

# 3Q22 RESULTS

**With new production, EBITDA, net income, and free cash flow records, Eldorado reports its best quarter ever.**

## **PRODUCTION**

Record quarterly production of 476 thousand tons, up 14.4% over 3Q21.

## **NET REVENUE**

Record quarterly net revenue of R\$2.324 million, up 45% over 3Q21.

## **ADJUSTED EBITDA**

Record quarterly adjusted EBITDA of R\$1.430 million, with a margin of 62%, up 42% over 3Q21.

## **NET INCOME**

Record quarterly net income of R\$1.086 million, with a net margin of 47%.

## **FREE CASH FLOW**

Record quarterly free cash flow of R\$906 million, up 78% over 3Q21.

## **LEVERAGE**

All-time low leverage ratio of 0.84x compared to 1.74x in 3Q21.



Indicators	3Q22	2Q22	3Q21	3Q22 vs. 2Q22	3Q22 vs. 3Q21	9M22	9M21	9M22 vs. 9M21
<b>Pulp Production</b>	476	466	416	2.2%	14.4%	1,370	1,316	4.1%
<b>Pulp Sales</b>	482	457	408	5.4%	18.1%	1,366	1,288	6.1%
<b>Net Revenue</b>	2,324	1,834	1,600	26.7%	45.3%	5,603	4,476	25.2%
<b>Cash Cost</b>	933	870	578	7.2%	61.4%	871	684	27.3%
<b>Adjusted EBITDA</b>	1,430	1,075	1,006	33.0%	42.1%	3,346	2,713	23.3%
<b>EBITDA Margin</b>	61.5%	58.7%	62.9%	5.0%	-1.7%	59.7%	60.6%	-1.3%
<b>Net Financial Expenses (including derivatives)</b>	(78)	(95)	(107)	-17.9%	-27.1%	(232)	(376)	-38.3%
<b>Foreign Exchange Variation</b>	(116)	(367)	(503)	-68.4%	-76.9%	211	(301)	-170.1%
<b>Net Income (Loss)</b>	1,086	703	352	54.5%	208.5%	2,846	1,528	86.3%
<b>Investments</b>	264	248	295	6.5%	-10.5%	701	622	12.7%
<b>Adjusted FCF</b>	906	413	508	119.2%	78.3%	1,740	1,548	31.4%
<b>Net Debt</b>	3,479	4,403	5,719	-21.0%	-39.2%	3,479	5,719	-39.2%
<b>Net Debt w/ MTM Derivatives</b>	3,312	4,206	5,719	-21.3%	-42.1%	3,312	5,719	-42.1%
<b>Net Debt/Adjusted EBITDA (R\$)</b>	0.84x	1.19x	1.74x	-0.35x	-0.90x	0.84x	1.74x	-0.90x
<b>Net Debt/Adjusted EBITDA (US\$)</b>	0.82x	1.19x	1.71x	-0.37x	-0.89x	0.82x	1.71x	-0.89x
<b>Net Debt w/ MTM/ Adjusted EBITDA (R\$)</b>	0.80x	1.13x	1.74x	-0.33x	-0.94x	0.80x	1.74x	-0.94x

## MARKET OVERVIEW

In the third quarter of 2022, the demand for hardwood pulp from the sanitary and specialty paper sectors remained buoyant, but the start-up of plant operations that would increase pulp production delayed. As a result, demand kept growing amid supply restrictions, causing pulp prices to rise.

Another factor that continues to affect the industry performance is the stoppage in the global logistics chain, which has persisted since the start of the COVID-19 pandemic. There were problems in the period, such as land transportation disruptions in various regions due to the lower availability of truckers in North America, the lower availability of barges in Europe (due to the drought), and the consequent overloading of rail transportation. These factors combined kept the transit time between producers and customers above historical levels.

The aforementioned factors related to demand, supply and logistics maintained pulp inventories at low levels both in ports and customers. In the face of the difficulty with inventory rearrangement, the supply-demand imbalance worsened, thereby keeping pulp prices high.





## PRODUCTION AND SALES

Pulp production reached an all-time high of 476 thousand tons in 3Q22, up by 2.2% quarter on quarter and by 14.4% year on year. Eldorado Brasil has a history of operational efficiency, working between 15% and 20% above the nominal capacity of the original project. Moreover, this quarter the Company surpassed this mark amid the industry's momentum (the same year it celebrates its tenth year of operation).

Volume ('000 tons)	3Q22	2Q22	3Q21	3Q22 vs. 2Q22	3Q22 vs. 3Q21	9M22	9M21	9M22 vs. 9M21
<b>Production</b>	476	466	416	2.2%	14.4%	1,370	1,316	4.1%
<b>Sales</b>	482	457	408	5.4%	18.1%	1,366	1,288	6.1%

In 3Q22, sales volume totaled 482 thousand tons, up by 5.4% quarter on quarter and by 18.1% year on year, enjoying the market momentum.

