

ELDORADO BRASIL CELULOSE S.A.

**Individual and consolidated interim
financial statements**

As at September 30th, 2021

(Free translation from the original previously issued in Portuguese)

ELDORADO BRASIL CELULOSE S.A.

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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 September 30, 2021, which comprises the statement of financial position as of September 30, 2021 and the respective statements of income (loss), comprehensive income (loss) for the three and nine-month period then ended, changes in equity and cash flows for the nine-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 nine-month period ended September 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, November 11, 2021

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 September 30, 2021 and December 31, 2020

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

Assets						Liabilities and equity					
	Note	Individual		Consolidated		Note	Individual		Consolidated		
		September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020		September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	
Current						Current					
Cash and cash equivalents	4.1	645,572	183,292	1,223,665	888,014	Loans and borrowings	15	3,330,223	3,765,168	3,340,468	5,645,612
Short term investments	4.2	10,404	-	10,404	62,392	Trade payables	14	307,282	281,300	297,050	266,603
Trade receivables	5	691,781	490,832	1,017,511	712,377	Lease liabilities	16	176,786	186,742	200,613	212,489
Inventories	7	467,811	371,712	673,063	544,885	Loans and borrowings with related parties	6.3	17,581	1,887,692	-	-
Tax receivables	8	119,540	182,101	123,385	184,317	Social tax and payroll payables		177,990	122,474	184,713	129,045
Advance to suppliers		45,520	34,045	45,520	34,045	Tax payables		9,380	24,295	11,054	26,995
Other current assets		56,145	48,437	58,075	49,528	Current income tax		20,671	4,746	26,008	1,272
Total current assets		2,036,773	1,310,419	3,151,623	2,475,558	Accounts payable to related parties	6	141	2,968	141	1,716
						Other current liabilities		11,825	11,432	39,898	55,560
						Total current liabilities		4,051,879	6,286,817	4,099,945	6,339,292
Non-current						Non-current					
Long term investments	4.2	129,649	-	162,286	-	Loans and borrowings	15	3,775,322	2,081,345	3,775,322	2,081,345
Tax receivables	8	990,110	1,040,225	990,124	1,040,225	Trade payables	14	-	523	-	523
Advance to suppliers		178,895	149,762	178,895	149,762	Loans and borrowings with related parties	6.3	1,196,668	-	-	-
Deferred income tax	17	124,000	286,114	124,000	286,114	Lease liabilities	16	559,963	555,118	715,719	708,797
Deposits, guarantee and others		9,878	9,944	10,606	10,786	Provisions for lawsuit	18	29,304	31,379	29,850	31,850
Other non current assets		309	2,245	336	2,289	Other non current liabilities		16,101	-	16,101	-
						Total non-current liabilities		5,577,358	2,668,365	4,536,992	2,822,515
Biological assets	9	3,338,824	3,004,369	3,338,824	3,004,369	Shareholders' equity					
Investments	10	2,465,825	1,278,786	-	-	Share capital		1,788,792	1,788,792	1,788,792	1,788,792
Right of use	13	657,941	683,532	903,033	927,413	Income reserves		1,461,083	1,471,044	1,461,083	1,471,044
Intangible assets	12	19,595	14,188	88,087	77,847	Consolidated translation adjustment		374,147	290,574	374,147	290,574
Property, plant and equipment	11	4,839,435	4,726,008	4,851,120	4,737,854	Retained earnings		1,537,975	-	1,537,975	-
Total non-current assets		12,754,461	11,195,173	10,647,311	10,236,659	Total equity	19	5,161,997	3,550,410	5,161,997	3,550,410
Total assets		14,791,234	12,505,592	13,798,934	12,712,217	Total liabilities and shareholders' equity		14,791,234	12,505,592	13,798,934	12,712,217

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

ELDORADO BRASIL CELULOSE S.A.

Interim statements of income (loss)

Nine-month period ended September 30, 2021 and 2020

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

	Note	Individual				Consolidated			
		07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Net revenue	20	1,066,625	3,040,676	972,529	2,583,877	1,599,727	4,476,324	1,140,150	3,248,569
Cost of sales	22	(449,587)	(1,374,013)	(376,712)	(1,210,568)	(449,365)	(1,364,809)	(399,041)	(1,338,854)
Gross profit		617,038	1,666,663	595,817	1,373,309	1,150,362	3,111,515	741,109	1,909,715
Operating income (expenses)									
General and administrative	22	(65,364)	(159,567)	(51,426)	(177,933)	(70,458)	(173,294)	(55,348)	(189,604)
Selling and distribution	22	(76,267)	(222,746)	(68,109)	(189,025)	(171,545)	(539,195)	(170,269)	(491,297)
Fair value adjustment of biological assets	9	-	70,444	-	24,295	-	70,444	-	24,295
Share of income in controlled companies	10	437,468	1,101,053	37,690	213,341	-	-	-	-
Bad debit provision	5	4,079	5,493	87	241	3,853	5,804	87	241
Other income	24	8,116	32,484	3,723	16,353	8,039	32,591	3,876	16,339
Other expense	24	(2,297)	(88,598)	(24,637)	(34,616)	(2,156)	(89,061)	(24,800)	(35,630)
Earnings before net financial expenses and taxes		922,773	2,405,226	493,145	1,225,965	918,095	2,418,804	494,655	1,234,059
Net financial income (expenses)	23								
Financial expenses		(117,670)	(382,246)	(144,667)	(455,311)	(111,857)	(386,702)	(147,562)	(463,068)
Financial income		3,607	6,224	2,383	9,705	4,508	10,192	3,523	12,889
Foreing exchange variation, net		(502,968)	(301,159)	(208,140)	(2,016,909)	(503,064)	(301,165)	(208,490)	(2,017,482)
Income (loss) before income tax and social contribution		305,742	1,728,045	142,721	(1,236,550)	307,682	1,741,129	142,126	(1,233,602)
Income tax and social contribution	17								
Current		(37,917)	(37,917)	(34,071)	(34,071)	(39,857)	(51,001)	(33,476)	(37,019)
Deferred		84,242	(162,114)	(6,610)	521,438	84,242	(162,114)	(6,610)	521,438
Net income (loss) for the period		352,067	1,528,014	102,040	(749,183)	352,067	1,528,014	102,040	(749,183)
Earnings (loss) per share - basic and diluted - in R\$						0.2308	1.0016	0.0669	(0.4911)

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

ELDORADO BRASIL CELULOSE S.A.

Interim statements of comprehensive income (loss)

Nine-month period ended September 30, 2021 and 2020

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

	Individual				Consolidated			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Net income (loss) for the period	352,067	1,528,014	102,040	(749,183)	352,067	1,528,014	102,040	(749,183)
Items that are or may be reclassified to the income (loss)								
Foreign exchange variation	172,348	83,573	36,211	310,552	172,348	83,573	36,211	310,552
Total of comprehensive income	<u>524,415</u>	<u>1,611,587</u>	<u>138,251</u>	<u>(438,631)</u>	<u>524,415</u>	<u>1,611,587</u>	<u>138,251</u>	<u>(438,631)</u>

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

ELDORADO BRASIL CELULOSE S.A.

Interim statements of changes in equity

Nine-month period ended September 30, 2021 and 2020

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

	Share capital	Income reserves				Consolidated Translation adjustment	Retained earnings	Total
		Legal reserve	Tax benefits reserve	Reserve for expansion	Special reserve			
Balance as at December 31, 2019	1,788,792	36,498	1,002,780	405,132	135,045	81,171	-	3,449,418
Loss for the period	-	-	-	-	-	-	(749,183)	(749,183)
Foreign exchange variation	-	-	-	-	-	310,552	-	310,552
Balance as at September 30, 2020	1,788,792	36,498	1,002,780	405,132	135,045	391,723	(749,183)	3,010,787
Balance as at December 31, 2020	1,788,792	36,498	1,002,780	405,132	26,634	290,574	-	3,550,410
Net income for the period	-	-	-	-	-	-	1,528,014	1,528,014
Tax incentive reserve	-	-	(9,961)	-	-	-	9,961	-
Foreign exchange variation	-	-	-	-	-	83,573	-	83,573
Balance as at September 30, 2021	1,788,792	36,498	992,819	405,132	26,634	374,147	1,537,975	5,161,997

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

ELDORADO BRASIL CELULOSE S.A.

