

**EAGON LAUTARO S.A.**

Financial Statements as at December 31, 2022 and 2021  
and for the years then ended

## EAGON LAUTARO S.A.

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ThUS\$ : Amount expressed in thousands of United States dollars

ThCh\$ : Amount expressed in thousands of Chilean pesos

UF : Amount expressed in UF (monetary unit indexed to inflation adjustment)

€ : Amount expressed in euros

**EAGON LAUTARO S.A.**Statements of Financial Position  
as at December 31, 2022 and 2021

<b>Assets</b>	<b>Note</b>	<b>2022 ThUS\$</b>	<b>2021 ThUS\$</b>
Current assets:			
Cash and cash equivalents	4	4,034	11,127
Trade and other receivable	5	6,819	6,963
Due from related parties	6	6,168	4,286
Inventories	7	16,375	11,311
Others non-financial assets		1,333	812
Biological assets	8	78	78
Current tax assets	9	1,445	-
Total current assets		<u>36,252</u>	<u>34,577</u>
Non-current assets:			
Intangible assets other than goodwill	10	30	31
Property, plant and equipment	11	<u>35,216</u>	<u>33,847</u>
Total non-current assets		<u>35,246</u>	<u>33,878</u>
Total assets		<u>71,498</u>	<u>68,455</u>

See accompanying notes to the financial statements.

**EAGON LAUTARO S.A.**

Statements of Financial Position, continued  
as at December 31, 2022 and 2021

<b>Liabilities &amp; equity</b>	<b>Note</b>	<b>2022 ThUS\$</b>	<b>2021 ThUS\$</b>
Current liabilities:			
Other financial liabilities	13	5,771	3,134
Trade and other accounts payable	14	8,072	2,802
Due to related parties	6	573	957
Employee benefits	15	258	291
Current tax liabilities	9	-	3,582
Total current liabilities		<u>14,674</u>	<u>10,766</u>
Non-current liabilities:			
Other financial liabilities	13	3,699	2,440
Employee benefits	15	1,009	805
Due to related parties	6	52	52
Deferred tax liabilities	12	4,129	4,859
Total non-current liabilities		<u>8,889</u>	<u>8,156</u>
Total liabilities		<u>23,563</u>	<u>18,922</u>
Equity:			
Shared capital		9,187	9,187
Reserves		(623)	(498)
Retained earnings		39,371	40,844
Total equity		<u>47,935</u>	<u>49,533</u>
Total liabilities and equity		<u><u>71,498</u></u>	<u><u>68,455</u></u>

See accompanying notes to the financial statements.

**EAGON LAUTARO S.A.**

Statements of Comprehensive Income by Function  
for the years ended December 31, 2022 and 2021

<b>Statements of comprehensive income</b>	<b>Note</b>	<b>2022 ThCh\$</b>	<b>2021 ThCh\$</b>
Revenue	17	98,944	99,300
Cost of sales	17	<u>(69,347)</u>	<u>(61,685)</u>
Gross margin		29,597	37,615
Administrative expenses	17	(20,546)29,	(15,311)
Other profits (losses)	17	(268)	(2,206)
Finance costs	18	(167)	(227)
Foreign currency translation		<u>(891)</u>	<u>(347)</u>
Profit (loss) before taxes		<u>7,725</u>	<u>19,524</u>
Tax expenses	12	<u>(2,198)</u>	<u>(5,502)</u>
Profit (loss) for the year		<u>5,527</u>	<u>14,022</u>
Other comprehensive income:			
Employee benefits plan actuarial profit (losses)	15	<u>(125)</u>	<u>(44)</u>
Other comprehensive income for the year, net of tax		<u>(125)</u>	<u>(44)</u>
Total comprehensive income		<u><u>5,402</u></u>	<u><u>13,978</u></u>

See accompanying notes to the financial statements.

**EAGON LAUTARO S.A.**

Statements of Changes in Equity  
for the years ended December 31, 2022 and 2021

	<b>Share capital ThUS\$</b>	<b>Reserves ThUS\$</b>	<b>Retained earnings ThUS\$</b>	<b>Total equity ThUS\$</b>
Opening balance as at January 1, 2022	9,187	(498)	40,844	49,533
Total comprehensive income of period:				
Profit for the year			5,527	5,527
Other comprehensive income:				
Employee benefits actuarial losses		(125)		(125)
Total comprehensive income	9,187	(623)	46,371	54,935
Transactions with the owners of the Company:				
Dividends			(7,000)	(7,000)
Total transactions with the owners of the Company			(7,000)	(7,000)
Equity as at of December 31, 2022	9,187	(623)	39,371	47,935
	<b>Share capital ThUS\$</b>	<b>Reserves ThUS\$</b>	<b>Retained earnings ThUS\$</b>	<b>Total equity ThUS\$</b>
Opening balance as at January 1, 2021	9,187	(454)	30,932	39,665
Total comprehensive income of period:				
Profit for the year	-	-	14,022	14,022
Other comprehensive income:				
Employee benefits actuarial losses	-	(44)	-	(44)
Total comprehensive income	9,187	(498)	44,954	53,643
Transactions with the owners of the Company:				
Dividends	-	-	(4,110)	(4,110)
Total transactions with the owners of the Company	-	-	(4,110)	(4,110)
Equity as at of December 31, 2021	9,187	(498)	40,844	49,533

See accompanying notes to the financial statements.

**EAGON LAUTARO S.A.**Statements of Cash Flows  
for the years ended December 31, 2022 and 2021

	<b>2022</b> <b>ThUS\$</b>	<b>2021</b> <b>ThUS\$</b>
Cash flows from/(used in) operating activities:		
Proceeds from sale of goods and providing services	101,865	105,387
Other proceeds from operating activities	12	170
Payments to suppliers for supplying goods and services	(95,199)	(82,000)
Payments to and on account of employees	(10,852)	(9,041)
Other cash inflows (outflows), net	<u>6,723</u>	<u>3,357</u>
Net cash flows provided by operating activities	<u>2,549</u>	<u>17,873</u>
Cash flows from/(used in) investing activities:		
Additions to property, plant and equipment	<u>(1,045)</u>	<u>(2,705)</u>
Net cash flows used in investing activities	<u>(1,045)</u>	<u>(2,705)</u>
Cash flows from/(used in) financing activities:		
Proceeds from loans	4,072	2,000
Loans paid	(3,356)	(7,115)
Payment of leasing installments	(2,124)	(2,231)
Dividends paid	<u>(7,000)</u>	<u>(4,110)</u>
Net cash flows (used in) from financing activities	<u>(8,408)</u>	<u>(11,456)</u>
Net increase (decrease) in cash and cash equivalents, before the effect of changes in the exchange rate	(6,904)	3,712
Effect of changes in the exchange rate of cash and cash equivalents	<u>(189)</u>	<u>(353)</u>
Net change in cash and cash equivalents	<u>(7,093)</u>	<u>3,359</u>
Cash and cash equivalents at beginning of year	<u>11,127</u>	<u>7,768</u>
Cash and cash equivalents at end of year	<u><u>4,034</u></u>	<u><u>11,127</u></u>

See accompanying notes to the financial statements.

# EAGON LAUTARO S.A.

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## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (1) Corporate information

#### (a) Company information

Eagon Lautaro S.A. (the "Company") was established as a privately held company named Forestal Lautaro S.A. through public deed dated March 2, 1993, whose extract was published in the Official Gazette on March 10, 1993. It was registered in the Santiago Real Estate and Registry ("Conservador de Bienes Raíces") on page 4610, dated March 3, 1993. In public deed dated October 18, 2004 the Company's name was changed to Eagon Lautaro S.A.

Eagon Lautaro S.A., Taxpayer No.96.665.000-1, is domiciled at Route 5 South Km. 644 n/n, Lautaro, Chile.

The Company belongs to one of the main lumber manufacturing holdings in Korea, Eagon Industrial Co. Ltd., with branches in the USA and Salomon Islands.

The line of business of Eagon Lautaro S.A. is the production, preparation and commercialization of products related to all types of lumber, focusing mainly on the production of Radiata pine plywood sheets used in multiple elaborations and applications.

#### (b) Shareholders

The Company's shareholders as at December 31, 2022 and 2021 are detailed as follows:

Name	2022		2021	
	No. of shares	Interest %	No. of shares	Interest %
Eagon Industrial Co. Ltd.	2,419,238	99.99996	2,419,238	99.99996
Alvaro Salamé	1	0.00004	1	0.00004
Total	<u>2,419,239</u>	<u>100.00000</u>	<u>2,419,239</u>	<u>100.00000</u>

#### (c) Description of operations and main activities

The Company's operations are based on a business unit, called the "Boards Business Unit", whose purpose is to generate value in the production and marketing of wood boards for furniture and applications in markets such as Latin America, Europe, Asia and Oceania.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (1) Corporate information, continued

#### (c) Description of operations and main activities, continued

The main customers and suppliers of the Company are:

<b>Suppliers</b>	<b>Country</b>
Oxiquim S.A.	Chile
Empresa Eléctrica de la Frontera S.A.	Chile
Hancock Chilean Plantation S.P.A.	Chile
<b>Customers</b>	
Eagon USA Corp.	USA
Eagon Industrial Co. Ltd.	Corea
Electrocom S.A.	Chile
Materiales y soluciones S.A.	Chile
Van Drimmelen ToeleverinG B.V.	Holanda
Chilemat SPA.	Chile
Altripan N.V.	Belgica
Forestal Alfa S.A. de C.V.	Mexico
Van Drimmelen ToeleverinG B.V.	Holanda
Triplay y Maderas de mayoreo, S.A. de C.V.	Mexico
Stiho B.V.	Holanda

#### (d) Board of directors

Management is oversee by the Board of Directors composed of four members who serve a three-year term on the Board, at the end of which the Board must be fully renewed, notwithstanding that the Shareholders' Meeting can reelect them indefinitely. At the close of fiscal year 2022, the company has 689 workers (635 in 2021), of which 118 are executives, professionals or technicians (106 in 2021).