## NET REVENUE AND GROSS PROFIT

Net Revenue (R\$ million)	3Q22	2Q22	3Q21	3Q22 vs. 2Q22	3Q22 vs. 3Q21	9M22	9M21	9M22 vs. 9M21
<b>Total Net Revenue</b>	<b>2,324</b>	<b>1,834</b>	<b>1,600</b>	<b>26.7%</b>	<b>45.3%</b>	<b>5,603</b>	<b>4,476</b>	<b>25.1%</b>
<b>Foreign Market</b>	2,026	1,600	1,244	30.2%	22.3%	4,852	3,681	31.8%
<b>Domestic Market</b>	298	234	356	27.4%	-16.3%	751	795	-5.5%
<b>COGS (Cost of Goods Sold)</b>	(710)	(572)	(450)	24.1%	57.8%	(1,805)	(1,364)	32.4%
<b>COGS/ton (R\$/ton)</b>	(1,473)	(1,251)	(1,101)	17.8%	33.7%	(1,321)	(1,060)	24.7%
<b>Gross Profit</b>	<b>1,614</b>	<b>1,262</b>	<b>1,150</b>	<b>28.1%</b>	<b>40.3%</b>	<b>3,798</b>	<b>3,112</b>	<b>22.0%</b>
<b>Gross Margin (%)</b>	69.5%	68.8%	71.9%	-	-	67.8%	69.5%	-

Net revenue ended the quarter with an all-time high of R\$2,324 million, up by 26.7% quarter on quarter and by 45.3% year on year, chiefly due to higher average pulp prices and the delivery volume. The average selling price ended the quarter at US\$876/t, up by 13% quarter on quarter and by 28% year on year.

The cost of goods sold per ton increased by 17.8% over 2Q22, due to the higher volumes of third-party wood consumed and higher wood transportation costs. Year on year, the increase was 33.7%, mainly due to the previous explanations and the rise in the prices of some chemical and energy inputs.

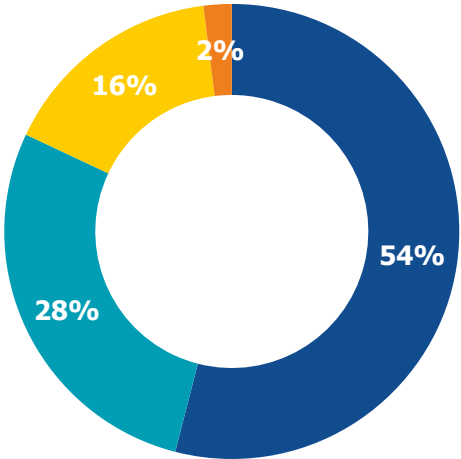
Gross profit totaled R\$1,614 million in 3Q22, up by 28.1% quarter on quarter and by 40.3% year on year, mainly driven by better pulp prices and higher sales volume.



CASH COST

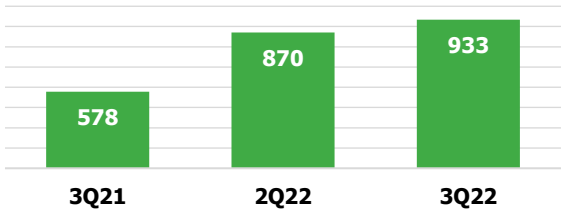
The cash cost of production totaled R\$933/t (US\$178/t) in 3Q22, up by 7.2% over 2Q22. Year on year, the increase was 61.4%, mainly due to the lower energy revenue, the higher utilization of third-party wood, the increased wood transportation costs and the higher input prices.

Cash Cost

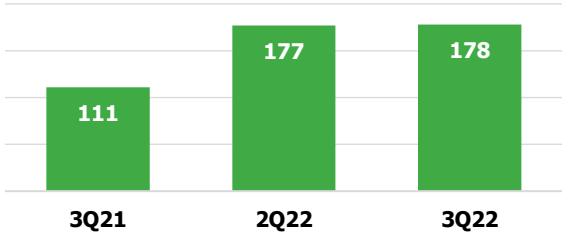


■ Wood ■ Inputs and Utilities ■ Fixed Cost ■ Other

Cash Cost (excluding downtime)



(US\$/ton)





## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Operating income/expenses (R\$ million)	3Q22	2Q22	3Q21	3Q22 vs. 2Q22	3Q22 vs. 3Q21	9M22	9M21	9M22 vs. 9M21
<b>Selling, General and Administrative</b>	(99)	(92)	(87)	7.6%	13.8%	(258)	(212)	21.7%
<b>% of Net revenue</b>	4.3%	5.0%	5.4%	-15.2%	-21.7%	4.6%	4.7%	-2.8%
<b>Logistics</b>	(209)	(239)	(155)	-12.6%	34.8%	(644)	(500)	28.8%
<b>% of Net revenue</b>	9.0%	13.0%	9.7%	-31.0%	-7.2%	11.5%	11.2%	2.9%
<b>Total</b>	(308)	(331)	(242)	-6.9%	27.3%	(902)	(712)	26.7%

Selling, general and administrative expenses totaled R\$99 million in 3Q22, up by 7.6% over 2Q22. Year on year, these expenses were 13.8% higher, due to increased charges and the inflation effect in the period.