Interim statements of cash flows

Nine-month period ended September 30, 2021 and 2020

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

	Note	Individual		Consolidated	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cash flows from operating activities					
Net income (loss) for the period		1,528,014	(749,183)	1,528,014	(749,183)
Adjustments:					
Depreciation and amortization		194,742	175,239	199,774	186,502
Depletion		109,928	117,890	108,772	122,371
Income (loss) on disposal fixed assets and biological assets	11.2, 13.2 and 16.2	3,160	2,214	3,203	2,299
Change in fair value of biological assets	9	(70,444)	(24,295)	(70,444)	(24,295)
Deferred income taxes	17	162,114	(521,438)	162,114	(521,438)
Current income taxes	17	37,917	34,071	51,001	37,019
Financial results - interest - lease		210	328	617	505
Financial results - interest and foreign exchange variation	15.2	471,521	1,898,756	502,001	2,653,252
Financial results - interest and foreign exchange variation - related parties		149,349	755,564	126,683	-
Financial results - interest on short and long term investments		(4,349)	-	(5,111)	-
Foreign exchange on customers		(21,840)	(33,691)	(21,840)	(33,691)
Provision for lawsuit	18	11,789	9,971	11,864	10,368
Reversal of tax credits	8	56,528	-	56,528	-
Share of income in controlled companies	10	(1,101,053)	(213,341)	-	-
Bad debt provision	5	(5,493)	241	(5,804)	241
		<u>1,522,093</u>	<u>1,452,326</u>	<u>2,647,372</u>	<u>1,683,950</u>
Decrease (increase) in assets					
Trade receivables		(196,697)	(254,110)	(276,617)	(5,469)
Inventories		(58,008)	(11,937)	(76,274)	99,443
Tax receivables		56,148	(438)	54,317	9,515
Advance to suppliers		(37,588)	(4,123)	(37,583)	(1,934)
Other current and non-current assets		(5,704)	13,239	(6,297)	15,099
Increase (decrease) in liabilities					
Trade payables		158,996	142,623	159,952	(46,184)
Accounts payable to related parties		(4,160)	(3,003)	(2,950)	(3,003)
Social tax and payroll payables		55,516	13,045	55,514	10,276
Tax payables		(14,915)	12,130	(16,272)	5,967
Provisions for lawsuit		(13,864)	(5,460)	(13,864)	(5,460)
Other current and non current liabilities		16,493	(4,767)	252	(20,812)
		<u>1,478,310</u>	<u>1,349,525</u>	<u>2,487,550</u>	<u>1,741,388</u>
Cash from operating activities					
Income taxes paid		(21,992)	(18,918)	(25,801)	(31,582)
Net cash from operating activities		<u>1,456,318</u>	<u>1,330,607</u>	<u>2,461,749</u>	<u>1,709,806</u>
Cash flows of investing activities					
Additions to biological assets		(362,019)	(253,869)	(362,019)	(253,869)
Additions to property, plant and equipment and intangible assets	11 and 12	(347,188)	(417,620)	(358,302)	(418,241)
Cash received from disposal of property, plant and equipment		23,081	9,500	23,081	9,500
Paid-in capital of controlled companies	10	(3,298)	-	-	-
Financial investments		-	-	(31,678)	-
Cash withdraw from short and long term investments		-	-	-	15,352
Net cash used in investing activities		<u>(689,424)</u>	<u>(661,989)</u>	<u>(728,918)</u>	<u>(647,258)</u>
Cash flows of financing activities					
Proceeds from loans and borrowings	15.2	2,951,840	446,758	2,961,957	446,758
Payment of loans and borrowings - principal	15.2	(1,905,739)	(929,767)	(3,738,435)	(995,347)
Payment of loans and borrowings - interest	15.2	(258,590)	(308,347)	(336,690)	(394,169)
Cash invested on short and long term investments	4.2	(135,704)	-	(885,532)	-
Cash withdraw from short and long term investments	4.2	-	-	776,132	-
Payment of loans and borrowings - principal - related parties	6.3	(741,136)	(40,619)	-	-
Payment of loans and borrowings - interest - related parties	6.3	(80,323)	(109,597)	-	-
Payment of lease liabilities	16	(134,962)	(122,766)	(137,076)	(123,509)
Net cash used in financing activities		<u>(304,614)</u>	<u>(1,064,338)</u>	<u>(1,359,644)</u>	<u>(1,066,267)</u>
Foreign exchange variance on cash and cash equivalents		-	-	(37,536)	220,928
Net increase (decrease) in cash and cash equivalents		<u>462,280</u>	<u>(395,720)</u>	<u>335,651</u>	<u>217,209</u>
Cash and cash equivalents at the beginning of the period		183,292	520,504	888,014	840,010
Cash and cash equivalents at the end of the period		645,572	124,784	1,223,665	1,057,219
Net increase (decrease) in cash and cash equivalents		<u>462,280</u>	<u>(395,720)</u>	<u>335,651</u>	<u>217,209</u>

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

ELDORADO BRASIL CELULOSE S.A.

Interim statements of value added

Nine-month period ended September 30, 2021 and 2020

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

	Individual		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues				
Sales of goods, products and services	3,203,146	2,678,982	4,639,808	3,344,701
Other operating income (expenses)	83,269	24,630	83,391	23,833
Transfers related to the construction of own assets	35,914	35,097	35,914	35,097
Bad debt provision	5,493	241	5,804	241
	3,327,822	2,738,950	4,764,917	3,403,872
Goods and services acquired from third parties				
Cost of sales	(625,801)	(596,436)	(606,824)	(702,964)
Third party services, supplies, energy and other	(454,799)	(400,098)	(767,621)	(700,762)
Gross value added	2,247,222	1,742,416	3,390,472	2,000,146
Depreciation, amortization and depletion	(304,670)	(260,710)	(308,546)	(276,455)
Value added created	1,942,552	1,481,706	3,081,926	1,723,691
Value added received as transfer				
Share of income in controlled companies	1,101,053	213,341	-	-
Financial income	6,224	7,923	10,192	11,107
Total value added created	3,049,829	1,702,970	3,092,118	1,734,798
Value added distribution				
Personnel				
Salary compensation	132,634	108,186	143,193	117,478
Benefits	88,713	83,425	95,502	89,132
FGTS (Severance Pay Fund)	18,866	16,265	20,309	17,644
	240,213	207,876	259,004	224,254
Taxes, fees and contributions				
Federal	345,102	(394,347)	359,969	(389,988)
State	151,941	73,014	152,246	73,245
Municipal	-	-	1,014	1,028
	497,043	(321,333)	513,229	(315,715)
Borrowed capital return				
Interest	674,917	2,472,086	664,227	2,466,085
Lease	109,398	93,422	112,366	94,924
Other	244	102	15,278	14,433
	784,559	2,565,610	791,871	2,575,442
Equity capital return				
Net income (loss) for the period	1,528,014	(749,183)	1,528,014	(749,183)
Total value added distributed	3,049,829	1,702,970	3,092,118	1,734,798

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

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial statements

As at September 30th, 2021

(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 is operating 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 third-party 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.

International pulp sales are made directly by Eldorado, as well as through its wholly owned subsidiaries in Austria, the United States of America and China.

The individual and consolidated interim financial statements were prepared on a going concern basis, which assumes that the Company will meet its financial obligations according the terms stated in the accompanying note 15.

As at September 30th, 2021, the Company presented current liabilities in excess of current assets in the amount of R\$ 2,015,106 (R\$ 4,976,398, as at December 31st, 2020) in the individual and R\$ 948,322 (R\$ 3,863,734, as at December 31st, 2020) in the consolidated.

The net operating cash flow for the 9-month period ended September 30th, 2021 was R\$ 1,456,318 (R\$ 1,330,607, 9-month period ended September 30th, 2020) in the individual, and R\$ 2,461,749 (R\$ 1,709,809, 9-month period ended September 30th, 2020) in the consolidated.

Pulp prices continued high throughout the quarter and contributed to the strong cash generation which, associated to a partial debt refinancing, significantly improved the net working capital.

In June, the Company repaid the Senior Unsecured Bonds supported by new debt facilities of roughly R\$ 1.2 billion, as well as an approximate amount of R\$ 660 million of its own cash. In September, the Company issued a 6-year term of simple, non-convertible debentures, in the amount of R\$ 500 million in order to back the issuance of Agribusiness Receivables Certificates - CRA, as disclosed in note 15.

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial statements

As at September 30th, 2021

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

On October 14th, 2021, the Company issued a 3-year term of simple, non-convertible debentures, in the amount of R\$ 700 million, in order to repay the most costly, lower maturity debt, as disclosed in note 29.

Additionally, in the 9-month period ended September 30th, 2021, approximately R\$ 1.3 billion of both, new and existed Company' loans and borrowings were contracted and/or renegotiated, thus leading to the lengthening of the debt terms and working capital improvements.

The strong cash generation and debt reorganization will continue contributing for net debt relief, thus reinforcing the management's confidence of Company's going concern.

(a) Coronavírus measures update

The fight against COVID-19 remains a priority for Eldorado that has structured its actions around the follow areas: (i) maintenance of preventive measures in order to keep operational activities safe, preserve the health of employees, their families, suppliers, customers and other third parties; (ii) support COVID-19 prevention in social communities; (iii) continuous monitoring of the market situation and potential direct and indirect pandemic impacts on business; (iv) monitoring the economic and financial effects on business.

2. Equity interest

	Country of Incorporation	Equity interest	
		09/30/2021	12/31/2020
<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%

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

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

The individual and consolidated interim financial statements 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 statements were revised and approved by Executive Board on November 11th, 2021.

Management states that all relevant information to the individual and consolidated interim financial statements, and only them, are being disclosed and corresponds to those used in business management.

(b) Basis of measurement

The individual and consolidated interim financial statements are based on accounting practices and policies consistent with those adopted in the preparation of the financial statements as at December 31st, 2020 and should be read in conjunction with such statements.

The information in the notes to the individual and consolidated interim financial statements that was not significantly changed to these as at December 31st, 2020, 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, 2020.

Information for the year ended at December 31st, 2020 is presented in the individual and consolidated annual financial statements, issued at March 31st, 2021.

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);

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

- Property, plant and equipment (note 12);
- Intangible assets (note 13);
- Right of use (note 14);
- Trade payables (note 15);
- Loan and borrowings (note 16);
- Lease liabilities (note 17);
- Income tax and social contribution - current and deferred (note 19);
- Provision for lawsuit (note 20);
- Shareholders' equity (note 21);
- Financial instruments (note 28); and
- Take or pay agreements (note 29).

