	175,057,284	-	-	175,057,284
<b>As of December 31, 2023</b>	<b>5,491,141,906</b>	<b>1,514,808,272</b>	<b>1,465,285,814</b>	<b>919,842,832</b>	<b>9,391,078,824</b>
Translation reserve	-	-	-	(46,347,102)	(46,347,102.00)
Profit or loss for the period	-	-	(352,973,543)	-	(352,973,543.00)
<b>As of March 31, 2024</b>	<b>5,491,141,906</b>	<b>1,514,808,272</b>	<b>1,112,312,271</b>	<b>873,495,730</b>	<b>8,991,758,179</b>

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

# **FIDEICOMISO FINANCIERO FORESTAL BOSQUES DEL URUGUAY III**

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

### **FOR THE THREE MONTHS ENDED MARCH 31, 2024**

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

On August 22, 2016, 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 III.

On November 16, 2016, the Central Bank of Uruguay [BCU, for its acronym in Spanish] authorized the registration of the Trust in the Securities Market Registry (Communication No. 2016/246).

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

The Trustee invested the funds from the issuance of Securities (Participation Certificates) in the acquisition and/or lease of rural Properties located within the Eastern Republic of Uruguay. These properties have become part of the Trust's assets and will be used for forestry activities.

The Business Plan outlines the framework within which the Trust's strategy is developed to fulfil its purpose, specifying the general requirements that the properties must meet.

The Trustee shall appoint the Manager through the Management Agreement. The Manager will be responsible for managing the Trust's assets and implementing the Business Plan related to this Trust and the Management Agreement. Notwithstanding the foregoing, the Trustee remains accountable for the Manager's performance concerning the outsourced activities.

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

The equity of the Trust consists of its assets and all present and future economic rights generated from those assets. The Trust's equity shall be used solely and exclusively for its intended purposes, and only the rights and actions related to these assets may be exercised in connection with them.

On December 6, 2016 (Subscription Closing Date), book-entry Participation Certificates totalling USD 190,000,000 (one hundred ninety million U.S. dollars), issued by the Trustee on behalf of the Fideicomiso Financiero Forestal Bosques del Uruguay III, were listed on the Bolsa Electrónica de Valores del Uruguay S.A. (BEVSA).

Participation Certificates grant Holders rights to participate in accordance with the financial performance of the Trust, pursuant to the terms and conditions outlined in the Trust Agreement.

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

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 end on December 31.

These interim financial statements were authorized for issuance by EF Asset Management Administradora de Fondos de Inversión S.A., Trustee of the Trust, on April 29, 2024.



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

### **2.1 Accounting Standards**

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

This condensed interim financial report does not include all the information required by International Financial Reporting Standards (IFRS) for the presentation of complete financial statements, as it follows the format of condensed financial statements provided for in International Accounting Standard No. 34 - "Interim Financial Reporting." Therefore, these condensed interim financial statements shall be read in conjunction with the Trust's financial statements for the year ended December 31, 2023.

Decree 108/22 dated April 4, 2022, offers entities covered by Decree 124/11 the option to apply new presentation criteria for equity items introduced by that decree. The Trust has not opted to apply these presentation criteria.

#### **2.1.1 New Standards, Interpretations, and Amendments with Mandatory Application Starting in the Current Fiscal Year**

The accounting policies applied by the Trust for the preparation and presentation of these financial statements are consistent with those applied in its financial statements as of December 31, 2023, and for the year then ended, except for the adoption of new standards effective as of January 1, 2024. The Trust has not early adopted any other standards, interpretations, or amendments that have been issued but are not yet effective.

The new and revised standards issued by the IASB, effective from the fiscal year beginning January 1, 2024, are as follows:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The application of these new standards has had 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**

The current regulations in Uruguay establish that the functional currency shall provide useful information about the Trust and that reflects the economic substance of events and relevant circumstances pertaining 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 according to the standard when:

- Purchases are financed in that currency.
- Collections of accounts receivable 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 these 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) capital is presented at its value in historical Uruguayan pesos including the difference between such value and the amount resulting from the application of the general translation criterion as an adjustment to equity; 2) retained earnings the correspond to the financial performance of 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 the translation of assets, liabilities and equity, 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 denominated in currencies other than the functional currency are valued at the closing exchange rates for the period. Exchange differences are recognized in profit or loss. A summary of the balances of assets and liabilities denominated in non-functional currencies for the period is provided in Note 6.