### (2) Basis of preparation

#### (a) Statements of compliance

These financial statements of Eagon Lautaro S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

##### (i) Responsibility for the financial statements

While these estimates have been made on the basis of the best information available at the reporting date, events may occur in the future requiring their increase or decrease in future years in a prospective manner, recognizing changes in estimates in the corresponding future financial statements.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (2) Basis of preparation, continued

#### (a) Statements of compliance, continued

##### (i) Responsibility for the financial statements, continued

Information contained herein is the Board of Directors' responsibility, which expressly states that all IFRS accounting principles and criteria have been fully applied.

The financial statements of Eagon Lautaro S.A. as at December 31, 2022, were approved by the Company's Management on March 4, 2023, it's will be submitted for the approval of the Board of Directors and no modifications are expected on them..

##### (ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for:

- Biological assets are measured at fair value.
- Instruments of derivatives are measured at fair value (Swap).

#### (b) Functional currency and financial statement presentation currency

In accordance with IAS 21, the effects of changes in foreign exchange rates, the Company has determined United States dollars as its functional currency. Domestic and international market is the main economic environment in which the Company operates, therefore, cash flows are generated and settled in US dollars, and profit, costs and expenses are mainly indicated in US dollar. Consequently, transactions in currencies other than US dollar are considered transactions in foreign currencies.

These financial statements are presented in Chilean peso, which is the Company's functional currency. All financial information is presented in thousands of United States dollars (ThUS\$) and has been rounded to the nearest thousand.

#### (c) Period covered

The financial statements cover the following periods:

- Statements of Financial Position, as at December 31, 2022 and 2021.
- Statements of Profit or Loss and Other Comprehensive Income, for the years ended December 31, 2022 and 2021.
- Statements of Changes in Equity, for the years ended December 31, 2022 and 2021.
- Statements of Cash Flows for the years ended December 31, 2022 and 2021.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (2) Basis of preparation, continued

#### (d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the reporting date and the reported amounts for income and expenses during the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may differ from these estimates.

Areas that require the management to make judgments, estimates and assumptions to determine carrying amounts include, but are not limited to, the following:

##### (i) Property, plant and equipment, intangibles

Useful lives allocated to an item of property, plant and equipment and intangible assets are determined based on the natural expected impairment, the technical or commercial obsolescence of changes and/or improvements in production and demand in the insurance market.

##### (ii) Impairment of assets

The carrying amount of property, plant and equipment is reviewed each reporting date to determine whether there is indication of impairment. If the carrying amount of an asset exceeds its recoverable value, the asset is impaired and an impairment loss is recognized in the statement of comprehensive income. Estimates and assumptions should be used in fair value measurements to determine the recoverable production and operating performance. Changes in any estimations or assumptions used to measure the recoverable value of other assets could impact the impairment analysis.

##### (iii) Deferred taxes

The Company evaluates the recoverability of deferred tax assets based on estimates of future taxable income. Cash flows that are significantly different from such estimates may have a significant impact on the Company's ability to realize the net deferred tax assets recognized at the reporting date. In addition, future changes in tax legislation may restrict the Company's ability to obtain tax deductions from deferred revenue/income and resource tax assets in the future.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (2) Basis of preparation, continued

#### (d) Use of estimates and judgments, continued

##### (iv) Inventories

Expenses for depreciation and amortization of assets used in processing and production activities are deferred and accrued as product in process expense and finished inventories. These amounts, accrued and recorded as inventory, are recorded at the lower of their average cost and Net Realization Value (NRV).

The cost of items transferred from biological assets is their fair value less estimated costs at the point of sale at the harvest date.

##### (v) Biological assets

Forestry plantations are recognized at fair value in the statements of financial position.

Forestry plantations are measured at fair value less estimated costs at the point of sale at initial recognition and at each balance sheet date, except fair value cannot be estimated reliably.

##### (vi) Provisions

Due to uncertainties inherent to estimates necessary to determine the amount of provisions, actual disbursements might differ from the amounts originally recognized on the basis of those estimates.

##### (vii) Financial assets and liabilities

When the fair value of financial assets and liabilities recorded in the balance sheet cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flows model. Inputs for these models are taken from observable markets when possible, but when this is not possible, a degree of resolution is necessary to establish fair values. Sentences include consideration of variables such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors might affect the regular value of the financial instrument.

##### (vii.1) Fair value measurement

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (2) Basis of preparation, continued

#### (d) Use of estimates and judgments, continued

##### (vii) Financial assets and liabilities, continued

##### (vii.1) Fair value measurement, continued

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Management.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 8: Biological assets.
- Note 22: Derivative contracts

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies

The main accounting policies adopted in the preparation of these financial statements of Eagon Lautaro S.A. as required by International Financial Reporting Standards (IFRS) are described below. These policies have been designed in function of IFRS current as of December 31, 2022 and applied in uniformly for all periods presented in these financial statements.

#### (a) Basis of conversion

Assets and liabilities in Chilean pesos (CLP\$) and Unidades de Fomento (UF), have been converted to United States dollars (US\$) at the exchange rates observed as of the closing date of each years as follows:

	<b>2022</b> <b>US\$</b>	<b>2021</b> <b>US\$</b>
Unidad de Fomento (UF) (Inflation adjusted units)	41.063737	36.45015
Chilean pesos	0.001168	0.001184

#### (b) Property, plant and equipment

The Company's land is initially recognized at cost. Their subsequent measurement is carried out in accordance with IAS 16 using the cost method less accumulated impairment losses, if any.

Constructions in process include the following concepts accrued only during the period of construction:

- Directly related personnel expenses and others of an operating nature attributable to the construction.
- Costs on qualified hedge profits or losses on cash flows for acquisitions of property, plant and equipment in foreign currency are recorded originally in equity.

Repair, conservation and maintenance expenses are imputed to income for the year in which they are produced.

Extension, modernizing or improvement costs that represent an increase in productivity, capacity, efficiency or an increase in useful lives, are capitalized increasing the value of the assets. Likewise, this account includes investments in assets through contracts that under IFRS constitute financial leases, even though the goods involved are not legally owned by the Company.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (b) Property, plant and equipment, continued

##### (i) Depreciation

The Company depreciates property, plant and equipment items from the moment that the goods are in a condition to be used. Property plant and equipment elements are depreciated using the straight-line method, using a calculation basis of the cost of goods less their residual value distributed in a straight line over their estimated lives. The residual value and useful lives of property, plant and equipment elements are reviewed annually.

Forestry and industrial land is recorded separately from buildings or facilities that can be located in them and it is understood that they have indefinite useful lives, and therefore are not subject to depreciation.

Estimated useful lives are summarized as follows:

<b>Assets</b>	<b>Range of years</b>
Buildings	30-40
Plant and equipment	15-20
Fixed installations and accessories:	
Fixed installations	40
Other accessories	5
Motor vehicles	5
Other property, plant and equipment	3-8

#### (c) Intangible assets

Intangible assets are recorded at their acquisition or production cost, less accumulated amortization and less any accumulated impairment loss.

The methods and amortization periods applied are reviewed as of each period closing and are adjusted prospectively, if applicable.

As of the balance sheet date the Company analyzes whether there are events or changes that indicate that the net carrying amount might not be recoverable case in which impairment tests would be performed.

The Company amortizes intangible assets using the straight-line method throughout their estimated useful lives which for software licenses is 5 years.



## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (d) Impairment of non-current assets

At each annual closing the Company evaluates the existence of indications of possible impairment of non-current assets. Should such indications exist, the Company estimates the recoverable value of the asset, which is its fair value less cost of sales or value in use, whichever is greater. That value in use is determined through discounting future estimated cash flows. Impairment is considered to exist when the recoverable value of an asset is below its net carrying value.

To determine impairment calculations, the Company makes an estimate of the profitability of assets allocated to the different cash generating units on the basis of expected cash flows.

Discount rates used are determined before taxes and are adjusted by the corresponding country and business risk.

#### (e) Leases

Leases are recognized under IFRS 16, as a right-of-use asset and a liability corresponding to the date the leased asset is available for use by the Company. The finance cost is charged to income during the lease period. The right-of-use asset is depreciated over the lease term under the straight-line method.

##### (i) Lessee

At the beginning or at the time of the modification of a contract that contains a lease component, the Company distributes the consideration in the contract to each lease component based on their relative independent prices. However, in the case of property leases, the Company has chosen not to separate non-lease components and account for lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the start date of the lease. The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for lease payments made before or after the commencement date, plus any initial direct costs incurred and an estimate of the costs to incurring in dismantling and eliminating the underlying asset or the place where it is located, less the lease incentives received.

Subsequently, the right-of-use asset is depreciated using the linear method from the start date and until the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company at the end of the lease term or that the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated throughout the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and is adjusted for certain new measurements of the lease liability.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (e) Leases, continued

##### (i) Lessee, continued

The lease liability is initially measured at the present value of the lease payments that have not been paid on the start date, discounted using the interest rate implicit in the lease or, if that rate could not be easily determined, the incremental rate per Company loans. In general, the Company uses its incremental rate for loans as a discount rate.