Logistics costs closed 3Q22 at R\$209 million, down 12.6% quarter on quarter, due to lower petroleum prices and lower terminal expenses, and up 34.8% year on year, as a result of higher fuel costs and the respective impact they had on logistics costs in Brazil and abroad.

## ADJUSTED EBITDA

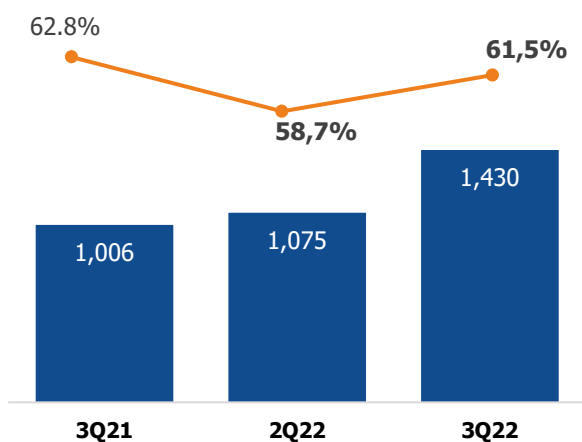
Adjusted EBITDA reached the highest quarterly historical level, totaling R\$1,430 million in 3Q22, with a margin of 61.5%, up by 33.0% quarter on quarter and by 42.1% year on year. The increase in adjusted EBITDA was mainly due to higher pulp prices and the higher sales volume recorded in the quarter.

Adjusted EBITDA was R\$2,969/t in 3Q22, up by 26.2% quarter on quarter and by 20.4% year on year.

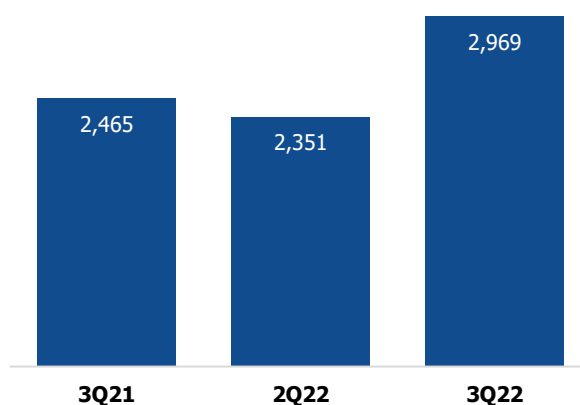
Adjusted EBITDA	3Q22	2Q22	3Q21	3Q22 vs. 2Q22	3Q22 vs. 3Q21	9M22	9M21	9M22 vs. 9M21
<b>EBIT</b>	1,311	1,196	918	9.6%	42.8%	3,173	2,419	31.2%
<b>Depreciation, amortization and depletion</b>	127	134	88	-5.2%	44.3%	437	308	41.9%
<b>Fair value adjustment on biological assets</b>	-	(249)	-	-	-	(249)	(70)	255.7%
<b>ICMS tax credit adjustments</b>	(8)	(5)	-	60%	-	(16)	-	-
<b>Adjusted EBITDA</b>	<b>1,430</b>	<b>1,075</b>	<b>1,006</b>	<b>33.0%</b>	<b>42.1%</b>	<b>3,345</b>	<b>2,713</b>	<b>23.3%</b>



**Adjusted EBITDA (R\$M) and adjusted EBITDA margin (%)**



**Adjusted EBITDA (R\$/t)**



## FINANCIAL RESULT

Net financial expenses (considering the market value of derivatives) totaled R\$78 million in 3Q22 compared to R\$95 million in 2Q22 and R\$107 million in 3Q21. The quarter-on-quarter drop reflects the reduction in debt. Year on year, the 27.1% reduction was mainly due to the drop in indebtedness and the positive contributions from the mark-to-market of derivative transactions. Year-to-date net financial expenses declined by 38.5%, amounting to R\$232 million, compared to the R\$377 million recorded in 9M21, due to the continuous reduction in indebtedness in the period.

The monetary and exchange variation was negative by R\$116 million in 3Q22, due to the depreciation of the Brazilian real in the quarter.

Financial Result (R\$ million)	3Q22	2Q22	3Q21	3Q22 vs. 2Q22	3Q22 vs. 3Q21	9M22	9M21	9M22 vs. 9M21
<b>Net Financial Expenses</b>	(132)	(147)	(107)	-10.2%	23.4%	(410)	(377)	8.8%
<b>Derivative Financial Instruments<sup>1</sup></b>	54	52	-	3.8%	-	178	-	N/A
<b>Net Financial Expenses (including derivatives)</b>	(78)	(95)	(107)	-17.9%	-27.1%	(232)	(377)	-38.5%
<b>Foreign Exchange Variation</b>	(116)	(367)	(503)	-68.4%	-76.9%	211	(301)	-170.1%
<b>(=) Financial Result</b>	(194)	(462)	(610)	-58.0%	-68.2%	(21)	(678)	-96.9%
<b>Debt Cost in U.S. Dollars<sup>2</sup> (% p.a.)</b>	6.44%	5.20%	4.70%	-	-	6.44%	4.70%	-

1- Considers interest rate swap.