### **2.4 Overall Valuation Criteria for Assets and Liabilities**

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

### **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 Accounts Receivable and Other Receivables**

Accounts receivable and other receivables are presented at their amortized cost using the effective interest method. 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 application of this method does not have a significant impact on the financial statements of the Trust.

### **2.8 Other Non-Financial Assets**

Non-financial assets are presented at their nominal value and primarily consist of tax credits.

## **2.9 Biological Assets – Plantations**

Forest plantations and the costs incurred in the formation of the forests between December 31, 2023, and March 31, 2024, are presented in the statement of financial position at their fair value as of December 31, 2023.

The Trust annually determines the value of forest plantations according to the valuation of its forests, conducted by external forest appraisers. The fair value of forest plantations is estimated by the external appraiser using current value techniques of estimated fund flows, and mainly income or expectation approach techniques.

Based on this methodology, the external appraiser determined that the fair value of the biological assets as of December 31, 2023, amounted to USD 92,013,015, equivalent to UYU 3,590,531,864 (Note 4).

To this end, the following factors have been essentially considered:

- Estimated representative prices for the projection period
- Annual variable and fixed costs associated with wood production
- Discount rate estimated based on a capital asset pricing model, which is 7.5%

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

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

The fair value of these assets has been primarily determined using Level 3 information sources. 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, determined using the FIFO (First-In, First-Out) valuation method for the allocation of products sold. The Trust estimates that the carrying values of the inventories will not exceed their net realizable value.

## **2.11 Property, Plant and Equipment**

The components of property, plant and equipment balances during the three-month period ended March 31, 2024, are detailed in Note 5 of these financial statements.

In accordance with the terms of the agreement, the land was valued by an external appraiser on December 31, 2023. The book value of the land as of that date was adjusted to the values provided appraiser's report, which amounted to USD 138,557,698, equivalent to UYU 5,406,798,492.

The fair value of such land has been primarily determined using Level 3 information sources.

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

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

The Board and Management estimate that the net book value of the assets does not exceed their use value and that there have been no impairment losses on any item of property, plant and equipment.

Depreciation for the period has 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. Income is recognized when it is probable that future economic benefits will flow into the Trust as a result of transactions conducted by the Trust.

Revenue from sales of goods and services is recognized when the Trust has transferred the significant risks and rewards of ownership to the customer or when the services have been 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 received or disbursed for the goods or services.

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

## **2.13 Definition of Capital**

The difference in value of equity as of March 31, 2024, relative to the amount of capital to be maintained, has been regarded as the profit or loss for the period. The concept of capital used for this purpose is financial capital.

## **2.14 Statement of Cash Flows**

In preparing the statement of cash flows, the definition of funds as for cash and cash equivalents has been used, applying the indirect method.

## **2.15 Taxes, Current Income Tax and Deferred Tax**

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

The Trust is subject to IRAE for all income generated in Uruguay that is not covered by exemptions granted by Law No. 15,939, which promotes the forestry sector.

The Trust shall pay the Wealth Tax, however, the yield from forests planted in designated forestry priority areas, as well as the farms on which these plantations are located, are exempt from this tax.

Regarding the aforementioned tax, in 2013, Law No. 19,088 amended the exemption for the agricultural sector and applied a surcharge to those taxpayers. Decree No. 293/013, which regulates such law, extended the Wealth Tax exemption to certain trusts already in existence for certain listed companies. This exemption is applicable for five fiscal years since the creation of the trust. Therefore, for the period ended on March 31, 2024, 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, 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, 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 using the Deferred Tax Method, which involves recognizing (as credit or debit) of the tax effect on temporary differences between the accounting and fiscal valuation of assets and liabilities, determined at the current rate of 25%, and subsequently allocating these amounts to the results for the period in which the reversals occur.

## **2.16 Provisions**

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

## **2.17 Financial Instruments**

The main financial instruments of the Trust are deposits in bank checking accounts, investments and receivables. The main purpose of maintaining more liquid assets is to ensure that the Trust has sufficient cash and cash equivalents to meet its operational needs. The Trust has not engaged in derivative financial instruments during 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) Fair Value of Land, Property, Plant, and Equipment, and Biological Assets (Plantations)**

The Trust annually hires external expert appraisers to determine the fair value of its land (Notes 2.11 and 5) and biological assets (Note 2.9).