The Company determines its incremental rate for loans by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the lease terms and the type of leased asset.

Lease payments included in the measurement of the lease liability include the following:

- fixed payments, including essentially fixed payments;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the start date;
- amounts the lessee expects to pay as residual value guarantees; and
- the exercise price of a purchase option if the Company is reasonably sure to exercise that option, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and payments for penalties arising from early termination of the lease unless the Company is reasonably certain not to terminate the lease in advance.

Lease liabilities are measured at amortized cost using the effective interest method. A new measurement is made when there is a change in future lease payments due to a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee, if the Company Change your assessment of whether or not you will exercise a purchase, extension or termination option, or if there is a fixed lease payment that has essentially been modified.

When a new measurement of the lease liability is made in this way, the adjustment corresponding to the carrying amount of the asset by right of use is made, or recorded in results if the carrying amount of the asset by right of use has been reduced to zero.

The Company presents assets by right of use that do not meet the definition of investment properties in 'property, plant and equipment' and liabilities for leasing in 'loans and obligations' in the statement of financial position.

##### (ii) Short term leases and low value asset leases

The Company has chosen not to recognize right-of-use assets and lease liabilities for low value asset leases and short-term leases, including the IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a linear basis during the term of the lease.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (f) Biological assets

Forestry plantations ("Forest covers") are measured at their fair value less cost of sales at the harvesting or recollection point. Profits (losses) that arise in the recognition of a biological asset at its fair value, less cost of sales are included in profit (loss) in the period they become known. The fair value of forestry plantations is determined based on the value in the most recent market transactions.

The formation costs of these assets are recognized as an expense in the period in which they are incurred and for presentation purposes are reflected net of the biological asset variation under cost of sales.

Forestry plantations included in the harvesting plan for the twelve months following the date of presentation of the financial statements are classified under current assets as current biological assets.

#### (g) Income taxes and deferred taxes

The tax expense is made up of current taxes and deferred taxes. An expense for first category income tax is recognized at the end of each fiscal year, when it presents tax profits.

##### (i) Current tax

Current tax is the expected tax payable or receivable on taxable income for the year, using tax rates approved or about to be approved on the balance sheet date, and any adjustments to the tax payable in relation to previous years

The amount of current tax receivable or payable corresponds to the best estimate of the tax amount expected to be paid or received and which reflects the uncertainty related to income taxes, if any. It is measured using the tax rates that have been approved or whose approval process is practically completed as of the reporting date.

##### (ii) Deferred taxes

Deferred taxes are recognized for the temporary differences between the book value of assets and liabilities for financial information purposes and the amounts used for tax purposes.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise from the way in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred taxes are valued at the tax rates that are expected to apply to temporary differences when they are reversed, based on the laws that have been approved or are about to be approved as of the balance sheet date.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (h) Financial instruments

##### (i) Initial recognition and measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are recognized initially when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Classification and subsequent measurement

At initial recognition, a financial asset is classified as at amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- The financial asset is held within a business model the objective of which is to hold financial assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (h) Financial instruments, continued

##### (ii) Classification and subsequent measurement, continued

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced for impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
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The Company classified its financial assets into one of the following categories:

- Loans and receivables;
- Held to maturity;
- Available for sale
- At fair value through profit or loss, and within this category as:
- Derivative hedging instruments

Held-to maturity financial assets	Measured at amortized cost using the effective interest method.
Loans and receivables	Measured at amortized cost using the effective interest method.

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (h) Financial instruments, continued

##### (iii) Derecognition

Management derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by Management is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

##### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

##### (v) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value, are generally recognized in profit or loss.

##### (v.1) Fair value measurement

Financial and hedging liabilities recognized at fair value in the statement of financial position have been measured based on the methodologies under IFRS 13. For the purpose of applying criteria in determining fair values of financial liabilities, the following parameters have been considered:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (h) Financial instruments, continued

##### (v) Derivative financial instruments, continued

##### (v.1) Fair value measurement, continued

As at December 31, 2022 and 2021, the detail of financial liabilities and hedging liabilities measured at fair value is as follows:

Financial instruments at fair value	Fair value hierarchy		
	Level 1 ThUS\$	Level 2 ThUS\$	Level 3 ThUS\$
Balance as at December 31, 2022			
Hedging liabilities	(36)	-	-
Total financial liabilities at fair value	(36)	-	-
Balance as at December 31, 2021			
Hedging liabilities	163	-	-
Total financial liabilities at fair value	163	-	-

They are classified as current or non-current depending on whether they mature in less than or more than twelve months. Likewise, derivative instruments that meet all the criteria to be treated as hedge instruments for long-term items are presented as non-current assets or liabilities depending on their balance.

#### (i) Impairment

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

In determining whether the credit risk on a financial instrument has increased significantly from initial recognition in estimating Expected Credit Losses (ECL), the Company considers reasonable and sustainable information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and a reported credit assessment including forward-looking information. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (i) Impairment, continued

Financial assets not classified as at fair value through profit or loss, are assessed in each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset, and that loss event had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include, among others, default or delinquency by a debtor, restructuring of an amount due to the Company on terms it would not consider otherwise, indications that a debtor or issuer will enter in bankruptcy, or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables) at both a specific receivables and collective level. All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss related to a financial asset valued at amortized cost is calculated as the difference between the asset's book value and the present value of the estimated future cash flows, discounted at the effective interest rate. Losses are recognized in income and reflected in a provision account against loans and accounts receivable. Interest on the impaired asset continues to be recognized. When a subsequent event causes the amount of the impairment loss to decrease, this decrease is reserved in results.

#### (j) Inventory

Inventory is presented at acquisition and production cost as applicable or net realizable value, whichever is lower. The net realizable value represents the estimated selling price of an asset during the normal course of the operation less estimated costs to finish its production and those necessary to carry out the sale.

Inventory is valued at cost using the following methods:

- Inventory of work in progress and finished products is valued at production cost, using the cost by absorption method.
- Logs are valued at average production cost or acquisition value, as applicable.
- Materials, spare parts, supplies and others are valued at average acquisition cost.

The Company's policy is to establish obsolescence provisions for materials and spare parts and lower value of finished products that do not comply with certain criteria, such as:

- Little alternate use of materials or spare parts with slow turnover.
- Possible loss of commercial value of finished products with prolonged storage.
- Impairment in respect to the standards required by the market.



## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (k) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The main accrual recognized for this concept corresponds to vacations, which are accounted for as expense as the related service is provided by the employee.

##### (ii) Other long-term employee benefits

The Company performs the assessment, analysis and valuation of long-term benefits of its personnel, in conformity with the provisions under IAS-19. The main benefits are severance indemnity payments, which are agreed in their corresponding current contracts.

The liabilities recognized are determined using actuarial valuations through the application of the projected credit unit method. Actuarial valuations include assumptions related to discount rates, future salary increases, employee turnover rates, and mortality rates, among others. Due to the long-term nature of the plans, such estimates may be uncertain. At each year-end, the Company confirms the calculation parameters, adopting the most appropriate parameters based on the financial market conditions and own demographic experience.

The cost of employee benefits is determined by discounting the estimated outgoing cash flows at a market interest rate for long-term debt that approximates their expiration date. Changes in this provision are recognized in profit or loss for the period in which they are incurred; actuarial gains or losses are then recognized in the statement of other comprehensive income.

#### (l) Provisions

Provisions are recognized when the Company has a present legal or implicit obligation as a consequence of a past event, whose liquidation requires an output of resources that are considered probable and whose amount can be reliably estimated.

That obligation can be legal or tacit, derived from regulations, contracts, habitual practices or public commitments that create a valid expectation for others that the Company will assume certain responsibilities, among other factors.

Provisions are estimated periodically and quantified taking into consideration the best information available as of each accounting close date.

## **EAGON LAUTARO S.A.**

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### **(3) Summary of significant accounting policies, continued**

#### **(m) Revenue from contracts with customers**

Income from ordinary activities is recognized in income on an accrual basis, that is, to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured, regardless of when the cash or financing derived from it is produced it.

The Company analyzes and takes into consideration all the relevant facts and circumstances when applying each step of the model established by IFRS 15 to contracts with its clients:

- Contract Identification,
- Identify performance obligations,
- Determine the transaction price,
- Assign the price, and
- Recognize income.

Revenue from ordinary activities consists of sales of products, by-products and raw materials, less discounts made to customers.

Sales that have associated discounts for volume subject to meeting goals are recognized net, estimating the probability that the discount will be granted or not.

Revenue from sales of goods is recognized once the Company has transferred control of those goods to the buyer and does not maintain the right to dispose of them.

The acceptance of the goods and services by the client indicates that he has obtained his control. Eagon Lautaro S.A., has defined as an indicator of transfer of control for exports, the negotiation term (Incoterms 2010) agreed with the client, being the official rules for the interpretation of commercial terms issued by the International Chamber of Commerce.

- CIF (Cost, Insurance & Freight) and the like, through which the Company organizes and pays the cost of foreign transportation and some other expenses, although Eagon Lautaro S.A. ceases to be responsible for the goods once they have been delivered to the maritime company in accordance with the relevant deadline. The point of sale is, consequently, the delivery of the merchandise to the carrier hired by the seller for transport to the destination.
- FOB (Free On Board) and the like, where the buyer organizes and pays for transportation, therefore, the point of sale is the delivery of the goods to the carrier hired by the buyer.