(c) Use of estimates and judgments

The individual and consolidated interim financial statements 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. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

(i) Judgments

The information on judgments made in the application of the accounting policies that has material effects on the amounts recognized in the individual and consolidated interim financial statements is included in the following notes:

- **Note 1** - going concern: whether there are material uncertainties about the Company's ability to continue operating;
- **Note 8** - ICMS: realization of the accumulated credits of Value Added Tax on Sales and Services (ICMS) are subject to approval from tax authorities of the state of Mato Grosso do Sul - MS, in order to be transferred to suppliers located in that state.
- **Note 9** - biological assets: tree felling date, selling prices of eucalyptus and cash flow discount rate.

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

(ii) Uncertainties about assumptions and estimates

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment in the period ended at September 30th, 2021 is included in the following notes:

- **Note 9** - biological assets: discount rate, wood price and average annual increment;
- **Note 11** - impairment test: discount rate;
- **Note 16** - lease liability: discount rate;
- **Note 17** - deferred tax assets: probability that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized;
- **Note 18** - provisions for lawsuit: main loss probability assumptions and sufficient amount to cover probable losses.

(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 statements 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.

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

(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.

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

New and revised standards and interpretations already issued but not yet effective on the issued date of the individual and consolidated interim financial statements, if applicable, will be adopted when become effective. The Company is not expecting to have any material impact on its individual and consolidated interim financial statements.

- CPC 25/IAS 37 - *Contratos onerosos*
- CPC 27/IAS 16 - *Imobilizado*
- CPC 15/IFRS 3 - *Referência à estrutura conceitual*
- CPC 26/IAS 1 - *Apresentação das demonstrações contábeis*

4. Cash and cash equivalents, short term investments

4.1. Cash and cash equivalents

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash	37	41	44	44
Bank accounts (a)	22,685	18,747	464,795	553,739
Bank deposit certificate (b)	622,850	164,504	758,826	334,231
	<u>645,572</u>	<u>183,292</u>	<u>1,223,665</u>	<u>888,014</u>

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

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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)	Spot deposits and financial investments			
	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
AAA	-	-	3,966	1,925
A	-	3,539	5,149	8,257
A-	-	54,807	-	581,367
BBB	-	-	-	1,916
Ba1	328,601	-	759,526	-
BB-	316,896	16,422	430,386	16,422
Ba3	1	-	24,556	-
B+	-	107,347	-	276,946
B-	37	1,136	38	1,137
	645,535	183,251	1,223,621	887,970

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

4.2. Short term investments

	Individual	Consolidated	
	09/30/2021	09/30/2021	12/31/2020
Bank of Brasil - Paris (a)	-	-	62,392
Time deposit (b)	40,910	40,910	-
Time deposit (c)	-	32,637	-
CDB (d)	99,143	99,143	-
	140,053	172,690	62,392
Current	10,404	10,404	62,392
Non-current	129,649	162,286	-
	140,053	172,690	62,392

(a) Bank deposits held at *Banco do Brasil AG, Succursale France*, as a collateral for the Term Loan agreement presented in note 15.3(iv), settled in April 2021.

(b) Interest-bearing bank deposits held as collateral for Advance on Exchange Contracts (ACC) presented in note 15.3(i), which will be released upon payment;

(c) Greater than 365 day's maturity of remunerated bank deposits abroad (Maturity at October/2022);

(d) Bank certificate of deposit (CDB) held as collateral for the Export Credit Notes (NCE) agreement the Company has entered in May and June 2021, presented in note 15.3(iii), which will be released upon repayment.

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5. Trade receivables

5.1. Balance composition

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Domestic	295,143	142,002	295,150	142,002
Overseas	402,829	360,513	750,828	603,672
	697,972	502,515	1,045,978	745,674
Bad debt reserve	(6,191)	(11,683)	(28,467)	(33,297)
	691,781	490,832	1,017,511	712,377

aging by maturity:

Current	685,512	478,301	957,800	634,159
From 1 to 30 days past due	3,366	2,980	49,826	43,925
From 31 to 60 days past due	931	97	6,159	24,324
From 61 to 90 days past due	646	-	929	246
Over 90 days past due	1,326	9,454	2,797	9,723
	691,781	490,832	1,017,511	712,377

The Company has financial instruments, such as credit insurance, that guarantee the partial collection of due balances.

5.2. Bad debit provision:

	Individual	Consolidated
Balance as at December 31 st , 2020	(11,683)	(33,297)
Accruals	(8,303)	(8,661)
Reversals	13,796	14,465
Foreign exchange variance	(1)	(974)
Balance as at September 30 th , 2021	(6,191)	(28,467)

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6. Related parties

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

6.1. Balance composition

	<u>Transaction</u>	Receivable(Payable)			
		Individual		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Subsidiaries					
Cellulose Eldorado Áustria GmbH	Pulp sale	58,960	42,808	-	-
Cellulose Eldorado Áustria GmbH	PPE (6.3 (ii))	-	(45,590)	-	-
Cellulose Eldorado Áustria GmbH	Cost sharing	-	(111)	-	-
Eldorado EUA Inc.	Pulp sale	334,489	277,441	-	-
Eldorado EUA Inc.	Cost sharing	-	(1,110)	-	-
Eldorado Intl. Finance GmbH	PPE (6.3 (iii))	(1,214,249)	(1,842,102)	-	-
Eldorado Intl. Finance GmbH	Cost sharing	-	(31)	-	-
Rishis Empreend. e Partic.	Logistic services	(36,141)	(31,499)	-	-
		(856,941)	(1,600,194)	-	-
Shareholders					
J&F Participações S.A.	Guarantee fees (6.2(i))	(56)	(1,631)	(56)	(1,631)
J&F Participações S.A.	Other (6.2(vi))	(85)	(85)	(85)	(85)
		(141)	(1,716)	(141)	(1,716)
Other related parties					
JBS S.A.	Other (6.2(iv))	(144)	(80)	(144)	(80)
Seara Alimentos Ltda.	Other (6.2(v))	(33)	(536)	(33)	(536)
		(177)	(616)	(177)	(616)
		(857,259)	(1,602,526)	(318)	(2,332)
Assets					
Trade receivables		393,449	320,249	-	-
Liabilities					
Trade payables		(36,318)	(32,115)	(177)	(616)
Loans and borrowings		(1,214,249)	(1,887,692)	-	-
Accounts payable		(141)	(2,968)	(141)	(1,716)
		(857,259)	(1,602,526)	(318)	(2,332)

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6.2. Period transactions

	Transaction	Individual			
		07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020
Subsidiaries					
Cellulose Eldorado Áustria GmbH	Pulp sale	391,241	611,659	1,317,027	1,544,256
Cellulose Eldorado Áustria GmbH	PPE (ii)	(272)	(2,524)	(1,845)	(8,650)
Eldorado EUA Inc.	Pulp sale	292,769	201,258	802,434	517,660
Eldorado Intl. Finance GmbH	PPE (iii)	(13,798)	(42,631)	(87,017)	(119,845)
Rishis Empreend. e Partic.	Logistic services	(6,141)	(6,040)	(17,808)	(18,266)
		663,799	761,722	2,012,791	1,915,155
Shareholders					
J&F Participações S.A.	Guarantee fees(i)	(56)	(902)	(1,375)	(13,162)
Other related parties					
JBS S.A.	Other (iv)	(2,558)	(3,058)	(8,980)	(10,250)
Seara Alimentos Ltda.	Other (v)	(50)	(53)	(203)	(131)
Flora Prod. Higiene e Limp. S.A.	Other (vii)	-	(120)	-	(292)
		(2,608)	(3,231)	(9,183)	(10,673)
		661,135	757,589	2,002,233	1,891,320
Consolidated					
	Transaction	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020
Shareholders					
J&F Participações S.A.	Guarantee fees(i)	(56)	(902)	(1,375)	(13,162)
Other related parties					
JBS S.A.	Other (iv)	(2,558)	(3,058)	(8,980)	(10,250)
Seara Alimentos Ltda.	Other (v)	(50)	(53)	(203)	(131)
Flora Prod. Higiene e Limp. S.A.	Other (vii)	-	(120)	-	(292)
		(2,608)	(3,231)	(9,183)	(10,673)
		(2,664)	(4,133)	(10,558)	(23,835)

- (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”) granted by Cellulose Eldorado Austria GmbH, with market interest earnings + foreign exchange variance. In June 2021, this financial transaction was extended for an additional period of 3 years;
- (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.

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6.3. Period transactions of related parts loans

Individual	01/01/2021 to 09/30/2021
Balance as at December 31st, 2020	1,887,692
Accruals:	
Interest accrued	88,862
Foreign exchange variation accrued	59,154
Payment:	
Principal	(741,136)
Interest	(80,323)
Balance as at September 30th, 2021	1,214,249
Current	17,581
Non-current	1,196,668
	1,214,249

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 statement of income for the period, were as follows:

	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Individual				
Benefits (a)	8,399	5,990	21,745	18,155
Private pension	86	69	253	202
Consolidated				
Benefits (a)	9,920	7,284	26,446	22,339
Private pension	104	80	308	246

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

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7. Inventories

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Seedlings	263	3,523	263	3,523
Raw materials - wood	135,875	112,309	135,875	112,309
Pulp	76,545	47,562	281,593	220,544
Operating supplies	54,157	38,861	54,157	38,861
Maintenance supplies	200,971	169,457	201,175	169,648
	<u>467,811</u>	<u>371,712</u>	<u>673,063</u>	<u>544,885</u>

Maintenance supplies have mainly increased due to: (i) Additional supplies related to the Thermoelectric Power Plant, including the forestry activities and biomass production; (ii) increase the safety stock of operating materials and spare parts; (iii) increase the overall value as a result of the acceleration of inflation and exchange devaluation.