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

### **(b) Income Tax**

The Trust recognizes the effects of deferred tax based on estimates and assumptions regarding the realization and settlement of its assets and liabilities. Changes in these estimates and assumptions could significantly affect the balance of deferred tax assets and liabilities for the period in which such changes 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 will be future taxable profits against which the deductible temporary differences can be utilized. Additionally, to determine the portion of deferred tax assets to be recognized in the statement of financial position, it is necessary to consider whether there are future taxable temporary differences that can offset the deductible temporary differences. For these purposes, the Trustee estimates the reversal of temporary differences, future tax results, and available tax planning opportunities (Note 2.15).

## **2.19 Impairment Loss of Tangible Assets**

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

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

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

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

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

### **Key Assumptions Used in the Impairment Test**

To determine the impairment loss, Management has hired an external appraiser to estimate future cash flows for the remaining life of the Trust.

The measurement of impairment loss is based on complex estimates that require the application of assumptions and professional judgment by the appraiser, including:

#### **(a) Wood Flows**

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

- Stratify forest plantations
- Validate growth and yield tables
- Design harvesting scenarios
- Program of wood supply
- Plan wood flow

#### **(b) Land Sales Flow**

The valuation considered land sales in the following years based on variations estimated by the income approach:

- Year of disinvestment
- Year zero cash flow

#### **(c) Operating and Management Costs**

**Forest Costs:** Costs related to establishing and cultivating the forest until it is ready for the final harvest.

**General Expenses:** Expenses related to activities such as management, office maintenance, forest inventory, protections and certification, vehicles, roads, security and communications.

#### **(d) The Price of Wood**

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

#### **(e) The Price of Land and Cost**

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 financing 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 cash flows are presented as the cash flow that available to both debt and equity holders. Therefore, free cash flow is converted to present value through the application of WACC.

## (g) Sensitivity Analysis

The Trust has applied the sensitivity analysis to assess whether changes in discount rate estimates, the prices of wood, forests and general costs, and land sales prices could significantly affect 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 profit or loss for the three-month period ended March 31, 2024, are consistent with those applied for the fiscal year ended December 31, 2023.

## NOTE 3 - OPENING OF ITEMS

### 3.1 Inventories

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Wood	3,082,056	1,994,129	115,071,448	77,746,633
Coadjuvant	22,822	17,513	907,431	698,237
Herbicide	219,102	173,673	8,593,938	6,783,936
Seeds	32,796	32,796	1,351,707	1,351,707
Fertilizer	39,197	39,197	1,528,117	1,528,117
Ant killer	43,037	35,947	1,651,998	1,372,038
Seedlings	37,297	11,347	1,437,628	449,530
	<b>3,476,307</b>	<b>2,304,602</b>	<b>130,542,267</b>	<b>89,930,198</b>

### 3.2 Accounts Receivable and Receivables

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Accounts receivable	1,382,383	4,509,017	51,911,260	175,950,887
Grazing debtors	48,780	71,454	1,831,772	2,788,268
	<b>1,431,163</b>	<b>4,580,471</b>	<b>53,743,032</b>	<b>178,739,155</b>

### 3.3 Other Non-Financial Assets

<i>Item</i>	USD		Equivalent in UYU	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Tax credits	3,243,836	1,887,097	121,812,520	73,638,243
Advances to suppliers	44,091	26,366	1,655,715	1,028,857
Other non-financial credits	14,155	-	531,532	-
	<b>3,302,082</b>	<b>1,913,463</b>	<b>123,999,767</b>	<b>74,667,100</b>

### 3.4 Cash and Cash Equivalents

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>03/31/2024</b>	<b>12/31/2023</b>	<b>03/31/2024</b>	<b>12/31/2023</b>
Banks	476,216	1,300,010	17,882,845	50,729,007
	<b>476,216</b>	<b>1,300,010</b>	<b>17,882,845</b>	<b>50,729,007</b>

