

ELDORADO BRASIL CELULOSE S.A.

**Individual and consolidated interim
financial information**

As at June 30th, 2022

(Free translation from the original previously issued in Portuguese)

ELDORADO BRASIL CELULOSE S.A.

Individual and consolidated interim financial information

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Report on review of interim financial information

(A free translation of the original report in Portuguese)

To the Shareholders, Board of Directors, and Management of
Eldorado Brasil Celulose S.A
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Eldorado Brasil Celulose S.A. (the "Company") contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2022, which comprises the statement of financial position as of June 30, 2022 and the respective statements of income (loss), comprehensive income (loss) for the three and six-month period then ended, changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation of this individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in accordance with standards issued by the Brazilian Securities Commission, applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and International standards on review engagements of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Information (ITR), and presented in accordance with the standards issued by the Brazilian Securities Commission.

Other matters

Statements of Value Added

The interim financial information as referred to above includes individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2021, prepared under the responsibility of the Company's management, presented as supplementary information for the purposes of IAS 34. The financial information were submitted to the review procedures followed together with the review of the Quarterly Information, in order to form our conclusion whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that Statement of Value Added has not been prepared, in all material respects, in accordance with requirements described at the Technical Pronouncement and consistent with the individual and consolidated interim financial information taken as a whole.

São Paulo, August 11, 2022

KPMG Auditores Independentes
CRC SP014428/O-6

Original report in Portuguese signed by

Leslie Nares Laurenti
Contadora CRC 1SP215906/O-1

ELDORADO BRASIL CELULOSE S.A.

Interim balance sheets

As of June 30, 2022 and December 31, 2021

(In thousands of Reais - R\$, unless otherwise indicated)

Assets						Liabilities and shareholders' equity					
	Note	Individual		Consolidated			Note	Individual		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021			06/30/2022	12/31/2021	06/30/2022	12/31/2021
Current						Current					
Cash and cash equivalents	4.1	58,445	301,889	746,087	789,944	Loans and borrowings	15	1,670,636	927,423	1,670,636	927,423
Short term investments	4.2	-	24,555	-	24,555	Trade payables	14	292,008	287,584	296,219	289,846
Trade receivables	5	933,282	832,577	1,138,861	928,009	Lease liabilities	16	195,229	186,080	224,792	209,928
Inventories	7	548,114	521,459	765,042	678,435	Loans and borrowings with related parties	6.3	3,203	3,412	-	-
Tax receivables	8	45,166	67,146	47,324	70,098	Social tax and payroll payables		171,632	165,863	176,605	172,925
Current income tax		-	8,178	712	3,837	Tax payables		11,748	11,082	14,714	11,677
Derivative financial instruments	25.3	90,361	56,848	90,361	56,848	Current income tax		-	-	16,052	-
Other current assets		162,193	48,608	163,647	49,950	Accounts payable to related parties	6	-	141	-	141
Total current assets		1,837,561	1,861,260	2,952,034	2,601,676	Other current liabilities		28,760	26,470	96,082	120,260
Non-current						Non-current					
Long term investments	4.2	-	132,396	-	132,396	Loans and borrowings	15	3,477,655	5,216,569	3,477,655	5,216,569
Tax receivables	8	51,847	1,728	52,097	1,759	Loans and borrowings with related parties	6.3	1,152,360	1,227,710	-	-
Advances to suppliers		212,383	182,173	212,383	182,173	Lease liabilities	16	710,428	574,506	856,285	730,043
Deferred income tax	17	-	50,066	-	50,066	Deferred income tax	17	235,622	-	235,622	-
Derivative financial instruments	25.3	106,807	70,141	106,807	70,141	Derivative financial instruments	25.3	-	113,543	-	113,543
Loans and borrowings with related parties	6	89,661	48,605	-	-	Provisions for lawsuit	18	33,333	34,382	33,842	34,916
Other non current assets		5,409	4,546	6,105	5,312	Other non current liabilities		23,491	17,434	23,491	17,434
Total long-term assets		466,107	489,655	377,392	441,847	Total non-current liabilities		5,632,889	7,184,144	4,626,895	6,112,505
Biological assets	9	3,952,654	3,493,833	3,952,654	3,493,833	Shareholders' equity					
Investments	10	2,371,270	1,976,640	-	-	Share capital		1,788,792	1,788,792	1,788,792	1,788,792
Property, plant and equipment	11	4,804,371	4,860,549	4,816,316	4,881,888	Income reserves		2,350,806	2,350,806	2,350,806	2,350,806
Right of use	13	805,573	675,008	1,091,500	920,423	Equity valuation adjustments		362,502	455,369	362,502	455,369
Intangible assets	12	30,007	30,221	193,537	100,005	Retained earnings		1,759,338	-	1,759,338	-
Total non-current assets		11,963,875	11,036,251	10,054,007	9,396,149	Total equity	19	6,261,438	4,594,967	6,261,438	4,594,967
Total assets		14,267,543	13,387,166	13,383,433	12,439,672	Total liabilities and shareholders' equity		14,267,543	13,387,166	13,383,433	12,439,672

The accompanying notes are an integral part of the individual and consolidated interim financial information

ELDORADO BRASIL CELULOSE S.A.

Interim statements of income (loss)

Three and six-month period ended June 30, 2022 and 2021

(In thousands of Reais - R\$, unless otherwise indicated)

	Note	2022		Individual 2021		2022		Consolidated 2021	
		04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021
Net revenue	20	1,083,568	1,810,052	1,117,261	1,974,051	1,833,894	3,278,202	1,570,417	2,876,597
Cost of sales	22	(629,888)	(1,152,818)	(489,757)	(924,426)	(571,705)	(1,094,569)	(456,709)	(915,444)
Gross profit		453,680	657,234	627,504	1,049,625	1,262,189	2,183,633	1,113,708	1,961,153
Operating income (expenses)									
General and administrative	22	(71,865)	(120,049)	(50,347)	(94,203)	(75,078)	(127,887)	(55,297)	(102,836)
Selling and distribution	22	(92,418)	(178,319)	(74,989)	(146,479)	(256,196)	(465,459)	(184,766)	(367,650)
Fair value of biological assets	9	248,708	248,708	70,444	70,444	248,708	248,708	70,444	70,444
Share of income in controlled companies	10	646,719	1,242,442	358,264	663,585	-	-	-	-
Bad debit provision	5	(862)	436	1,392	1,414	(4,399)	(3,089)	1,929	1,951
Other income	24	16,448	30,899	10,477	24,368	28,491	42,942	10,544	24,552
Other expenses	24	(8,088)	(15,942)	(62,911)	(86,301)	(8,371)	(16,314)	(63,133)	(86,905)
Earnings before net financial income (expenses) and taxes		1,192,322	1,865,409	879,834	1,482,453	1,195,344	1,862,534	893,429	1,500,709
Net financial income (expenses)	23								
Financial expenses		(162,939)	(310,973)	(134,475)	(264,576)	(154,775)	(293,232)	(141,208)	(274,845)
Financial income		10,425	16,371	1,817	2,617	7,207	14,350	3,525	5,684
Derivative financial instruments	25.3	52,887	125,025	-	-	52,887	125,025	-	-
Foreing exchange variation, net		(367,363)	323,024	827,032	201,809	(367,300)	326,829	827,111	201,899
Income (loss) before income tax and social contribution		725,332	2,018,856	1,574,208	1,422,303	733,363	2,035,506	1,582,857	1,433,447
Income tax and social contribution	17								
Current		-	-	-	-	(8,031)	(16,650)	(8,649)	(11,144)
Deferred		(22,219)	(259,518)	(412,888)	(246,356)	(22,219)	(259,518)	(412,888)	(246,356)
Net income for the period		703,113	1,759,338	1,161,320	1,175,947	703,113	1,759,338	1,161,320	1,175,947
Earnings per share - basic and diluted - in R\$	19					0.4609	1.1532	0.7612	0.7708

The accompanying notes are an integral part of the individual and consolidated interim financial information

ELDORADO BRASIL CELULOSE S.A.

Interim statements of comprehensive income (loss)

Three and six-month period ended June 30, 2022 and 2021

(In thousands of Reais - R\$, unless otherwise indicated)

	2022		Individual 2021		2022		Consolidated 2021	
	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021
Net income for the period	703,113	1,759,338	1,161,320	1,175,947	703,113	1,759,338	1,161,320	1,175,947
Items that are or may be reclassified subsequently to the income (loss):								
Foreign exchange variation	199,544	(143,669)	(216,065)	(88,775)	199,544	(143,669)	(216,065)	(88,775)
Cash flow hedge	(109,707)	76,972	-	-	(109,707)	76,972	-	-
Deferred income on cash flow hedge	37,300	(26,170)	-	-	37,300	(26,170)	-	-
Other comprehensive income (loss) for the period, net of income tax and social contribution	127,137	(92,867)	(216,065)	(88,775)	127,137	(92,867)	(216,065)	(88,775)
Total of comprehensive income	830,250	1,666,471	945,255	1,087,172	830,250	1,666,471	945,255	1,087,172

The accompanying notes are an integral part of the individual and consolidated interim financial information

ELDORADO BRASIL CELULOSE S.A.

Interim statements of changes in equity
 Three and six-month period ended June 30, 2022 and 2021
 (In thousands of Reais - R\$, unless otherwise indicated)

	Income reserves					Equity valuation adjustments			Retained earnings	Total
	Share capital	Legal reserve	Tax benefits reserve	Reserve for expansion	Special reserve	Reserve of minimum mandatory dividends withheld	Hedge accounting	Translation adjustment		
Balance as at December 31, 2020	1,788,792	36,498	1,002,780	405,132	26,634	-	-	290,574	-	3,550,410
Comprehensive income for the period										
Net income for the period	-	-	-	-	-	-	-	-	1,175,947	1,175,947
Other comprehensive income for the period	-	-	-	-	-	-	-	(88,775)	-	(88,775)
Total of comprehensive income, net of income tax and social contribution	-	-	-	-	-	-	-	(88,775)	1,175,947	1,087,172
Constitution of tax benefits reserve	-	-	(12,382)	-	-	-	-	-	12,382	-
Balance as at June 30, 2021	1,788,792	36,498	990,398	405,132	26,634	-	-	201,799	1,188,329	4,637,582
Balance as at December 31, 2021	1,788,792	80,486	992,943	1,039,340	-	238,037	8,772	446,597	-	4,594,967
Comprehensive income for the period										
Net income for the period	-	-	-	-	-	-	-	-	1,759,338	1,759,338
Other comprehensive income for the period	-	-	-	-	-	-	50,802	(143,669)	-	(92,867)
Total of comprehensive income, net of income tax and social contribution	-	-	-	-	-	-	50,802	(143,669)	1,759,338	1,666,471
Balance as at June 30, 2022	1,788,792	80,486	992,943	1,039,340	-	238,037	59,574	302,928	1,759,338	6,261,438

The accompanying notes are an integral part of the individual and consolidated interim financial information

ELDORADO BRASIL CELULOSE S.A.