2 - Average cost of debt in U.S. dollar considers swap of the R\$-denominated debt to US\$.

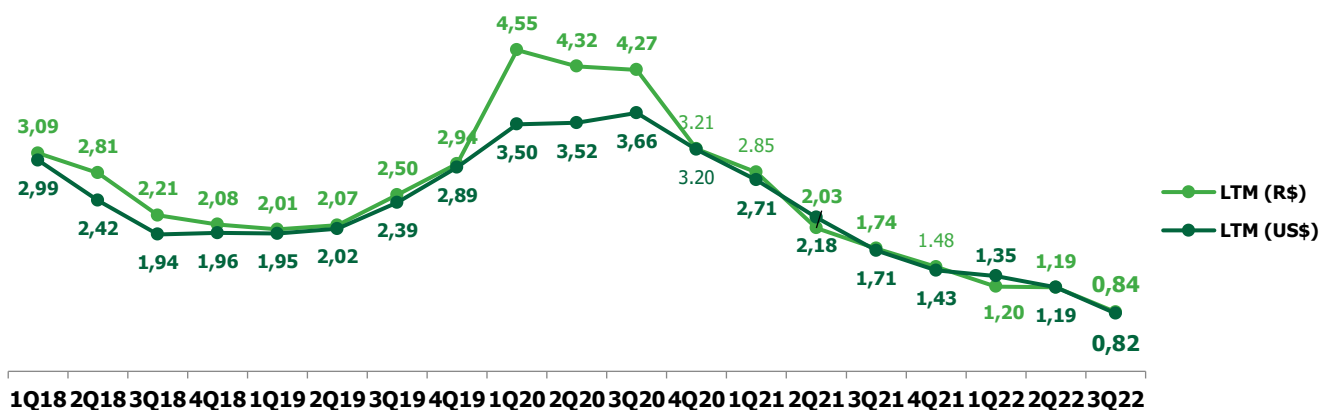


## NET INCOME

Net income was an all-time high of R\$1.086 million in 3Q22. This figure was 55% higher than in 2Q22 (net income of R\$703 million) and 208% higher than 3Q21 (net income of R\$352 million). The variation was due to better international prices and lower leverage, with a positive impact on the financial interest line, which has seen a decline in recent periods.

## INDEBTEDNESS

The Company maintained the reduction in financial leverage (net debt/adjusted EBITDA), reaching the lowest level ever in 3Q22, closing at 0.84x, compared to 1.19x in 2Q22 and 1.74x in 3Q21.



The Company contracted derivative operations at the end of 4Q21 to change the debt index from Brazilian real to U.S. dollar, aligning with the exposure of receivables. This operation considers the swap of the debt backed by CRA, of R\$500 million, and debentures, of R\$700 million, for the full period of these debts. The fair value of the derivative operations amounted to R\$167 million in 3Q22, compared to R\$197 million in 2Q22. The leverage ratio would fall to 0.80x if we considered the market value of these derivatives.

On September 30, 2022, net debt was R\$3.479 million, down by 21% from 2Q22 and by 39% from 3Q21, due to the settlement of debts in recent periods. By adding derivatives, net debt totaled R\$3.312 million.

Our net debt denominated in U.S. dollars ended the quarter at US\$644 million, maintaining a downward trend in the U.S. dollar-denominated debt. The consolidated net debt position considering the market value of derivatives was US\$613 million. The debt breakdown (considering derivative transactions) ended the quarter at 94% denominated in U.S. dollars and 6% in Brazilian reals.

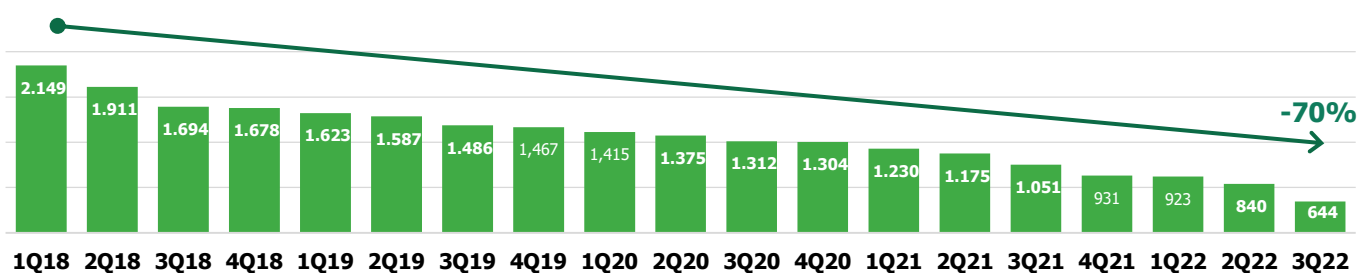




The Company denominates the foreign exchange component of currency and interest rate swaps for cash flow hedge accounting.