### 3.5 Accounts Payable and Other Payables

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>03/31/2024</b>	<b>12/31/2023</b>	<b>03/31/2024</b>	<b>12/31/2023</b>
Accounts payable	2,391,343	1,519,855	89,799,706	59,307,789
Tax creditors	2,031,105	1,495,701	76,272,063	58,365,229
Customer advances	70,678	34,622	2,654,091	1,351,020
Provisions	15,177	17,928	569,926	699,572
Other accounts payable	3,513	38,157	131,918	1,488,971
	<b>4,511,816</b>	<b>3,106,263</b>	<b>169,427,704</b>	<b>121,212,581</b>

### 3.6 Loans and Liabilities

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>03/31/2024</b>	<b>12/31/2023</b>	<b>03/31/2024</b>	<b>12/31/2023</b>
<b>Non-current liabilities</b>				
Bank loan	5,133,316	5,296,536	192,766,249	206,681,371
	<b>5,133,316</b>	<b>5,296,536</b>	<b>192,766,249</b>	<b>206,681,371</b>

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>03/31/2024</b>	<b>12/31/2023</b>	<b>03/31/2024</b>	<b>12/31/2023</b>
<b>Current liabilities</b>				
Bank loan	768,033	950,385	28,841,184	37,085,977
Bank overdraft	-	1,744,542	-	68,075,503
	<b>768,033</b>	<b>2,694,927</b>	<b>28,841,184</b>	<b>105,161,480</b>

As of March 31, 2024, the balance includes a bank loan in U.S. dollars issued by a local bank, for the principal amount of USD 3,000,000, equivalent to UYU 112,656,000. This loan is to be paid in 48 equal, consecutive and monthly installments from May 30, 2020. As of the date of these financial statements, 46 principal instalments totalling USD 2,875,000, equivalent to UYU 107,962,000, have been paid.

Additionally, another bank loan in U.S. dollars was taken from a local bank, for the principal amount of USD 7,000,000, equivalent to UYU 262,864,000. This loan is to be paid in 120 equal, consecutive and monthly installments from April 7, 2022. As of the date of these financial statements, 24 principal instalments totalling USD 1,223,981, equivalent to UYU 45,962,941, have been paid.

As of December 31, 2023, the balance includes a bank loan in U.S. dollars issued by a local bank, for the principal amount of USD 3,000,000, equivalent to UYU 117,066,000. This loan is to be paid in 48 equal, consecutive and monthly installments from May 30, 2020. As of the date of these financial statements, 43 principal instalments totalling USD 2,687,500, equivalent to UYU 104,871,625, have been paid.

Secondly, another bank loan in U.S. dollars was taken from a local bank, for the principal amount of USD 7,000,000, equivalent to UYU 273,154,000. This loan is to be paid in 120 equal, consecutive and monthly



installments from April 7, 2023. As of the date of these financial statements, 21 principal instalments totalling USD 1,066,402, equivalent to UYU 41,613,143, have been paid.

Accrued and unpaid interest as of the date of these financial statements amounts to USD 330, equivalent to UYU 8,662, and as of December 31, 2023, amounted to USD 823, equivalent to UYU 32,116.

### 3.7 Operating Revenues

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>03/31/2024</b>	<b>03/31/2023</b>	<b>03/31/2024</b>	<b>03/31/2023</b>
Revenue from sale of wood	4,270,190	6,264,471	165,763,106	243,375,990
Revenue from grazing	99,485	93,801	3,819,543	3,646,463
	<b>4,369,675</b>	<b>6,358,272</b>	<b>169,582,649</b>	<b>247,022,453</b>

### 3.8 Selling, General and Administrative Expenses

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>03/31/2024</b>	<b>03/31/2023</b>	<b>03/31/2024</b>	<b>03/31/2023</b>
Forestry Operator fees	508,182	508,182	19,621,094	19,690,207
Other fees	76,551	88,690	2,976,818	3,472,250
Farm expenses	330,804	382,069	12,883,389	14,876,151
Depreciation	208,035	203,648	8,033,576	7,916,699
Taxes	42,436	40,928	1,638,675	1,591,465
Insurances	42,465	41,696	1,639,870	1,624,485
Miscellaneous	38,553	19,740	1,498,771	769,118
	<b>1,247,026</b>	<b>1,284,952</b>	<b>48,292,193</b>	<b>49,940,375</b>