Interim statements of cash flows

Six-month period ended June 30, 2022 and 2021

(In thousands of Reais - R\$, unless otherwise indicated)

	Note	Individual		Consolidated	
		01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Cash flows from operating activities:					
Net income for the period		1,759,338	1,175,947	1,759,338	1,175,947
Adjustments:					
Depreciation and amortization		139,714	129,452	141,621	131,919
Depletion		169,137	89,660	168,131	88,784
Income (loss) on disposal fixed assets and biological assets		(10,774)	(660)	(10,740)	(602)
Fair value of biological assets	9	(248,708)	(70,444)	(248,708)	(70,444)
Deferred income taxes	17	259,518	246,356	259,518	246,356
Current income taxes	17	-	-	16,650	11,144
Financial results - interest - lease		68	151	313	430
Financial results - interest and foreign exchange variation	15.2	39,710	(69,443)	39,710	(39,263)
Financial results - interest and foreign exchange variation - related parties	6.3	(49,902)	40,853	(75,705)	30,736
Financial results - interest on short and long term investments		(1,514)	(74)	(1,514)	(720)
Mutual fair value		(5,183)	-	-	-
Foreign exchange on customers		(45,340)	51,817	(45,340)	51,817
Provision for lawsuit		4,999	12,419	5,045	12,444
Net gain with derivatives	23 and 25,3	(106,749)	-	(106,749)	-
(Reversal) / provision for loss of tax credits		(7,982)	56,528	(7,982)	56,528
Share of income in controlled companies	10	(1,242,442)	(663,585)	-	-
Bad debt provision	5	(436)	(1,414)	3,089	(1,951)
		653,454	997,563	1,896,677	1,693,125
Decrease (increase) in assets					
Trade receivables		(54,929)	(578,804)	(190,064)	(234,756)
Inventories		(48,517)	(26,773)	(113,203)	(42,039)
Tax receivables		(10,301)	34,237	(11,653)	32,839
Advances to suppliers		(1,158)	(28,837)	(1,158)	(29,025)
Other current and non-current assets		(114,448)	13,093	(114,636)	13,101
Increase (decrease) in liabilities					
Trade payables		4,424	(21,169)	(2,113)	36,849
Accounts payable to related parties		(141)	-	(141)	-
Social tax and payroll payables		5,769	13,670	3,963	12,271
Tax payables		(1,012)	8,172	935	5,274
Provisions for lawsuit		(6,048)	(5,672)	(6,119)	(5,672)
Other current and non current liabilities		8,347	(6,978)	(10,777)	(32,163)
Cash from operating activities		435,440	398,502	1,451,711	1,449,804
Dividends received	10.2	768,749	-	-	-
Income tax paid		-	(13,639)	(3,666)	(16,025)
Net cash from operating activities		1,204,189	384,863	1,448,045	1,433,779
Cash flows of investing activities:					
Additions to biological assets		(228,568)	(159,880)	(228,568)	(159,880)
Additions to property, plant and equipment and intangible assets		(119,744)	(194,342)	(208,308)	(200,118)
Cash received from disposal of property, plant and equipment		11,705	-	11,705	-
Paid-in capital of controlled companies		(569)	(3,299)	-	-
Mutual contribution		(100,500)	-	-	-
Net cash used in investing activities		(437,676)	(357,521)	(425,171)	(359,998)
Cash flows of financing activities:					
Proceeds from loans and borrowings	15.2	188,847	1,926,259	188,847	1,936,376
Payment of loans and borrowings - principal	15.2	(1,048,057)	(639,112)	(1,048,057)	(2,471,809)
Payment of loans and borrowings - interest	15.2	(176,201)	(111,746)	(176,201)	(189,608)
Cash invested on short and long term investments		(79,703)	(127,386)	(79,703)	(829,949)
Cash redeemed from short and long term investments		238,168	-	238,168	446,188
Payment of loans and borrowings - principal - related parties		-	(741,136)	-	-
Payment of loans and borrowings - interest - related parties	6.3	(25,657)	(80,323)	-	-
Payment of lease liabilities	16	(107,354)	(86,546)	(152,461)	(87,797)
Net cash (used in) / from financing activities		(1,009,957)	140,010	(1,029,407)	(1,196,599)
Foreign exchange variance on cash and cash equivalents		-	-	(37,324)	(76,596)
Net (decrease) increase in cash and cash equivalents		(243,444)	167,352	(43,857)	(199,414)
Cash and cash equivalents at the beginning of the period		301,889	183,292	789,944	888,014
Cash and cash equivalents at the end of the period		58,445	350,644	746,087	688,600
Net (decrease) increase in cash and cash equivalents		(243,444)	167,352	(43,857)	(199,414)

The accompanying notes are an integral part of the individual and consolidated interim financial information

ELDORADO BRASIL CELULOSE S.A.

Interim statements of value added

Six-month period ended June 30, 2022 and 2021

(In thousands of Reais - R\$, unless otherwise indicated)

	Individual		Consolidated	
	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Revenues				
Sales of goods, products and services	1,919,844	2,077,440	3,371,765	2,980,652
Other operating income (expenses)	259,674	75,288	271,549	75,255
Transfers related to the construction of own assets	9,506	26,499	9,506	26,499
Bad debt provision	436	1,414	(3,089)	1,951
	<u>2,189,460</u>	<u>2,180,641</u>	<u>3,649,731</u>	<u>3,084,357</u>
Goods and services acquired from third parties				
Cost of sales	(448,304)	(464,294)	(360,968)	(449,964)
Third party services, supplies, energy and other	(349,354)	(262,846)	(612,214)	(476,042)
Reversal of provision for loss of assets	7,982	-	7,982	-
Gross value added	<u>1,399,784</u>	<u>1,453,501</u>	<u>2,684,531</u>	<u>2,158,351</u>
Depreciation, amortization and depletion	<u>(308,851)</u>	<u>(168,509)</u>	<u>(309,752)</u>	<u>(170,100)</u>
Value added created	<u>1,090,933</u>	<u>1,284,992</u>	<u>2,374,779</u>	<u>1,988,251</u>
Value added received as transfer				
Share of income in controlled companies	1,242,442	663,585	-	-
Financial income	511,489	287,664	515,009	291,398
Total value added created	<u>2,844,864</u>	<u>2,236,241</u>	<u>2,889,788</u>	<u>2,279,649</u>
Value added distribution				
Personnel				
Salary compensation	132,506	104,719	140,270	115,711
Benefits	87,388	50,654	92,661	56,332
FGTS (Severance Pay Fund)	12,657	33,025	13,420	34,395
	<u>232,551</u>	<u>188,398</u>	<u>246,351</u>	<u>206,438</u>
Taxes, fees and contributions				
Federal	374,718	341,543	393,335	353,485
State	46,906	119,081	30,286	119,297
Municipal	-	-	12	665
	<u>421,624</u>	<u>460,624</u>	<u>423,633</u>	<u>473,447</u>
Borrowed capital return				
Interest	354,083	339,834	329,537	340,501
Lease	77,211	71,271	122,389	73,087
Other	57	167	8,540	10,229
	<u>431,351</u>	<u>411,272</u>	<u>460,466</u>	<u>423,817</u>
Equity capital return				
Net income for the period	<u>1,759,338</u>	<u>1,175,947</u>	<u>1,759,338</u>	<u>1,175,947</u>
Total value added distributed	<u>2,844,864</u>	<u>2,236,241</u>	<u>2,889,788</u>	<u>2,279,649</u>

The accompanying notes are an integral part of the individual and consolidated interim financial information

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

1. Corporate information

Eldorado Brasil Celulose S.A. (“Eldorado”) and its subsidiaries (“Company”) is a public company governed by laws of Brazil, registered in The Securities and Exchange Commission of Brazil (CVM), under category B, headquartered in the city of São Paulo, state of São Paulo, Brazil.

The Company is a pulp producer, seller, importer and exporter, with an industrial unit in the city of Três Lagoas, state of Mato Grosso do Sul - MS, where operates since December 2012. The Company’s operations also includes the growing of seedlings and forests, extraction of wood from planted forests, reforestation of its own and leased lands as well as electric power generation from biomass from the thermoelectric power plant (“Usina Termelétrica de Onça Pintada - UTOP”) placed into service, in April, 2021.

The pulp is sold in the foreign market directly by Eldorado, as well as through its wholly owned subsidiaries in Austria, the United States of America and China.

2. Equity interest

	Country of Incorporation	Equity interest	
		06/30/2022	12/31/2021
<u>Subsidiaries - direct control</u>			
Cellulose Eldorado Austria GmbH	Austria	100%	100%
Rishis Empreend. e Participações S.A.	Brazil	100%	100%
Eldorado Brasil Celulose Logística Ltda.	Brazil	100%	100%
<u>Subsidiaries - indirect control:</u>			
Eldorado USA Inc.	United States of America	100%	100%
Eldorado Intl. Finance GmbH	Austria	100%	100%
Cellulose Eldorado Asia	China	100%	100%

3. Basis of preparation and presentation of the individual and consolidated interim financial information

(a) Statement of compliance (in respect of the IFRS and CPC standards)

The individual and consolidated interim financial information have been prepared in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and also in accordance with pronouncement CPC 21 - Demonstração Intermediária, issued by the Accounting Pronouncements Committee.

The individual and consolidated interim financial information were revised and approved by Executive Board on August 11th, 2022.

Management states that all relevant information to the financial statements, and only it, is being disclosed and corresponds to those used in business management.

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

(b) Basis of measurement

The individual and consolidated interim financial information are based on accounting practices and policies consistent with those adopted in the preparation of the financial statements as of December 31st, 2021 and should be read in conjunction with such statements.

The information in the notes to the individual and consolidated interim financial information that has not significantly changed from December 31st, 2021, was not fully replicated in this quarterly information. Some selected information has been included to explain the main events and transactions of the quarter and to allow a better understand of the Company's financial position and operational performance changes that occurred since the publication of the individual and consolidated annual financial statements, at December 31st, 2021.

Information for the year ended at December 31st, 2021 is presented in the individual and consolidated annual financial statements, issued at March 25th, 2022.

The notes listed below were not replicated or are not at the same level of detail of those included in the individual and consolidated annual financial statements:

- Summary of significant accounting policies (note 4);
- Trade receivables (nota 6);
- Tax receivables (note 9);
- Biological assets (note 10);
- Investments (note 11);
- Property, plant and equipment (note 12);
- Intangible (note 13);
- Right of use (note 14);
- Loan and borrowings (note 16);
- Lease liabilities (note 17);
- Income tax and social contribution - current and deferred (note 18);
- Provision for lawsuit (note 19);
- Shareholders' equity (note 20);
- Financial instruments (note 26); and
- Take or pay agreements (note 27).

(c) Use of estimates and judgments

The individual and consolidated interim financial information have been prepared in accordance with IFRS and CPC standards which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of the assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, with such reviews being recognized on a prospective basis.

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

There was no changes in the Management's estimates and judgments used and disclosed in the individual and consolidated annual financial statements as of December 31st, 2021.

(d) Fair value measurement

When measuring fair value of an asset or a liability, the Company uses prices and other relevant information generated by market transactions involving identical or similar assets and liabilities. Additional information on the assumptions used in the fair value measurement is included in the following notes:

- **Note 9** - biological assets;
- **Note 25** - financial instruments.

(e) Functional and presentation currency

The individual and consolidated interim financial information are being presented in thousands of Reais (R\$), which is the functional currency of the Company. The functional currency of the foreign subsidiaries is the U.S. dollar. All balances were rounded to the nearest thousand unless otherwise indicated.