Indebtedness	3Q22	2Q22	3Q21	2Q22 vs. 1Q22	2Q22 vs. 2Q21
<b>Gross Debt</b>	4,785	5,149	7,115	-7.1%	-32.7%
<b>Short-Term Debt</b>	2,026	1,671	3,340	21.2%	-39.3%
<b>Cash and Financial Investments</b>	1,306	746	1,396	75.1%	-6.4%
<b>Net Debt</b>	3,479	4,403	5,719	-21.0%	-39.2%
<b>Net Debt in U.S. dollars</b>	644	840	1,051	-23.3%	-38.7%
<b>MTM Derivatives</b>	167	197	-	-15.2%	-
<b>Net Debt w/ MTM Derivatives</b>	3,312	4,206	5,719	-21.3%	-42.1%
<b>Net Debt/Adjusted EBITDA (R\$)</b>	0.84x	1.19x	1.74x	-0.35x	-0.90x
<b>Net debt/Adjusted EBITDA (US\$)</b>	0.82x	1.19x	1.71x	-0.37x	-0.89x
<b>Net Debt w/ MTM/ Adjusted EBITDA (R\$)</b>	0.80x	1.13x	1.74x	-0.33x	-0.94x

### Net debt in US\$ million



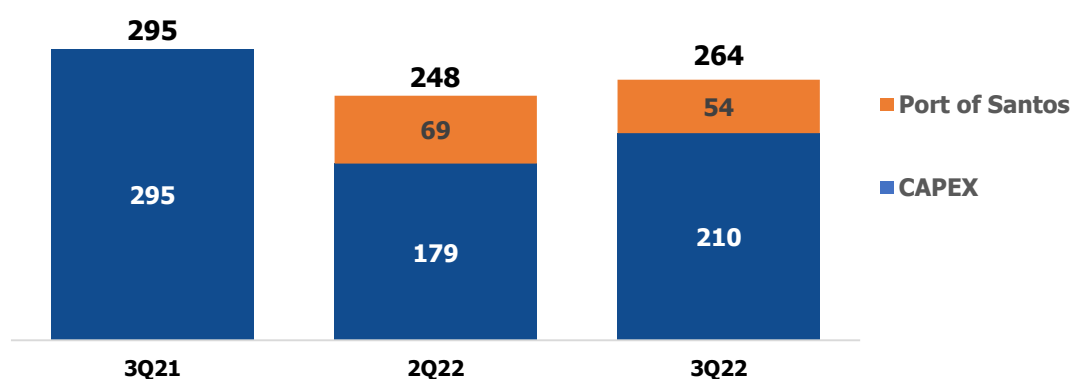
In 3Q22, cash position totaled R\$1.306 million, or US\$242 million, a 75.1% rise quarter on quarter, due to the company's strong cash generation.





## INVESTMENTS

Investments in industrial and forestry maintenance and other projects totaled R\$264 million, up by 6% quarter on quarter and down by 11% year on year, mainly due to the resumption of planting activities in 3Q21. The works for the new port terminal advanced, reaching 82% of completion. The construction is expected to reach 90% of completion by the end of this year. This is one of the company's main projects focused on logistics. It is expected to be delivered by the end of the first half of 2023. With total investments of around R\$500 million, the start-up of the new terminal will allow Eldorado to transfer 3 million tons of pulp per year in the Port of Santos – 3x more than the current volume.



## FREE CASH FLOW

In 3Q22, free cash flow was an all-time high of R\$907 million, up by 120% quarter on quarter and by 115% year on year. Free cash flow generation is still used to reduce gross debt.

Free Cash Flow (R\$ million)	3Q22	2Q22	9M22	9M21
<b>Adjusted EBITDA</b>	1,430	1,075	3,346	2,713
<b>(-) Total CAPEX</b>	(264)	(249)	(701)	(622)
<b>(-/+ ) Working capital</b>	(25)	(404)	(470)	(258)
<b>(-) Interest paid</b>	(201)	(66)	(377)	(337)
<b>(+) Realized gains with derivatives</b>	46	(7)	64	-
<b>(-) Lease agreements – IFRS 16*</b>	(66)	(52)	(218)	(137)
<b>(-) Income tax and social contribution</b>	(12)	(1)	(16)	(25)
<b>(-/+ ) Other</b>	(56)	48	(81)	(82)
<b>Free cash flow</b>	<b>853</b>	<b>344</b>	<b>1,547</b>	<b>1,253</b>
<b>(+) Onça Pintada Project / Port of Santos (Eblog*)</b>	54	69	194	33
<b>(=) Adjusted free cash flow</b>	<b>906</b>	<b>413</b>	<b>1,741</b>	<b>1,286</b>

\*Includes the grant of Eblog, totaling R\$44 million, paid annually.



## **SUSTAINABILITY (ESG)**

In 3Q22, Eldorado Brasil remained committed to the ESG (Environmental, Social and Governance) practices across its operations, with a focus on creating economic and socio-environmental value. These initiatives are always implemented through dialogue and engagement with all the company's stakeholders, with clarity and objectivity.

In the period, our highlight was the excellent result of the audit of the chain of custody of the Forest Stewardship Council® (license code FSC-C113939) and the Programme for the Endorsement of Forest Certification (PEFC), further strengthening our performance in ensuring the traceability of our pulp to the customer. The renewal of the certifications shows that the company's operations continue to meet the highest forestry requirements and standards, taking into account indicators of social and environmental impact.