8. Recoverable taxes

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Value Added Tax on Sales and Services - (ICMS)	1,034,351	1,109,054	1,037,233	1,110,837
Program of Social Integration and Contribution for the Financing of Social Security - PIS and COFINS	58,509	95,952	59,069	95,958
Tax benefit on goods exported - Reintegra	15,511	16,621	15,511	16,621
Income tax and Social Contribution - IRPJ/CSLL	194	503	201	535
Others taxes and contributions	1,085	196	1,495	591
	<u>1,109,650</u>	<u>1,222,326</u>	<u>1,113,509</u>	<u>1,224,542</u>
Current	119,540	182,101	123,385	184,317
Non-current	990,110	1,040,225	990,124	1,040,225
	<u>1,109,650</u>	<u>1,222,326</u>	<u>1,113,509</u>	<u>1,224,542</u>

There were no changes in the assumptions of the tax credit realization plan.

In the 1st semester of the year, the Company reversed the amount of R\$ 56,528 of ICMS credit rights, which includes R\$ 50,507 of ICMS credits arising from the acquisition of property, plant and equipment occurred in the period from October 2010 to October

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2012, and R\$ 6,021 of ICMS credits arising from the acquisition of items whose classification as a productive input was revised by the Company.

9. Biological assets

The biological assets has the follow changes in the 9-month period ended September 30th, 2021:

	Individual and consolidated
Balance as at December 31 st , 2020	3,004,369
Forest formation cost	380,512
Forest depletion	(116,501)
Fair value adjustment, net of selling expenses	70,444
Balance as at September 30 th , 2020	<u>3,338,824</u>

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.

Management determined that the revaluation of biological assets in the period ended September 30th, 2021 was not necessary since there are no indications of any material change to the last fair value measurement that took place in the period ended June 30th, 2021.

The main assumptions considered in estimating the fair value of biological assets in the 1st semester were as follows:

	06/30/2021
Harvest area for the purpose of biological assets (hectare)	224,695
Average annual timber increment (IMA) - m ³ /hectare	30.07
Discount rate - WACC (%)	4.79
Timber market price - R\$ / m ³	74.30

10. Investments

10.1. Investment composition and controlled entity's information

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

	Ownership interest	Total assets	Share capital	Equity	Net revenue	Net income (loss) for the period
Cellulose Eldorado Austria GmbH	100%	2,871,953	111	2,295,718	3,550,906	1,132,092
Rishis Empreendimentos e Participações S.A.	100%	99,959	108,979	91,071	16,826	(190)
Eldorado Brasil Celulose Logística Ltda.	100%	255,519	69,431	69,405	-	(26)

10.2. Investments period transactions - individual

	Balance as at 12/31/2020	Additions (disposals)	Cumulative translation adjustment	Unrealized profit on inventories	Share of profit (loss) in controlled companies	Balance as at 09/30/2021
Cellulose Eldorado Austria GmbH	1,110,876	-	83,573	(30,823)	1,132,092	2,295,718
Rishis Empreendimentos e Participações S.A.	91,261	-	-	-	(190)	91,071
Eldorado Brasil Celulose Logística Ltda.	66,133	3,298	-	-	(26)	69,405
Goodwill from port concession right-of-use	10,516	(885)	-	-	-	9,631
Total	1,278,786	2,413	83,573	(30,823)	1,131,876	2,465,825

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11. Property, plant and equipment

11.1 Property, plant and equipment composition

	Weighted annual depreciation rates	09/30/2021			12/31/2020		
		Cost	Accumulated depreciation	Net cost	Cost	Accumulated depreciation	Net cost
Individual:							
Land	-	103,224	-	103,224	103,224	-	103,224
Eucalyptus matrices	20.0%	107	(92)	15	107	(84)	23
Buildings	3.5%	1,362,658	(313,982)	1,048,676	1,195,268	(279,581)	915,687
Leasehold improvements	10.0%	3,246	(2,437)	809	3,246	(2,194)	1,052
Facilities and improvements	5.6%	352,461	(101,659)	250,802	299,591	(89,055)	210,536
Machinery and equipment	6.5%	4,213,917	(1,283,279)	2,930,638	3,948,638	(1,220,596)	2,728,042
Technical and scientific equipment	11.2%	10,129	(5,814)	4,315	9,792	(5,124)	4,668
Furniture and fixtures	9.3%	13,000	(6,972)	6,028	12,685	(5,998)	6,687
Vehicles	20.1%	179,578	(107,083)	72,495	148,878	(107,946)	40,932
Vessels	13.3% to 20.0%	8	(1)	7	14	(3)	11
IT equipments	19.4%	95,201	(68,524)	26,677	84,982	(62,967)	22,015
Assets under construction and advance payments	-	395,749	-	395,749	693,131	-	693,131
		6,729,278	(1,889,843)	4,839,435	6,499,556	(1,773,548)	4,726,008
Consolidated:							
Land	-	103,224	-	103,224	103,224	-	103,224
Eucalyptus matrices	20.0%	107	(92)	15	107	(84)	23
Buildings	3.5%	1,362,658	(313,982)	1,048,676	1,195,268	(279,581)	915,687
Leasehold improvements	7.8%	3,502	(2,535)	967	3,502	(2,278)	1,224
Facilities and improvements	5.6%	353,584	(101,767)	251,817	300,711	(89,099)	211,612
Machinery and equipment	6.5%	4,218,715	(1,284,610)	2,934,105	3,953,580	(1,221,554)	2,732,026
Technical and scientific equipment	11.2%	10,143	(5,828)	4,315	9,806	(5,138)	4,668
Furniture and fixtures	9.3%	13,659	(7,412)	6,247	13,333	(6,396)	6,937
Vehicles	20.1%	179,578	(107,083)	72,495	148,878	(107,946)	40,932
Vessels	13,3% to 20.0%	8	(1)	7	14	(3)	11
IT equipments	19.5%	97,372	(70,252)	27,120	87,085	(64,476)	22,609
Assets under construction and advance payments	-	402,132	-	402,132	698,901	-	698,901
		6,744,682	(1,893,562)	4,851,120	6,514,409	(1,776,555)	4,737,854

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11.2 Property, plant and equipment transactions

	Balance as at 12/31/2020	Period of nine months ended 09/30/2021					Balance as at 09/30/2021
		Additions	Disposals	Transfers	Depreciation	Foreign Exchange Variance	
Individual:							
Land	103,224	-	-	-	-	-	103,224
Eucalyptus matrices	23	-	-	-	(8)	-	15
Buildings	915,687	-	-	167,390	(34,401)	-	1,048,676
Leasehold improvements	1,052	-	(419)	419	(243)	-	809
Facilities and improvements	210,536	-	-	52,870	(12,604)	-	250,802
Machinery and equipment	2,728,042	62,830	(3,346)	294,557	(151,445)	-	2,930,638
Technical and scientific equipment	4,668	3	-	334	(690)	-	4,315
Furniture and fixtures	6,687	223	(2)	104	(984)	-	6,028
Vehicles	40,932	30,166	(500)	15,682	(13,785)	-	72,495
Vessels	11	-	(3)	-	(1)	-	7
IT equipments	22,015	116	(5)	10,509	(5,958)	-	26,677
Assets under construction and advance payments	693,131	254,009	-	(551,391)	-	-	395,749
	4,726,008	347,347	(4,275)	(9,526)	(220,119)	-	4,839,435
Consolidated:							
Land	103,224	-	-	-	-	-	103,224
Eucalyptus matrices	23	-	-	-	(8)	-	15
Buildings	915,687	-	-	167,390	(34,401)	-	1,048,676
Leasehold improvements	1,224	-	(419)	419	(257)	-	967
Facilities and improvements	211,612	-	-	52,871	(12,666)	-	251,817
Machinery and equipment	2,732,026	62,830	(3,388)	294,469	(151,832)	-	2,934,105
Technical and scientific equipment	4,668	3	-	334	(690)	-	4,315
Furniture and fixtures	6,937	224	(2)	104	(1,019)	3	6,247
Vehicles	40,932	30,166	(500)	15,682	(13,785)	-	72,495
Vessels	11	-	(3)	-	(1)	-	7
IT equipments	22,609	142	(6)	10,508	(6,149)	16	27,120
Assets under construction and advance payments	698,901	254,534	-	(551,303)	-	-	402,132
	4,737,854	347,899	(4,318)	(9,526)	(220,808)	19	4,851,120

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In the 9-month period ended September 30th, expenses related to the general plant maintenance shutdown, which took place between August 23rd and September 2nd, 2021, were added to property, plant and equipment.

There were no material changes in the external and internal sources of information, which could affect the recoverable amount of assets.

11.3 Construction in progress and advance payments

In the 9-month period ended September 30th, the amount of R\$ 551,303 were transferred from construction in progress and advance payments to the appropriate property, plant and equipment account. R\$ 456,972 out of the transferred amount were related to the Thermoelectric Power Plant (“*Usina Termelétrica de Onça Pintada - UTOP*”) that was placed into service and started producing green power electricity from biomass in April, 2021.

Software implementation projects are controlled as construction in progress within property, plant and equipment and transferred to intangible assets when completed.