(i) Transactions in foreign currency

Transactions denominated in a foreign currency are translated to the entity's functional currency at the exchange rate on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate on the balance sheet date. Differences resulting from the translation are recognized in profit or loss.

(ii) Foreign operations

Assets and liabilities of foreign operations are translated in Reais (R\$) at the exchange rate on the balance sheet date. Revenues and expenses of foreign operations are translated in Reais (R\$) at the average exchange rate of the transaction period.

The foreign currency differences (functional currency of foreign subsidiaries) arising from the translation to the reporting currency, Reais (R\$), are recognized in other comprehensive income and accumulated in the Cumulative Translation Adjustments - CTA, in shareholders' equity.

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

(f) Restatement

The management identified that certain transactions were misstated in its individual and consolidated statements of cash flows and individual and consolidated statements of value added for the period ended at June 30th, 2021, originally issued on August 16th, 2021. The misstatements have been adjusted by the restatement of the referred statements.

Although the amounts were not material at the level of the individual and consolidated financial information for the period ended at June 30th, 2021, the management decided to restate these financial information to better reflect the Company's economic and financial situation.

The amounts reclassified refer to:

- (i) Current income tax and social contribution reclassified to a net income (loss) adjustment because it is a non-cash event;
- (ii) VAT tax credits reversal reclassified to a net income (loss) adjustment because it is a non-cash event;
- (iii) Provisions for lawsuit individually presented as an increase (decrease) in liabilities;
- (iv) Adjust of the double counted payment of lease liabilities;
- (v) Foreign exchange gain as a value added received as transfer previously presented as borrowed capital return;
- (vi) Reclassification of costs and expenses by nature.

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Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

	Statement of cash flow - 2Q2021				
	Previously reported	(ii)	(iii)	(iv)	Restatement
Individual					
<u>Cash flow from operating activities:</u>					
Net loss for the period	1,175,947	-	-	-	1,175,947
Adjustments:					
Reversal of tax credits	50,507	6,021	-	-	56,528
Others	(234,912)	-	-	-	(234,912)
	991,542	6,021	-	-	997,563
Decrease (increase) in assets					
Inventories	(30,562)	-	-	3,789	(26,773)
Tax receivables	40,258	(6,021)	-	-	34,237
Advances to suppliers	(45,826)	-	-	16,989	(28,837)
Increase (decrease) in liabilities					
Trade payables	64,526	-	-	(85,695)	(21,169)
Provisions for lawsuit	-	-	(5,672)	-	(5,672)
Other current and non current liabilities	(12,650)	-	5,672	-	(6,978)
Others	(557,508)	-	-	-	(557,508)
Net cash from/(used in) operating activities	449,780	-	-	(64,917)	384,863
<u>Cash flows of investing activities:</u>					
Additions to biological assets	(224,697)	-	-	64,817	(159,880)
Additions to property, plant and equipment and intangible	(194,442)	-	-	100	(194,342)
Others	(3,299)	-	-	-	(3,299)
Net cash (used in)/from investing activities	(422,438)	-	-	64,917	(357,521)
Net cash from financing activities	140,010	-	-	-	140,010
Net increase in cash and cash equivalents	167,352	-	-	-	167,352
Cash and cash equivalents at the beginning of the period	183,292	-	-	-	183,292
Cash and cash equivalents at the end of the period	350,644	-	-	-	350,644
Net increase in cash and cash equivalents	167,352	-	-	-	167,352

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

	Statement of cash flow - 2Q2021					
	Previously reported	(i)	(ii)	(iii)	(iv)	Restatement Consolidated
Cash flow from operating activities:						
Net loss for the period	1,175,947	-	-	-	-	1,175,947
Adjustments:						
Current income taxes	-	11,144	-	-	-	11,144
Reversal of tax credits	50,507	-	6,021	-	-	56,528
Other	449,506	-	-	-	-	449,506
	1,675,960	11,144	6,021	-	-	1,693,125
Decrease (increase) in assets						
Inventories	(45,828)	-	-	-	3,789	(42,039)
Tax receivables	38,860	-	(6,021)	-	-	32,839
Advances to suppliers	(46,014)	-	-	-	16,989	(29,025)
Increase (decrease) in liabilities						
Trade payables	122,544	-	-	-	(85,695)	36,849
Tax payables	16,418	(11,144)	-	-	-	5,274
Provisions for lawsuit	-	-	-	(5,672)	-	(5,672)
Other current and non current liabilities	(37,835)	-	-	5,672	-	(32,163)
Other	(225,409)	-	-	-	-	(225,409)
Net cash from/(used in) operating activities	1,498,696	-	-	-	(64,917)	1,433,779
Cash flows of investing activities:						
Additions to biological assets	(224,697)	-	-	-	64,817	(159,880)
Additions to property, plant and equipment and intangible	(200,218)	-	-	-	100	(200,118)
Net cash (used in)/from investing activities	(424,915)	-	-	-	64,917	(359,998)
Net cash used in financing activities	(1,196,599)	-	-	-	-	(1,196,599)
Foreign exchange variance on cash and cash equivalents	(76,596)	-	-	-	-	(76,596)
Net decrease in cash and cash equivalents	(199,414)	-	-	-	-	(199,414)
Cash and cash equivalents at the beginning of the period	888,014	-	-	-	-	888,014
Cash and cash equivalents at the end of the period	688,600	-	-	-	-	688,600
Net decrease in cash and cash equivalents	(199,414)	-	-	-	-	(199,414)

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

	Statements of value added - 2Q2021			
	Previously reported	(v)	(vi)	Individual Restatement
Revenues	2,180,641	-	-	2,180,641
Goods and services acquired from third parties				
Cost of sales	(464,294)	-	-	(464,294)
Third party services, supplies, energy and other	(312,593)	-	49,747	(262,846)
Gross value added	1,403,754	-	49,747	1,453,501
Depreciation, amortization and depletion	(168,509)	-	-	(168,509)
Value added created	1,235,245	-	49,747	1,284,992
Value added received as transfer				
Share of income in controlled companies	663,585	-	-	663,585
Financial income	2,617	285,047	-	287,664
Total value added created	1,901,447	285,047	49,747	2,236,241
Value added distribution				
Personnel	77,911	-	26,808	104,719
- Salary compensation	50,184	-	470	50,654
- Benefits	12,114	-	20,911	33,025
- FGTS (Severance Pay Fund)				
Taxes, fees and contributions				
- Federal	339,985	-	1,558	341,543
- Other	119,081	-	-	119,081
Borrowed capital return				
- Interest	54,787	285,047	-	339,834
- Other	71,438	-	-	71,438
Equity capital return	1,175,947	-	-	1,175,947
Total value added distributed	1,901,447	285,047	49,747	2,236,241

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Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

	Statements of value added - 2Q2021			
	Previously reported	(v)	(vi)	Consolidated Restatement
Revenues	3,084,357	-	-	3,084,357
Goods and services acquired from third parties				
Cost of sales	(449,964)	-	-	(449,964)
Third party services, supplies, energy and other	(525,789)	-	49,747	(476,042)
Gross value added	2,108,604	-	49,747	2,158,351
Depreciation, amortization and depletion	(170,100)	-	-	(170,100)
Value added created	1,938,504	-	49,747	1,988,251
Value added received as transfer				
Share of income in controlled companies	-	-	-	-
Financial income	5,684	285,714	-	291,398
Total value added created	1,944,188	285,714	49,747	2,279,649
Value added distribution				
Personnel	88,903	-	26,808	115,711
- Salary compensation	55,862	-	470	56,332
- Benefits	13,484	-	20,911	34,395
- FGTS (Severance Pay Fund)				
Taxes, fees and contributions				
- Federal	351,927	-	1,558	353,485
- Other	119,962	-	-	119,962
Borrowed capital return				
- Interest	54,787	285,714	-	340,501
- Other	83,316	-	-	83,316
Equity capital return	1,175,947	-	-	1,175,947
Total value added distributed	1,944,188	285,714	49,747	2,279,649

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Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

(g) New and revised standards and interpretations already issued and not yet adopted

There are no other standards, amendments to standards or interpretations not yet effective for which the Company expects to have a material impact on its individual and consolidated interim financial information when they are applied.

4. Cash, cash equivalents and short term investments

4.1. Cash and cash equivalents

	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Cash	28	38	31	51
Bank deposits (a)	13,855	62,969	588,109	518,942
Bank certificates of deposit - CDB (b)	44,562	238,882	157,947	270,951
	58,445	301,889	746,087	789,944

(a) Counterparty risk is mitigated through allocation across various financial counterparts with credit profiles in accordance to the Company's risk management practices and policy, as indicated in the credit rating classification presented below.

(b) Readily available bank certificates of deposit (CDB's) with daily interest indexed to the Brazil Interbank Deposit Rate (CDI). The short term investments held by foreign controlled entities are "Time Deposit" type, readily available, with daily interest based on pre-fixed rates.

The allocation of the bank deposits and bank certificates of deposit across the score risk of the financial counterparts were as follows:

Risk classification (1)	Bank deposits and Bank certificates of deposit			
	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
AAA	-	-	2,173	5,460
AA-	-	-	5,401	-
A	-	301,838	-	784,420
A-	31,683	-	552,822	-
BB	3,601	11	4,409	11
BB-	23,132	-	181,250	-
B-	1	2	1	2
	58,417	301,851	746,056	789,893

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

(1) Credit risk rate classification granted by Fitch Ratings, Moody's and Standard & Poor's, on a global scale.

4.2. Short term investments

	Individual and Consolidated	
	06/30/2022	12/31/2021
Time deposit (a)	-	55,899
Bank certificates of deposit - CDB (b)	-	101,052
	-	156,951
Current	-	24,555
Non-current	-	132,396
	-	156,951

(a) Interest-bearing bank deposits held as collateral for Advance on Exchange Contracts (ACC) presented in note 15.3(i), were redeemed on June 30th, 2022 due to the anticipated repayment of the collateralized loan;

(b) Bank certificate of deposit (CDB) held as collateral for the Export Credit Notes (NCE) presented in note 15.3(ii), were redeemed on June 28th, 2022 due to the partial anticipated repayment of the collateralized loan.

5. Trade receivables

5.1. Balance composition

	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Domestic	207,803	123,997	207,809	124,003
Foreign	732,367	716,128	962,784	834,127
	940,170	840,125	1,170,593	958,130
Allowance for expected credit losses	(6,888)	(7,548)	(31,732)	(30,121)
	933,282	832,577	1,138,861	928,009

5.2. Balance by maturity:

	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Current	916,067	806,094	1,107,629	808,738
From 1 to 30 days past due	16,087	14,451	26,977	75,507
From 31 to 60 days past due	1,123	9,889	3,977	38,579
From 61 to 90 days past due	-	476	163	1,795
Over 90 days past due	5	1,667	115	3,390
	933,282	832,577	1,138,861	928,009

The Company has an account receivable insurance that guarantees the partial receipt of both, domestic and foreign receivables.