In the particular case that the sales do not meet the conditions described above, they will be recognized as Advance Sales in Other non-financial liabilities, current, subsequently recognized as Income from ordinary activities to the extent that the conditions for transfer of control of the goods are met.

## **EAGON LAUTARO S.A.**

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### **(3) Summary of significant accounting policies, continued**

#### **(m) Revenue from contracts with customers, continued**

Eagon Lautaro S.A. it acts as a principal against the performance obligation associated with the transport of the goods to the clients' facilities, these costs are not invoiced separately but are included in the sale price of the invoiced goods, therefore an obligation is generated of additional performance which is satisfied at the time of the transfer of control of the goods to the client, and is recognized in the cost of sales.

#### **(n) Statement of cash flows**

Cash and cash equivalents include cash, time deposits with credit entities and other money market investments maturing at year-end in a period not in excess of three months. In the statement of position, bank overdrafts are classified as third-party resources in current liabilities.

The Company has defined the following considerations for the preparation of the statement of cash flow:

- Operating activities: are activities that constitute the Company's main source of revenue, as well as other activities that cannot be qualified as from investing or financing.
- Investing activities: correspond to activities involving acquisition, alienation or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that produce changes in the size and composition of net equity and liabilities of a financial nature.

#### **(o) Dividends**

The obligations to pay dividends and their distribution to the shareholders are recognized as a liability in the financial statements at each year end, based on the dividend policy approved by the Board of Directors, the payment will be estimated considering the profit or loss for each year and cash flow availability.

#### **(p) Classification of balances into current and non-current**

In the statement of financial position, balances are classified in function of their expiries. That is, those expiring in twelve months or less as current and those expiring in more than 12 months as non-current. Should there be obligations whose expiry is in less than twelve months but whose long-term refinancing is assured in the Company's opinion, through loan agreements maturing in the long-term unconditionally available, they are classified as long-term liabilities.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (q) Environment

The Company adheres to the principles of sustainable development, which endeavor to have economic development that is compatible with taking care of the environment and the safety and health of collaborators and neighboring communities. The Company recognizes that these principles are essential to the wellbeing of its collaborators, care of the environment and to achieve success in its operations. Disbursements made by the Company are recorded as an asset or expense for the period, depending on the nature of the disbursement.

#### (r) New accounting pronouncements (IFRS and interpretations issued by the IFRS Interpretations Committee)

The following modified accounting pronouncements are mandatory for periods beginning on January 1, 2022:

##### (i) Current Accounting pronouncements

Amendments to IFRS

Onerous Contracts – Contract Fulfillment Costs (Amendments to IAS 37)

Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IAS 9 and IAS41)

Property, Plant and Equipment – Income before intended use (Amendments to IAS 16)

Reference to the Conceptual Framework (Amendments to IFRS 3)

The following accounting pronouncement is applied as of the periods beginning on April 1, 2021, allowing its early adoption:

Rent reductions related to COVID-19 after June 30, 2021 (Amendments to IFRS 16).

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (r) New accounting pronouncements (IFRS and interpretations issued by the IFRS Interpretations Committee), continued

##### (ii) Non-Current Accounting pronouncements

The following accounting pronouncements issued are applicable to annual periods beginning after January 1, 2022, and have not been applied in the preparation of these financial statements. The Company plans to adopt the accounting pronouncements that correspond to them in their respective application dates and not in advance.

New IFRS	Mandatory application date
IFRS 17 Insurance Contracts	Annual periods beginning on or after January 1, 2023. This date includes the exemption for insurers from applying IFRS 9 to allow them to implement IFRS 9 and IFRS 17 at the same time. Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before that date.
<b>Amendments to IFRS</b>	
<i>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</i>	Annual terms beginning on or after January 1, 2023. Early adoption allowed.
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>	Effective date deferred indefinitely.
<i>Accounting policy disclosures (Amendments to IAS 1 and Practice Statement 2 Making Judgments Related to Materiality)</i>	Annual terms beginning on or after January 1, 2023. Early adoption allowed.
<i>Definition of Accounting Estimate (Amendments to IAS 8)</i>	Annual periods beginning on or after January 1, 2023. Early adoption is permitted and will be applied prospectively to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period in which the company applies the modifications.
<i>Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)</i>	Annual terms beginning on or after January 1, 2023. Early adoption allowed.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (3) Summary of significant accounting policies, continued

#### (r) New accounting pronouncements (IFRS and interpretations issued by the IFRS Interpretations Committee), continued

##### (ii) Non-Current Accounting pronouncements, continued

<i>Initial application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)</i>	The modification is applicable from the application of IFRS 17 Insurance Contracts
<i>Lease Liabilities in a Sale with Leaseback (Amendments to IFRS 16)</i>	Annual periods beginning on or after January 1, 2024. Early adoption allowed.

Management has not evaluated whether these new accounting pronouncements issued but not yet in force will have a significant impact on the financial statements.

### (4) Cash and cash equivalents

Balances presented in the Statement of Financial Position as cash and cash equivalents are the same that are presented in the Cash Flow Statement. Cash and cash equivalents are detailed as follows:

	Currency	2022 ThUS\$	2021 ThUS\$
Bancos	Ch\$	1,937	612
Bancos	US\$	1,833	4,788
Bancos	€	264	727
Short term deposits	US\$	-	5,000
Total		4,034	11,127

As of December 31, 2022, there are not short-term deposits.

The detail of short-term deposits as of December 31, 2021, is as follows:

Start date	Expiration date	Entity	Currency	monthly fee	Investment amount ThUS\$	Accrued Interest ThUS\$	Accounting value ThUS\$	Total
12-29-2021	02-28-2022	Banco de Chile	US\$	0.16%	3,000	-	3,000	3,000
12-29-2021	02-28-2022	Banco Santander	US\$	0.34%	2,000	-	2,000	2,000
							5,000	

**EAGON LAUTARO S.A.**

Notes to the Financial Statements  
as at December 31, 2022 and 2021

**(5) Trade and other accounts receivable**

(a) Current trade and other accounts receivable are detailed as follows:

	<b>Currency</b>	<b>2022 ThUS\$</b>	<b>2021 ThUS\$</b>
Domestic receivables	Ch\$	3,475	4,033
Foreign receivables	US\$	1,750	916
Foreign receivables	€	1,407	1,673
Allowance for doubtful accounts		<u>(208)</u>	<u>(208)</u>
Subtotal trade receivables		<u>6,424</u>	<u>6,414</u>
Employee loans receivable	Ch\$	123	221
Other receivables	Ch\$	<u>272</u>	<u>328</u>
Subtotal miscellaneous receivables	Ch\$	<u>395</u>	<u>549</u>
Total		<u>6,819</u>	<u>6,963</u>
Summary:			
Total trade and other accounts receivable, gross		7,027	7,171
Total allowance for doubtful accounts		<u>(208)</u>	<u>(208)</u>
Total trade and other accounts receivable, net		<u>6,819</u>	<u>6,963</u>

There are no significant differences between the carrying amount and fair value of these instruments.

**(b) Analysis of maturities**

As of each year-end the aging analysis of current and non-current trade and other accounts receivable is detailed as follows:

	<b>2022 ThUS\$</b>	<b>2021 ThUS\$</b>
Balances due but not impaired	-	-
Due in 0 – 90	<u>6,819</u>	<u>6,963</u>
Total	<u>6,819</u>	<u>6,963</u>

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

**(5) Trade and other accounts receivable, continued**

**(c) Changes in allowance for doubtful accounts**

	<b>2022</b> <b>ThUS\$</b>	<b>2021</b> <b>ThUS\$</b>
Opening balance	208	208
Expense for the period	-	-
Closing balance	208	208

**(6) Accounts receivable and payable to related entities**

Accounts receivable from and payable to related parties and transactions with related parties, understanding these to be those defined in paragraph 9 of IAS 24 are detailed below.

No interest is charged and/or paid on balances in current accounts with related parties originated by common commercial transactions, and no guarantees whatsoever are requested for those operations. Agreed upon interest is paid on balances arising from financing operations, equivalent to average interest of bank deposits.

No allowance for doubtful accounts is accrued for balances with related companies since those amounts are considered to be fully recoverable.