11.4 Items pledged as collateral

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

12 Intangible assets

12.1 Intangible assets composition

	Weighted annual amortization rates	09/30/2021			12/31/2020		
		Cost	Accumulated amortization	Net cost	Cost	Accumulated amortization	Net cost
<u>Individual:</u>							
Software	19.6%	41,268	(21,673)	19,595	31,741	(17,553)	14,188
<u>Consolidated:</u>							
Goodwill of right-of-use on port concession	6.9%	17,002	(7,371)	9,631	17,002	(6,486)	10,516
Software	19.6%	42,034	(22,399)	19,635	32,507	(18,253)	14,254
Terminal concession	8.6%	102,647	(43,826)	58,821	92,082	(39,005)	53,077
		161,683	(73,596)	88,087	141,591	(63,744)	77,847

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12.2 Transactions of intangible assets

	Balance as at 12/31/2020	Period of 9-months ended 09/30/2021			Balance as at 09/30/2021
		Additions	Transfers	Amortization	
Individual:					
Software	14,188	-	9,526	(4,119)	19,595
Consolidated:					
Goodwill of right-of-use on port concession	10,516	-	-	(885)	9,631
Software	14,254	-	9,526	(4,145)	19,635
Terminal concession	53,077	10,565	-	(4,821)	58,821
	77,847	10,565	9,526	(9,851)	88,087

13 Right of use of leased properties

13.1 Right of use composition

	09/30/2021			12/31/2020		
	Cost	Accumulated depreciation	Net cost	Cost	Accumulated depreciation	Net cost
Individual:						
Land	918,822	(267,923)	650,899	851,157	(181,697)	669,460
Buildings	5,306	(3,041)	2,265	5,092	(2,675)	2,417
Vehicles	29,170	(25,738)	3,432	27,805	(21,565)	6,240
Machinery and forestry equipment	5,678	(4,333)	1,345	13,581	(8,166)	5,415
Facilities and improvements	201	(201)	-	201	(201)	-
	959,177	(301,236)	657,941	897,836	(214,304)	683,532
Consolidated:						
Land	918,822	(267,931)	650,891	851,157	(181,697)	669,460
Buildings	12,108	(5,271)	6,837	10,606	(4,330)	6,276
Vehicles	29,360	(25,812)	3,548	27,987	(21,596)	6,391
Machinery and forestry equipment	5,678	(4,333)	1,345	13,581	(8,166)	5,415
Facilities and improvements	240,660	(248)	240,412	240,073	(202)	239,871
	1,206,628	(303,595)	903,033	1,143,404	(215,991)	927,413

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13.2 Transactions of right of use

	Balance as at 12/31/2020	Period of 9-months ended 09/30/2021					Balance as at 09/30/2021
		Additions	Disposals	Depreciation	Price index related adjustment	Foreign exchange variance	
Individual:							
Land	669,460	46,250	(7,844)	(85,457)	28,490	-	650,899
Buildings	2,417	123	-	(521)	246	-	2,265
Vehicles	6,240	-	-	(6,014)	3,206	-	3,432
Machinery and forestry equipment	5,415	7	(2,544)	(2,353)	820	-	1,345
	683,532	46,380	(10,388)	(94,345)	32,762	-	657,941
Consolidated:							
Land	669,460	46,250	(7,844)	(85,489)	28,514	-	650,891
Buildings	6,276	123	-	(1,085)	1,510	13	6,837
Vehicles	6,391	-	-	(6,071)	3,222	6	3,548
Machinery and forestry equipment	5,415	7	(2,544)	(2,353)	820	-	1,345
Facilities and improvements	239,871	-	-	-	541	-	240,412
	927,413	46,380	(10,388)	(94,998)	34,607	19	903,033

R\$ 63,337 out of the depreciation was considered part of the formation cost of the biological asset (note 9) and R\$ 25,428 was considered as an advance to suppliers (forestry partnership contracts).

14 Trade payables

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Materials and services	84,660	86,727	74,234	71,029
Production materials	212,416	176,490	212,416	176,489
Others	10,206	18,606	10,400	19,608
	307,282	281,823	297,050	267,126
Current	307,282	281,300	297,050	266,603
Non-current	-	523	-	523
	307,282	281,823	297,050	267,126

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15 Loans and borrowings

15.1 Loans and borrowings composition

Category	Average annual interest rate and commissions	Maturity	Individual	
			09/30/2021	12/31/2020
FINAME - Project Finance	avg. interest of 3.63% p.a.	October/2021 to July/2023	1,328	3,739
ACC (i)	* Trade finance	November/2021 to August/2023	2,591,359	2,156,406
BNDES (ii)	TJLP + 2.83% p.a.	June/2022	90,237	179,266
BNDES (ii)	BNDES variable rate + 3.52% p.a.	July/2022	620,602	1,127,878
NCE (iii)	* Trade finance	October/2021 to January/2023	813,865	426,681
Working Capital (x)	10.43% p.a. in Reais	October/2021	80,126	-
FINEM Florestal (vi)	TJLP + 3.48% p.a. / selic + 3.58% p.a.	May/2025	219,357	214,629
Leasing (vii)	CDI + 5.02% p.a.	March/2024 to March/2025	22,020	26,702
CCB (viii)	avg. interest of 9.09% p.a.	August/2022	75,363	75,192
PPE (ix)	* Trade finance	August/2022 to November/2022	2,111,133	1,636,020
CRA (xi)	IPCA + 7.1945% p.a.	September/2027	480,155	-
			7,105,545	5,846,513
Current			3,330,223	3,765,168
Non-current			3,775,322	2,081,345
			7,105,545	5,846,513
Non-current maturity are as follows:				
2022			624,597	
2023			2,504,171	
2024			109,835	
2025			42,785	
2026			246,691	
2027			247,243	
			3,775,322	

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

Category	Average annual interest rate and commissions	Maturity	Consolidated	
			09/30/2021	12/31/2020
FINAME - Project Finance	avg. interest of 3.63% p.a.	October/2021 to July/2023	1,328	3,739
ACC (i)	* Trade finance	November/2021 to August/2023	2,591,359	2,156,406
BNDES (ii)	TJLP + 2.83% p.a.	June/2022	90,237	179,266
BNDES (ii)	BNDES variable rate + 3.52% p.a.	July/2022	620,602	1,127,878
NCE (iii)	* Trade finance	October/2021 to January/2023	813,865	426,681
Working Capital (x)	10.43% p.a. in Reais	October/2021	80,126	-
Term Loan (iv)	LIBOR + 5% p.a.	April/2021	-	57,871
Bonds (v)	8.625% p.a.	June/2021	-	1,822,573
FINEM Florestal (vi)	TJLP + 3.48% p.a. / selic + 3.58% p.a.	May/2025	219,357	214,629
Leasing (vii)	CDI + 5.02% p.a.	March/2024 to March/2025	22,020	26,702
CCB (viii)	avg. interest of 9.09% p.a.	August/2022	85,608	75,192
PPE (ix)	* Trade finance	August/2022 to November/2022	2,111,133	1,636,020
CRA (xi)	IPCA + 7.1945% p.a.	September/2027	480,155	-
			7,115,790	7,726,957
Current			3,340,468	5,645,612
Non-current			3,775,322	2,081,345
			7,115,790	7,726,957
Non-current maturity are as follows:				
2022			624,597	
2023			2,504,171	
2024			109,835	
2025			42,785	
2026			246,691	
2027			247,243	
			3,775,322	

(*) Weighted average dollar cost of trade finance (ACC, NCE and PPE) is in the range of 2.4% to 5.2% p.a.

15.2 Transactions of loans and borrowings

	Individual	Consolidated
	09/30/2021	09/30/2021
Beginning balance	5,846,513	7,726,957
Fundraising	2,951,840	2,961,957
Accruals:		
Interest accrued	236,742	316,205
Foreign exchange variation - accrued	234,779	185,796
Repayments:		
Principal	(1,905,739)	(3,738,435)
Interest	(258,590)	(336,690)
Ending balance	7,105,545	7,115,790

Interest repayments are being presented as financing activities in the statements of cash flows..

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15.3 Company's credit lines

The Company uses trade finance instruments and bilateral loans with banks to support working capital and capital investments needs. The existent credit lines are as follows:

- (i) Working capital through Advance on Exchange Contracts (ACC);
- (ii) On July 22nd, 2011 and subsequent amendment, the Company entered into a loan agreement with the National Bank for Economic and Social Development (BNDES) in the total amount of R\$ 2.7 billion, for the construction of the industrial plant located in city of Três Lagoas, including the acquisition of machinery and equipment produced in Brazil as well as the implementation of social investment programs within the plant communities;
- (iii) Real (R\$) denominated Export Credit Notes (NCE) contracts. In May and June 2021, the Company entered to an Export Credit Note agreement due from October 2021 to January 2023, and interest rate indexed to CDI + spread;
- (iv) In May 2016, Cellulose Eldorado Austria GmbH, a Company' wholly-owned subsidiary, entered into a financing agreement (Term Loan) with *Banco do Brasil AG, Succursale France*, seeking to extend the terms of its debt. In April 2021, the Company, through its wholly-owned subsidiary Cellulose Eldorado Austria GmbH, settled the amount of USD 11,223K (R\$ 61,082K equivalent);
- (v) In June 2016, the Company, through its wholly-owned subsidiary Eldorado Intl. Finance GmbH, issued international bonds (Senior Unsecured Bonds/Notes) in the amount of USD 350,000K, which was settled in June 2021 for a total of R\$ 1,848,652;
- (vi) Financing granted by BNDES to invest in eucalyptus' forest;
- (vii) Financing of machinery and equipment through Real denominated leasing contracts;
- (viii) In May 2019, the Company entered into a Bank Credit Note agreement with a fixed interest rate. In May 2021, the Company, through its wholly-owned subsidiary Eldorado Brasil Celulose Log. LTDA, entered into a Bank Credit Note agreement with Daycoval Bank, due in November 2021 and interest rate indexed to CDI + spread;
- (ix) The Company has several Export Prepayment agreements due from August to November, 2022, with interest rate indexed to Libor + spread;
- (x) Working capital agreement secured by Company's trade receivables.
- (xi) On September 29, the Company issued simple, non-convertible debentures, to back the issuance of Agribusiness Receivables Certificates - CRA, in the amount of R\$ 500.000, due in September 2027 and interest rate indexed to IPCA + spread.