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Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

5.3. Expected credit loss transactions:

	Individual	Consolidated
Balance December 31 st , 2021	(7,548)	(30,121)
Additions	(923)	(4,461)
Reversal	1,359	1,372
Foreign exchange variance	224	1,478
Balance June 30 th , 2022	(6,888)	(31,732)

6. Related parties

All balances in the balance sheet and transactions in the profit and loss accounts, which are based on prices and terms agreed upon both parties, are as follows:

6.1. Balance composition

	Transaction	Receivable (payable)			
		Individual		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
Subsidiaries					
Cellulose Eldorado Áustria GmbH	Pulp sale	302,577	166,628	-	-
Eldorado EUA Inc.	Pulp sale	388,481	488,593	-	-
Eldorado Intl. Finance GmbH	PPE (iii) NE 6.3	(1,155,563)	(1,231,122)	-	-
Rishis Empreend. e Partic.	Services	(40,873)	(37,958)	-	-
Eldorado Brasil Logística Ltda.	Costs transfer (viii)	89,661	48,605	-	-
Net total payable to subsidiaries		(415,717)	(565,254)	-	-
Shareholders					
J&F Participações S.A.	Guarantee fees (i)	-	(56)	-	(56)
J&F Participações S.A.	Other (vi)	-	(61)	-	(61)
J&F Participações S.A.	Other (vi)	-	(141)	-	(141)
Total payable to controlling shareholders		-	(258)	-	(258)
Other related parties					
JBS S.A.	Other (iv)	(109)	(78)	(109)	(78)
Seara Alimentos Ltda.	Meals (v)	(12)	(894)	(12)	(894)
Total payable to group companies		(121)	(972)	(121)	(972)
		(415,838)	(566,484)	(121)	(1,230)
Assets					
Trade receivables		691,058	655,221	-	-
Trade receivables with related parties		89,661	48,605	-	-
Liabilities					
Trade payables		(40,994)	(39,047)	(121)	(1,089)
Loans and borrowings with related parties		(1,155,563)	(1,231,122)	-	-
Accounts payable with related parties		-	(141)	-	(141)
Total		(415,838)	(566,484)	(121)	(1,230)

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

6.2. Period transactions

	<u>Transaction</u>	Individual			
		04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Subsidiaries					
Cellulose Eldorado Áustria GmbH	Pulp sale	482,298	557,712	763,015	925,786
Cellulose Eldorado Áustria GmbH	PPE (ii)	-	-	-	(1,573)
Eldorado EUA Inc.	Pulp sale	296,313	249,417	465,429	509,665
Eldorado Intl. Finance GmbH	PPE (iii)	(12,913)	(316)	(26,221)	(73,219)
Rishis Empreend. e Partic.	Logistic services	(8,484)	(6,067)	(15,776)	(11,667)
		757,214	800,746	1,186,447	1,348,992
Shareholders					
J&F Participações S.A.	Guarantee fees(i)	-	-	-	(1,319)
Other related parties					
JBS S.A.	Other (iv)	(2,437)	(30,746)	(4,248)	(6,422)
Seara Alimentos Ltda.	Other (v)	(91)	(3,450)	(156)	(153)
Flora Prod. Higiene e Limp. S.A.	Other (vii)	-	(62)	-	-
		(2,528)	(34,258)	(4,404)	(6,575)
		754,686	766,488	1,182,043	1,341,098
				Consolidated	
	<u>Transaction</u>	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Shareholders					
J&F Participações S.A.	Guarantee fees(i)	-	(620)	-	(1,319)
Other related parties					
JBS S.A.	Other (iv)	(2,437)	(3,450)	(4,248)	(6,422)
Seara Alimentos Ltda.	Other (v)	(91)	(62)	(156)	(153)
		(2,528)	(3,512)	(4,404)	(6,575)
		(2,528)	(4,132)	(4,404)	(7,894)

- (i) Aval fee granted by J&F Investimentos S.A.;
- (ii) 5-year export credit (“Pre-payment”) granted by Cellulose Eldorado Austria GmbH, with market interest earnings + foreign exchange variance. This financial transaction has been repaid in April, 2021;
- (iii) 5 year export credit (“Pre-payment”), due in June 2024, granted by Cellulose Eldorado Austria GmbH, with market interest earnings + foreign exchange variance.
- (iv) Amounts payable on general transactions including freight on pulp transportation, supply of food ingredients for using in the Company's cafeteria and data center leasing;
- (v) Supply of food ingredients for using in the Company's cafeteria;
- (vi) Leasing and office expenses sharing;
- (vii) Cleaning kits for COVID 19 offered to employees;
- (viii) Loan agreement with the subsidiary Eldorado Brasil Logística Ltda, with a term of 5 years, due in November 2026.

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Notes to the individual and consolidated interim financial information

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6.3. Period transactions of related parts loans

	<u>Individual</u>
	<u>01/01/2022 to</u>
	<u>06/30/2022</u>
Opening balance	1,231,122
- Accrued interest	26,222
- Accrued foreign exchange variance	(76,124)
- Interest settlement	(25,657)
Ending balance	<u>1,155,563</u>
Current	3,203
Non-current	1,152,360
	<u>1,155,563</u>

6.4. Management compensation

Expenses related to the compensation of key management personnel, which include the Board of Statutory Executive Officers, Fiscal Council and Board of Directors, recognized in the interim statement of income for the period, were as follows:

	<u>04/01/2022 to</u>	<u>04/01/2021 to</u>	<u>01/01/2022 to</u>	<u>01/01/2021 to</u>
	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2022</u>	<u>06/30/2021</u>
Individual:				
Benefits (a)	9,553	6,666	15,102	13,346
Private pension	104	86	198	167
	<u>9,657</u>	<u>6,752</u>	<u>15,300</u>	<u>13,513</u>
Consolidado:				
Benefits (a)	11,012	8,282	18,139	16,526
Private pension	121	104	234	204
	<u>11,133</u>	<u>8,386</u>	<u>18,373</u>	<u>16,730</u>

- (a) Includes fixed compensation (salaries, vacations and 13th salary), social security contribution - INSS, compulsory severance pay fund - FGTS, bonus and other compensation.

7. Inventories

	<u>Individual</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Seedlings	341	264	341	264
Raw materials - wood (i)	106,262	187,273	106,262	187,273
Pulp (ii)	73,333	70,930	289,961	227,663
Operating supplies (iii)	142,782	56,774	142,782	56,774
Maintenance supplies (iii)	225,396	206,218	225,696	206,461
	<u>548,114</u>	<u>521,459</u>	<u>765,042</u>	<u>678,435</u>

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Notes to the individual and consolidated interim financial information

As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

- (i) The decrease in wood is associated with the time difference between the forest felling and the physical receiving of the wood purchased from third parties;
- (ii) The increase in pulp inventories is related to maritime shipments delays which were impacted by ongoing logistics constrains;
- (iii) The increase in operating and maintenance supplies is mainly related to the increase in safety stock levels to mitigate stockouts in forestry and production areas, as well as increase in nominal values due to inflation escalation.

8. Recoverable taxes

VAT tax	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
State value added tax - VAT	1,022,778	1,030,760	1,023,718	1,032,600
VAT loss provision (i)	(1,022,778)	(1,030,760)	(1,022,778)	(1,030,760)
VAT, net	-	-	940	1,840
Other recoverable taxes				
Federal VAT (PIS and COFINS)	58,514	52,167	59,326	52,874
Reintegra tax credit	15,286	14,759	15,286	14,759
Income tax and social contribution - IRPJ/CSLL	23,019	191	23,029	200
IRRF tax credit	-	1,556	250	1,587
Other	194	201	590	597
Total recoverable taxes	97,013	68,874	99,421	71,857
Current	45,166	67,146	47,324	70,098
Non-current	51,847	1,728	52,097	1,759
	97,013	68,874	99,421	71,857

- (i) The amount of VAT loss provision reversed in the six-month period ended June 30th, 2022, was R\$ 7,982 and corresponds to the VAT credits consumed in the normal course of the business.

9. Biological assets

The biological assets has the follow changes in the period of six months ended on June 30th, 2022:

	Individual and consolidated	
	06/30/2022	12/31/2021
Beginning balance	3,493,833	3,004,369
Forest formation cost	308,748	544,080
Forest depletion	(98,635)	(220,276)
Disposals	-	(8,122)
Fair value adj. net of selling costs	248,708	173,782
Ending balance	3,952,654	3,493,833

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The forests that form the biological asset are exposure to operational and environmental risks, such as fire, pests and diseases. Additionally, there are risks related to climate change which can affect the ecological balance and, as a consequence, the forest productivity.

The Company measures the fair value of its biological assets in a semiannual basis or when there are indications of significant changes in the main assumptions.

The main assumptions considered in estimating the fair value of biological assets for the six-month period ended in June 30th, 2022, were:

	<u>06/30/2022</u>	<u>12/31/2021</u>
Harvest area (hectare)	245,866	233,252
Average annual timber increment (AATI) - m ³ /hectare	27.53	30.28
Discount rate - WACC (%)	6.40	5.61
Timber market price - R\$ / m ³	87.20	79.50

The changes in the fair value of biological assets are recognized in the statement of income or loss as “Fair value of biological assets” and are related to the following variables:

	<u>06/30/2022</u>	<u>12/31/2021</u>
Price	141,525	174,291
Physical changes	107,183	(509)
	<u>248,708</u>	<u>173,782</u>

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10. Investments

10.1. Investment composition and controlled entity's information

	Equity interest	Total assets	Share capital	Equity	Net revenue	Net income (loss)
Cellulose Eldorado Austria GmbH	100%	3,066,208	111	2,135,897	2,690,763	1,246,502
Eldorado Brasil Celulose Logística Ltda.	100%	404,016	70,000	135,334	2	(4,040)
Rishis Empreendimentos e Participações S.A.	100%	100,011	108,979	91,293	14,907	(8)

10.2. Investments period transactions - individual

	Balance at 12/31/2021	Additions (disposals)	Dividends	Fair value of intercompany loan	Cumulative translation adjustment	Unrealized profit on inventories	Equity accounting	Balance at 06/30/2022
Cellulose Eldorado Austria GmbH	1,801,825	-	(768,749)	-	(143,669)	(12)	1,246,502	2,135,897
Eldorado Brasil Celulose Logística Ltda.	74,178	569	-	64,627	-	-	(4,040)	135,334
Rishis Empreendimentos e Participações S.A.	91,301	-	-	-	-	-	(8)	91,293
Rishis Empreendimentos e Participações S.A. - goodwill	9,336	(590)	-	-	-	-	-	8,746
Total	1,976,640	(21)	(768,749)	64,627	(143,669)	(12)	1,242,454	2,371,270

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(In thousands of Reais - R\$, unless otherwise indicated)

11. Property, plant and equipment

11.1 Property, plant and equipment composition

	Weighted annual depreciation rates	06/30/2022			12/31/2021		
		Cost	Accumulated depreciation	Net cost	Cost	Accumulated depreciation	Net cost
Individual:							
Buildings and facilities	3.4% to 5.4%	1,765,148	(458,426)	1,306,722	1,752,706	(427,698)	1,325,008
Machinery and equipment	5.8%	4,334,899	(1,419,162)	2,915,737	4,282,963	(1,304,190)	2,978,773
Vehicles and vessels	13.3% to 19.9%	197,638	(116,400)	81,238	187,283	(109,671)	77,612
IT equipments	19.2%	111,793	(72,937)	38,856	103,135	(69,552)	33,583
Assets under construction	-	341,586	-	341,586	325,327	-	325,327
Other	9.2% to 20.0%	137,845	(17,613)	120,232	136,165	(15,919)	120,246
		6,888,909	(2,084,538)	4,804,371	6,787,579	(1,927,030)	4,860,549
Consolidated:							
Buildings and facilities	3.4% to 5.4%	1,766,269	(458,581)	1,307,688	1,753,831	(427,824)	1,326,007
Machinery and equipment	5.8%	4,339,775	(1,420,681)	2,919,094	4,287,761	(1,305,598)	2,982,163
Vehicles and vessels	13.3% to 19.9%	197,638	(116,400)	81,238	187,283	(109,671)	77,612
IT equipments	19.3%	113,939	(74,815)	39,124	105,334	(71,366)	33,968
Assets under construction	-	348,609	-	348,609	341,530	-	341,530
Other	8.3% to 20.0%	138,769	(18,206)	120,563	137,099	(16,491)	120,608
		6,904,999	(2,088,683)	4,816,316	6,812,838	(1,930,950)	4,881,888