**(a) Current accounts receivable from related entities**

Taxpayer	Company	Country of origin	Nature of the relationship	Nature of transaction with related parties	Currency	2022 ThUS\$	2021 ThUS\$
Foreign	Eagon USA Corp.	USA	Indirect	Product sales	US\$	5,839	3,412
Foreign	Eagon Industrial Co Ltd.	Korea	Parent	Product sales	US\$	329	874
Total						6,168	4,286



## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (6) Accounts receivable and payable to related entities, continued

#### (b) Current accounts payable to related entities

Taxpayer	Company	Country of origin	Nature of the relationship	Nature of transaction with related parties	Currency	2022 ThUS\$	2021 ThUS\$
Foreign	Eagon Industrial Co. Ltd.	Korea	Parent	Purchase of supplies and services	US\$	418	618
Foreign	Eagon Holdings Co., Ltd.	Korea	Parent	Royalty	US\$	76	181
Foreign	Eagon Industrial Co. Ltd.	Korea	Parent	Royalty	US\$	32	39
Foreign	Eagon Industrial Co. Ltd.	Korea	Parent	Advice	US\$	47	119
Total						573	957

#### (c) Non-current accounts payable to related entities

Taxpayer	Company	Country of origin	Nature of the relationship	Nature of transaction with related parties	Currency	2022 ThUS\$	2021 ThUS\$
Foreign	Eagon Industrial Co. Ltd.	Korea	Parent	Loans received	US\$	52	52
Total						52	52

#### (d) Transactions

The main transactions with related parties carried out in the years ended December 2022 and 2021 are detailed as follows:

Taxpayer No.	Company	Relationship	Transaction	Amount		Effect on income (charge) credit	
				2022 ThUS\$	2021 ThUS\$	2022 ThUS\$	2021 ThUS\$
Foreign	Eagon Industrial Co. Ltd.	Parent	Purchase of supplies and spare parts	693	1,140	-	-
Foreign			Product sales	8,236	8,779	8,236	8,779
Foreign			Payments of supplies and administrative expenses.	703	1,065	-	-
Foreign			Proceeds from the sale of products	8,781	8,406	-	-
Foreign	Panasia Trading Co. Ltd.	Indirect	Payments of dividend	7,000	4,110	-	-
Foreign			Eagon USA Corp.	Parent	Product sales	23,905	23,056
	Proceeds from the sale of products	21,479			22,930	-	-
Foreign	Eagon Industrial Co. Ltd.	Parent			Purchase of supplies and spare parts	173	181
			Payments of supplies and administrative expenses.	277	55	-	-

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (6) Accounts receivable and payable to related entities, continued

#### (e) Remunerations and benefits received by the Company's key employees

##### (i) Composition of the board of Directors

The Company is managed by a Board of Directors composed of 5 regular directors and 4 deputy directors, which serve for a term of 3 years and can be reelected.

The current Board of Directors is composed as follows:

Directors:

- Young Ju Park
- Seung Jun Park
- Hyun Baek
- Kyung Tae Park
- Álvaro Salamé Coulon

This Board of Directors was appointed at the Extraordinary General Shareholders' Meeting held on October 09, 2019, agreeing that such Board will perform its duties for a 3-year term, and be re-elected or reappointed at the Ordinary Shareholders' Meeting of the Company to be held during the first quarter of 2022.

##### (ii) Board fees

In conformity with Article 33 of Company's Law No.18.046, board fees are set annually at the Ordinary General Shareholders' Meeting of Eagon Lautaro S.A. For 2022 and 2021, the following board fees were agreed as follows:

<b>2022</b>	<b>2021</b>
<b>ThUS\$</b>	<b>ThUS\$</b>
250	250

##### (iii) Key personnel

The Company's senior management is composed of 5 executives (managers). Salaries and other benefits were granted to them during the years 2022 and 2021.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (7) Inventory

As at December 31, 2022 and 2021 inventory is detailed as follows:

Item	2022 ThUS\$	2021 ThUS\$
Plywood	5,296	2.313
Sheets	1,228	1.492
Logs ("trozos")	5,168	3.180
Inventory in warehouse	3,645	3.616
Products under process	1,175	489
Inventory in transit	73	321
Inventory obsolescence	(210)	(100)
Total	<u>16,375</u>	<u>11,311</u>

For the years ended 31, 2022 and 2021, the cost of sales of inventories recognized in profit or loss amounts to ThUS\$69,347 and ThUS\$61,685, respectively.

### (8) Biological assets

Movements of biological assets composed of forestry plantations and forestry projections as at December 31, 2022 and 2021 are detailed as follows:

Description	2022 ThUS\$	2021 ThUS\$
Opening balance	78	544
Impairment loss	-	(267)
Decrease due to harvesting	-	(162)
Exchange differences	-	(37)
Closing balance	<u>78</u>	<u>78</u>

Forestry plantations are presented at fair value in the classified consolidated statement of financial position. The forest groups are recognized at their fair value on a "standing timber" basis, i.e., discounting their harvesting costs and transfer expenses to the point of sale. Biological assets are recognized and measured at fair value, separate from the land.

For the valuation of plantations of 10 years or more, which is the average age of the Company's forests, the Company recognizes them at a market value per surface area. The current volume of forests is obtained collecting data through a random and/or systematic sampling of each stand. The collected land information (diameter, height, quality) is processed in systems with local volume functions (a system specialized in forest measurements).

In 2022, no data collection of the forests was carried out, because the number of plantations is very low.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (9) Current tax assets and liabilities

As at December 31, 2022 and 2021 current tax assets and liabilities are detailed as follows:

Description	2022 ThUS\$	2021 ThUS\$
Income TAX	(2,198)	(5,236)
Monthly provisional income tax payments	3,643	1,654
Tax for disallowed expenses	-	-
Total current tax (liabilities) assets	<u>1,445</u>	<u>(3,582)</u>

### (10) Intangible assets

Intangible assets are made up entirely of software licenses which have defined useful lives of 5 years. Intangible assets are amortized using the straight-line method over their estimated useful lives. Amortization for the year is recognized in the Statements of Comprehensive Income under "depreciation and amortization".

Intangible assets are subjected to impairment testing when there are indications of a potential loss of value and in any case, at each year-end. In the financial statements for 2022 and 2021 no impact on income has been recognized for the concept of impairment of these assets.

As at December 31, 2022 and 2021 intangible assets are detailed as follows:

Class of intangible	2022 ThUS\$	2021 ThUS\$
Software	265	246
Accumulated amortization	<u>(235)</u>	<u>(215)</u>
Total (net)	<u>30</u>	<u>31</u>

Movements of intangibles for the years ended December 31, 2022 and 2021 are detailed as follows:

	2022 ThUS\$	2021 ThUS\$
Opening balance (net)	31	28
Additions	19	27
Amortization for the period	<u>(20)</u>	<u>(24)</u>
Closing balance (net)	<u>30</u>	<u>31</u>

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (10) Intangible assets, continued

Movements of accumulated amortization for the years ended December 31, 2022 and 2021 are detailed as follows:

	<b>2022</b> <b>ThUS\$</b>	<b>2021</b> <b>ThUS\$</b>
Opening balance	(215)	(191)
Amortization for the year	<u>(20)</u>	<u>(24)</u>
Closing balance	<u><u>(235)</u></u>	<u><u>(215)</u></u>

**EAGON LAUTARO S.A.**

Notes to the Financial Statements  
as at December 31, 2022 and 2021

**(11) Property, plant and equipment**

As at December 31, 2022 and 2021, property, plant and equipment items and their corresponding depreciation are detailed as follows:

<b>Property, plant &amp; equipment</b>	<b>2022</b>			<b>2021</b>		
	<b>Gross balance ThUS\$</b>	<b>Accumulated depreciation ThUS\$</b>	<b>Net balance ThUS\$</b>	<b>Gross balance ThUS\$</b>	<b>Accumulated depreciation ThUS\$</b>	<b>Net balance ThUS\$</b>
Land	1,274	-	1,274	1,274	-	1,274
Buildings and infrastructure	16,328	(9,192)	7,136	16,475	(8,622)	7,853
Machinery and equipment	60,556	(40,584)	19,972	58,515	(37,542)	20,973
Vehicles	718	(636)	82	718	(597)	121
Other furniture and equipment	1,037	(847)	190	929	(741)	188
Work in progress	2,371	-	2,371	2,409	-	2,409
Spare parts	76	(60)	16	62	(44)	18
Impairment loss	-	(784)	(784)	-	(784)	(784)
Assets by right of use	12,513	(7,554)	4,959	7,177	(5,382)	1,795
<b>Total</b>	<b>94,873</b>	<b>(59,657)</b>	<b>35,216</b>	<b>87,559</b>	<b>(53,712)</b>	<b>33,847</b>

**EAGON LAUTARO S.A.**

Notes to the Financial Statements  
as at December 31, 2022 and 2021

**(11) Property, plant and equipment, continued**

As at December 31, 2022 and 2021, movements in property, plant and equipment items are detailed as follows:

<b>2021 movements</b>	<b>Land ThUS\$</b>	<b>Buildings &amp; infrastructure ThUS\$</b>	<b>Machinery &amp; equipment ThUS\$</b>	<b>Vehicles ThUS\$</b>	<b>Other furniture &amp; equipment ThUS\$</b>	<b>Work in progress ThUS\$</b>	<b>Spare parts ThUS\$</b>	<b>Assets by right of use ThUS\$</b>	<b>Total ThUS\$</b>
Gross balance as of 01-01-2022	1,274	16,264	57,942	718	929	2,409	62	7,177	86,775
Acquisitions	-	-	175	-	108	2,465	14	5,785	8,547
Disposals	-	-	-	-	-	-	-	(449)	(449)
Capitalization of works	-	64	2,439	-	-	(2,503)	-	-	-
Gross balance as of 12-31-2022	<u>1,274</u>	<u>16,328</u>	<u>60,556</u>	<u>718</u>	<u>1,037</u>	<u>2,371</u>	<u>76</u>	<u>12,513</u>	<u>94,873</u>
Accumulated depreciation as of January 1, 2021	-	(8,411)	(36,969)	(597)	(741)	-	(44)	(5,382)	(52,144)
Depreciation for the year	-	(781)	(3,615)	(39)	(106)	-	(16)	(2,172)	(6,729)
Subtotal as of 12-31-2022	-	(9,192)	(40,584)	(636)	(847)	-	(60)	(7,554)	(58,873)
Impairment of property, plant and equipment:	-	(211)	(573)	-	-	-	-	-	(784)
Accumulated depreciation as of 12-31-2022	-	(9,403)	(41,157)	(636)	(847)	-	(60)	(7,554)	(59,657)
Net balance as of 12-31-2022	<u>1,274</u>	<u>6,925</u>	<u>19,399</u>	<u>82</u>	<u>190</u>	<u>2,371</u>	<u>16</u>	<u>4,959</u>	<u>35,216</u>