The HALAL certification was also renewed for another year, recognizing Eldorado Brasil's compliance with all legal requirements and criteria determined by the Islamic jurisprudence, enabling the company to supply its products to Islamic markets.

Another important point is that we received the Gold Seal, showing the maximum recognition for the greenhouse gas inventory of the Brazil GHG Protocol program. The inventory was verified by a company accredited by Inmetro, under the ISO 14064 standard, and good monitoring practices and transparency in the publication of data were validated. The certification refers to the 2021 inventory.

Click on the link below to access our 2021 Sustainability Report.

### **2021 SUSTAINABILITY REPORT**



## APPENDIX I

## Balance sheets (in thousands of Reais)

	Assets			Liabilities and shareholders' equity		
	30/09/2022	Consolidated 30/06/2022	30/09/2021	30/09/2022	Consolidated 30/06/2022	30/09/2021
<b>Current</b>				<b>Current</b>		
Cash and cash equivalents	1.306.416	746.087	1.223.665	Loans and borrowings	2.026.151	1.670.636
Short term investments	-	-	10.404	Trade payables	292.411	296.219
Trade receivables	1.340.783	1.138.861	1.017.511	Lease liabilities	235.229	224.792
Inventories	745.121	765.042	673.063	Social tax and payroll payables	235.708	176.605
Tax receivables	47.735	47.324	123.385	Tax payables	9.855	14.714
Current income tax	1.417	712	-	Current income tax	40.872	16.052
Derivative financial instruments	85.266	90.361	-	Accounts payable to related parties	-	-
Advances to suppliers	69.337	78.956	45.520	Other current liabilities	92.910	96.082
Other current assets	68.509	84.691	58.075			
	<b>3.664.584</b>	<b>2.952.034</b>	<b>3.151.623</b>		<b>2.933.136</b>	<b>2.495.100</b>
<b>Non-current</b>				<b>Non-current</b>		
Long term investments	-	-	162.286	Loans and borrowings	2.759.299	3.477.655
Tax receivables	56.442	52.097	990.124	Lease liabilities	913.257	856.285
Advances to suppliers	240.063	212.383	178.895	Deferred income tax	218.906	235.622
Deferred income tax	-	-	124.000	Provisions for lawsuit	32.294	33.842
Derivative financial instruments	81.639	106.807	-	Other non current liabilities	27.278	23.491
Other non current assets	7.038	6.105	10.942		<b>3.951.034</b>	<b>4.626.895</b>
	<b>385.182</b>	<b>377.392</b>	<b>1.466.247</b>			<b>4.536.992</b>
Biological assets	4.037.646	3.952.654	3.338.824	<b>Shareholders' equity</b>		
Investments	4.812.370	4.816.316	4.851.120	Share capital	1.788.792	1.788.792
Right of use	1.149.753	1.091.500	903.033	Income reserves	2.354.717	2.350.806
Intangible assets	246.826	193.537	88.087	Equity valuation adjustments	427.009	362.502
	<b>10.631.777</b>	<b>10.431.399</b>	<b>10.647.311</b>	Retained earnings	2.841.673	1.759.338
					<b>7.412.191</b>	<b>6.261.438</b>
<b>Total assets</b>	<b>14.296.361</b>	<b>13.383.433</b>	<b>13.798.934</b>	<b>Total liabilities and shareholders' equity</b>	<b>14.296.361</b>	<b>13.383.433</b>
					<b>13.798.934</b>	