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11.2 Transactions of property, plant and equipment

	Period of six months ended 06/30/2022						Balance as at 06/30/2022
	Balance as at 12/31/2021	Additions	Disposals	Transfers	Depreciation	Foreign exchange variance	
Individual:							
Buildings and facilities	1,325,008	-	-	12,442	(30,728)	-	1,306,722
Machinery and equipment	2,978,773	8,508	(1,617)	51,898	(121,825)	-	2,915,737
Vehicles and vessels	77,612	196	(64)	15,756	(12,262)	-	81,238
IT equipments	33,583	16	(3)	9,235	(3,975)	-	38,856
Assets under construction	325,327	111,074	-	(94,815)	-	-	341,586
Other	120,246	46	(49)	1,692	(1,703)	-	120,232
	4,860,549	119,840	(1,733)	(3,792)	(170,493)	-	4,804,371
Consolidated:							
Buildings and facilities	1,326,007	-	-	12,442	(30,761)	-	1,307,688
Machinery and equipment	2,982,163	8,508	(1,653)	52,060	(121,984)	-	2,919,094
Vehicles and vessels	77,612	196	(64)	15,756	(12,262)	-	81,238
IT equipments	33,968	30	(3)	9,235	(4,085)	(21)	39,124
Assets under construction	341,530	111,354	-	(104,275)	-	-	348,609
Other	120,608	46	(49)	1,697	(1,735)	(4)	120,563
	4,881,888	120,134	(1,769)	(13,085)	(170,827)	(25)	4,816,316

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Transfers negative balances refer to the items transferred to intangible assets (note 12).

In the period of six-months ended in June 30th, 2022, there were no internal or external indications that the entity shall estimate the recoverable amount of its assets.

11.3 Items pledged as collateral

Property, plant and equipment can be pledged as collateral up to the related loan amount (note 15).

12 Intangible assets

12.1 Intangible assets composition

	Weighted annual amortization rates	06/30/2022			12/31/2021		
		Cost	Accumulated amortization	Net cost	Cost	Accumulated amortization	Net cost
<u>Individual:</u>							
Software	19.6%	57,033	(27,026)	30,007	53,241	(23,020)	30,221
<u>Consolidated:</u>							
Goodwill of right-of-use on port concession	6.9%	17,002	(8,256)	8,746	17,002	(7,666)	9,336
Software	19.6%	57,799	(27,768)	30,031	54,007	(23,752)	30,255
Terminal concession	8.6%	90,638	(48,652)	41,986	90,520	(45,433)	45,087
Assets under construction		112,774	-	112,774	15,327	-	15,327
		278,213	(84,676)	193,537	176,856	(76,851)	100,005

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(In thousands of Reais - R\$, unless otherwise indicated)

12.2 Transactions of intangible assets

	Balance as at 12/31/2021	Period of six months ended 06/30/2022			Balance as at 06/30/2022
		Transfers	Additions	Amortization	
<u>Individual:</u>					
Software	30,221	-	3,792	(4,006)	30,007
<u>Consolidated:</u>					
Goodwill of right-of-use on port concession	9,336	-	-	(590)	8,746
Software	30,255	-	3,792	(4,016)	30,031
Terminal concession	45,087	-	118	(3,219)	41,986
Assets under construction	15,327	88,272	9,175	-	112,774
	100,005	88,272	13,085	(7,825)	193,537

The transfers come from assets under construction in property, plant and equipment (note 11).

Additions in assets under construction in the amount of R\$ 88,272 at June 30th, 2022 (R\$ 15,327 at December 31st, 2021) are capital expenditures related to the port warehouse facilities and equipment, which reverts to government ownership at the expiration of the concession, that will be used for pulp's storage and handling at Terminal STS14, Port of Santos. The operation is expected to start in June 2023.

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13 Right of use of leased properties

13.1 Right of use composition

	06/30/2022			12/31/2021		
	Cost	Accumulated depreciation	Net cost	Cost	Accumulated depreciation	Net cost
Individual:						
Land	1,108,868	(351,122)	757,746	935,722	(292,659)	643,063
Buildings	5,334	(3,529)	1,805	5,306	(3,208)	2,098
Vehicles	85,940	(41,239)	44,701	59,225	(30,707)	28,518
Machinery and forestry equipment	5,679	(4,358)	1,321	5,679	(4,350)	1,329
Facilities and improvements	201	(201)	-	201	(201)	-
	1,206,022	(400,449)	805,573	1,006,133	(331,125)	675,008
Consolidated:						
Land	1,108,868	(351,122)	757,746	935,722	(292,659)	643,063
Buildings	12,091	(6,318)	5,773	12,107	(5,678)	6,429
Vehicles	86,124	(41,347)	44,777	59,420	(30,796)	28,624
Machinery and forestry equipment	5,679	(4,358)	1,321	5,679	(4,350)	1,329
Facilities and improvements	282,085	(202)	281,883	241,180	(202)	240,978
	1,494,847	(403,347)	1,091,500	1,254,108	(333,685)	920,423

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(In thousands of Reais - R\$, unless otherwise indicated)

13.2 Transactions of right of use

	Balance as at 12/31/2021	Period of six months ended 06/30/2022					Balance as at 06/30/2022
		Additions	Disposals	Deprecia- tion	Price index adj.	Exchange rate variation	
Individual:							
Land	643,063	87,610	(7,865)	(60,491)	95,429	-	757,746
Buildings	2,098	-	-	(321)	28	-	1,805
Vehicles	28,518	26,651	-	(10,532)	64	-	44,701
Machinery and forestry equipment	1,329	-	-	(8)	-	-	1,321
	675,008	114,261	(7,865)	(71,352)	95,521	-	805,573
Consolidated:							
Land	643,063	87,610	(7,865)	(60,491)	95,429	-	757,746
Buildings	6,429	-	-	(672)	27	(11)	5,773
Vehicles	28,624	26,651	-	(10,555)	64	(7)	44,777
Machinery and forestry equipment	1,329	-	-	(8)	-	-	1,321
Facilities and improvements	240,978	-	-	-	40,905	-	281,883
	920,423	114,261	(7,865)	(71,726)	136,425	(18)	1,091,500

R\$ 43,676 out of the depreciation was considered part of the formation cost of the biological asset (note 9) and R\$ 17,246 was considered as an advance to suppliers (forestry partnership contracts).

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As at June 30th, 2022

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14 Trade payables

	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Materials and services	84,664	89,243	80,605	83,852
Operating supplies	196,308	187,390	196,308	187,391
Other	11,036	10,951	19,306	18,603
	292,008	287,584	296,219	289,846

15 Loans and borrowings

15.1 Loans and borrowings composition

Financial category	Average annual interest rate and fees	Maturity	Individual and Consolidated	
			06/30/2022	12/31/2021
FINAME - Project Finance	2.63% to 3.27% p.a.	July/2022 to July/2023	576	1,077
ACC (i)	* Trade finance	July/2022 to July/2024	2,261,835	2,361,908
NCE (ii)	CDI + 4.08% p.a.	September/2022 to January/2023	306,939	819,124
Leasing (iii)	CDI + 3.50% p.a.	March/2024 to March/2025	17,078	20,376
CCB (iv)	Pre-fixed - 8.97% p.a.	August/2022	75,530	75,436
PPE (v)	* Trade finance	November/2023	1,183,636	1,665,127
CRA (vi)	IPCA + 7.1945% p.a.	September/2027	541,052	506,729
Debentures (vii)	CDI + 3.00% p.a.	September/2024	710,976	694,215
Working capital (viii)	15.25% p.a.	November/2022	50,669	-
			5,148,291	6,143,992
Current			1,670,636	927,423
Non-current			3,477,655	5,216,569
			5,148,291	6,143,992
The maturity of non-current liabilities is as follows:				
2023			1,920,968	
2024			1,026,408	
2025			512	
2026			288,667	
2027			241,100	
			3,477,655	

(*) Trade finance (ACC and PPE) has an average dollar interest cost from 5.2% to 5.5% p.a.

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As at June 30th, 2022

(In thousands of Reais - R\$, unless otherwise indicated)

15.2 Transactions of loans and borrowings

	Individual and Consolidated
Balance at December 31, 2021	6,143,992
Loans and borrowings raised	188,847
Accrued interest	272,451
Accrued exchange rate variation	(232,741)
Payment principal	(1,048,057)
Payment Interest	(176,201)
Balance at June 30, 2022	<u>5,148,291</u>

The interest repayments are presented as financing activities in the interim information of cash flows since they are financing related costs.

15.3 Company's credit lines

The Company uses trade finance instruments and bilateral loans with banks to fund its working capital and capital expenditures needs.

The existent credit lines are as follows:

- (i) Working capital through Advance on Exchange Contracts (ACC);
- (ii) Real (R\$) denominated Export Credit Notes (NCE) contracts. In May and June 2021, the Company entered to an Export Credit Note agreement due from September 2022 to January 2023, and interest rate indexed to CDI + spread. The amount of R\$ 404,499 of NCE's were repaid during the first semester of 2022;
- (iii) Financing of machinery and equipment through Real denominated leasing contracts;
- (iv) In May 2019, the Company entered into a Bank Credit Note (CCB) agreement with a fixed interest rate, due in August 2022;
- (v) The Company has entered to several Export Prepayment (PPE) agreements due in 2023, with interest rate indexed to one month Libor + spread;
- (vi) On September 29th, 2021, the Company concluded the 3rd issuance of simple, non-convertible, debentures, linked to Agribusiness Receivables Certificates - CRAs, in the amount of R\$ 500.000, due in September 2027, with interest rate indexed to IPCA + spread;
- (vii) On October 14th, 2021, the Company concluded the 4th issue of simple, non-convertible, debentures in the amount of R\$ 700.000, due in September 2024, with interest rate indexed to IPCA + spread;
- (viii) On May 31st, 2022, the Company has entered into a working capital agreement due in November 2022, with a fixed interest rate.

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15.4 Covenants

The Company has the obligation to maintain the follow covenants for its financial contracts:

Index	Parameter	Limit
Net debt to Ebitda ratio - R\$	Net debt / Ebtida	up to 4.0x
Net debt to Ebitda ratio - US\$	Net debt / Ebtida	up to 3.5x

Net debt¹ to EBITDA² ratio in Real (R\$) is measured in a semiannual basis while the Dollar (US\$) ratio is measured in both, quarterly and annual basis.

(¹) Net debt is total balance of loans and borrowings minus cash, cash equivalents, short and long investments at the measurement date.

(²) Ebitda is the English acronym for earnings before interest, taxes, depreciation and amortization.

On June 30th, 2022 the Company has complied with all covenants.