**EAGON LAUTARO S.A.**

Notes to the Financial Statements  
as at December 31, 2022 and 2021

**(11) Property, plant and equipment, continued**

<b>2021 movements</b>	<b>Land ThUS\$</b>	<b>Buildings &amp; infrastructure ThUS\$</b>	<b>Machinery &amp; equipment ThUS\$</b>	<b>Vehicles ThUS\$</b>	<b>Other furniture &amp; equipment ThUS\$</b>	<b>Work in progress ThUS\$</b>	<b>Spare parts ThUS\$</b>	<b>Assets by right of use ThUS\$</b>	<b>Total ThUS\$</b>
Gross balance as of 01-01-2021	1,600	16,255	55,234	684	786	1,172	55	7,177	82,963
Acquisitions	-	-	40	34	96	4,579	7	-	4,756
Disposals	(326)	-	(618)	-	-	-	-	-	(944)
Capitalization of works	-	9	3,286	-	47	(3,342)	-	-	-
<b>Gross balance as of 12-31-2021</b>	<b>1,274</b>	<b>16,264</b>	<b>57,942</b>	<b>718</b>	<b>929</b>	<b>2,409</b>	<b>62</b>	<b>7,177</b>	<b>86,775</b>
Accumulated depreciation as of January 1, 2020	-	(7,591)	(33,584)	(559)	(657)	-	(28)	(3,588)	(46,007)
Depreciation for the year	-	(820)	(3,385)	(38)	(84)	-	(16)	(1,794)	(6,137)
<b>Subtotal as of 12-31-2021</b>	<b>-</b>	<b>(8,411)</b>	<b>(36,969)</b>	<b>(597)</b>	<b>(741)</b>	<b>-</b>	<b>(44)</b>	<b>(5,382)</b>	<b>(52,144)</b>
Impairment of property, plant and equipment:	-	(211)	(573)	-	-	-	-	-	(784)
<b>Accumulated depreciation as of 12-31-2021</b>	<b>-</b>	<b>(8,622)</b>	<b>(37,542)</b>	<b>(597)</b>	<b>(741)</b>	<b>-</b>	<b>(44)</b>	<b>(5,382)</b>	<b>(52,928)</b>
<b>Net balance as of 12-31-2021</b>	<b>1,274</b>	<b>7,642</b>	<b>20,400</b>	<b>121</b>	<b>188</b>	<b>2,409</b>	<b>18</b>	<b>1,795</b>	<b>33,847</b>



## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (11) Property, plant and equipment, continued

#### (a) Financial lease assets

Property, plant and equipment include the following assets acquired under financial leases:

Description	2022 ThUS\$	2021 ThUS\$
Production machinery and equipment	-	120
Total	<u>-</u>	<u>120</u>

#### (b) Assets for right of use

The right-of-use assets related to leased properties that do not meet the definition of investment properties are presented as property, plant and equipment

2022	Equipment production MUS\$	Total MUS\$
Balance as at January 1	1,795	3,589
Assets incorporation by right of use	5,785	-
Discharge in asset accounts by right of use	(449)	-
Depreciation charge of the year	<u>(2,172)</u>	<u>(1,794)</u>
Balance as at December 31, 2021	<u>4,959</u>	<u>1,795</u>

#### (c) Property, plant and equipment, additional information

- Acquisition effective of property, plant and equipment for the years 2022 and 2021 amounts to ThUS\$1,045 and ThUS\$2,705, respectively.
- Depreciation for the years 2022 and 2021 is recognized in cost of production (inventory) and administrative expenses, according to the following detail:

	2022 ThUS\$	2021 ThUS\$
Administrative expenses	169	147
Cost of production (inventory)	<u>6,560</u>	<u>5,990</u>
Total	<u>6,729</u>	<u>6,137</u>

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (12) Income taxes and deferred taxes

#### (a) General information

As at December 31, 2022, a provision for income tax of the first category has been constituted because a tax base that amounts to ThUS \$9,239 has been determined (tax base of ThUS\$19,393 in fiscal year 2021).

#### (b) Income tax

This caption comprises the following:

	<b>2022</b> <b>ThUS\$</b>	<b>2021</b> <b>ThUS\$</b>
Income tax	(2,595)	(5,236)
Additional tax	(122)	(108)
Deferred taxes	730	40
Green tax	(211)	(198)
Total	<u>(2,198)</u>	<u>(5,502)</u>

#### (c) Deferred taxes

	<b>2022</b> <b>MUS\$</b>	<b>2021</b> <b>MUS\$</b>
Estimate of bad debts	57	56
Property, plant and equipment	(4,496)	(5,168)
Lease operations	(170)	(170)
Holiday estimate	69	78
Termination benefits	254	217
Inventory	72	(81)
Other events	85	209
Total	<u>(4,129)</u>	<u>(4,859)</u>

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (12) Income taxes and deferred taxes, continued

#### (d) Income tax reconciliation

As at December 31, 2022 and 2021, the reconciliation of income taxes based on finance income before taxes is detailed as follows:

	2022		2021	
	Tax rate %	Taxes ThUS\$	Tax rate %	Taxes ThUS\$
Profit (losses) for the year		5,527		14,022
Income tax		<u>2,198</u>		<u>5,502</u>
Profit excluding the income tax		<u>7,725</u>		<u>19,524</u>
Income tax rate reconciliation:				
Total income tax expense	27.0	2,086	27.0	5,271
Deferred tax asset (liability)	9.4	(730)	0.2	40
Permanent differences	10.9	842	1.0	191
Total income tax expense	<u>29.0</u>	<u>2,198</u>	<u>28.2</u>	<u>5,502</u>

#### (e) Specific estimates: uncertain fiscal position and contingency related to taxes

The Company does not present uncertain tax positions or contingencies related to taxes.

The Company does not submit notifications, according to article 13 of the Tax Code, of pending reviews or appointments with the Chilean IRS. The affidavits are accepted, and your taxes have been declared and paid in a timely manner, so there are no uncertain tax positions or contingencies related to taxes.

### (13) Other financial liabilities

As at December 31, 2022 and 2021, obligations on loans accruing interest are detailed as follows:

Type of loan	2022		2021	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Current loans	2,072	-	-	-
Non-current loans	<u>1,220</u>	<u>1,220</u>	<u>1,220</u>	<u>2,440</u>
Subtotal loans	<u>3,292</u>	<u>1,220</u>	<u>1,220</u>	<u>2,440</u>
Lease obligations	<u>-</u>	<u>-</u>	<u>27</u>	<u>-</u>
Liabilities by right of use	<u>2,479</u>	<u>2,479</u>	<u>1,887</u>	<u>-</u>
Subtotal lease obligations	<u>2,479</u>	<u>2,479</u>	<u>1,914</u>	<u>-</u>
Total	<u>5,771</u>	<u>3,699</u>	<u>3,134</u>	<u>2,440</u>

There are no significant differences between the carrying amount and the fair value of these instruments.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (13) Other financial liabilities, continued

As at December 31, 2022 and 2021, current and non-current loans accruing interest classified by banking entity without discounting are detailed as follows:

		Non-current							
Institution	Currency	Current ThUS\$	1 to 2	More than	More	Total ThUS\$	Total other financial liabilities ThUS\$	Nominal annual interest rate %	
			years ThUS\$	2 to 3 years ThUS\$	than 3 to 10 years ThUS\$				
Banco Scotiabank	US\$	1,220	1,220	-	-	1,220	2,440	3.98	
Santander Leasback	US\$	2,072	-	-	-	-	2,072	6.97	
Liabilities by right of use	Ch\$	2,479	2,479	-	-	2,479	4,958	4.72	
Totales		5,771	3,699	-	-	3,699	9,470		

		Non-current							
Institution	Currency	Current ThUS\$	1 to 2	More than	More	Total ThUS\$	Total other financial liabilities ThUS\$	Nominal annual interest rate %	
			years ThUS\$	2 to 3 years ThUS\$	than 3 to 10 years ThUS\$				
Banco Scotiabank	US\$	1,220	2,440	-	-	2,440	3,660	3.98	
Santander Leasback	US\$	27	-	-	-	-	27	4.23	
Liabilities by right of use	Ch\$	1,887	-	-	-	-	1,887	3.5	
Totales		3,134	2,440	-	-	2,440	5,574		

The detail of financial indebtedness per type of loan is as follows:

	2022			2021		
	Current MUS\$	Non- current MUS\$	Total MUS\$	Current MUS\$	Non- current MUS\$	Total MUS\$
Bank borrowings	3,292	1,220	4,512	1,220	2,440	3,660
Financial lease agreements	2,479	2,479	4,958	1,914	-	1,914
Total interest-bearing loans	5,771	3,699	9,470	3,134	2,440	5,574

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (13) Other financial liabilities, continued

The reconciliation of interest-bearing loans is as follows:

<b>2022</b>	<b>12-31-2021</b>	<b>Loans</b>	<b>Cash flow</b>	<b>Transfer</b>	<b>Accrual of</b>	<b>Translation</b>	<b>12-31-2022</b>
<b>Current</b>	<b>ThUS\$</b>	<b>obtained</b>	<b>ThUS\$</b>	<b>from long</b>	<b>interests</b>	<b>effects</b>	<b>ThUS\$</b>
		<b>ThUS\$</b>	<b>ThUS\$</b>	<b>term to short</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
				<b>term</b>			
				<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Bank borrowings	1,220	4,072	(3,356)	1,220	136	-	3,292
Financial lease agreements	1,914	3,306	(2,124)	-	121	(738)	2,479
Non-current:							
Bank borrowings	2,440	-	-	(1,220)	-	-	1,220
Financial lease agreements	-	2,479	-	-	-	-	2,479
	<u>5,574</u>	<u>9,857</u>	<u>(5,480)</u>	<u>-</u>	<u>257</u>	<u>(738)</u>	<u>9,470</u>

<b>2021</b>	<b>12-31-2020</b>	<b>Loans</b>	<b>Cash flow</b>	<b>Transfer</b>	<b>Accrual of</b>	<b>Translation</b>	<b>12-31-2021</b>
	<b>ThUS\$</b>	<b>obtained</b>	<b>ThUS\$</b>	<b>from long</b>	<b>interests</b>	<b>effects</b>	<b>ThUS\$</b>
		<b>ThUS\$</b>	<b>ThUS\$</b>	<b>term to short</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
				<b>term</b>			
				<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Current:							
Bank borrowings	5,150	2,000	(7,115)	1,220	177	(212)	1,220
Financial lease agreements	2,133	-	(2,231)	1,914	107	(10)	1,914
Non-current:							
Bank borrowings	3,660	-	-	(1,220)	-	-	2,440
Financial lease agreements	1,914	-	-	(1,914)	-	-	-
2021	<u>12,857</u>	<u>2,000</u>	<u>(9,346)</u>	<u>-</u>	<u>284</u>	<u>(221)</u>	<u>5,574</u>

#### (a) Guarantees

In order to guarantee bank obligations pledges and mortgages have been entered into detailed as follows:

<b>Creditor Bank</b>	<b>Type of guarantee</b>	<b>Type of asset</b>	<b>Carrying amount</b>	<b>Principal owed</b>
			<b>ThUS\$</b>	<b>as at 12-31-2022</b>
			<b>ThUS\$</b>	<b>ThUS\$</b>
Banco Scotiabank	Pledge and mortgage	Machinery and buildings	<u>5,836</u>	<u>2,440</u>
Total			<u>5,836</u>	<u>2,440</u>

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (14) Trade and other accounts payable

As at December 31, 2022 and 2021 trade and other accounts payable are detailed as follows:

Description	2022 ThUS\$	2021 ThUS\$
Trade accounts payable	8,036	2,639
Derivatives (swaps) used as hedges	<u>36</u>	<u>163</u>
Total	<u>8,072</u>	<u>2,802</u>

As of each year-end the expiration of trade and other accounts payable is detailed as follows:

Expiration	2022 ThUS\$	2021 ThUS\$
Expiring up to 1 month	8,072	2,802
Expiring from 2 to 3 months	<u>-</u>	<u>-</u>
Total	<u>8,072</u>	<u>2,802</u>

General credit conditions of trade creditors on average are 30 days and they do not accrue interest.

### (15) Employee benefits

#### (a) Employee benefits, current

Current employee benefits are detailed as follows:

	2022 ThUS\$	2021 ThUS\$
Vacation accrual	<u>258</u>	<u>291</u>
Total	<u>258</u>	<u>291</u>

#### (b) Employee benefits, non-current

As at each year-end non-current employee benefits accrual is detailed as follows:

	2022 ThUS\$	2021 ThUS\$
Payment of years of service bonus	164	146
Severance indemnity payments	<u>845</u>	<u>659</u>
Total	<u>1,009</u>	<u>805</u>

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (15) Employee benefits, continued

#### (b) Employee benefits, non-current, continued

Movements for December 2022 and 2021 are detailed as follows:

<b>Movements</b>	<b>2022 ThUS\$</b>	<b>2021 ThUS\$</b>
Opening balance as at January 1	805	932
Increase of the accrual, net	215	21
Effect of foreign currency translation	(11)	(148)
Closing balance as at December 31	<u>1,009</u>	<u>805</u>

The Company is subject to long-term benefit obligations with its employees, mainly related to severance indemnity payments, which become effective at the end of the employment relationship. This benefit operates within the regulatory framework under the concession contracts, agreements, and collective and individual work contracts entered into by the Company. In conformity with the standard, the obligation is recognized when, and only when, the entity has no other more realistic alternative than making the corresponding payments. An update to the benefit plans is registered during December 2019, this new contract has a duration of 3 years since its issuance.

This provision is recorded at the actuarial value of future estimated obligations, in conformity with the projected credit unit method as required by international standards. The basis for recording this obligation is determined by the effective workforce receiving the benefit. Changes in the provision are recognized in profit or loss for the period in which they are incurred; actuarial gains or losses are then recognized in the statement of other comprehensive income.

The service cost for the current period is the increase in the present value of defined benefit obligations generated as a result of the services rendered by the employees during the period. The cost is determined by discounting estimated payment flows, considering the series of market interest rates for long-term debt securities corresponding to the same currency in which the obligations will be paid and with similar maturity terms.

Interest costs relate to the increase in the present value of defined benefit plans for the period, as a result of approximating the obligation to the maturity of the subsequent period.

The actuarial gains or losses arise from variances in the balance of the obligation as a result of modifications in the demographic assumptions, financial parameters, and changes in the labor structure (experience effect).

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (15) Employee benefits, continued

#### (b) Employee benefits, non-current, continued

The current value of the provision is subject to the uncertainty stated in the main actuarial assumptions, which are the following:

<b>Main assumptions</b>	<b>2022</b>	<b>2021</b>
Annual nominal discount rate	4.73%	5.79%
Increase in salaries, annual average	4.04%	3.88%
Future long-term inflation rate	3.00%	3.00%
Expected term of obligations	25	25
Annual turnover rate	9.40%	12.70%
Mortality rates used for projections	CB14 y RV14	CB14 y RV14
Expected retirement age for men (years)	65	65
Expected retirement age for women (years)	60	60

The discount rates relate to the quotation in the secondary market of government bonds issued in Chile, due to the absence of other local instruments that comply with the requirements established by the regulation. The annual inflation relates to the long-term goal published publicly by the Central Bank of Chile. Turnover rates have been determined by the review of the Company's own experience through a study of the behavior of cumulative dismissals during the last three years on current labor (analysis based on causal events). The growth rates of salaries subject to severance payments are the result of the long-term trend observed when reviewing historical salaries paid by the Company. The term of benefit obligations corresponds to the average term represented by the discount of payment flows related to financial liabilities.

The mortality rate used for actuarial calculations corresponds to the current rates issued by the Chilean Financial Market Commission; these are used because they are an adequate representation of the Chilean market, and due to the lack of statistical information to perform in-house studies. The retirement age is defined in the retirement scheme issued by Pension Fund Administrators (AFP), which is a generally accepted parameter in the Chilean market.



## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (15) Employee benefits, continued

#### (b) Employee benefits, non-current, continued

##### (i) Table of disclosures

The obligation balance reconciliation table related to the provision for post-employment benefits is as follows:

Table of financial disclosures	2022 Severance payment ThUS\$	2022 Seniority bonus ThUS\$	2022 Total ThUS\$	2021 Severance payment ThUS\$	2021 Seniority bonus ThUS\$	2021 Total ThUS\$
Opening balance	660	145	805	747	185	932
Cost of services	60	17	77	46	16	62
Finance costs	38	8	46	23	6	29
Social security and healthcare contributions paid	(33)	(20)	(53)	(91)	(13)	(104)
Actuarial loss (gain)	101	24	125	25	19	44
Costs of past services	30	(10)	20	28	(38)	(10)
Foreign currency translation difference	(10)	(1)	(11)	(118)	(30)	(148)
Closing balance	846	163	1,009	660	145	805

The review of the sensibilities applied to the provisions is as follows:

Financial risk measurement	Decrease %	Used %	Increase %	Effect (-) %	Effect (+) %
Discount rate	4.48	4.73	4.98	2.12	(1.83)
Increase in salaries	3.79	4.04	4.29	(1.81)	1.88
Turnovers	8.9	9.4	9.9	(3.76)	(4.3)
Mortality rate	(25.00)	CB14-RV14	25.00	(0.55)	0.72

### (16) Equity

#### (a) Share distribution

Shareholder	Number of shares	
	2022	2021
Eagon Industrial Co. Ltd.	2,419,238	2,419,238
Alvaro Salame	1	1
Total	2,419,239	2,419,239

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (16) Equity, continued

#### (b) Policies for managing and obtaining capital

Capital management refers to management of the Company's equity.

The purpose of the capital management policy of Eagon Lautaro S.A. is to maintain a balance that allows the Company to have sufficient capital to support its operations and provide a prudent level of leverage.

The Company manages its capital structure and makes adjustments on the basis of predominant economic conditions, in order to mitigate the risks associated to adverse market conditions.

#### (c) Dividends

The company paid dividends during the year 2022 by ThUS\$7,000 (in 2021 ThUS\$4,110).

### (17) Income, costs and expenses

#### (a) Revenue

##### (i) Cash inflows

The Company's main revenue relates to the sale of plywood and sheets.