### 3.9 Financial Results

<i>Item</i>	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>03/31/2024</b>	<b>03/31/2023</b>	<b>03/31/2024</b>	<b>03/31/2023</b>
Interest earned	2,271	28,541	88,721	1,109,367
Interest and bank charges	(29,313)	(26,224)	(1,143,257)	(1,023,578)
Interests on loans	(49,220)	(68,194)	(1,902,361)	(2,650,667)
Exchange difference	(243,472)	(232,556)	(9,321,803)	(9,153,309)
	<b>(319,734)</b>	<b>(298,433)</b>	<b>(12,278,700)</b>	<b>(11,718,187)</b>

## NOTE 4 - BIOLOGICAL ASSETS – PLANTATIONS

Biological assets comprise forest plantations located mainly in the departments of Cerro Largo, Lavalleja, Rocha, Florida and Treinta y Tres. These plantations are primarily composed of Eucalyptus Dunnii and Globulus, and Pinus Taeda and Hybrid species. As of March 31, 2024, these forest plantations covered 27,583 hectares out of a total area of approximately 45,230 hectares.

The evolution of the biological asset for the three-month period ended March 31, 2024, and December 31, 2023, is detailed below:

	USD		Equivalent in UYU	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Opening balance	92,013,015	80,763,075	3,590,531,864	3,236,257,195
Cost increase added to biological assets	1,094,862	5,749,727	42,259,381	222,973,799
Reduction by harvest of biological assets	(1,217,059)	(2,592,485)	(46,595,012)	(100,912,536)
Change in the fair value of biological assets	-	8,092,698	-	315,793,269
Translation adjustments	-	-	(135,512,226)	(83,579,863)
	<b>91,890,818</b>	<b>92,013,015</b>	<b>3,450,684,007</b>	<b>3,590,531,864</b>

## NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is composed as follows:

**In U.S. dollars:**

03/31/2024													12/31/2023	
Item	Acquisition costs						Depreciations						Net values	Net values
	Opening balances	Additions	Disposals	Revaluation	Translation adjustment	Closing balances	Accumulated at opening	Disposals	For the period	Translation adjustment	Accumulated at closing			
Lands	138,557,698	-	-	-	-	138,557,698	-	-	-	-	-	138,557,698	45,935,572	
Improvements	19,867,614	-	-	-	-	19,867,614	(3,767,328)	-	(171,766)	-	(3,939,094)	15,928,520	5,326,841	
Other improvements	1,431,558	75,371	-	-	-	1,506,929	(570,022)	-	(36,269)	-	(606,291)	900,638	558,411	
<b>Total</b>	<b>159,856,870</b>	<b>75,371</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,932,241</b>	<b>(4,337,350)</b>	<b>-</b>	<b>(208,035)</b>	<b>-</b>	<b>(4,545,385)</b>	<b>155,386,856</b>	<b>155,519,521</b>	

**Equivalent in Uruguayan pesos:**

03/31/2024													12/31/2023	
Item	Acquisition costs						Depreciations						Net values	Net values
	Opening balances	Additions	Disposals	Revaluation	Translation adjustment	Closing balances	Accumulated at opening	Disposals	For the period	Translation adjustment	Accumulated at closing			
Lands	5,406,798,492	-	-	-	(203,679,816)	5,203,118,676	-	-	-	-	-	5,203,118,676	5,406,798,492	
Improvements	775,274,001	-	-	-	(29,205,391)	746,068,610	(147,008,684)	-	(6,633,150)	5,720,961	(147,920,873)	598,147,737	628,265,317	
Other improvements	55,862,356	2,910,024	-	-	(2,184,134)	56,588,246	(22,243,411)	-	(1,400,425)	876,397	(22,767,439)	33,820,807	33,618,945	
<b>Total</b>	<b>6,237,934,849</b>	<b>2,910,024</b>	<b>-</b>	<b>-</b>	<b>(235,069,341)</b>	<b>6,005,775,532</b>	<b>(169,252,095)</b>	<b>-</b>	<b>(8,033,575)</b>	<b>6,597,358</b>	<b>(170,688,312)</b>	<b>5,835,087,220</b>	<b>6,068,682,754</b>	