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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 annually basis.

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

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

On September 30th, 2021 the Company has complied with all covenants.

15.5 Loan guarantees

Loans and borrowings agreements with BNDES, FINEM Florestal and part of the ACC, Finame and NCE modalities are guaranteed by surety and forest pledge. Some debt are guaranteed by short and long term investments pledged as collateral, (note 4.2), as well as lien on equipment and bank guarantee.

16 Lease liabilities

16.1 Lease liabilities composition

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Lease liabilities	1,120,590	1,103,855	1,443,919	1,400,636
Net present value adj. - NPV	(383,841)	(361,995)	(527,587)	(479,350)
	736,749	741,860	916,332	921,286
Current	176,786	186,742	200,613	212,489
Non-current	559,963	555,118	715,719	708,797
	736,749	741,860	916,332	921,286

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16.2 Transactions of lease liabilities:

	<u>Individual</u>	<u>Consolidated</u>
	<u>09/30/2021</u>	<u>09/30/2021</u>
Balance as at December 31 st , 2020	741,860	921,286
Additions	46,380	46,380
Payments	(134,962)	(137,076)
Interest accrued(a)	62,212	63,733
Write-off or termination	(11,503)	(11,503)
Contract modifications(b)	32,762	33,494
Foreign exchange variance	-	18
Balance as at September 30th, 2021	<u>736,749</u>	<u>916,332</u>

(a) R\$ 53,486 out of the accrued interest was considered part of the formation cost of the biological asset (note 9) and R\$ 8,002 was considered as an advance to suppliers (partnership contracts).

(b) Refers to changes in the existing contracts.

16.3 Lease liabilities payment schedule:

	<u>Individual</u>	<u>Consolidated</u>
	<u>09/30/2021</u>	<u>09/30/2021</u>
<u>Estimated lease payments:</u>		
2021	47,794	86,154
2022	189,490	230,396
2023	180,986	221,733
2024	165,413	207,484
2025	155,354	197,420
from 2026	381,553	500,732
(-) NPV	(383,841)	(527,587)
Total	<u>736,749</u>	<u>916,332</u>

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

09/30/2021	Individual		Consolidated	
Cash flows	Nominal	Net present value - NPV	Nominal	Net present value - NPV
Lease liabilities	1,120,590	736,749	1,443,919	916,332
Potential PIS and COFINS credits (9.25%), incident on contracts signed with legal entities	67,116	40,134	67,811	40,549

17 Income tax and social contribution - current and deferred

17.1 Effective tax rate reconciliation:

	Individual			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Income (loss) before income tax and social contribution	305,742	142,721	1,728,045	(1,236,550)
Income tax - nominal rate of 34%	(103,952)	(48,525)	(587,535)	420,427
<u>Tax effect on permanent differences:</u>				
Share of profit in controlled companies	148,739	12,815	374,358	72,536
Non-deductible expenses	(224)	(5,958)	(757)	(6,959)
Government grants	1,062	291	2,181	750
Lease expenses - IFRS16	-	65	354	(18)
Other	700	631	11,368	631
Income tax and social contribution - current and deferred	46,325	(40,681)	(200,031)	487,367
Current	(37,917)	(34,071)	(37,917)	(34,071)
Deferred	84,242	(6,610)	(162,114)	521,438
	46,325	(40,681)	(200,031)	487,367
Effective tax rate	15.15%	(28.50%)	(11.58%)	(39.41%)

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	Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Income (loss) before income tax and social contribution	307,682	142,126	1,741,129	(1,233,602)
Income tax - nominal rate of 34%	(104,612)	(48,323)	(591,984)	419,425
<u>Tax effect on permanent differences:</u>				
Non-deductible expenses	(36)	(6,173)	(722)	(7,294)
Government grants	1,062	291	2,181	750
Lease expenses - IFRS16	(17)	48	303	(55)
Difference of nominal rate to the foreign subsidiary rate	17,508	(2,408)	61,618	(4,953)
Taxable income for subsidiaries (rulling)	126,164	15,037	300,443	74,061
Other	4,316	1,442	15,046	2,485
Income tax and social contribution - current and deferred	44,385	(40,086)	(213,115)	484,419
Current	(39,857)	(33,476)	(51,001)	(37,019)
Deferred	84,242	(6,610)	(162,114)	521,438
	44,385	(40,086)	(213,115)	484,419
Effective rate	14.43%	(28.20%)	(12.24%)	(39.27%)

17.2 Deferred income tax and social contribution transactions:

<u>Individual and Consolidated</u>	<u>12/31/2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>09/30/2021</u>
Tax loss carryforward (i)	644,454	-	(16,550)	627,904
Unrealized foreign exchange variance	463,735	-	(28,259)	435,476
Accrued expenses	30,974	13,762	-	44,736
Fair value adjustment on biological assets	(171,993)	(4,576)	-	(176,569)
Accelerated depreciation - tax incentive	(681,056)	(126,491)	-	(807,547)
	286,114	(117,305)	(44,809)	124,000
Temporary differences - assets	1,139,163	13,762	(44,809)	1,108,116
Temporary differences - liabilities	(853,049)	(131,067)	-	(984,116)
	286,114	(117,305)	(44,809)	124,000

(i) On September 30th, 2021, the total of losses carryforward amounted to R\$ 1,846,777.

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

	09/30/2021
	Individual and Consolidated
2022	194,786
2023	95,537
2024	253,243
2025	217,149
2026	240,393
2027	107,008
	1,108,116

18 Provisions for lawsuit

The Company, in the normal course of business, is subject to tax, labor, environmental, civil and regulatory lawsuits. Supported by the opinion of its legal advisors, management assesses the expectation for the outcome of ongoing proceedings and determines the probability of loss that reflects the follow estimated provision for lawsuits:

Individual

	12/31/2020	Addition	Write-off	Adjustment	09/30/2021
Environmental	328	-	-	5	333
Civil	6,872	3,424	(7,039)	(271)	2,986
Labor	22,963	7,564	(9,117)	2,381	23,791
Tax	1,216	-	(238)	1,216	2,194
	31,379	10,988	(16,394)	3,331	29,304

Consolidated

	12/31/2020	Addition	Write-off	Adjustment	09/30/2021
Environmental	328	-	-	5	333
Civil	6,872	3,424	(7,039)	(271)	2,986
Labor	23,434	7,594	(9,117)	2,426	24,337
Tax	1,216	-	(238)	1,216	2,194
	31,850	11,018	(16,394)	3,376	29,850

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The company has contingencies in the estimated amount of R\$ 632,457 in the Individual and R\$ 632,752 in the Consolidated (R\$ 536,767 in the Individual and R\$ 537,205 in the Consolidated, in December 31, 2020) whose expectations for the outcome are classified as possible by the legal advisors and, therefore, no provisions for lawsuits have been made. The estimated amount and type for contingencies classified as possible loss are as follows:

Possible	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Environmental	10,519	9,693	10,519	9,693
Civil	448,916	389,290	448,916	389,300
Labor	41,259	32,987	41,554	33,415
Tax	27,797	7,724	27,797	7,724
Regulatory	103,897	97,028	103,897	97,028
Administrative	69	45	69	45
	<u>632,457</u>	<u>536,767</u>	<u>632,752</u>	<u>537,205</u>

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\$ 429,160 in the quarter. There was no significant change in the nature and amounts of other contingencies in the period.

19 Shareholders' equity

The subscribed and paid-in capital on September 30th, 2021 and December 31st, 2020 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.

The tax benefit reserves have the follow movements in the 9-month period ended September, 30th, 2021:

	01/01/2021 to
	<u>09/30/2021</u>
Reserve for tax incentive grants	4,644
Reversal of tax incentive reserves related to tax credits reversal (note 24)	<u>(14,605)</u>
	<u>(9,961)</u>

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The Cumulative Translation Adjustments - CTA, which represents the foreign currency differences (functional currency of foreign subsidiaries) arising from the translation to the reporting currency, were increased by R\$ 83,573 for the 9-month period ended September 30th, 2021.