## APPENDIX II

### Income statement and Adjusted EBITDA (In thousands of Reais)

	Consolidated							
	3Q22	2Q22	3Q21	3Q22 vs QT22	3Q22 vs 3Q21	9m22	9m21	9m22 vs 9m21
Net revenue	2.324.467	1.833.894	1.599.727	26,8%	45,3%	5.602.669	4.476.324	25,2%
Cost of sales	(709.742)	(571.705)	(449.365)	24,1%	57,9%	(1.804.311)	(1.364.809)	32,2%
<b>Gross profit</b>	<b>1.614.725</b>	<b>1.262.189</b>	<b>1.150.362</b>	<b>27,9%</b>	<b>40,4%</b>	<b>3.798.358</b>	<b>3.111.515</b>	<b>22,1%</b>
<b>Operating income (expenses)</b>								
General and administrative	(75.660)	(75.078)	(70.458)	0,8%	7,4%	(203.547)	(173.294)	17,5%
Selling and distribution	(233.165)	(256.196)	(171.545)	-9,0%	35,9%	(698.624)	(539.195)	29,6%
Fair value of biological assets	-	248.708	-	-100,0%	n/a	248.708	70.444	253,1%
Bad debit provision	(1.463)	(4.399)	3.853	-66,7%	-138,0%	(4.552)	5.804	-178,4%
Other income	19.410	28.491	8.039	-31,9%	141,4%	62.352	32.591	91,3%
Other expenses	(13.288)	(8.371)	(2.156)	58,7%	516,3%	(29.602)	(89.061)	-66,8%
<b>Earnings before net financial income (expenses) and taxes</b>	<b>1.310.559</b>	<b>1.195.344</b>	<b>918.095</b>	<b>9,6%</b>	<b>42,7%</b>	<b>3.173.093</b>	<b>2.418.804</b>	<b>31,2%</b>
<b>Net financial income (expenses)</b>								
Financial expenses	(141.875)	(154.775)	(111.857)	-8,3%	26,8%	(435.107)	(386.702)	12,5%
Financial income	9.636	7.207	4.508	33,7%	113,8%	23.986	10.192	135,3%
Derivative financial instruments	54.174	52.887	-	2,4%	n/a	179.199	-	n/a
Foreing exchange variation, net	(115.828)	(367.300)	(503.064)	-68,5%	-77,0%	211.001	(301.165)	-170,1%
<b>Income (loss) before income tax and social contribution</b>	<b>1.116.666</b>	<b>733.363</b>	<b>307.682</b>	<b>52,3%</b>	<b>262,9%</b>	<b>3.152.172</b>	<b>1.741.129</b>	<b>81,0%</b>
<b>Income tax and social contribution</b>								
Current	(33.928)	(8.031)	(39.857)	322,5%	-14,9%	(50.578)	(51.001)	-0,8%
Deferred	3.508	(22.219)	84.242	-115,8%	-95,8%	(256.010)	(162.114)	57,9%
<b>Net income for the period</b>	<b>1.086.246</b>	<b>703.113</b>	<b>352.067</b>	<b>54,5%</b>	<b>208,5%</b>	<b>2.845.584</b>	<b>1.528.014</b>	<b>86,2%</b>
<b>Earnings per share - basic and diluted - in R\$</b>	<b>0,71</b>	<b>0,46</b>	<b>0,23</b>			<b>1,87</b>	<b>1,00</b>	
<b>EBITDA</b>								
Depreciation, amortization and depletion charges	127.792	134.215	87.843	-4,8%	45,5%	437.544	308.546	41,8%
Fair value of biological assets	-	(248.708)	-	-100,0%	n/a	(248.708)	(70.444)	253,1%
Reversal of extemporaneous tax credits	(8.429)	(5.711)	-	47,6%	n/a	(16.411)	56.528	-129,0%
<b>Adjusted EBITDA</b>	<b>1.429.922</b>	<b>1.075.140</b>	<b>1.005.938</b>	<b>33,0%</b>	<b>42,1%</b>	<b>3.345.518</b>	<b>2.713.434</b>	<b>23,3%</b>