15.5 Loan guarantees

For some loan contracts related to ACC's, FINAME and Leasing are guaranteed by the financed equipment and pledge of forests.

16 Lease liabilities

16.1 Lease liabilities composition

	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Lease liabilities	1,498,264	1,139,597	1,857,236	1,509,886
Net present value - NPV, adjustment	(592,607)	(379,011)	(776,159)	(569,915)
	905,657	760,586	1,081,077	939,971
Current	195,229	186,080	224,792	209,928
Non-current	710,428	574,506	856,285	730,043
	905,657	760,586	1,081,077	939,971

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16.2 Transactions of lease liabilities:

	<u>Individual</u>	<u>Consolidated</u>
Balance at December 31, 2021	760,586	939,971
New lease contracts	114,261	114,261
Payments	(107,354)	(152,461)
Interest accrued (a)	51,310	51,568
Write-off/termination	(8,667)	(8,667)
Contract modifications (b)	95,521	136,425
Foreign exchange variance	-	(20)
Balance at June 30, 2022	<u>905,657</u>	<u>1,081,077</u>

(a) R\$ 36,504 out of the accrued interest was considered part of the formation cost of the biological assets (note 9) and R\$ 11,805 was considered as advance to suppliers (partnership contracts).

(b) Refers to extension and/or price (indexed by IPCA and CEPEA) changes in the existing contracts.

Lease liabilities were considered gross of PIS and COFINS taxes. The potential PIS and COFINS credits included in the leasing contracts are as follows:

<u>Cash flows</u>	<u>Individual</u>		<u>Consolidated</u>	
<u>06/30/2022</u>	<u>Nominal</u>	<u>Net present value - NPV</u>	<u>Nominal</u>	<u>Net present value - NPV</u>
Lease liabilities	1,498,264	905,657	1,857,236	1,081,077
Potential PIS and COFINS credits (9.25%)	138,589	83,773	171,794	100,000

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(In thousands of Reais - R\$, unless otherwise indicated)

17 Income tax and social contribution - current and deferred

17.1 Effective tax rate reconciliation:

	Individual			
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Income before income tax and social contribution	725,332	1,574,208	2,018,856	1,422,303
Income tax - nominal rate of 34%	(246,612)	(535,231)	(686,411)	(483,583)
<u>Tax effect on permanent differences:</u>				
Share of profit in controlled companies	219,884	121,810	422,430	225,619
Non-deductible expenses	(249)	(341)	(482)	(533)
Government grants	282	884	469	1,119
Other	4,476	(10)	4,476	11,022
Income tax and social contribution - current and deferred	(22,219)	(412,888)	(259,518)	(246,356)
Current	-	-	-	-
Deferred	22,219	(412,888)	(259,518)	(246,356)
	22,219	(412,888)	(259,518)	(246,356)
Effective tax rate	3.06%	26.23%	12.85%	17.32%
	Consolidated			
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Income before income tax and social contribution	733,363	1,582,857	2,035,506	1,433,447
Income tax - nominal rate of 34%	(249,343)	(538,171)	(692,072)	(487,372)
<u>Tax effect on permanent differences:</u>				
Non-deductible expenses	(389)	(407)	(687)	(686)
Government grants	282	884	469	1,119
Income and rulling tax rate difference of foreign subsidiaries	218,734	116,692	410,549	218,389
Other	466	(535)	5,573	11,050
Income tax and social contribution - current and deferred	(30,250)	(421,537)	(276,168)	(257,500)
Current	(8,031)	(8,649)	(16,650)	(11,144)
Deferred	(22,219)	(412,888)	(259,518)	(246,356)
	(30,250)	(421,537)	(276,168)	(257,500)
Effective tax rate	4.12%	26.63%	13.57%	17.96%

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17.2 Deferred income tax and social contribution transactions:

<u>Individual and Consolidated</u>	<u>12/31/2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/2022</u>
Tax losses carryforward (i)	631,469	10,095	-	641,564
Unrealized exchange rate variance	399,245	-	(152,298)	246,947
Accrued expenses	58,411	-	(8,620)	49,791
Derivatives income - MTM	(52)	(36,296)	-	(36,348)
Derivatives income - hedge accounting	(4,519)	(26,170)	-	(30,689)
Fair value adj. of biological assets	(202,183)	(61,515)	-	(263,698)
Accelerated depreciation - tax incentive	(832,305)	(10,884)	-	(843,189)
	<u>50,066</u>	<u>(124,770)</u>	<u>(160,918)</u>	<u>(235,622)</u>
Temporary differences - assets	1,089,125	10,095	(160,918)	938,302
Temporary differences - liabilities	(1,039,059)	(134,865)	-	(1,173,924)
	<u>50,066</u>	<u>(124,770)</u>	<u>(160,918)</u>	<u>(235,622)</u>
Income (loss)	-	(98,600)	(160,918)	-
Comprehensive income (loss)	-	(26,170)	-	-
	<u>-</u>	<u>(124,770)</u>	<u>(160,918)</u>	<u>-</u>

(i) On June 30th, 2022, the total of losses carryforward amounted to R\$ 1,886,954 (R\$ 1,857,262 on December 31st, 2021).

Management, based on the approved multiannual budget, estimates that the tax credits arising from temporary differences and losses carryforward will be realized as follows:

<u>Individual and Consolidated</u>	<u>06/30/2022</u>
2023	196,854
2024	217,818
2025	163,879
2026	125,215
2027	234,536
	<u>938,302</u>

18 Provisions for lawsuit

The Company, in the normal course of its businesses, is subject to legal proceedings of tax, labor, environmental, civil and regulatory nature, for which, supported by the opinion of its legal advisors, assesses the expectation for the outcome of the proceedings and determines the probability of loss, which reflects the follow estimated provision for lawsuits:

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					Individual
	12/31/2021	Addition	Write-off	Adjustment	06/30/2022
Environmental	338	-	-	12	350
Civil	3,085	-	(1,634)	163	1,614
Labor	25,948	5,549	(6,442)	2,499	27,554
Tax	5,011	-	(1,341)	145	3,815
	34,382	5,549	(9,417)	2,819	33,333

					Consolidated
	12/31/2021	Addition	Write-off	Adjustment	06/30/2022
Environmental	338	-	-	12	350
Civil	3,085	-	(1,634)	163	1,614
Labor	26,482	5,549	(6,587)	2,619	28,063
Tax	5,011	-	(1,341)	145	3,815
	34,916	5,549	(9,562)	2,939	33,842

The company has contingencies in the amount of R\$ 797,583 in the Individual and R\$ 797,690 in the Consolidated (R\$ 633,961 in the Individual and R\$ 634,139 in the Consolidated, in December 31st, 2021) whose expectations for the outcome is classified as possible by the legal advisors and, therefore, no provision for lawsuits has been made. The contingencies classified as possible loss are as follows:

Possible	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Environmental	11,660	10,745	11,660	10,745
Civil	621,610	469,885	621,610	469,885
Labor	45,849	38,991	45,956	39,169
Tax	5,502	6,806	5,502	6,806
Regulatory	112,939	107,512	112,939	107,512
Administrative	23	22	23	22
	797,583	633,961	797,690	634,139

The lawsuit involving EGTM Navegações Ltda., which demands reparation for damages due to alleged breaches of contract, is estimated as a possible loss and had its value adjusted to R\$ 598,710 in the semester (R\$ 454,295 in December 31st, 2021). There were no significant changes in the nature and amounts of other contingencies in the period.

19 Shareholders' equity

The subscribed and paid-in capital on June 30th, 2022 and December 31st, 2021 amounts for R\$ 1,788,792 which is equivalent to 1,525,558,419 common shares.

Equity participation is divided in 49.42% holding by CA Investment and 50.58% holding by J&F Investimentos S.A.

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The Cumulative Translation Adjustments - CTA, represents the foreign currency differences (functional currency of foreign subsidiaries) arising from the translation to the reporting currency and were decreased by R\$ 143,669 for the six month period ended at June 30th, 2022 (decreased by R\$ 88,775 for the six month period ended at June 30th, 2021).

The effects of the cash flow hedge are disclosed in note 25.3.3 - Hedge accounting.

There were no changes in the other reserves that are part the Company's equity.

The basic and diluted calculation of earnings per share is calculated by dividing the ordinary shareholders net income by weighted-average number of outstanding ordinary shares and is presented as follows:

	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Shareholders' income (loss)	703,113	1,161,320	1,759,338	1,175,947
Weighted-average number of ordinary shares - thousands	1,525,558	1,525,558	1,525,558	1,525,558
Earnings (loss) per share in Reais	0.4609	0.7612	1.1532	0.7708

The Company does not have any financial instrument that could potentially dilute the earnings per share.

20 Net revenue

	Individual			
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Gross sales				
Domestic	292,814	324,122	555,176	545,916
Overseas	854,169	855,862	1,368,017	1,537,246
Discount and rebates	(7,270)	(3,700)	(8,859)	(5,721)
	1,139,713	1,176,284	1,914,334	2,077,441
Tax on sales	(56,145)	(59,023)	(104,282)	(103,390)
Net revenue	1,083,568	1,117,261	1,810,052	1,974,051
	Consolidated			
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Gross sales				
Domestic	292,818	324,122	555,179	545,916
Overseas	2,057,204	1,615,371	3,718,496	3,050,013
Discount and rebates	(459,518)	(309,712)	(890,309)	(615,277)
	1,890,504	1,629,781	3,383,366	2,980,652
Tax on sales	(56,610)	(59,364)	(105,164)	(104,055)
Net revenue	1,833,894	1,570,417	3,278,202	2,876,597

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21 Operating Segments

21.1 Geographic information

The geographic distribution of net revenue, based on customers' location is as follows:

Net revenue	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Domestic	235,427	262,075	450,646	438,273
Overseas	1,598,467	1,308,342	2,827,556	2,438,324
Asia	593,002	659,813	1,070,824	1,167,360
North of America	397,811	342,665	786,154	651,902
Europe	447,720	247,312	687,781	492,592
South of America	83,560	29,901	137,095	65,552
Middle East	35,665	6,520	73,615	30,314
Africa	40,709	22,131	72,087	30,604
	1,833,894	1,570,417	3,278,202	2,876,597

China and the United States of America are the main destination countries in terms of net revenue, representing 33% and 15%, respectively, for the overseas sales in the six month period ended at June 30th, 2022 (41% and 16%, respectively, for the six month period ended at June 30th, 2021).

21.2 Information about the major customers

One customer, individually, concentrated more than 10% of the Company's net revenue for the period of six month ended at June 30th, 2022. Two customers, individually, concentrated more than 10% of the Company's net revenue in 2021.