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

The basic and diluted earnings (losses) per share is the result of net income (loss) divided by the weighted-average number of outstanding ordinary shares. The basic and diluted earnings (losses) per share is presented as follows:

	07/01/2021 to 07/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Shareholders' income (loss)	352,067	102,040	1,528,014	(749,183)
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	0.2308	0.0669	1.0016	(0.4911)

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

20 Net revenue

	Individual			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Gross sales				
Domestic	415,292	159,884	961,208	472,836
Overseas	715,295	846,827	2,252,541	2,215,177
Discounts and rebates	(4,882)	(958)	(10,603)	(9,031)
	1,125,705	1,005,753	3,203,146	2,678,982
Tax on sales	(59,080)	(33,224)	(162,470)	(95,105)
Net revenue	1,066,625	972,529	3,040,676	2,583,877

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	Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Gross sales				
Domestic	415,292	159,884	961,208	472,836
Oveseas	1,610,341	1,235,323	4,660,354	3,428,722
Discounts and rebates	(366,477)	(221,473)	(981,754)	(556,857)
	1,659,156	1,173,734	4,639,808	3,344,701
Tax on sales	(59,429)	(33,584)	(163,484)	(96,132)
Net revenue	1,599,727	1,140,150	4,476,324	3,248,569

21 Operating Segments

21.1 Geographic information

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

	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Net revenue				
Brazil	355,721	126,034	793,994	376,331
China	807,360	467,385	1,974,720	1,375,721
United States of America	258,404	225,128	716,902	562,619
Italy	481	27,878	279,188	163,864
Mexico	84,390	45,805	190,798	111,622
Canada	62,174	33,475	138,846	105,746
Germany	4,983	31,497	91,232	73,891
Bolivia	8,671	9,403	55,053	30,432
Slovenia	3,383	8,506	44,887	31,920
Argentina	5,554	20,476	22,042	74,202
Other	8,606	144,563	168,662	342,221
	1,599,727	1,140,150	4,476,324	3,248,569

21.2 Information about the major customers

Two customers, individually, concentrated more than 10% of the Company's net revenue for the 9-month period ended September 30th, 2021. (Only one customer, individually, concentrated more than 10% of the Company's net revenue in 2020).

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21.3 Information about non-current assets

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

Non-current assets	09/30/2021	12/31/2020
Brazil	10,613,314	10,234,997
Austria	33,525	1,072
United States of America	395	463
China	77	127
	10,647,311	10,236,659

22 Cost and expenses by category

	Individual			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Cost of goods sold	449,587	376,712	1,374,013	1,210,568
General & administrative	65,364	51,426	159,567	177,933
Selling & distribution	76,267	68,109	222,746	189,025
	591,218	496,247	1,756,326	1,577,526
Personnel expenses	111,763	91,740	303,569	264,770
Third party services, supplies and logistic	173,174	134,631	504,687	440,683
Depreciation, amortization and depletion	85,263	96,740	298,673	259,825
Raw material & operating supplies	212,110	167,515	625,801	596,436
Other	8,908	5,621	23,596	15,812
	591,218	496,247	1,756,326	1,577,526
	Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Cost of goods sold	449,365	399,041	1,364,809	1,338,854
General & administrative	70,458	55,348	173,294	189,604
Selling & distribution	171,545	170,269	539,195	491,297
	691,368	624,658	2,077,298	2,019,755
Personnel expenses	118,639	98,067	324,027	282,562
Third party services, supplies and logistic	266,310	235,237	815,960	739,591
Depreciation, amortization and depletion	87,548	104,570	302,376	275,570
Raw material & operating supplies	207,463	180,035	606,824	702,964
Other	11,408	6,749	28,111	19,068
	691,368	624,658	2,077,298	2,019,755

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23 Net interest income (expenses)

	Individual			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Interest proceeds	126	247	259	1,793
Short term investments proceeds	3,479	519	5,962	2,849
Other financial income	2	1,617	3	5,063
Total interest incomes	3,607	2,383	6,224	9,705
Bank fees	(28)	(33)	(102)	(101)
Interest expenses	(116,163)	(140,104)	(369,088)	(427,859)
Guarantee fees	(241)	(3,561)	(1,932)	(24,477)
Other financial expenses	(1,238)	(969)	(11,124)	(2,874)
Total interest expenses	(117,670)	(144,667)	(382,246)	(455,311)
Loans and borrowings	(460,598)	(165,029)	(236,346)	(1,603,166)
Other assets and liabilities	(42,370)	(43,111)	(64,813)	(413,743)
Foreign exchange variance, net	(502,968)	(208,140)	(301,159)	(2,016,909)
Net interest expenses	(617,031)	(350,424)	(677,181)	(2,462,515)
	Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Interest proceeds	126	359	321	2,445
Short term investments proceeds	4,378	1,547	9,866	5,381
Other financial income	4	1,617	5	5,063
Total interest incomes	4,508	3,523	10,192	12,889
Bank fees	13	(163)	(304)	(411)
Interest expenses	(105,375)	(137,247)	(358,375)	(421,267)
Guarantee fees	(241)	(3,561)	(1,932)	(24,477)
Other financial expenses	(6,254)	(6,591)	(26,091)	(16,913)
Total interest expenses	(111,857)	(147,562)	(386,702)	(463,068)
Loans and borrowings	(460,598)	(165,029)	(236,346)	(1,603,166)
Other assets and liabilities	(42,466)	(43,461)	(64,819)	(414,316)
Foreign exchange variance, net	(503,064)	(208,490)	(301,165)	(2,017,482)
Net interest expenses	(610,413)	(352,529)	(677,675)	(2,467,661)

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24 Other operating income (expenses)

	Individual			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Provisions for lawsuit	8,821	(3,124)	2,075	(4,511)
Proceeds on PP&E sales	5,137	2,522	20,076	7,579
Rental revenue	2,790	-	6,842	-
ICMS credit reversal(a)	-	(14,605)	(56,528)	(14,605)
Non recoverable ICMS	(1,657)	(2,426)	(5,851)	(3,341)
Indemnities expenses	(9,172)	(1,091)	(13,533)	(2,125)
Other	(100)	(2,190)	(9,195)	(1,260)
	5,819	(20,914)	(56,114)	(18,263)
Other income	8,116	3,723	32,484	16,353
Other expenses	(2,297)	(24,637)	(88,598)	(34,616)
	5,819	(20,914)	(56,114)	(18,263)
	Consolidated			
	07/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Provisions for lawsuit	8,772	(3,123)	2,000	(4,908)
Proceeds on PP&E sales	5,137	2,638	20,098	7,764
Rental revenue	2,790	-	6,842	-
ICMS credit reversal(a)	-	(14,605)	(56,528)	(14,605)
Non recoverable ICMS	(1,745)	(2,503)	(6,156)	(3,573)
Indemnities expenses	(9,172)	(1,091)	(13,581)	(2,513)
Other	101	(2,240)	(9,145)	(1,456)
	5,883	(20,924)	(56,470)	(19,291)
Other income	8,039	3,876	32,591	16,339
Other expenses	(2,156)	(24,800)	(89,061)	(35,630)
	5,883	(20,924)	(56,470)	(19,291)

(a) In 2021, mainly related to the reversal of ICMS credit referred in the note 8. In 2020, relates to overcalculated tax credits in 2014. The Company, despite its legal advisors indication of a possible successful lawsuit outcome, decided to reverse the tax credits in order to benefit from the 95% reduction in the the tax penalties, as provided for the tax refinancing program - REFIS, of the State of Mato Grosso do Sul.

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25 Financial instruments

25.1 Financial risk management

The Company has a Financial Risk Management Policy that was updated and approved by the Board of Directors in 2020. There were no significant changes in policy for the 9-month period ended September 30th, 2021.

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 as of September 30th 2021 and December 31st, 2020 are presented as follows:

Financial category	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Loans and borrowings	7,105,545	5,846,513	7,115,790	7,726,957
Loans and borrowings with related parties	1,214,249	1,887,692	-	-
Cash and cash equivalents	(645,572)	(183,292)	(1,223,665)	(888,014)
Financial investments	(140,053)	-	(172,690)	(62,392)
	<u>7,534,169</u>	<u>7,550,913</u>	<u>5,719,435</u>	<u>6,776,551</u>

Interest rate sensitivity analysis uses scenarios of interest rates increasing 25% and 50%, respectively possible and remote scenarios, from the market expected interest rate for the end of the current year. The calculated results are as follows:

<u>Individual</u>					
	09/30/2021	Balance (R\$)	Probable	Possible (25%)	Remote (50%)
Net exposure to interest rates		<u>(7,534,169)</u>	<u>(47,527)</u>	<u>(40,738)</u>	<u>(81,476)</u>

<u>Consolidated</u>					
	09/30/2021	Balance (R\$)	Probable	Possible (25%)	Remote (50%)
Net exposure to interest rates		<u>(5,719,435)</u>	<u>(30,289)</u>	<u>(26,489)</u>	<u>(52,977)</u>

The Company's assets and liabilities exposed to the exchange variation risk, expressed in both, thousands of US\$ and R\$, are presented as follows:

Individual and consolidated

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Exposure	US\$		R\$	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash and cash equivalents	3,407	6,405	18,543	33,284
Short and long term investments	7,521	-	40,909	-
Trade receivables	74,058	69,373	402,829	360,513
Advance to suppliers	54	-	291	-
Trade payables	(558)	(2,050)	(3,039)	(10,653)
Loans and borrowings - related parties	(223,232)	(363,248)	(1,214,249)	(1,887,692)
Loans and borrowings	(978,618)	(946,813)	(5,323,094)	(4,920,304)
Net exposure to foreign exchange fluctuation	(1,117,368)	(1,236,333)	(6,077,810)	(6,424,852)

As at September 30th 2021, the exchange rate was R\$ 5.4394 (as at December 31st, 2020 the exchange rate was R\$ 5.1967).

Exchange rate sensitivity analysis uses scenarios of foreign exchange rates increasing 25% and 50%, respectively possible and remote scenarios, from the probable scenario based on the consensus of the Focus report issued at 1st of October, 2021, where the exchange rate is estimated to be R\$ 5.25 for US\$ 1, as at December 31st. The calculated results are as follows:

Individual and consolidated

09/30/2021	Balance(US\$)	Balance(R\$)	Probable	Possible (25%)	Remote (50%)
Net exposure to exchange rate gains (losses)	(1,117,368)	(6,077,810)	267,498	(1,185,080)	(2,637,659)

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 factors. In order to guarantee raw material supply, the Company has been purchasing wood for future delivery. The purchase contracts are subject to down payments and not exposed to price volatility.