## APPENDIX III

### Cash flow statements (in thousands of Reais)

	Consolidated							
	3Q22	2Q22	3Q21	3Q22 vs 2Q22	3Q22 vs 3Q21	9m22	9m21	9m22 vs 9m21
<b>Cash flows from operating activities:</b>								
<b>Net income for the period</b>	1.086.246	703.113	352.067	54,5%	208,5%	2.845.584	1.528.014	86,2%
<b>Adjustments:</b>								
Depreciation and amortization	71.962	71.033	67.855	1,3%	6,1%	213.583	199.774	6,9%
Depletion	55.830	63.182	19.988	-11,6%	179,3%	223.961	108.772	105,9%
Income (loss) on disposal fixed assets and biological assets	(7.942)	(8.261)	3.805	-3,9%	-308,7%	(18.682)	3.203	-683,3%
Fair value of biological assets	-	(248.708)	-	-100,0%	n/a	(248.708)	(70.444)	253,1%
Deferred income taxes	(3.508)	22.219	(84.242)	-115,8%	-95,8%	256.010	162.114	57,9%
Current income taxes	33.928	8.031	39.857	322,5%	-14,9%	50.578	51.001	-0,8%
Financial results - interest - lease	147	150	187	-2,0%	-21,4%	460	617	-25,4%
Financial results - interest and foreign exchange variation	223.870	524.133	541.264	-57,3%	-58,6%	263.580	502.001	-47,5%
Financial results - interest and foreign exchange variation - related parties	(10.372)	111.504	95.947	-109,3%	-110,8%	(86.077)	126.683	-167,9%
Financial results - interest on short and long term investments	(56.564)	(7.330)	(4.391)	671,7%	1188,2%	(58.078)	(5.111)	1036,3%
Foreign exchange on customers	23.027	(73.985)	(73.657)	-131,1%	-131,3%	(22.313)	(21.840)	2,2%
Provision for lawsuit	(432)	2.569	(580)	-116,8%	-25,5%	4.613	11.864	-61,1%
Net gain with derivatives	(72.450)	(59.768)	-	21,2%	n/a	(179.199)	-	n/a
(Reversal) / provision for loss of tax credits	(8.429)	(5.711)	-	47,6%	n/a	(16.411)	56.528	-129,0%
Bad debt provision	1.463	4.399	(3.853)	-66,7%	-138,0%	4.552	(5.804)	-178,4%
	<b>1.336.776</b>	<b>1.106.570</b>	<b>954.247</b>	<b>20,8%</b>	<b>40,1%</b>	<b>3.233.453</b>	<b>2.647.372</b>	<b>22,1%</b>
<b>Decrease (increase) in assets</b>								
Trade receivables	(198.195)	(220.363)	(41.861)	-10,1%	373,5%	(388.259)	(276.617)	40,4%
Inventories	75.251	(56.330)	(29.437)	-233,6%	-355,6%	(37.952)	(71.476)	-46,9%
Tax receivables	2.480	(5.351)	21.478	-146,3%	-88,5%	(9.174)	54.317	-116,9%
Advances to suppliers	(40.651)	101.538	21.852	-140,0%	-286,0%	(41.809)	(7.173)	482,9%
Other current and non-current assets	65.767	(118.491)	(19.398)	-155,5%	-439,0%	(48.868)	(6.297)	676,1%
<b>Increase (decrease) in liabilities</b>								
Trade payables	17.144	(141.667)	(10.584)	-112,1%	-262,0%	15.031	26.265	-42,8%
Accounts payable to related parties	-	-	(2.950)	n/a	-100,0%	(141)	(2.950)	-95,2%
Social tax and payroll payables	59.000	35.400	43.243	66,7%	36,4%	62.963	55.514	13,4%
Tax payables	(1.518)	(1.254)	(21.546)	21,1%	-93,0%	(583)	(16.272)	-96,4%
Provisions for lawsuit	(1.117)	(3.489)	(8.192)	-68,0%	-86,4%	(7.236)	(13.864)	-47,8%
Other current and non current liabilities	(2.123)	6.304	32.415	-133,7%	-106,5%	(12.900)	252	-5219,0%
<b>Cash from operating activities</b>	<b>1.312.814</b>	<b>702.867</b>	<b>939.267</b>	<b>86,8%</b>	<b>39,8%</b>	<b>2.764.525</b>	<b>2.389.071</b>	<b>15,7%</b>
Income tax paid	(12.678)	(892)	(9.776)	1321,3%	29,7%	(16.344)	(25.801)	-36,7%
<b>Net cash from operating activities</b>	<b>1.300.136</b>	<b>701.975</b>	<b>929.491</b>	<b>85,2%</b>	<b>39,9%</b>	<b>2.748.181</b>	<b>2.363.270</b>	<b>16,3%</b>
<b>Cash flows of investing activities:</b>								
Additions to biological assets	(119.477)	(118.156)	(103.810)	1,1%	15,1%	(348.045)	(263.690)	32,0%
Additions to property, plant and equipment and intangible assets	(144.977)	(130.240)	(158.034)	11,3%	-8,3%	(353.285)	(358.152)	-1,4%
Cash received from disposal of property, plant and equipment	11.571	9.468	23.081	22,2%	-49,9%	23.276	23.081	0,8%
Cash invested on short and long term investments	(1.074.196)	-	(31.678)	n/a	3291,0%	(1.074.196)	(31.678)	3291,0%
Cash redeemed from short and long term investments	1.130.760	-	-	n/a	n/a	1.130.760	-	n/a
<b>Net cash used in investing activities</b>	<b>(196.319)</b>	<b>(238.928)</b>	<b>(270.441)</b>	<b>-17,8%</b>	<b>-27,4%</b>	<b>(621.490)</b>	<b>(630.439)</b>	<b>-1,4%</b>
<b>Cash flows of financing activities:</b>								
Proceeds from loans and borrowings	675.416	146.169	1.025.581	362,1%	-34,1%	864.263	2.961.957	-70,8%
Payment of loans and borrowings - principal	(1.061.673)	(861.131)	(1.266.626)	23,3%	-16,2%	(2.109.730)	(3.738.435)	-43,6%
Payment of loans and borrowings - interest	(200.454)	(66.122)	(147.082)	203,2%	36,3%	(376.655)	(336.690)	11,9%
Cash invested on short and long term investments	-	1	(55.583)	-100,0%	-100,0%	(79.703)	(885.532)	-91,0%
Cash redeemed from short and long term investments	-	113.683	329.944	-100,0%	-100,0%	238.168	776.132	-69,3%
Receipt of operations with derivatives	63.865	-	-	n/a	n/a	63.865	-	n/a
Payment of lease liabilities	(65.965)	(52.652)	(49.279)	25,3%	33,9%	(218.426)	(137.076)	59,3%
<b>Net cash (used in) / from financing activities</b>	<b>(588.811)</b>	<b>(720.052)</b>	<b>(163.045)</b>	<b>-18,2%</b>	<b>261,1%</b>	<b>(1.618.218)</b>	<b>(1.359.644)</b>	<b>19,0%</b>
Foreign exchange variance on cash and cash equivalents	45.323	80.353	39.060	-43,6%	16,0%	7.999	(37.536)	-121,3%
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>560.329</b>	<b>(176.652)</b>	<b>535.065</b>	<b>-417,2%</b>	<b>4,7%</b>	<b>516.472</b>	<b>335.651</b>	<b>53,9%</b>
Cash and cash equivalents at the beginning of the period	746.087	922.739	688.600			789.944	888.014	
Cash and cash equivalents at the end of the period	1.306.416	746.087	1.223.665			1.306.416	1.223.665	
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>560.329</b>	<b>(176.652)</b>	<b>535.065</b>			<b>516.472</b>	<b>335.651</b>	



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