21.3 Information about non-current assets

The geographic distribution of non-current assets is as follows:

Non-current assets	06/30/2022	12/31/2021
Brazil	10,391,960	9,836,739
Austria	629	824
United States of America	312	374
China	27	59
	10,392,928	9,837,996

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22 Costs and expenses by category and nature

	Individual		Individual	
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2022
Cost of good sold	629,888	489,757	1,152,818	924,426
General and administrative expenses	71,865	50,347	120,049	94,203
Selling and distribution expenses	92,418	74,989	178,319	146,479
	794,171	615,093	1,451,186	1,165,108
Personnel expenses	153,383	124,394	278,060	241,553
3rd party services, supply and logistic expenses	218,947	129,355	393,672	319,595
Depreciation, amortization and depletion	141,478	130,699	307,764	213,410
Raw material and operating supplies	266,240	225,077	448,304	375,298
Other	14,123	5,568	23,386	15,252
	794,171	615,093	1,451,186	1,165,108

	Consolidated		Consolidated	
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2022
Cost of good sold	571,705	456,709	1,094,569	915,444
General and administrative expenses	75,078	55,297	127,887	102,836
Selling and distribution expenses	256,196	184,766	465,459	367,650
	902,979	696,772	1,687,915	1,385,930
Personnel expenses	160,981	131,469	293,185	255,135
3rd party services, supply and logistic expenses	381,063	238,174	678,080	537,732
Depreciation, amortization and depletion	133,423	130,862	308,665	214,828
Raw material and operating supplies	212,356	189,692	382,198	360,968
Other	15,156	6,575	25,787	17,267
	902,979	696,772	1,687,915	1,385,930

The nature of the costs and expenses for the six-month period ended June 30th, 2021, have been reclassified and are being restated to maintain the comparability with the period ended on June 30th, 2022. There was no change in the total amount as well as in the value of the categories of the restated period.

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23 Net interest income (expenses)

	Individual			
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Interest proceeds	626	92	927	133
Short and long term investments	4,606	1,727	10,246	2,483
Other financial income	5,193	(2)	5,198	1
Financial income	10,425	1,817	16,371	2,617
Bank charges	(28)	(34)	(57)	(74)
Interest expenses	(160,398)	(124,683)	(306,226)	(252,925)
Guarantee fees	-	(806)	-	(1,691)
Other financial expenses	(2,513)	(8,952)	(4,690)	(9,886)
Financial expenses	(162,939)	(134,475)	(310,973)	(264,576)
Realized income	(6,881)	-	18,276	-
Income to be realized	59,768	-	106,749	-
Derivative financial instruments	52,887	-	125,025	-
Loans and borrowings	(381,188)	705,385	232,741	224,252
Other assets and liabilities	13,825	121,647	90,283	(22,443)
Foreign exchange variation, net	(367,363)	827,032	323,024	201,809
	(466,990)	694,374	153,447	(60,150)

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	Consolidated			
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Interest proceeds	625	106	926	195
Short and long term investments	6,203	3,421	13,040	5,488
Other financial income	379	(2)	384	1
Financial income	7,207	3,525	14,350	5,684
Bank charges	(65)	(174)	(138)	(317)
Interest expenses	(147,690)	(126,278)	(279,970)	(253,000)
Guarantee fees	-	(806)	-	(1,691)
Other financial expenses	(7,020)	(13,950)	(13,124)	(19,837)
Financial expenses	(154,775)	(141,208)	(293,232)	(274,845)
Realized income	(6,881)	-	18,276	-
Income to be realized	59,768	-	106,749	-
Derivative financial instruments	52,887	-	125,025	-
Loans and borrowings	(381,188)	705,385	232,741	224,252
Other assets and liabilities	13,888	121,726	94,088	(22,353)
Foreign exchange variation, net	(367,300)	827,111	326,829	201,899
	(461,981)	689,428	172,972	(67,262)

24 Other operating income (expenses)

	Individual			
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Overpaid taxes - income tax on <i>Selic</i>	5,747	-	5,747	-
Reversal of provision for ICMS loss	5,711	-	7,982	-
PP&E proceeds	1,126	7,015	10,374	14,939
Provisions for lawsuit	962	(3,329)	1,048	(6,746)
Non-recoverable ICMS	(1,241)	(51,993)	(2,820)	(60,722)
Indemnities expenses	(3,526)	(2,231)	(6,494)	(4,361)
Other	(419)	(1,896)	(880)	(5,043)
	8,360	(52,434)	14,957	(61,933)
Other income	16,448	10,477	30,899	24,368
Other expenses	(8,088)	(62,911)	(15,942)	(86,301)
	8,360	(52,434)	14,957	(61,933)

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	Consolidated			
	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Undue tax debt	5,747	-	5,747	-
Reversal of provision for ICMS loss	5,711	-	7,982	-
PP&E proceeds	1,091	7,014	10,339	14,961
Provisions for lawsuit	920	(3,344)	1,074	(6,772)
Non-recoverable ICMS	(1,302)	(52,074)	(3,024)	(60,939)
Indemnities expenses	8,373	(2,279)	5,391	(4,409)
Other	(420)	(1,906)	(881)	(5,194)
	20,120	(52,589)	26,628	(62,353)
Other income	28,491	10,544	42,942	24,552
Other expenses	(8,371)	(63,133)	(16,314)	(86,905)
	20,120	(52,589)	26,628	(62,353)

25 Financial instruments

The Company has a Financial Risk Management Policy that was updated and approved by the Board of Directors on May 12th, 2022.

25.1 Classification and fair value of financial instruments

Assets and liabilities measured at fair value in the balance sheet are classified based on the following hierarchy levels of fair value:

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) using valuation techniques that use data from active markets;

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

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy:

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Individual	Hierarchy Level	06/30/2022		12/31/2021	
		Book value	Fair value	Book value	Fair value
Assets					
Assets at amortized cost					
Cash and cash equivalents		58,445	58,445	301,889	301,889
Trade receivables		933,282	933,282	832,577	832,577
Advance to suppliers		212,383	212,383	210,698	210,698
Loans and borrowings - related parties	Level 2	168,617	168,617	48,605	48,605
Other		88,645	88,645	24,430	24,430
		<u>1,461,372</u>	<u>1,461,372</u>	<u>1,418,199</u>	<u>1,418,199</u>
Assets at fair value through income (loss)					
Short and long term investments	Level 2	-	-	156,951	156,951
Assets at fair value through other income (loss)					
Derivatives	Level 2	197,168	197,168	126,989	126,989
		<u>1,658,540</u>	<u>1,658,540</u>	<u>1,702,139</u>	<u>1,702,139</u>
Liabilities					
Liabilities at amortized cost					
Trade payables		292,008	292,008	287,584	287,584
Loans and borrowings	Level 2	5,148,291	4,995,940	6,143,992	5,857,157
Lease liabilities	Level 2	905,657	905,657	760,586	760,586
Loans and borrowings - related parties	Level 2	1,155,563	1,109,959	1,231,122	1,183,285
Accounts payable - related parties		-	-	141	141
Other current liabilities		52,251	52,251	43,904	43,904
		<u>7,553,770</u>	<u>7,355,815</u>	<u>8,467,329</u>	<u>8,132,657</u>
Liabilities at fair value through other income (loss)					
Derivatives	Level 2	-	-	113,543	113,543
		<u>7,553,770</u>	<u>7,355,815</u>	<u>8,580,872</u>	<u>8,246,200</u>

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Consolidated	Hierarchy Level	06/30/2022		12/31/2021	
		Book value	Fair value	Book value	Fair value
Assets					
Assets at amortized cost					
Cash and cash equivalents		746,087	746,087	789,944	789,944
Trade receivables		1,138,861	1,138,861	928,009	928,009
Advance to suppliers		291,339	291,339	210,698	210,698
Other		90,796	90,796	26,737	26,737
		2,267,083	2,267,083	1,955,388	1,955,388
Assets at fair value through income (loss)					
Short and long term investments	Level 2	-	-	156,951	156,951
Assets at fair value through other income (loss)					
Derivatives	Level 2	197,168	197,168	126,989	126,989
		2,464,251	2,464,251	2,239,328	2,239,328
Liabilities					
Liabilities at amortized cost					
Loans and borrowings	Level 2	5,148,291	4,995,940	6,143,992	5,857,157
Trade payables		296,219	296,219	289,846	289,846
Lease liabilities	Level 2	1,081,077	1,081,077	939,971	939,971
Accounts payable - related parties		-	-	141	141
Other current liabilities		119,573	119,573	137,694	137,694
		6,645,160	6,492,809	7,511,644	7,224,809
Liabilities at fair value through other income (loss)					
Derivatives	Level 2	-	-	113,543	113,543
		6,645,160	6,492,809	7,625,187	7,338,352

25.2 Financial risk management

The Company is exposed to the following risks arising from financial instruments:

- a. Market risk;
 - (i) Risk of interest rates;
 - (ii) Risk of exchange rates;
 - (iii) Price risk;
- b. Credit risk;
- c. Liquidity risk.

The interest rate risk on loans and borrowings, except derivative instruments, as of June 30th, 2022 and December 31st, 2021 are presented as follows:

Financial category	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Cash and cash equivalents	21,462	238,882	30,045	270,951
Short and long term investments	-	101,052	-	101,052
Other non-current assets	5,258	4,347	5,944	5,091
Loans and borrowings	(3,807,281)	(4,821,671)	(3,807,281)	(4,821,671)
Lease liabilities	(905,657)	(760,586)	(1,081,077)	(939,971)
	(4,686,218)	(5,237,976)	(4,852,369)	(5,384,548)

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The net exposure to interest rates - sensitivity analysis, based on market expected interest rate for December 2022, probable scenario is as follows:

06/30/2022	Individual	
	Balance (R\$)	Probable
Net exposure to interest rates	(4,686,218)	33,579

06/30/2022	Consolidated	
	Balance (R\$)	Probable
Net exposure to interest rates	(4,852,369)	40,754

The Company's assets and liabilities exposed to the exchange variation risk, except derivative instruments, are presented as follows:

Individual	US\$		R\$	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Exposure				
Cash and cash equivalents	6,557	11,183	34,346	62,406
Short and long term investments	-	10,017	-	55,899
Trade receivables	139,347	131,778	729,901	735,388
Advance to suppliers	-	90	-	501
Trade payables	(3,007)	(50)	(15,749)	(279)
Loans and borrowings - related parties	(220,611)	(220,611)	(1,155,563)	(1,231,123)
Loans and borrowings	(657,784)	(721,725)	(3,445,472)	(4,027,587)
Net exposure to foreign exchange fluctuation	(735,498)	(789,318)	(3,852,537)	(4,404,795)

Consolidated	US\$		R\$	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Exposure				
Cash and cash equivalents	134,330	89,866	703,621	89,866
Short and long term investments	-	10,017	-	10,017
Trade receivables	178,594	177,445	935,474	990,230
Advance to suppliers	-	90	-	501
Trade payables	(3,595)	(4,341)	(18,828)	(24,225)
Loans and borrowings	(657,784)	(721,725)	(3,445,472)	(4,027,587)
Net exposure to foreign exchange fluctuation	(348,455)	(448,648)	(1,825,205)	(2,961,198)

As of June 30th 2022, the exchange rate was R\$ 5.2380 (as of December 31st, 2021 the exchange rate was R\$ 5.5805).

The net exposure to foreign exchange rate fluctuations - sensitivity analysis, based on the consensus of the Focus report issued at 8th of July, 2022, where the exchange rate was estimated to be R\$ 5.13 for US\$ 1 in 31st of December, 2022, the probable scenario, is as follows:

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Individual and consolidated

	Balance (USD)	Balance (R\$)	Probable
<u>Individual - 06/30/2022</u>			
Foreign exchange net exposure	<u>(730,538)</u>	<u>(3,826,556)</u>	<u>(78,898)</u>
<u>Consolidated - 06/30/2022</u>			
Foreign exchange net exposure	<u>(169,858)</u>	<u>(889,714)</u>	<u>(18,345)</u>

The Company is exposed to the volatility of wood prices (price risk) which depends on external, non-controlled factors, such as climate changes, volume of supply, transportation costs, silvicultural policies and other. In order to guarantee the raw material supply, the Company has been purchasing wood for future delivery with partial down payments. The Company is not exposed to price volatility for such contracts.