Description	2022 ThUS\$	2021 ThUS\$
Sale of plywood	81,745	83,463
Sale of sheets	13,717	12,314
Other revenue	3,482	3,523
Total	<u>98,944</u>	<u>99,300</u>

**EAGON LAUTARO S.A.**

Notes to the Financial Statements  
as at December 31, 2022 and 2021

**(17) Income, costs and expenses, continued**

**(a) Revenue, continued**

**(i) Disaggregation of revenue from contracts with customers.**

For the years ended December 31, 2022 and 2021, revenue from contracts with customers is disaggregated by primary market and main products, in the following table.

	<b>Plywood</b>		<b>Sheets</b>		<b>Other revenue</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Chile	25,909	35,893	871	883	3,482	3,523	30,262	40,299
Korea	-	-	8,265	8,739	-	-	8,265	8,739
Europa	23,905	17,027	-	-	-	-	23,905	17,027
USA	22,459	22,323	-	-	-	-	22,459	22,323
Mexico	8,059	6,428	4,581	2,692	-	-	12,640	9,120
Others	1,413	1,792	-	-	-	-	1,413	1,792
<b>Total</b>	<b>81,745</b>	<b>83,462</b>	<b>13,717</b>	<b>12,314</b>	<b>3,482</b>	<b>3,523</b>	<b>98,944</b>	<b>99,300</b>

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (17) Income, costs and expenses, continued

#### (a) Revenue, continued

##### (ii) Performance obligations and revenue recognition policies.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when the control over a good or service is transferred to the customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers.

#### **Nature and timing of satisfaction of performance obligations, including significant payment terms**

Customers obtain control of products when goods are dispatched from the ship's departure from the domestic ports (exports) and the dispatch from the Company's warehouses (domestic). Invoices are generated at that point in time. Invoices are usually payable within 30 days.

#### (b) Cost of sales

Cost of sales for the years ended December 31, 2022 and 2021 are detailed as follows:

Description	2022 ThUS\$	2021 ThUS\$
Cost of sale of plywood	55,677	50,560
Cost of sale sheet	12,992	10,448
Others cost of sales	678	677
Total	<u>69,347</u>	<u>61,685</u>

#### (c) Administrative expenses

Administrative expenses for the years ended December 31, 2022 and 2021 are detailed as follows:

Description	2022 ThUS\$	2021 ThUS\$
Transportation expenses	12,877	6,924
Commissions on sales, insurance and customs	3,275	3,074
Salaries	1,430	1,661
Other worker's compensations	-	556
Administrative depreciation	169	147
Administrative expenses	<u>2,795</u>	<u>2,949</u>
Total	<u>20,546</u>	<u>15,311</u>

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (17) Income, costs and expenses, continued

#### (d) Other (losses)/profits

Other (losses) profits obtained for the years ended December 31, 2022 and 2021 are detailed as follows:

Description	2022 ThUS\$	2021 ThUS\$
Impairment losses on biological assets	-	(267)
Loss due to PPE disposals	-	(944)
Inventory adjustments due to inventory counts	(23)	(742)
Other losses	(377)	(401)
Scrap sales	98	56
Other profits	34	92
Total (net)	<u>(268)</u>	<u>(2,206)</u>

### (18) Finance costs

Finance costs accrued for the years ended December 31, 2022 and 2021 are detailed as follows:

	2022 ThUS\$	2021 ThUS\$
Bank interest	(218)	(185)
Bank commissions and expenses	4	38
Gain on financial instruments	127	19
Financial cost (right-of-use assets)	<u>(80)</u>	<u>(99)</u>
Total	<u>(167)</u>	<u>(227)</u>

### (19) Impairment of assets

The recoverable amount of property, plant and equipment is measured as long as there is an indication that its value might be impaired. Among the factors to be considered as an indication of impairment is the decrease in the market value of the asset, significant changes in technological environment, obsolescence or physical impairment of the asset, changes in the way the asset is used or is expected to be used which might imply its being put out of use, among other things. At the end of each reporting period Eagon Lautaro S.A. evaluates whether there is any evidence of the mentioned indications.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (20) Contingencies and restrictions

#### (a) Guarantees provided

The following guarantees have been established in order to guarantee compliance with the bank obligations detailed in Note 13:

<b>Creditor Bank</b>	<b>Type of guarantee</b>	<b>Type of asset</b>
Bank Scotiabank	Pledge and mortgage	Machinery and buildings

### (21) Financial risk management

#### (a) Financial risk factors

The activities of Eagon Lautaro S.A are exposed to various financial risks inherent to its business, which include: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The risk management program focuses on the uncertainty of the financial markets and tries to minimize the potential adverse effects on the financial profitability of Eagon Lautaro S.A.

Management's risk management policies are in compliance with global policies approved by the Board.

##### (i) Guarantees

The Company's policy is to provide financial guarantees and pledges solely for financial liabilities (bank borrowings), including lease debts. As at December 31, 2022, the Company has issued guarantees and pledges for certain banks with respect to credit facilities granted (see Note 13).

#### (b) Market risk factors

Market risk is the potential loss that the Company would have to recognize in case of adverse variations in market variables, such as:

##### (i) Exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument might fluctuate due to the exchange rate. The Company's exposure to exchange rate change risks is mainly related to the Company's operating activities, i.e. when income or expenses are denominated in a currency other than the Company's functional currency.

The Company's assets (accounts receivable) and liabilities (other accounts payable), are mainly composed of securities indexed to the US dollar, and bank loan operations. In those cases of sales to Europe, the returns in euros have been adjusted with the fulfillment of bank obligations in this currency in such a way as to generate a natural hedge to the risk of exchange.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (21) Financial risk management, continued

#### (b) Market risk factors, continued

##### (i) Exchange rate risk, continued

###### (i.1) Sensitivity analysis

Although the Company is exposed to different types of financial risk, the most significant impact on its financial statements arises from currency risk (other than the US dollar). In order to estimate the variances in profit or loss from fluctuations in exchange rates, the Company performs sensitivity analysis to measure the effect on profit or loss and the impact on equity. This method includes a model based on balance sheet items denominated in Chilean pesos, which allows the Company to estimate the balance sheet mismatch in Chilean pesos. The Company has a budget in which it sets an exchange rate at the beginning of each period, before the closing meeting at which the budget is approved by the Board of Directors.

As at the end of December 2022, the financial position in Chilean peso (Assets in Ch\$ minus Liabilities in Ch\$) amounts ThUS\$734 (Liabilities). In this regard, the results (considering as the base exchange rate at the end of the year 2021) indicate that with an exchange rate of US\$855 the deviation does not exceed 1% of equity.

##### (ii) Risk of changes in the variable interest rate

The Company seeks to maintain a balance between fixed and variable interest rates throughout time.

Risk of interest rate is especially significant regarding the Company's funding. Accordingly, the purpose of risk management of interest rate risk is to minimize the volatility of such flows by increasing the certainty of future payments.

The Company's policy is to cover interest rate risk obtained in variable interest rate loans with derivative instruments (interest rate swaps). Sensitizing an increase in the interest rate of 100 base points, the Company will still be covered by the swap, which covers the difference between the Libor and fixed interest rate.

##### (iii) Liquidity risk

The Company has a liquidity policy consisting in ongoing management of working capital, monitoring compliance with client payment commitments and validating compliance with the payment policy. Liquidity management is carried out with the support of management tools, weekly cash flow projections and monthly analysis of the financial situation, aspect that allow it to periodically determine its financial position.

For further details, Note 13 indicates financial liabilities expiries.

## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (21) Financial risk management, continued

#### (b) Market risk factors, continued

##### (iii) Liquidity risk, continued

The Company aims at maintaining the level of its cash and cash equivalents and other highly-negotiable debt investments in an amount that exceeds cash outflows expected for the financial liabilities (other than trade receivables). The Company also monitors the level of cash inflows expected for trade and other receivables together with the cash outflows expected for trade and other payables. As at December 31, 2022, expected cash flows for trade and other receivables maturing in three months amounted to ThUS\$6,819 (2021: ThUS\$6,963), see Note 5 (b). This includes the possible impact of extreme circumstances that cannot be foreseen reasonably, such as natural disasters.

##### (iv) Exposure to liquidity risk

The contractual maturities described in Note 13 and 14 of the reporting date are recorded as gross undiscounted amount and include the payment of contractual interest and exclude the impact of offsetting arrangements.

##### (v) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the financial behavior of the Company's customer base, including the default risk of the industry (corporate behavior), as these factors may have an influence on credit risk. Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed monthly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis. During 2022 and 2021 the credit policy for some export markets, considered the granting of credits for which it operates with insurance that covers the risk of default.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. As of December 31, 2022 and 2021, no value impairment has been determined. The age of trade and other receivables at the reporting date is detailed in Note 5.



## EAGON LAUTARO S.A.

Notes to the Financial Statements  
as at December 31, 2022 and 2021

### (22) Derivative contracts

Eagon Lautaro S.A uses derivatives mainly to reduce the risks and effects of exchange rate differences and interest rate. As at December 31, 2022 and 2021, the Company maintained the following derivatives.

<b>Contract</b>	<b>Type</b>	<b>Inception date</b>	<b>Maturity date</b>	<b>2022 ThUS\$</b>	<b>2021 ThUS\$</b>
Intrest swap rate	Hedge	03-14-2020	12-26-2024	<u>(36)</u>	<u>(163)</u>
Total				<u>(36)</u>	<u>(163)</u>

### (23) Subsequent events

Between January 1, 2023 and the date of issuance of these financial statements there have been no subsequent events that could significantly affect the amounts presented in the financial statements or the economic and financial position of the Company.