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

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

	March 31, 2024		December 31, 2023	
	UYU	Equivalent in USD	UYU	Equivalent in USD
<b>Assets</b>				
Other non-financial assets	122,384,681	3,259,072	74,290,936	1,903,822
Cash and cash equivalents	546,700	14,558	563,811	14,449
<b>Total</b>	<b>122,931,381</b>	<b>3,273,630</b>	<b>74,854,747</b>	<b>1,918,271</b>
<b>Total assets</b>	<b>122,931,381</b>	<b>3,273,630</b>	<b>74,854,747</b>	<b>1,918,271</b>
<b>Liabilities</b>				
Deferred tax	(229,145,822)	(6,102,094)	(147,613,630)	(3,782,831)
Accounts payable and other payables	(130,814,767)	(3,483,563)	(101,825,612)	(2,609,441)
<b>Total liabilities</b>	<b>(359,960,588)</b>	<b>(9,585,657)</b>	<b>(249,439,242)</b>	<b>(6,392,272)</b>
<b>Net position</b>	<b>(237,029,208)</b>	<b>(6,312,027)</b>	<b>(174,584,495)</b>	<b>(4,474,002)</b>

The U.S. dollar exchange rate was UYU 37.552 as of March 31, 2024, and UYU 39.022, as of December 31, 2023.

## NOTE 7 – EQUITY

Book-Entry Participation Certificates with a nominal value of USD 190,000,000 were registered in the Securities Market Registry. The nominal value of each participation certificate is USD 1,000 (one thousand dollars).

The Participation Certificates were paid on a deferred basis according to the procedures and schedules provided in the Agreement.

As of March 31, 2024, Participation certificates were paid in as follows:

Date	USD	Equivalent in UYU
12/07/2016	9,502,000	273,619,592
02/13/2017	161,501,000	4,630,556,672
06/06/2017	10,000,000	291,990,000
09/24/2018	8,997,000	294,975,642
<b>Total Paid-in Capital</b>	<b>190,000,000</b>	<b>5,491,141,906</b>

## NOTE 8- COMMITMENTS AND CONTINGENCIES

As of March 31, 2024, the Trust had entered into grazing contracts on its own land totalling to USD 99,255, covering 44,841.6 hectares of pastured land.

## NOTE 9 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

	USD		Equivalent in UYU	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
<b>Accounts payable</b>				
Agro Empresa Forestal S.A.	230,621	214,412	8,660,272	8,366,792
	<b>230,621</b>	<b>214,412</b>	<b>8,660,272</b>	<b>8,366,792</b>

b) Transactions with related parties are composed as follows:

	USD		Equivalent in UYU	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
<b>Accrued fees</b>				
Agro Empresa Forestal S.A.	508,182	508,182	19,621,094	19,690,207
	<b>508,182</b>	<b>508,182</b>	<b>19,621,094</b>	<b>19,690,207</b>

## NOTE 10 - FINANCIAL RISK MANAGEMENT

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

### 10.1 Credit Risk

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

The Trust has a low level of exposure to this risk due to its limited credit holdings and the restrictions on the financial 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 come due. The Trust's main obligation is to pay the participation certificates. According to Note 1, these certificates give holders the right to participate in the revenue.

The Trust is not significantly exposed to this risk based on the business plan established in the Trust Agreement and the limitations on the assets which it will invest in.

### 10.3 Market risk

Market risk occurs when changes in market prices, such as in the exchange rate and interest rates, affect the Trust's income 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% weakening of the Uruguayan peso against the U.S. dollar, the comprehensive income for the period would increase by USD 573,821, equivalent to UYU 23,702,921. If a strengthening of 10% were to occur, the comprehensive income for the period would decrease by USD 701,336, equivalent to UYU 23,702,921.

#### 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 Trust's activities affect its income or the value of the financial and non-financial instruments it holds. The main assets exposed to this risk at each year-end of the Financial Statements are as follows:

	<b>USD</b>		<b>Equivalent in UYU</b>	
	<b>03/31/2024</b>	<b>12/31/2023</b>	<b>03/31/2024</b>	<b>12/31/2023</b>
Inventories	3,476,307	2,304,602	130,542,267	89,930,198
Property, plant and equipment (land)	138,557,698	138,557,698	5,203,118,676	5,406,798,492
Biological asset	91,890,818	92,013,015	3,450,684,007	3,590,531,864
	<b>233,924,823</b>	<b>232,875,315</b>	<b>8,784,344,950</b>	<b>9,087,260,554</b>

**NOTE 11 – SUBSEQUENT EVENTS**

After March 31, 2024, no other events or circumstances have occurred that significantly affected the financial position, performance and cash flows of the Trust.