<u>Individual and Consolidated</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Estimated value of contracts signed	1,647,241	1,647,241
Payments/down payments	(847,671)	(676,698)
	<u>799,570</u>	<u>970,543</u>

The wood delivery risk is mitigated through continuous monitoring of the forest growth by the Company's specialists.

The carrying value of financial assets, which represents the maximum credit risk exposure, is presented as follows:

	<u>Individual</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>	<u>06/30/2022</u>	<u>12/31/2021</u>
Cash and cash equivalents	58,417	301,851	746,056	789,893
Short and long term investments	-	156,951	-	156,951
Trade receivables	933,282	832,577	1,138,861	928,009
	<u>991,699</u>	<u>1,291,379</u>	<u>1,884,917</u>	<u>1,874,853</u>

As of June 30th 2022, the carrying value of accounts receivable of the most relevant customer (located in Europe) is R\$ 103,457 (R\$ 171,039 as of December 31st, 2021 referring to two customers located in Asia and Europe).

Customer credit risk is managed in a consolidated basis, so that it does not consider intercompany credit risks.

Liquidity risk is the risk of incurring losses result from the inability to meet timely payment obligations related to the financial liabilities, which are settled by delivering cash or any other financial asset.

The table below presents the value of the Company's financial liabilities at the interim financial information date, according to contractual maturities. These amounts are gross, undiscounted, and include interest payments and foreign exchange variation.

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Therefore, they cannot be reconciled to the amounts disclosed in the balance sheet:

Individual	1 year or less	1-2 years	2-3 years	More than 3 years	Total
As of June 30th, 2022					
Loans and borrowings	1,957,557	2,081,637	938,789	608,931	5,586,914
Loans and borrowings - related parties	57,019	1,253,687	-	-	1,310,706
Lease liabilities	218,764	200,584	188,005	890,911	1,498,264
Trade payables	292,008	-	-	-	292,008
Other current liabilities	28,760	23,491	-	-	52,251
	2,554,108	3,559,399	1,126,794	1,499,842	8,740,143
Consolidated	year or less	1-2 years	2-3 years	More than 3 years	Total
As of June 30th, 2022					
Loans and borrowings	1,957,557	2,081,637	938,789	608,931	5,586,914
Lease liabilities	265,374	247,968	235,886	1,108,008	1,857,236
Trade payables	296,219	-	-	-	296,219
Other current liabilities	96,082	23,491	-	-	119,573
	2,615,232	2,353,096	1,174,675	1,716,939	7,859,942

25.3 Derivatives

25.3.1 Derivatives by contract type

The derivatives as of June 30th, 2022 and December 31st, 2021, are presented below:

Derivative type	Currency	Individual and Consolidated			
		Notional Value		Fair Value	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
Debt hedge					
Assets					
Swap IPCA to Fixed (US\$)	R\$	500,000	500,000	575,343	553,580
Swap CDI to Fixed (US\$)	R\$	700,000	700,000	770,588	756,596
		1,200,000	1,200,000	1,345,931	1,310,176
Liabilities					
Swap IPCA to Fixed (US\$)	US\$	(88,221)	(88,221)	(478,625)	(548,912)
Swap CDI to Fixed (US\$)	US\$	(124,643)	(124,643)	(670,138)	(747,818)
		(212,864)	(212,864)	(1,148,763)	(1,296,730)
				197,168	13,446
Current assets				90,361	56,848
Non current assets				106,807	70,141
Non current liabilities				-	(113,543)
				197,168	13,446

The variation in the fair value of derivatives in the six month period ended at June 30th, 2022 is related to the Brazilian Real appreciation.

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The current contracts and the respective hedged risks are as follows:

- (i) Swap CDI x fixed (US\$): positions in conventional swaps exchanging the variation of the Interbank Deposit rate ("DI") for a fixed rate in US dollar. The objective is to change the debt index from Real to US dollar in accordance to the natural exposure of the Company's trade receivables.
- (ii) Swap IPCA x Fixed (US\$): positions in conventional swaps exchanging the variation of the IPCA for a fixed rate in US dollar. The objective is to change the debt index from Real to US dollar, in accordance to the natural exposure of the Company's trade receivables.

25.3.2 Fair value maturity

The fair value maturity are as follows:

	Individual and Consolidated
	06/30/2022
2022	45,690
2023	85,757
2024	6,099
2025	13,325
2026	28,155
2027	18,142
	197,168

25.3.3 Hedge accounting

The Company designates the foreign exchange component of currency and interest rate swaps for cash flow hedge accounting. Through this methodology, the Company seeks to eliminate the time difference in which the exchange variation of revenues and the fair value of derivatives impact the income or loss. Changes in the fair value of designated and qualifying derivatives are recognized in equity, in the "Hedge accounting" account within the "Carrying valuation adjustments" group. When a hedging instrument expires or is sold, or when a hedge no longer meets hedge accounting criteria, any accumulated gain or loss existing in equity at that time remains in equity and will be recognized in income or loss when the hedged transaction is recognized in statements of income. The amounts recognized in equity and in profit or loss are as follows:

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Derivative type	Individual and Consolidated			
	Equity- hedge accounting		Derivative financial instruments	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Swap IPCA to Fixed (US\$)	40,348	4,741	56,369	4,037
Swap CDI to Fixed (US\$)	49,915	8,550	50,535	(3,882)
	90,263	13,291	106,904	155
Deferred income tax	(30,690)	(4,519)	36,347	(53)
Hedge of cash flow, net	59,573	8,772		

The net exposure to foreign exchange rate fluctuations - sensitivity analysis, based on the consensus of the Focus report issued at 8th of July, 2022, where the exchange rate was estimated to be R\$ 5.13 for US\$ 1 in 31st of December, 2022, the probable scenario, is as follows:

	06/30/2022	Notional (USD)	Fair value (R\$)	Probable
Foreign exchange net exposure		(212,864)	(1,148,763)	197,168

26 Take or pay agreements

26.1 Chemical plants and gas distribution branch

There were no changes in the terms and conditions of the take or pay contracts the Company is a part of. As of June 30th 2022, the non-cancellable future minimum payments are as follows:

Individual and Consolidated	06/30/2022
2022	63,464
2023	128,139
2024	128,139
2025	128,139
2026	128,139
2027 and thereafter	189,684
	765,704

The amounts recognized in the profit or loss are as follows:

Individual and Consolidated	04/01/2022 to 06/30/2022	04/01/2021 to 06/30/2021	01/01/2022 to 06/30/2022	01/01/2021 to 06/30/2021
Expenses	64,142	46,339	116,351	86,204

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26.2 Thermoelectric power plant

In 2016, the Company won the ANEEL Auction 01/2016, modality A-5, and was authorized by law (*Portaria MME nº 477/2016*), to operate as an Independent Electric Energy Producer through the implementation of a thermoelectric power plant with a nominal capacity of 50MW of electric energy from biomass. The electric energy produced by the called *Usina Termelétrica de Onça Pintada* is the subject of 7 (seven) purchase power agreements - *Contratos de Comercialização de Energia no Ambiente Regulado (CCEAR)*, with a 25-year term starting in April 23rd, 2021 for a total of 38,1 MWh monthly electric energy generation.

27 Non-cash transactions

Lease contracts refer substantially to land use rights whose related expenses are capitalized during the forest formation period. The difference between depreciation and interest expenses to the lease payments is a non-cash effect and is presented below:

	06/30/2022				
	New		Contract	Depreciation	
Individual	contracts	Write-off	adjustment	of right of use	Lease interest
Inventories	-	-	-	(9,487)	(2,922)
Advance to suppliers	-	-	-	(17,246)	(11,805)
Biological assets	-	-	-	(43,676)	(36,504)
Right of use	(114,261)	7,865	(95,521)	-	-
Property, plant and equipment	-	-	-	(86)	(11)
Lease liabilities	114,261	(8,667)	95,521	-	-
	06/30/2022				
	New		Contract	Depreciation	
Consolidated	contracts	Write-off	adjustment	of right of use	Lease interest
Inventories	-	-	-	(9,487)	(2,922)
Advance to suppliers	-	-	-	(17,246)	(11,806)
Biological assets	-	-	-	(43,676)	(36,504)
Right of use	(114,261)	7,865	(136,425)	-	-
Property, plant and equipment	-	-	-	(86)	(23)
Lease liabilities	114,261	(8,667)	136,425	-	-

28 Share Purchase and Sale Agreement

On September 2nd, 2017, J&F entered into a share purchase and sale agreement for the sale of the totality of its direct and indirect shareholding interest in the company to CA Investment (Brazil) SA, a company in the Paper Excellence group (“CA Investment”).

The Share Purchase and Sale Agreement states that the transfer of control of Eldorado,

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from J&F to CA, could occur during a period of up to 12 (twelve) months, if certain precedent conditions were met, which did not occur.

The parties discuss the reasons for the non-realization of the transfer of control of Eldorado as provided for in the Share Purchase and Sale Agreement, and a judicial and arbitration dispute was initiated in the second half of 2018.

On February 3rd, 2021, a decision was issued in the arbitration proceedings, giving CA Investment the right to close the transaction, provided that the seller's guarantees are effectively released and the price payment is made.

On March 19th, 2021, J&F filed a declaratory action against the arbitration award in the face of the Company and CA Investment, with an injunction to partially suspend the effects of that award.

On July 30th, 2021, the Court of Justice of the State of São Paulo, in a collegiate decision, granted the preliminary injunction required in the Interlocutory Appeal and determined the suspension of the acts aimed at transferring the shareholding control of Eldorado until the final judgment of the action annulment, as well as prohibiting CA Investment from adopting any judicial or extrajudicial measures, especially before foreign courts, to recognize or enforce the partial arbitration award.

With the first phase of the investigation concluded, we now await for the judgment on the merits of the case.

29 Subsequent Events

29.1 Share Purchase and Sale Agreement

Regarding note 28, the Company informs that on July 29th, 2022, the Judge of the 2nd Court of Corporate and Arbitration Disputes of the Central Court of the District of São Paulo - SP, issued a decision in the declaratory action of nullity of the arbitration award issued in Case No. 23909/GSS/PFF, administered by the International Court of Arbitration - ICC. Said decision dismissed J&F Investimentos S.A. and Eldorado's request to declare the nullity of the arbitration award and all acts performed in the arbitration proceedings. This decision may be appealed.

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Statutory Board

Carmine de Siervi Neto
President Director

Germano Aguiar Vieira
Forest Director

Carlos Roberto de Paiva Monteiro
Industrial Technical Director

Rodrigo Libaber
Commercial Director

Fernando Storchi
Financial Director and Investor Relations

Board of Directors

Aguinaldo Gomes Ramos Filho
Board of Directors President

João Adalberto Elek Júnior
Counselor

Sérgio Longo
Counselor

Mauro Eduardo Guizeline
Counselor

Francisco de Assis e Silva
Counselor

Marcio Antonio Teixeira Linares
Counselor

Raul Rosenthal Ladeira de Matos
Counselor

Accountant

Angela Midori Shimotsu do Nascimento
CRC SP 227742/O-7