Individual and Consolidated	09/30/2021	12/31/2020
Estimated value of contracts signed	1,647,241	1,685,873
Payments / down payments	(628,813)	(436,233)
	1,018,428	1,249,640

The likelihood of not receiving the wood on future delivery contracts is mitigated by constant monitoring of the forest development by Company's specialists.

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

	Individual		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash and cash equivalents	645,572	183,292	1,223,665	888,014
Financial investments	140,053	-	172,690	62,392
Trade receivables	691,781	490,832	1,017,511	712,377
Total	1,477,406	674,124	2,413,866	1,662,783

As at September 30th, 2021, the carrying value of the trade receivables for the two most relevant customers (located in North America and Europe) is R\$ 146,170 (R\$ 155,708 as at December 31st, 2020 which refers to two customers located in Asia and Europe).

Liquidity risk is the risk of incurring losses resulting 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 expected cash outflows of the Company's financial liabilities, presented by contractual maturities:

Individual	1 year or less	1-2 years	2-3 years	More than 3 years	Total
As of September 30th, 2021					
Loans and borrowings	3,592,204	3,297,276	157,569	925,332	7,972,381
Trade payables	307,282	-	-	-	307,282
Loans and borrowings with related parties	57,019	57,019	1,253,687	-	1,367,725
Accounts payable to related parties	141	-	-	-	141
Other current liabilities	11,825	16,101	-	-	27,926
	3,968,471	3,370,396	1,411,256	925,332	9,675,455
As of December 31st, 2020					
Loans and borrowings	2,949,057	1,911,563	1,120,557	161,874	6,143,051
Trade payables	286,351	523	-	-	286,874
Loans and borrowings with related parties	1,960,051	-	-	-	1,960,051
Accounts payable to related parties	2,968	-	-	-	2,968
Other current liabilities	5,628	-	-	-	5,628
	5,204,055	1,912,086	1,120,557	161,874	8,398,572

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<u>Consolidated</u>	<u>1 year or less</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>More than 3 years</u>	<u>Total</u>
As of September 30th, 2021					
Loans and borrowings	3,602,592	3,297,276	157,569	925,332	7,982,769
Trade payables	297,050	-	-	-	297,050
Accounts payable to related parties	141	-	-	-	141
Other current liabilities	39,898	16,101	-	-	55,999
	<u>3,939,681</u>	<u>3,313,377</u>	<u>157,569</u>	<u>925,332</u>	<u>8,335,959</u>
	<u>1 year or less</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>More than 3 years</u>	<u>Total</u>
As of December 31st, 2020					
Loans and borrowings	4,905,465	1,911,563	1,120,557	161,874	8,099,459
Trade payables	271,654	523	-	-	272,177
Accounts payable to related parties	1,716	-	-	-	1,716
Other current liabilities	87,256	-	-	-	87,256
	<u>5,266,091</u>	<u>1,912,086</u>	<u>1,120,557</u>	<u>161,874</u>	<u>8,460,608</u>

The long-term debt is composed of CRA with average terms of 5.4 years, ACC with average terms of 1.4 years, Leasing with average terms of 1.4 years, and NCE with average terms of 1.1 years.

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25.2 Fair values of financial instruments

Assets and liabilities measured at fair value in the statements of financial position are classified based on the following fair value hierarchy levels:

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 (unobservable inputs).

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

	Hierarchy Level	09/30/2021		12/31/2020	
		Book value	Fair value	Book value	Fair value
Individual					
Assets					
<u>Assets at amortized cost</u>					
Cash and cash equivalents		645,572	645,572	183,292	183,292
Trade receivables		691,781	691,781	490,832	490,832
		1,337,353	1,337,353	674,124	674,124
<u>Assets at fair value through income (loss)</u>					
Short and long term investments	Level 2	140,053	140,053	-	-
		1,477,406	1,477,406	674,124	674,124
Liabilities					
<u>Liabilities at amortized cost</u>					
Loans and borrowings	Level 2	7,105,545	6,838,977	5,846,513	5,904,693
Trade payables		307,282	307,282	281,823	281,823
Lease liabilities		736,749	736,749	741,860	741,860
Loans and borrowings - related parties		1,214,249	1,152,654	1,887,692	2,171,922
Accounts payable - related parties		141	141	2,968	2,968
Other current liabilities		11,825	11,825	11,432	11,432
		9,375,791	9,047,628	8,772,288	9,114,698
Consolidated					
Assets					
<u>Assets at amortized cost</u>					
Cash and cash equivalents		1,223,665	1,223,665	888,014	888,014
Trade receivables		1,017,511	1,017,511	712,377	712,377
		2,241,176	2,241,176	1,600,391	1,600,391
<u>Assets at fair value through income (loss)</u>					
Short and long term investments	Level 2	172,690	172,690	62,392	62,392
		2,413,866	2,413,866	1,662,783	1,662,783
Liabilities					
<u>Liabilities at amortized cost</u>					
Loans and borrowings	Level 2	7,115,790	6,848,839	7,726,957	7,823,970
Trade payables		297,050	297,050	267,126	267,126
Lease liabilities		916,332	916,332	921,286	921,286
Accounts payable - related parties		141	141	1,716	1,716
Other current liabilities		39,898	39,898	55,560	55,560
		8,369,211	8,102,260	8,972,645	9,069,658

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26 Take or pay agreements

26.1 Chemical and oxygen plant and natural gas distribution pipeline

There were no changes in the terms and conditions of the take or pay contracts the Company is a part of. As of September 30th 2021, the non-cancellable future minimum payments are as follows:

<u>Individual and Consolidated</u>	<u>09/30/2021</u>
2021	18,135
2022	72,082
2023	72,082
2024	72,082
2025	72,082
2026 and thereafter	175,040
	<u><u>481,503</u></u>

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

<u>Individual and Consolidated</u>	<u>07/01/2021 to 09/30/2021</u>	<u>07/01/2020 to 09/30/2020</u>	<u>01/01/2021 to 09/30/2021</u>	<u>01/01/2020 to 09/30/2020</u>
Expenses	<u>46,014</u>	<u>31,812</u>	<u>132,218</u>	<u>116,924</u>

26.2 Thermolectric 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 thermolectric 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 being negotiated under 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.

ELDORADO BRASIL CELULOSE S.A.

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As at September 30th, 2021

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

27 Non-cash transactions

Lease contracts substantially refer to land use rights for which the 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:

	Individual					
09/30/2021	New contracts	Write-off	Contracts changes	Depreciation of right of use	Lease interest	Lease expense
Inventories	-	-	-	(4,338)	(485)	4,798
Advance to suppliers	-	-	-	(25,428)	(8,002)	30,410
Biological assets	-	-	-	(63,337)	(53,486)	98,329
Right of use	(46,380)	10,388	(32,762)	-	-	-
Property, plant and equipment	-	-	-	(129)	(29)	150
Lease liabilities	46,380	(11,503)	32,762	-	-	-

	Consolidated					
09/30/2021	New contracts	Write-off	Contracts changes	Depreciation of right of use	Lease interest	Lease expense
Inventories	-	-	-	(4,338)	(485)	4,798
Advance to suppliers	-	-	-	(25,428)	(8,002)	30,410
Biological assets	-	-	-	(63,337)	(53,486)	98,329
Right of use	(46,380)	10,388	(32,762)	-	(1,114)	-
Property, plant and equipment	-	-	-	(129)	(29)	150
Lease liabilities	46,380	(11,503)	33,494	-	-	-

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, 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.

ELDORADO BRASIL CELULOSE S.A.

Notes to the individual and consolidated interim financial statements

As at September 30th, 2021

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

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 April 5th, 2021, an injunction was issued by the 2nd Business and Conflicts Related to Arbitration Court of the Judicial District of São Paulo, in the context of the declaratory action of the nullity of the arbitration award, determining that the acts referring to the release of guarantees by J&F Investimentos SA and the transfer of the Company's shareholding control could not take place until a reconsideration of the matter in a decision to redress the aforementioned action, after new manifestations by the Parties and presentation of requests for the production of evidence.

On July 12th, 2021, in an injunction, the previous decision suspending the effects of the arbitration award was revoked. The new decision authorizes the beginning of the process to comply with the arbitration award, with release of guarantees from J&F for the subsequent transfer of the Company's shareholding control to CA Investment. The new decision also provides for the judgment of the merits of the lawsuit, with the delivery of a sentence, within 120 days from June 17th, 2021.

On July 21st, 2021, Eldorado and J&F filed an Interlocutory Appeal against the decision rendered on July 12nd, 2021, which is awaiting consideration by the Court of Justice of the State of São Paulo.

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.

29 Subsequent Events

On October 14th, 2021, Eldorado completed the 4th (fourth) issue of simple, non-convertible, unsecured debentures, in a single series, in the amount of R\$700.000 as approved at the Extraordinary General Meeting held on September 15th, 2021 and rectified at the Extraordinary General Meeting held on October 8th, 2021. The bonds have a maturity of 3 (three) years, with expected remuneration of CDI + 3.00% p.a., and possibility of repurchase within 18 (eighteen) months.

On October 15th, 2021, Eldorado proceeded with the total and early settlement of the Financing Agreements Through Opening of Credit No. 11.2.0459.1 and No. 15.2.0605.1, entered into on July 22nd, 2011 and May 10th, 2016, respectively, with the National Bank for Economic and Social Development -BNDES, using the resources available in its cash, together with those obtained through the above-mentioned Debentures.

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Notes to the individual and consolidated interim financial statements

As at September 30th, 2021

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

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